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

FORM 8-K

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

Date of report (Date of earliest event reported): **September 13, 2023**

VITAL ENERGY, INC.

(Exact name of registrant as specified in charter)

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

521 E. Second Street, Suite 1000, Tulsa, Oklahoma	**74120**
(Address of principal executive offices)	(Zip Code)

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

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

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

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

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

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

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

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.01 par value	VTLE	New York Stock Exchange

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

Emerging growth company ☐

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

Item 1.01 Entry into a Material Definitive Agreement.

Henry Acquisition

On September 13, 2023, Vital Energy, Inc. (the "Company") entered into a purchase and sale agreement (the "Henry PSA") with Henry Resources, LLC, Henry Energy LP and Moriah Henry Partners LLC (collectively, "Henry"), pursuant to which the Company agreed to purchase (the "Henry Acquisition") Henry's oil and gas properties in the Midland and Delaware Basin, including approximately 15,900 net acres located in Midland, Reeves and Upton Counties, equity interests in certain subsidiaries and related assets and contracts, for consideration comprising (i) approximately 3.72 million shares of the Company's common stock, par value $0.01 per share ("Common Stock"), and (ii) approximately 4.98 million shares of the Company's 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock, par value $0.01 per share (the "Preferred Stock" and such shares of Common Stock and Preferred Stock, collectively, the "Henry Share Consideration"), each subject to purchase price adjustments and customary closing adjustments.

The Henry PSA contains customary representations and warranties, covenants, termination rights and indemnification provisions for a transaction of this size and nature, provides the parties thereto with specified rights and obligations and allocates risk among them in a customary manner. The Company expects the Henry Acquisition to close in the fourth quarter of 2023, subject to customary closing conditions. There can be no assurance that all of the conditions to closing the Henry Acquisition will be satisfied. The foregoing description of the Henry PSA does not purport to be complete and is qualified in its entirety by reference to the Henry PSA filed as Exhibit 2.1 to this Current Report on Form 8-K and incorporated into this Item 1.01 by reference.

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

The conversion of the shares of Preferred Stock into shares of Common Stock is conditioned on, and will occur automatically upon, the approval by the Company's stockholders of the issuance of such shares under the New York Stock Exchange rules. The Company intends to obtain such approval at its next annual meeting of stockholder in May 2024. The terms and conditions of the Preferred Stock to be issued as part of the Henry Share Consideration will be set forth in a Certificate of Designations, a copy of which is set forth as Exhibit E to the Henry PSA filed as Exhibit 2.1 hereto and incorporated into this Item 1.01 by reference.

Under the Henry PSA, the Company agreed to enter into a registration rights agreement with Henry or its designee in connection with the closing of the Henry Acquisition (the "Henry Registration Rights Agreement"). Pursuant to the terms of the Henry Registration Rights Agreement, the Company will agree to register under the Securities Act of 1933, as amended (the "Securities Act"), the resale of the shares of Common Stock to be issued as part of the Henry Share Consideration and the shares of Common Stock issuable upon conversion of the shares of Preferred Stock to be issued as part of the Henry Share Consideration and to grant such person certain rights to request and/or participate in underwritten offerings. The foregoing description of the Henry Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the form of Henry Registration Rights Agreement included as Exhibit C to the Henry PSA filed as Exhibit 2.1 hereto and incorporated into this Item 1.01 by reference.

Under the Henry PSA, the Company and Henry agreed to enter into an investor agreement in connection with the closing of the Henry Acquisition (the "Henry Investor Agreement"). Pursuant to the terms of the Henry Investor Agreement, for the time periods specified therein, Henry and its affiliates are subject to customary standstill and transfer restrictions and agree to vote their shares of Common Stock in favor of director nominees and other customary matters as recommended by the Company's board of directors. The foregoing description of the Henry Investor Agreement does not purport to be complete and is qualified in its entirety by reference to the form of Henry Investor Agreement included as Exhibit F to the Henry PSA filed as Exhibit 2.1 hereto and incorporated into this Item 1.01 by reference.

Maple Acquisition

On September 13, 2023, the Company entered into a purchase and sale agreement (the "Maple PSA") with Maple Energy Holdings, LLC ("Maple"), pursuant to which the Company agreed to purchase (the "Maple Acquisition") Maple's oil and gas properties in the Delaware Basin, including approximately 15,500 net acres located in Reeves County and related assets and contracts, for consideration comprising approximately 3.58 million shares of Common Stock (the "Maple Share Consideration"), subject to purchase price adjustments and customary closing adjustments.

The Maple PSA contains customary representations and warranties, covenants, termination rights and indemnification provisions for a transaction of this size and nature, provides the parties thereto with specified rights and obligations and allocates risk among them in a customary manner. The Company expects the Maple Acquisition to close in the fourth quarter of 2023, subject to customary closing conditions. There can be no assurance that all of the conditions to closing the Maple Acquisition will be satisfied. The foregoing description of the Maple PSA does not purport to be complete and is qualified in its entirety by reference to the Maple PSA filed as Exhibit 2.2 to this Current Report on Form 8-K and incorporated into this Item 1.01 by reference.

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

Under the Maple PSA, the Company agreed to enter into a registration rights agreement with Maple or its designee in connection with the closing of the Maple Acquisition (the "Maple Registration Rights Agreement"). Pursuant to the terms of the Maple Registration Rights Agreement, the Company will agree to register under the Securities Act the resale of the shares of Common Stock to be issued as the Maple Share Consideration. The foregoing description of the Maple Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the form of Maple Registration Rights Agreement included as Exhibit C to the Maple PSA filed as Exhibit 2.2 hereto and incorporated into this Item 1.01 by reference.

Tall City Acquisition

On September 13, 2023, the Company entered into a purchase and sale agreement (the "Tall City PSA") with Tall City Property Holdings III LLC and Tall City Operations III LLC (collectively, "Tall City"), pursuant to which the Company agreed to purchase (the "Tall City Acquisition" and, together with the Henry Acquisition and Maple Acquisition, the "Acquisitions") Tall City's oil and gas properties in the Delaware Basin, including approximately 21,450 net acres located in Reeves County and related assets and contracts, for consideration comprising (i) $300 million payable to Tall City in cash and (ii) approximately 2.27 million shares of Common Stock (the "Tall City Share Consideration" and, together with the Henry Share Consideration and Maple Share Consideration, the "Share Consideration"), each subject to purchase price adjustments and customary closing adjustments.

The Tall City PSA contains customary representations and warranties, covenants, termination rights and indemnification provisions for a transaction of this size and nature, provides the parties thereto with specified rights and obligations and allocates risk among them in a customary manner. The Company expects the Tall City Acquisition to close in the fourth quarter of 2023, subject to customary closing conditions. There can be no assurance that all of the conditions to closing the Tall City Acquisition will be satisfied. The foregoing description of the Tall City PSA does not purport to be complete and is qualified in its entirety by reference to the Tall City PSA filed as Exhibit 2.3 to this Current Report on Form 8-K and incorporated into this Item 1.01 by reference.

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

Under the Tall City PSA, the Company agreed to enter into a registration rights agreement with Tall City or its designee in connection with the closing of the Tall City Acquisition (the "Tall City Registration Rights Agreement"). Pursuant to the terms of the Tall City Registration Rights Agreement, the Company will agree to register under the Securities Act the resale of the shares of Common Stock to be issued as the Tall City Share Consideration. The foregoing description of the Tall City Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the form of Tall City Registration Rights Agreement included as Exhibit G to the Tall City PSA filed as Exhibit 2.3 hereto and incorporated into this Item 1.01 by reference.

Credit Agreement Amendment

On September 13, 2023, the Company entered into the Limited Consent and Eleventh Amendment to Fifth Amended and Restated Credit Agreement (the "Eleventh Amendment") with Wells Fargo Bank, N.A., as administrative agent, and the lenders and other financial institutions party thereto, which provides for, among other things, consent to the Acquisitions and, upon consummation of at least one of the Acquisitions, further amends the Fifth Amended and Restated Credit Facility (the Fifth Amended and Restated Credit Facility, as so amended, the "Amended Credit Agreement") to, among other things, provide for revolving elected commitments of up to $1.25 billion (consisting of an initial revolving elected commitment of $1.0 billion, which would increase by $150 million at the closing of the Henry Acquisition and $100 million at the closing of the Maple Acquisition), a term loan commitment of $250 million and such other term loan commitments as the Company and the applicable term loan lenders may agree from time to time in an aggregate amount not to exceed the lesser of (x) the excess of the borrowing base over the revolving elected commitments, in each case, then in effect and (y) one-third of the sum of the total revolving commitments plus the aggregate term loan exposure then outstanding. The Amended Credit Agreement will mature in September 2027, subject to a springing maturity date of July 19, 2024 if more than a certain amount of the Company's 9.5% senior notes due 2025 relative to availability under the Company's revolving credit facility are outstanding on such date. Under the Amended Credit Agreement, (i) alternate base rate revolving advances will bear interest payable monthly at an alternate base rate plus applicable margin, which ranges from 1.25% to 2.25% based on the ratio of outstanding revolving credit to the borrowing base under the Amended Credit Agreement; (ii) SOFR advances under the facility will bear interest, at the Company's election, at the end of one-month, three-month or six-month interest periods (and in the case of six-month interest periods, interest shall be payable every three months prior to the end of, and on the last day of, such interest period) at the adjusted Term SOFR rate plus an applicable margin, which ranges from 2.25% to 3.25%, based on the ratio of outstanding revolving credit to the borrowing base under the Amended Credit Agreement; (iii) the initial term loans under the facility will bear interest at the adjusted Term SOFR rate plus 3.25%, with a 0.25% step-up every 90 days after the closing date of the facility; and (iv) the Company will be required to pay a quarterly commitment fee on the unused portion of the financial institutions' commitment ranging from 0.375% to 0.5%.

Upon effectiveness, the Amended Credit Agreement will have a maximum credit amount of $3.0 billion, a borrowing base of up to $1.5 billion (consisting of an initial borrowing base of $1.3 billion, which would increase by $75 million at the closing of the Henry Acquisition, $50 million at the closing of the Maple Acquisition and $75 million at the closing of the Tall City Acquisition) and an aggregate revolving elected commitment of up to $1.25 billion (consisting of an initial revolving elected commitment of $1.0 billion, which would increase by $150 million at the closing of the Henry Acquisition and $100 million at the closing of the Maple Acquisition) and a term loan commitment of $250 million. The borrowing base will be subject to a semi-annual redetermination occurring by May 1 and November 1 of each year based on the lenders' evaluation of the Company's oil and gas reserves, beginning May 1, 2024. The Amended Credit Agreement will also provide for the issuance of letters of credit, limited to the lesser of total capacity or $80.0 million. The Amended Credit Agreement will be fully and unconditionally guaranteed by Vital Midstream Services, LLC.

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

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

The information set forth in Item 1.01 above with respect to the Eleventh Amendment and the Amended Credit Agreement is hereby incorporated herein by reference. A copy of the Eleventh Amendment is attached hereto as Exhibit 10.1 and incorporated into this Item 2.03 by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The disclosure set forth in Item 1.01 above with respect to the Share Consideration is incorporated into this Item 3.02 by reference. The Company intends to issue the shares of Common Stock and Preferred Stock constituting the Share Consideration in reliance on the exemption from registration requirements under the Securities Act pursuant to Section 4(a)(2) thereof. The Company relied upon representations, warranties, certifications and agreements of each of Henry, Maple and Tall City, as applicable, with respect to its members in support of the satisfaction of the conditions contained in Section 4(a)(2) of the Securities Act.

Item 7.01 Regulation FD Disclosure.

On September 13, 2023, the Company issued a press release announcing the Acquisitions. The press release is attached hereto as Exhibit 99.1 and is incorporated into this Item 7.01 by reference.

On September 13, 2023, the Company also posted to its website, www.vitalenergy.com, a presentation related to the Acquisitions (the "Presentation"). A copy of the Presentation can be viewed at the website by first selecting “Investors,” then “News & Presentations,” then “Corporate Presentations”.

All statements in the press release, other than historical financial information, may be deemed to be forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results or developments may differ materially from those in the forward-looking statements. See the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 and the Company’s other filings with the SEC for a discussion of other risks and uncertainties. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In accordance with General Instruction B.2 of Form 8-K, the information furnished under this Item 7.01 of this Current Report on Form 8-K and the exhibit attached hereto is deemed to be “furnished” and shall not be deemed “filed” for the purpose of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall such information and exhibit be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of business to be acquired.

Henry Financial Statements

The audited annual consolidated financial statements of Henry Energy LP and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022, 2021 and 2020, the related consolidated statements of operations, changes in partner’s capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements, are filed as Exhibit 99.2 hereto and incorporated by reference herein.

The condensed consolidated unaudited interim financial statements of Henry Energy LP and subsidiaries, which comprise the condensed consolidated unaudited balance sheet as of June 30, 2023, the related condensed consolidated unaudited statements of operations, changes in partner’s capital and cash flows for the six-month periods ended June 30, 2023 and 2022, and the related notes to the condensed consolidated unaudited financial statements, are filed as Exhibit 99.3 hereto and incorporated by reference herein.

Maple Financial Statements

The audited annual financial statements of Maple, which comprise the balance sheet as of December 31, 2022, the related statements of operations, member equity, and cash flows for the year then ended, and the related notes to the financial statements, are filed as Exhibit 99.4 hereto and incorporated by reference herein.

The unaudited financial statements of Maple, which comprise the balance sheet as of June 30, 2023, the related statements of operations, member equity, and cash flows for the six-month periods ended June 30, 2023 and 2022, and the related notes to the financial statements, are filed as Exhibit 99.5 hereto and incorporated by reference herein.

Tall City Financial Statements

The audited annual consolidated financial statements of Tall City Exploration III LLC and subsidiaries, which comprise the balance sheets as of December 31, 2022 and 2021, the related statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements, are filed as Exhibit 99.6 hereto and incorporated by reference herein.

The unaudited consolidated financial statements of Tall City Exploration III LLC and subsidiaries, which comprise the balance sheet as of June 30, 2023, the related statements of operations, changes in members' equity and cash flows for the six-month periods ended June 30, 2023 and 2022, and the related notes to the consolidated financial statements, are filed as Exhibit 99.7 hereto and incorporated by reference herein.

(c) Pro forma financial information.

The unaudited pro forma condensed combined financial information of the Company, which comprises the balance sheet as of June 30, 2023, the related statements of operations for the six-month period ended June 30, 2023 and year ended December 31, 2022, and the related notes thereto, is filed as Exhibit 99.8 hereto and incorporated by reference herein.

(d) Exhibits.

Exhibit Number	Description
2.1	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Henry Resources LLC, Henry Energy LP and Moriah Henry Partners LLC*
2.2	Purchase and Sale Agreement, dated September 13, 2023, by and between Vital Energy, Inc. and Maple Energy Holdings LLC*
2.3	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Tall City Property Holdings III LLC and Tall City Operations III LLC*
10.1	Limited Consent and Eleventh Amendment to the Fifth Amended and Restated Credit Agreement, dated as of September 13, 2023, among Vital Energy, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Vital Midstream Services, LLC, as guarantor, and the banks signatory thereto*
23.1	Consent of Weaver and Tidwell, L.L.P.
23.2	Consent of Cawley Gillespie & Associates, Inc.
23.3	Consent of Moss Adams LLP
23.4	Consent of Netherland Sewell & Associates
23.5	Consent of Ernst & Young LLP
23.6	Consent of Ryder Scott Company, L.P.
99.1	Press Release dated September 13, 2023
99.2	Audited consolidated financial statements of Henry Energy LP and subsidiaries as of December 31, 2022, 2021 and 2020 and for the years then ended
99.3	Condensed consolidated unaudited financial statements of Henry Energy LP and subsidiaries as of June 30, 2023 and for the six-month periods ended June 30, 2023 and June 30, 2022
99.4	Audited financial statements of Maple as of December 31, 2022 and for the year then ended
99.5	Unaudited financial statements of Maple as of June 30, 2023 and for the six-month periods ended June 30, 2023 and June 30, 2022
99.6	Audited consolidated financial statements of Tall City Exploration III LLC and subsidiaries as of December 31, 2022 and 2021 and for the years then ended
99.7	Unaudited consolidated financial statements of Tall City Exploration III LLC and subsidiaries as of June 30, 2023 and for the six-month periods ended June 30, 2023 and June 30, 2022
99.8	Unaudited pro forma condensed combined financial information of Vital Energy, Inc. as of June 30, 2023 and for the six-month period ended June 30, 2023 and year ended December 31, 2022
99.9	Reserves report of Cawley Gillespie & Associates, Inc. with respect to Henry Energy LP as of December 31, 2022
99.10	Reserves report of Netherland Sewell & Associates with respect to Maple as of December 31, 2022
99.11	Reserves report of Ryder Scott Company, L.P. with respect to Tall City Exploration III LLC as of December 31, 2022
104	Cover Page Interactive Data File (formatted as Inline XBRL).

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

SIGNATURE

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

VITAL ENERGY, INC.

Date: September 13, 2023

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

Exhibit 2.1

Execution Version

PURCHASE AND SALE AGREEMENT

by and among

HENRY ENERGY LP,

HENRY RESOURCES LLC,

and

MORIAH HENRY PARTNERS LLC

as Seller

and

VITAL ENERGY, INC.

as Purchaser

Dated September 13, 2023

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement"), is dated as of September 13, 2023 (the "Execution Date"), by and among Henry Energy LP, a Texas limited partnership ("Henry Energy"), Henry Resources LLC, a Texas limited liability company ("Henry Resources"), Moriah Henry Partners LLC, a Texas limited liability company ("Moriah Henry" and, together with Henry Resources and Henry Energy, "Seller", each a "Seller Party") and Vital Energy, Inc., a Delaware corporation ("Purchaser"). Seller, on the one hand, and Purchaser, on the other hand, are referred to herein individually, as a "Party" and collectively, as the "Parties".

RECITALS:

Seller desires to sell, and Purchaser desires to purchase, those certain oil and gas properties, rights, and related assets (including the Seller Equity Interests (as defined below)) that are defined and described as "Assets" herein.

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

ARTICLE 1
PURCHASE AND SALE

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

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

(a) "8/8ths Properties" means the assets described in subsection (i) of the definition of "Henry Assets", provided, however, that such assets are not limited by the Applicable Percentages of Seller's right, title and interest, but rather are one-hundred percent (100%) of Seller's right, title and interest in and to the assets described in subsections 1.2(ii)(i)(A) through 1.2(ii)(i)(L) of the definition of "Henry Assets";

(b) "Acquired Companies" means HPC Energy, BITS Energy, and BITS Energy Mgmt.

(c) "Acquired Companies Assets" means assets of the types described in subsections 1.2(ii)(i)(A) through 1.2(ii)(i)(L) of the definition of "Henry Assets"; that are held by the Acquired Companies, not Seller or any Other Owner.

(d) "Acquired Companies Properties" means (i) assets of the types described as Energy Properties that are held by the Acquired Companies, not Seller or any Other Owner, and (ii) the Gila Water System and all Rights of Way related thereto that are held by the Acquired Companies.

(e) "Affiliate" means, with respect to any Person, a Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. "Control" and derivatives of such term, as used in this definition, means having the ability, whether or not exercised, to direct the management or policies of a Person through ownership of voting shares or other securities, pursuant to a written agreement, or otherwise. For purposes of this Agreement, the Acquired Companies shall be deemed to be Affiliates of Seller prior to Closing and of Purchaser from and after Closing.

(f) "Applicable Depth" means, as to any Subject Well: (i) if such Subject Well is currently producing, those formations from which such Subject Well is currently producing; (ii) if such Subject Well is a Well that is not currently producing, the last depth or formation at which it produced; or (iii) if such Subject Well is a Well Location, the formation identified on Exhibit A-2 or Schedule 2.2 for such Well Location, in each case, as the context requires.

(g) "Applicable Percentage" means, with respect to each Prospect, the undivided interest expressed as a percentage for such Prospect as described in Exhibit A-8 and denoted as "Applicable Percentage".

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

(i) "Assets" means the Henry Assets and/or the Acquired Companies Assets, as the context requires.

(j) "Assignment and Assumption Agreement" means that certain Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit B-4 assigning the Seller Equity Interests from Seller to Purchaser.

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

(l) "Benefit Plan" means any welfare plan (as defined in Section 3(1) of ERISA), pension plan (as defined in Section 3(2) of ERISA) or any bonus, incentive, deferred compensation, employment, consulting, severance, change in control, retention, termination or other compensation or benefit plan, program, policy, agreement or arrangement, in each case whether or not reduced to writing, and in each case that is sponsored, maintained, contributed to or required to be maintained or contributed to by the Seller Parties or any of their Affiliates or with respect to which the Seller Parties or any of their Affiliates has an actual or contingent liability.

(m) "Benefit Plan Liabilities" means all obligations, responsibilities and liabilities under or with respect to the Benefit Plans.

(n) "BITS Energy" means BITS Energy LP, a Texas limited partnership.

(o) "BITS Energy Mgmt." means BITS Energy Mgmt LLC, a Texas limited liability company.

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

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

(r) "Consolidated Group" means any affiliated, combined, consolidated, unitary or similar group with respect to Taxes, including any affiliated group within the meaning of Section 1504 of the Code electing to file consolidated federal income Tax Returns and any similar group under foreign, state or local law, which includes any affiliated group that is required to file a combined group report under Texas Tax Code Section 171.1014.

(s) "Contracts" means all currently existing contracts, agreements, and instruments pertaining to the Acquired Companies or Assets, including operating agreements; unitization, pooling, and communitization agreements; declarations and orders; area of mutual interest agreements; farmin and farmout agreements; exchange agreements; compressor agreements; rental agreements (to the extent freely transferrable without payment of a fee or other consideration, unless Purchaser has agreed in writing to pay such fee or consideration); gathering agreements; agreements for the sale and purchase of Hydrocarbons; disposal agreements; transportation agreements; and processing agreements; provided, however, that the term "Contracts" shall not include (x) the Leases, the Rights of Way and other instruments constituting Seller's or any Acquired Companies' chain of title to the applicable Leases or Rights of Way, or (y) any master services agreements, drilling contracts and other similar service contracts.

(t) "Cut-Off Date" means five o'clock p.m. in Houston, Texas on the date that is twelve (12) months following the Closing Date.

(u) "Effective Date" means 7:00 a.m. in Houston, Texas on August 1, 2023.

(v) "Employee Liabilities" means all obligations and liabilities to or in respect of any current or former officers, directors, employees and individual independent contractor service providers of the Seller Parties or any of their Affiliates.

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

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

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

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

(aa) "Excluded Records" means:

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

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

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

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

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

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

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

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

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

(ee) "Gila Water System" means that certain water gathering and disposal system owned by HPC Energy and more particularly described on Exhibit A-9 attached hereto.

(ff) "Governmental Authority" means any national, state, county, federal, municipal, or multinational government and/or government of any political subdivision, and departments, courts, commissions, boards, bureaus, ministries, agencies, administrative body, legislature, executive or other authority or regulatory body or other instrumentalities of any of them.

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

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

(ii) "Henry Assets" means the following, individually and in the aggregate:

(i) the Applicable Percentage, on a Prospect-by-Prospect basis, of Seller's (as of the Closing Date) and each Other Owner's (as of the date of this Agreement) right, title, and interest in and to the following (but excluding in all cases any Excluded Assets):

(A) the Leases located within each Prospect (for the avoidance of doubt, if a Lease covers lands located within multiple Prospects, then the Lease shall be further divided as there shall be multiple Applicable Percentages attributable to such Lease: each Applicable Percentage shall correspond with that portion of the Lease INSOFAR AND ONLY INSOFAR as such Lease covers the lands corresponding to each Prospect);

(B) all Wells attributable to such Prospect;

(C) all Units attributable to such Prospect;

(D) all fee mineral interests in the applicable Prospect, including those identified or described on Exhibit A-4 (the "Fee Minerals") (such Applicable Percentage interest, respectively, in the Leases, the Subject Wells, the Units and the Fee Minerals, in each of the Prospects shall collectively be referred to as the "Energy Properties");

(E) all Hydrocarbons produced from, or attributable to, the Energy Properties from and after the Effective Date; all Hydrocarbon inventories from or attributable to the Energy Properties that are in storage or existing in stock tanks, pipelines and/or plants on the Effective Date (including inventory and line fill); and, to the extent related or attributable to the other Assets, all production, plant, and transportation imbalances (provided, however, that Purchaser's rights to the inventories and imbalances described in this subsection 1.2(ii)(i)(E) shall be satisfied solely pursuant to Sections 2.3(c) and 2.3(d)); and

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

(G) all Rights of Way applicable to such Prospect (for the avoidance of doubt, if a Right of Way covers lands located within multiple Prospects, then the Right of Way shall be further divided as there shall be multiple Applicable Percentages attributable to such Right of Way: each Applicable Percentage shall correspond with that portion of the Right of Way INSOFAR AND ONLY INSOFAR as such Right of Way covers the lands corresponding to each Prospect);

(H) all Contracts applicable to such Prospect (for the avoidance of doubt, if a Contract covers lands located within multiple Prospects, then the Contract shall be further divided as there shall be multiple Applicable Percentages attributable to such Contract: each Applicable Percentage shall correspond with that portion of the Contract INSOFAR AND ONLY INSOFAR as such Contract covers the lands corresponding to each Prospect);

(I) all Equipment applicable to such Prospect;

(J) those certain surface fee estates located in the applicable Prospect and described on Exhibit A-6 ("Surface Fee Estates") and that certain field office located in the applicable Prospect and described on Exhibit A-7 (the "Field Office");

(K) all currently existing Permits, to the extent related to the applicable Prospect and other Assets and to the extent transferrable; and

(L) originals, to the extent available, otherwise copies (including electronic copies) of all Records applicable to such Prospect.

(ii) one-hundred percent (100%) of Seller's (as of the Closing Date) and each Other Owner's (as of the date of this Agreement) direct and indirect right, title, and interest in and to the membership interests and partnership interests, as applicable, of the Acquired Companies, as further described on Schedule 1.2 (the "Seller Equity Interests").

(jj) "HPC Energy" means HPC Energy LLC, a Texas limited liability company.

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

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

(mm) "Income Tax Return" means any Tax Return with respect to the Income Taxes.

(nn) "Indebtedness" means, without duplication, as of any particular time, the result of (i) the amount of all indebtedness for borrowed money of the Acquired Companies (including any unpaid principal, premium, accrued and unpaid interest, related expenses, prepayment penalties, commitment and other fees, reimbursements, indemnities and all other amounts payable in connection therewith); (ii) liabilities of the Acquired Companies evidenced by bonds, debentures, notes, or other similar instruments or debt securities; (iii) liabilities of the Acquired Companies with respect to any drawn letters of credit, bankers' acceptances, surety bonds or performance bonds; (iv) liabilities of the Acquired Companies to pay the deferred purchase price of property or services other than trade payables incurred in the ordinary course of business; (v) the amount of all guarantees provided by any Acquired Company; (vi) any accrued interest, penalties, prepayment fees or premiums or early termination fees or penalties related to the foregoing; and (vii) any other liability or obligation of the Acquired Companies that would constitute indebtedness on a balance sheet prepared in accordance with GAAP; provided, however, that "Indebtedness" does not include any matters that will be released at or prior to Closing.

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

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

(qq) "Laws" means any federal, state, local or foreign or multinational law, statute, act, code, ruling, award, writ, ordinance, rule, regulation, judgment, order, injunction, decree, decision or agency requirement of any Governmental Authority, including common law.

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

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

(tt) "Material Contract" means, to the extent binding on the Assets, the Acquired Companies or Purchaser's direct or indirect ownership thereof after Closing (and after giving effect to the Pre-Closing Reorganization), any Contract which is one or more of the following types (provided, however, that the term "Material Contract" shall not include any Contract to which Buyer is a party prior to the Execution Date):

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

(ii) Contracts between Seller or an Affiliate of Seller (other than an Acquired Company), on the one hand, and any Acquired Company, on the other hand, which will be binding on such Acquired Company or its Acquired Companies Assets after the Closing;

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

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

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

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

(vii) Contracts requiring Seller or its Affiliates (including the Acquired Companies) to post guarantees, bonds, letters of credit or similar financial agreements;

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

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

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

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

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

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

(xiv) All Contracts with respect to G&G Data.

(uu) "Net Revenue Interest" means, with respect to any Subject Well, Seller's (as of the Closing Date), the Other Owners' (as of the date of this Agreement) or the Acquired Companies' (as applicable) interest (expressed as a percentage or a decimal) in and to the Hydrocarbons produced and saved or sold from or allocated to such Subject Well from the Applicable Depths, in each case after giving effect to all Royalties.

(vv) "Non-Disclosure Agreement" means that certain Non-Disclosure Agreement dated as of June 8, 2023 by and between Vital Energy, Inc., and Seller, as amended from time to time.

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

(xx) "Overhead Costs" means $250,000 per month (prorated in partial months).

(yy) "Per Share Common Value" means Fifty-Four Dollars and Ninety-Six Cents ($54.96).

(zz) "Per Share Preferred Value" means Fifty-Four Dollars and Ninety-Six Cents ($54.96).

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

(bbb) "Pre-Closing Reorganization Documents" means the documents described on Schedule 4.24(d).

(ccc) "Preferred Stock Deposit" means shares of Purchaser Preferred Stock in an amount equivalent to ten percent (10%) of the Purchase Price.

(ddd) "Properties" means the Energy Properties and/or the Acquired Companies Properties, as the context requires.

(eee) "Property Costs" means, without duplication, all ordinary course operating expenses (including costs of insurance (solely to the extent any such insurance costs are premiums that are paid with respect to the period of time between the Effective Date and the Closing Date), and overhead costs charged by any Third Party operator of any of the Assets) pursuant to an applicable joint operating agreement and capital expenditures, in each case, paid or payable to Third Parties and incurred in the ownership and operation of the Assets in the ordinary course of business, but excluding (without limitation), in each case, any and all liabilities, losses, costs, expenses, and Damages arising out of or otherwise attributable or related to:

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

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

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

(iv) (A) all title examination and curative matters (including any title examination and/or curative costs) paid or incurred in connection with, or with respect to, any Title Defects asserted pursuant to this Agreement, any special warranty claims made pursuant to the Assignment and Bill of Sale or Mineral Deed or with respect to curing any breach of any of Seller's representations or warranties, including claims that Leases have terminated, and (B) all environmental matters, claims and/or obligations, including to remediate any contamination of water or personal property, or restore the surface around such wells, facilities or personal property, including under applicable Environmental Laws (including Environmental Defect claims asserted pursuant to this Agreement);

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

(vi) gas balancing and other production balancing obligations;

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

(viii) Taxes (including Asset Taxes);

(ix) obligations with respect to Hedges;

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

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

(xii) any general and administrative and/or overhead costs that are not (A) charged by Third Parties pursuant to an applicable joint operating agreement or (B) covered by the Overhead Costs adjustment contained in Section 2.3(f)(ii); and

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

(fff) "Prospect" means the prospects described on Exhibit A-8 and the area of land allocated to each of the Prospects as set forth on Exhibit A-8.

(ggg) "Purchase Price" means the Unadjusted Purchase Price, as adjusted pursuant to this Agreement, including Section 2.1(c) and Section 2.3.

(hhh) "Purchaser Annual Meeting" means the annual meeting of stockholders of Purchaser.

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

(jjj) "Purchaser Fundamental Representations" means the representations and warranties of Purchaser set forth in Sections 5.1, 5.2, 5.3, 5.4(a), 5.6, 5.16 and 5.18.

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

(lll) "Purchaser Preferred Stock" means convertible preferred stock, par value $0.01 per share, of Purchaser.

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

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

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

(ppp) "Retained Percentage" " means, with respect to each Prospect, the undivided interest expressed as a percentage for such Prospect and described in Exhibit A-8 and denoted as "Retained Percentage".

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

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

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

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

(uuu) "Seller Consolidated Group" means any Consolidated Group of which each of (i) any Acquired Company and (ii) Seller or an Affiliate of Seller (other than the Acquired Companies), is or was a member on or prior to the Closing Date.

(vvv) "Seller Consolidated Return" means any Tax Return of a Seller Consolidated Group.

(www) "Seller Fundamental Representations" means the representations and warranties of Seller set forth in Sections 4.1(a), 4.1(b), 4.1(c), 4.1(d)(i), 4.9, 4.10, 4.26, 4.28.

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

(yyy) "Seller Pass-Through Return" means any Income Tax Return filed by or in respect of an Acquired Company to the extent that (i) such Acquired Company is treated as a partnership or disregarded entity for purposes of such Tax Return and (ii) the results of operations reflected on such Tax Return are required to be reflected on the Income Tax Return of Seller or the direct or indirect owners of Seller.

(zzz) "Seller Taxes" means any and all (i) Income Taxes imposed by any applicable Laws on Seller or any of its Affiliates or any affiliated, combined, consolidated, unitary or similar group with respect to Taxes of which any of the foregoing is or was a member prior to the Closing Date, (ii) Taxes of any other Person for which any Acquired Company is or has been liable as a transferee or successor, by contract or otherwise, resulting from events or transactions occurring prior to the Closing, (iii) Asset Taxes allocable to Seller pursuant to Section 9.1 (taking into account, and without duplication of, such Asset Taxes effectively borne by Seller (A) as a result of the adjustments to the Purchase Price pursuant to Section 2.3 or (B) in connection with the provisions of Section 11.4, as applicable), (iv) Taxes imposed on or with respect to the ownership or operation of the Excluded Assets or that are attributable to any asset or business of Seller that is not part of the Assets, (v) Taxes arising directly from any restructuring or reorganization undertaken by Seller, any of its Affiliates or the Acquired Companies prior to the Effective Date, (vi) Asset Taxes (other than Taxes described in clauses (i), (ii), (iii), (iv) or (v) of this definition) imposed on or with respect to the acquisition, ownership or operation of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom for any Tax period (or portion of any Straddle Period) ending before the Effective Date, and (vii) Taxes (other than Asset Taxes) imposed on any Acquired Company (including pursuant to Section 6225 of the Code) for any Tax period (or portion of any Straddle Period) ending on or before the Closing Date.

(aaaa) "Stockholder Approval" shall mean the approval by holders of a majority of the issued and outstanding shares of Purchaser Common Stock present in person (including virtual presence) or represented by proxy and eligible to vote, assuming a quorum is present, and required by the applicable rules and regulations of the New York Stock Exchange (or any successor entity) from the stockholders of the Company with respect to the issuance of the shares upon conversion of the shares of Purchaser Preferred Stock; provided, however, that for purposes of this definition, the shares of Purchaser Common Stock received by Seller and its designees pursuant to this Agreement shall not be (i) eligible to vote, (ii) counted for purposes of determining the "majority", and (iii) counted for quorum purposes.

(bbbb) "Straddle Period" means, (i) with respect to Asset Taxes, any Tax period beginning before and ending on or after the Effective Date, and (ii) with respect to Taxes payable by the Acquired Companies (other than Asset Taxes), any Tax period beginning on or before and ending after the Closing Date.

(cccc) "Subject Well" means a Well and/or Well Location, as the context requires.

(dddd) "Subsidiary" of a Person means any other Person of which at least a majority of the securities or ownership interests having, by their terms, ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is directly or indirectly owned or controlled by such first Person and/or by one or more of its Subsidiaries.

(eeee) "Surface Deed (Energy)" means that Surface Deed in the form attached hereto as Exhibit B-3(A) pursuant to which Henry Energy will convey its Surface Fee Estates to Purchaser.

(ffff) "Surface Deed (Moriah)" means that Surface Deed in the form attached hereto as Exhibit B-3(B) pursuant to which Moriah Henry will convey its Surface Fee Estates to Purchaser.

(gggg) "Surface Deeds" means the Surface Deed (Energy) and/or the Surface Deed (Moriah), as the context requires.

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

(iiii) "Target Interval" has the meaning set forth in Schedule TI.

(jjjj) "Tax" or "Taxes" means all federal, state, local and foreign income, branch profits, license, payroll, employment, environmental, social security, unemployment, disability, profits, franchise, sales, use, ad valorem, property, severance, production, conservation, excise, stamp, documentary, real property transfer or gain, gross receipts, goods and services, registration, capital, transfer or withholding taxes, including any interest, penalty or addition thereto, whether disputed or not.

(kkkk) "Tax Return" means any return, declaration, report, claim for refund, or information return or statement filed or required to be filed with any Governmental Authority with respect to Taxes, including any schedule or attachment thereto and any amendment thereof.

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

(mmmm) "Title Matters" means (a) the terms of Article 3, (b) the Special Warranties, (c) Seller's representations and warranties in Sections 4.2, 4.7, 4.8, 4.11(a), 4.12, 4.13(b), 4.17, 4.21, 4.22(b), 4.24, and 4.26, (d) Seller's covenants and agreements pursuant to Section 6.4, (e) the Retained Obligations described in Sections 11.2(g) and 11.2(i), (f) Purchaser's rights under Section 2.3(j), and (g) Seller's liability and indemnification obligations with respect to (including, for purposes of clarity, Purchaser's right to indemnification pursuant to Article 11 with respect to) any (A) breach or inaccuracy, as applicable, of any such representations and warranties, covenants or agreements or (B) the Retained Obligations described in Sections 11.2(g) and 11.2(i) (including, for purposes of clarity, any and all Damages caused by, arising out of, resulting from or related to any of the foregoing matters described in this definition).

(nnnn) "Transaction Agreements" means this Agreement, the Pre-Closing Reorganization Documents and each other agreement or instrument to be executed and delivered pursuant hereto at the Closing.

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

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

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

(rrrr) "Treasury Regulations" means the regulations promulgated under the Code by the United States Department of the Treasury, whether in proposed (to the extent they can be relied upon), temporary or final form.

(ssss) "Unapproved Exception" means, with respect to any Lease as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease), Subject Well or other applicable Asset, as applicable, any fact(s), circumstance(s), or other matter(s) that, individually or in the aggregate, (i) operate to reduce Seller's Net Revenue Interest for any Subject Well to an amount below the Net Revenue Interest set forth in Schedule 2.2 for such Subject Well, (ii) operate to increase Seller's Working Interest for any Subject Well to an amount greater than the Working Interest set forth in Schedule 2.2 for such Subject Well (in each case, except to the extent the Net Revenue Interest for such Subject Well is greater than the Net Revenue Interest set forth Schedule 2.2 for such Subject Well in the same or greater proportion as the cumulative increase in Seller's or the Acquired Companies' Working Interest therefor), or (iii) impair, or would reasonably be expected to impair, in any material respect, the ownership, operation, and/or use of the affected Asset(s) subject thereto or affected thereby as currently owned, operated and/or used by Seller or any of its Affiliates (including the Acquired Companies) or as would otherwise be owned, operated and/or used by a reasonably prudent owner and/or operator of assets similar to such Asset(s) and located in the same geographic area as such Asset(s), as applicable.

(tttt) "Units," means all pooled, communitized, consolidated or unitized acreage which includes all or part of any Leases, and all tenements, hereditaments, and appurtenances belonging thereto, including, for purposes of clarity, such units more particularly identified on Exhibit A-3.

(uuuu) "Well Location" means those undeveloped well locations specifically identified on Exhibit A-2.

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

(wwww) "Working Interest" means, with respect to any Subject Well (as to the Applicable Depths), the interest (expressed as a percentage or a decimal) that is burdened with the obligation to bear and pay costs and expenses of maintenance, development and operations for, on or in connection with such Subject Well (solely as to the Applicable Depths), without regard to the effect of any Royalties.

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

(a) the Retained Percentage, on a Prospect-by-Prospect basis, of Seller's right, title and interest in and to the 8/8ths Properties;

(b) the Excluded Records;

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

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

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

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

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

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

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

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

(k) any refunds, claims for refunds or rights to receive refunds from any Governmental Authority with respect to Taxes that are Seller Taxes (solely to the extent such Seller Taxes are actually paid or economically borne by Seller or any of its Affiliates (other than any Acquired Company) or any affiliated, combined, consolidated, unitary or similar group with respect to Taxes of which any of the foregoing is or was a member prior to the Closing Date);

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

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

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

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

(p) any and all Hedges;

(q) Seller's vehicles;

(r) (i) the Pre-Closing Reorganization Documents, other than the Agreement of Limited Partners of BITS LP (the "BITS LPA"), and (ii) notwithstanding subpart (i), all Pre-Closing Reorganization Liabilities; and

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

ARTICLE 2
PURCHASE PRICE

2.1 Purchase Price.

(a) Subject to the terms and conditions set forth in this Agreement, the total purchase price to be paid for the Assets shall consist of the following (i) 3,716,914 shares of Purchaser Common Stock (the "Common Stock Consideration"), and (ii) 4,977,272 shares of Purchaser Preferred Stock (the "Preferred Stock Consideration" and, together with the Preferred Stock Consideration, the "Stock Consideration"). As used herein, "Unadjusted Purchase Price" means an amount equal to the sum of (A) the product of (x) the Common Stock Consideration, *multiplied by* (y) the Per Share Common Value, *plus* (B) the product of (x) the Preferred Stock Consideration, *multiplied by* (y) the Per Share Preferred Value. The Stock Consideration and Unadjusted Purchase Price shall be adjusted pursuant to Section 2.1(c), Section 2.3 and Section 2.6. The terms of the Purchaser Preferred Stock shall be specifically and fully set forth in a Certificate of Designations the form of which is attached hereto as Exhibit E (the "Certificate of Designations").

(b) Not later than one (1) Business Day following the Execution Date, Purchaser will deliver or cause to be delivered to Equiniti Trust Company LLC (the "Escrow Agent"), the Preferred Stock Deposit, to be held by the Escrow Agent (such amount, the "Deposit") to be held and disbursed in accordance with the terms of this Agreement and an escrow agreement dated as of the Execution Date among Seller, Purchaser, and Escrow Agent (the "Escrow Agreement").

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

(d) Seller may, at its sole discretion, direct Purchaser to issue the shares of Purchaser Common Stock and Purchaser Preferred Stock constituting the Stock Consideration to one of Seller's direct or indirect equityholders or their designated Affiliates as its designee, by providing written notice of such direction to Purchaser not less than three (3) Business Days in advance of the Closing Date, subject to any such designee providing any documentation reasonably requested by Purchaser (which documentation shall include representations of such designee to the effect set forth in Section 4.25). Each such designee may elect to execute and deliver a countersignature to the Registration Rights Agreement (as applicable) in order for such designee to be named as a selling stockholder in, and to have such designee's shares of Purchaser Common Stock included in, the initial resale shelf registration statement to be filed by Purchaser pursuant to the Registration Rights Agreement.

(e) The Seller Equity Interests (i) and the Acquired Companies are being acquired by Purchaser at the Closing on a cash-free, debt-free basis, and (ii) shall, for the avoidance of doubt, be delivered to Purchaser at Closing free and clear of all Encumbrances other than Encumbrances arising under the organizational documents of the applicable Acquired Company or securities Laws.

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

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

(a) decreased in accordance with Section 3.8;

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

(c) with respect to production, pipeline, storage, processing, or other imbalances or overlifts, (i) decreased (for amounts owed by Seller or any of its Affiliates (including the Acquired Companies) to any third Person as of the Effective Date) or (ii) increased (for amounts owed by any third Person to Seller or any of its Affiliates (including the Acquired Companies) as of the Effective Date), as applicable, (A) by an amount equal to the amount of such imbalances, multiplied by the applicable Contract price for oil, gas or other Hydrocarbons, as applicable (in each case, net of any (x) Royalties; (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid or that would be payable in connection with sales of oil, gas, or other Hydrocarbons) or (B) if there is no applicable Contract, by an amount agreed to in writing by the Parties;

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

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

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

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

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

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

(ii) increased by an amount equal to the Overhead Costs for the period between the Effective Date and the Closing Date; and

(iii) increased by an amount equal to the amount of all Property Costs which are incurred by Seller or the Acquired Companies in the ownership and operation of the Assets from and after the Effective Date and paid to Third Parties or that are otherwise economically borne by or on behalf of Seller or any of its Affiliates on or prior to the Cut-Off Date (including the Acquired Companies on or prior to the Closing Date), except, in each case, any costs already deducted in the determination of proceeds in Section 2.3(f)(i);

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

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

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

(j) notwithstanding anything in this Agreement to the contrary (and specifically without regard to the applicability of any threshold or deductible), decreased by the Allocated Value of all Assets held by any Other Owner who has not conveyed all of such Other Owner's right, title and interest in and to the Assets to Seller prior to the Closing Date in accordance with Section 6.15;

(k) decreased by any Indebtedness of the Acquired Companies as of the Closing Date; and

(l) increased or decreased by any other amount agreed to by the Parties in writing.

2.4 Certain Ordinary-Course Costs and Revenues.

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

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

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

(b) Purchaser shall be entitled to all amounts earned from the sale, during the period from and after the Effective Date of Hydrocarbons produced from, or attributable or allocable to, the Properties and after the Cut-Off Date the amounts described in Section 2.4(a)(i); and to all other income earned with respect to the Assets from and after the Effective Date, and shall be responsible for (and entitled to any refunds and indemnities with respect to) all Property Costs incurred from and after the Effective Date and after the Cut-Off Date the amounts described in Section 2.4(a)(i).

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

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

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

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

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

2.5 Procedures.

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

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

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

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

2.6 Adjustments to Stock Consideration at Closing. Any adjustments to the Unadjusted Purchase Price made in accordance with Section 2.1(c) or Section 2.3 shall also be subject to this Section 2.6. Should the net adjustments determined by such Sections cause the Unadjusted Purchase Price to be adjusted (a) downward, then the quantum of Stock Consideration shall be reduced by an amount of shares of Purchaser Preferred Stock equal to (i) the net dollar amount of such downward adjustment, divided by (ii) the Per Share Preferred Value, and (b) upward, then, Purchaser shall settle such adjustment in cash pursuant to Section 8.4; provided, however, that the downward adjustment for the Suspense Adjustment Amount in Section 2.3(g) shall not be taken into consideration for purposes of the calculations of and potential adjustments to the Stock Consideration in this Section 2.6 and shall instead be settled solely in cash in accordance with Section 8.4. Notwithstanding anything herein to the contrary and for the avoidance of doubt, in addition, the Parties acknowledge and agree that the quantum of shares of each of the Purchaser Preferred Stock and Purchaser Common Stock that make up the Stock Consideration at Closing shall be adjusted, as appropriate, to account for the Tag-Along Rights and any affirmative election by a Tag Party, as set forth in Section 8.4.

2.7 **Withholding**. Purchaser and any other applicable withholding agent shall be entitled to deduct and withhold from any consideration otherwise payable or deliverable under this Agreement to Seller such amounts as may be required to be deducted or withheld therefrom under the Code or any other applicable Law; provided, that Purchaser will (a) notify Seller of any anticipated withholding no later than five (5) Business Days prior to the day on which the applicable consideration is payable or deliverable to, as applicable, Seller, (b) consult with Seller in good faith to determine whether such deduction and withholding is required under applicable Tax Law, (c) reasonably cooperate with Seller to minimize the amount of any applicable withholding, (d) be entitled to sell shares of stock that are deducted or withheld in order to satisfy the applicable withholding requirement and (e) timely and properly remit such deducted and withheld amounts to the appropriate Governmental Authority in accordance with applicable Laws. To the extent that such amounts are remitted to the appropriate Governmental Authority, such amounts shall be treated for all purposes of this Agreement as having been paid to Seller.

ARTICLE 3
TITLE AND ENVIRONMENTAL MATTERS

3.1 **Purchaser's Title Review**.

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

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

(c) The Assignment and Bill of Sale to be executed and delivered by the Parties at Closing to convey the Henry Assets (other than the Seller Equity Interests) from Seller to Purchaser (the "Assignment and Bill of Sale") shall be in the form attached hereto as Exhibit B-1 and shall contain a special warranty of Defensible Title to the Energy Properties by, through or under Seller and its Affiliates, but not otherwise, subject to the Permitted Encumbrances. The Mineral Deed to be executed and delivered by the Parties at Closing (the "Mineral Deed") shall be in the form attached hereto as Exhibit B-2, and shall contain a special warranty of title to the applicable Henry Assets by, through or under Seller and its Affiliates, but not otherwise, subject to the Permitted Encumbrances. Purchaser shall be deemed to have waived all breaches of any Special Warranty for which Purchaser has not furnished to Seller a valid defect claim notice that substantially satisfies the requirements set forth in Sections 3.6(a)(i) through 3.6(a)(v) on or before the date that is thirty-six (36) Months after Closing. Purchaser shall not be entitled to protection under (i) Seller's special warranty of Defensible Title in the Assignment and Bill of Sale, (ii) special warranty of title in the Mineral Deed, or (iii) representation and warranty in Section 4.28 (collectively, the "Special Warranties"), in each case, against any Title Defect reported by Purchaser to Seller in a Title Defect Claim Notice delivered by Purchaser pursuant to Section 3.6(a) prior to the Defect Claim Date. If Purchaser provides written notice of a breach of any Special Warranty to Seller, Seller shall have a reasonable opportunity to cure such breach (at Seller's sole cost and expense) for a period not to exceed ninety (90) days following Seller's receipt of such notice. In any event, the recovery on a breach of any Special Warranty (excluding any recovery attributable to such breaches that result from security interests, deeds of trust, mortgages, pledges or similar interests granted by Seller) shall not exceed the Allocated Value of the affected Asset; provided, however, that, notwithstanding anything herein to the contrary and for the avoidance of doubt, no claim asserted by Purchaser in respect of a breach of any Special Warranty shall be subject to the limitations set forth in Sections 3.9(a)(vi)(A) or 3.9(a)(vi)(C).

3.2 Definition of Defensible Title.

(a) As used in this Agreement, the term "Defensible Title" means that record title (including title evidenced by unrecorded written instruments that are awaiting recording with the applicable Governmental Authority if (x) such unrecorded written instruments are identified on Schedule 3.2(a) as of the Execution Date, (y) each Property that is affected by or related to each such unrecorded written instrument is identified on Schedule 3.2(a) as of the Execution Date and (z) Seller has made available to Purchaser reasonable evidence of the proper filing of each such unrecorded written instrument for recording with the applicable Governmental Authority) or beneficial title (solely in the case of contractual interests held pursuant to any applicable joint operating agreement, unit agreement or similar agreement) of Seller (for the avoidance of doubt, after giving effect to the conveyances from the Other Owners to Seller pursuant to the Pre-Closing Reorganization) or the Acquired Companies in and to the Leases and Subject Wells shown on Schedule 2.2 (with respect to the Applicable Depths), which, as of the Effective Date, the Defect Claim Date and the Closing Date, and subject to and except for Permitted Encumbrances:

(i) with respect to each Subject Well set forth on Schedule 2.2, entitles Seller or the Acquired Companies to not less than the Net Revenue Interest set forth in Schedule 2.2 for such Subject Well throughout the productive life thereof, except (A) decreases in connection with those operations in which Seller or the Acquired Company may elect after the Execution Date to be a non-consenting co-owner (if, and solely to the extent, such election is otherwise permissible under and made in compliance with the terms of the Agreement), (B) decreases resulting from reversion of interests to co-owners with respect to operations in which such co-owners elect, after the Execution Date, not to consent, (C) decreases resulting from the establishment or amendment, after the Execution Date, of pools or units (if, and solely to the extent, such establishment or amendment thereof is otherwise permissible under and conducted in compliance with the terms of this Agreement), (D) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under deliveries, and (E) as otherwise expressly stated in Exhibit A-2 or Schedule 2.2;

(ii) with respect to each Subject Well set forth on Schedule 2.2, obligates Seller or an Acquired Company to bear a Working Interest for such Subject Well, as applicable, that is not greater than the Working Interest set forth in Schedule 2.2 for such Subject Well without increase throughout the productive life of such Subject Well, except (A) increases resulting from contribution requirements with respect to defaulting or non-consenting co-owners under applicable operating agreements or applicable Law, (B) increases that are accompanied by at least a proportionate increase in Seller's or Acquired Company's (or its successor's or assign's) Net Revenue Interest for such Subject Well, and (C) as otherwise expressly stated in Exhibit A-2 or Schedule 2.2; and

(iii) is free and clear of any and all other liens, charges, encumbrances, mortgages, deeds of trust, and substantially equivalent obligations, and defects of any kind (collectively, "Encumbrances"), other than Permitted Encumbrances.

(b) As used in this Agreement, the term "Title Defect" means any lien, charge, encumbrance, obligation, defect or other matter, including a discrepancy in Net Revenue Interest or Working Interest, that causes or results in Seller's or any Acquired Company's title to any Lease or Subject Well identified or described on Schedule 2.2 to be less than Defensible Title.

(c) As used in this Agreement, the term "Title Benefit" means any right, circumstance, or condition that operates to (i) increase the Net Revenue Interest of Seller or any Acquired Company as of the Effective Date, Defect Claim Date and Closing Date in any Subject Well (solely with respect to the Applicable Depths) above that shown for such Subject Well on Schedule 2.2, or (ii) decrease the Working Interest of Seller or any Acquired Company as of the Effective Date, Defect Claim Date and Closing Date in any Subject Well (solely with respect to the Applicable Depths) below that shown for such Subject Well on Schedule 2.2 with no decrease in the Net Revenue Interest for such Subject Well, as applicable.

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

(a) all Royalties to the extent that they do not, and would not be reasonably likely to, individually or in the aggregate, reduce Seller's or any Acquired Company's Net Revenue Interest ownership in any Property below that shown in Schedule 2.2 for such Property or increase Seller's or any Acquired Company's Working Interest in any Property above that shown in Schedule 2.2 for such Property without a corresponding increase in the Net Revenue Interest thereof;

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

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

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

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

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

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

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

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

(j) to the extent not yet triggered, conventional rights of reassignment arising upon the expiration or final intention to abandon or release any of the Assets;

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

(l) rights of a common owner of any interest in Rights of Way held by Seller or any Acquired Company, to the extent that the same do not result in or constitute an Unapproved Exception or as would otherwise be used, owned, and/or operated by a reasonably prudent owner and/or operator of oil and gas assets similar to such Assets and located in the same geographic area as such Asset(s);

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

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

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

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

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

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

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

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

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

(v) any depth severances with respect to any Lease that do not (i) affect the Target Interval, (ii) the Applicable Depths or (iii) individually or in the aggregate, result in or constitute an Unapproved Exception;

(w) calls on Hydrocarbon production under existing Material Contracts;

(x) maintenance of uniform interest provisions (i) contained in any Contract or (ii) contained in any Lease to the extent a breach of such provisions will not result in a suspension of material rights under such Lease, the right of the lessor to terminate such Lease or the termination of such Lease;

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

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

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

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

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

(dd) any defect arising from (i) any Lease having no pooling provision, or an inadequate horizontal pooling provision, (ii) the absence of any lease amendment or consent by any royalty interest or mineral interest holder authorizing the pooling of any Lease or (iii) the failure of Exhibit A-1, Exhibit A-2 or Schedule 2.2 to reflect any Lease where the owner thereof was treated as a non-participating co-tenant during the drilling of any Well, except, in each case, to the extent Seller or any of its Affiliates (including the Acquired Companies) has received written notice from any Person alleging or asserting an adverse claim or demand of any kind that is based upon or related to any of the foregoing matters;

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

(ff) defects arising solely from a discrepancy between the deeded and surveyed acreage with respect to any Lease;

(gg) the terms and conditions of this Agreement;

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

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

(jj) defects or irregularities resulting from or related to probate proceedings or the lack thereof, which defects or irregularities have been outstanding for ten (10) years or more unless Purchaser provides affirmative evidence that such probate proceedings or lack thereof results in another Person's superior claim of title to the relevant Asset; and

(kk) defects arising from any encumbrance created under deeds of trust, mortgages and similar instruments by the lessor under a Lease, which encumbrance has not been subordinated to the lessee's interest and for which a reasonably prudent lessee would not customarily seek a subordination of such encumbrance to the oil and gas leasehold estate prior to conducting drilling activities on the applicable Lease and, in each case, excluding any such encumbrance if a complaint of foreclosure has been duly filed or any similar action taken by the mortgagee or trustee thereunder.

3.4 Environmental Assessment; Environmental Defects.

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

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

(c) Purchaser acknowledges that the Assets have been used for the exploration, development, and production of Hydrocarbons and that there may be petroleum, produced water, wastes, or other substances or materials located in, on, or under the Properties or associated with the Assets. Equipment and sites included in the Assets may contain hazardous materials, including asbestos and naturally occurring radioactive material ("NORM"). NORM may affix or attach itself to the inside of wells, materials, and equipment as scale, or in other forms. The wells, materials, and equipment located on the Properties or included in the Assets may contain hazardous materials, including asbestos and NORM. Hazardous materials, including asbestos and NORM, may have come into contact with various environmental media, including water, soils, or sediment. **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR ANY OTHER TRANSACTION AGREEMENT, SELLER DOES NOT MAKE, SELLER EXPRESSLY DISCLAIMS, AND PURCHASER WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRESENCE OR ABSENCE OF ASBESTOS OR NORM IN OR ON THE ASSETS IN QUANTITIES TYPICAL FOR OILFIELD OPERATIONS IN THE AREAS WHERE THE ASSETS ARE LOCATED. AS OF CLOSING, PROVIDED SELLER HAS SUBSTANTIALLY COMPLIED WITH ITS ACCESS RELATED OBLIGATIONS CONTAINED IN THIS AGREEMENT PURCHASER SHALL HAVE INSPECTED AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED ITS RIGHT TO INSPECT THE ASSETS FOR ALL PURPOSES, AND SHALL BE DEEMED TO HAVE SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING CONDITIONS SPECIFICALLY RELATING TO THE PRESENCE, RELEASE, OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS, OTHER MAN-MADE FIBERS, AND NORM. PURCHASER IS RELYING SOLELY UPON THE TERMS OF THIS AGREEMENT AND ITS OWN INSPECTION OF THE ASSETS.**

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

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

(a) To assert a claim for a Title Defect, Purchaser must deliver a defect claim notice or notices (each, a "Title Defect Claim Notice") to Seller on or before 5:00 p.m. local time in Houston, Texas, on October 24, 2023 (the "Defect Claim Date"). Each such Title Defect Claim Notice shall be in writing and shall include:

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

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

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

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

(v) Purchaser's good faith estimate of the Title Defect Amount attributable to such alleged Title Defect and the computations and information upon which Purchaser's estimate is based; provided, in the case that only a portion of a Property is affected by the alleged Title Defect, Purchaser's good faith estimate of the Title Defect Amount shall reflect only the portion of such Property so affected using the corresponding portion of the Allocated Value for such Property.

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

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

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

(i) a description of the alleged Title Benefit;

(ii) the Property(ies) affected thereby;

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

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

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

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

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

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

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

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

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

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

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

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

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

3.7 Cure.

(a) Seller shall have the right, but not the obligation, to attempt, at Seller's sole cost, risk, and expense, to cure or remove to the reasonable satisfaction of Purchaser (i) on or before one (1) Business Day prior to the Closing Date (such date, the "Environmental Cure Date"), any alleged Environmental Defects (each such alleged Environmental Defect, a "Cure Target Environmental Defect") or (ii) on or before the date that is one hundred eighty (180) days after the Closing Date (such date, the "Title Cure Date" and, together with the Environmental Cure Date, each, a "Cure Date", as applicable), any alleged Title Defects (each such alleged Title Defect, a "Cure Target Title Defect" and, together with all Cure Target Environmental Defect, collectively, the "Cure Target Defects"), in each case, of which Seller has been advised by Purchaser pursuant to Sections 3.6(a), 3.6(c) or 3.6(d), as applicable. To exercise any such cure or removal right with respect to any Cure Target Title Defects after Closing, Seller shall provide written notice to Purchaser of its intent to attempt to cure or remove any such Cure Target Title Defects on or before 5:00 p.m. local time in Houston, Texas on or before one (1) Business Day prior to the Closing Date. Seller may elect to perform any such environmental cure or removal work with respect to any Cure Target Environmental Defect at any time prior to the Environmental Cure Date by delivering prior written notice thereof to Purchaser. At Closing, (A) all Title Defect Properties that are affected by or subject to any such Cure Target Title Defects shall be included in the Assets to be directly or indirectly assigned, conveyed and transferred to Purchaser in connection with Closing and (B) all adjustments to the Unadjusted Purchase Price with respect to such Cure Target Title Defects shall be addressed as provided in Section 3.8(e) for purposes of Closing and thereafter any adjustment required under Section 3.8(a) with respect thereto shall be made pursuant to Section 3.8(f). The election by Seller to attempt to cure or remove one or more of such Cure Target Defects shall not affect the rights and obligations of the Parties under Section 3.10 with respect to dispute resolution related to any such Cure Target Defect. Seller's election to attempt cure or remove a Cure Target Defect shall not constitute a waiver of any of the rights of Seller pursuant to this Article 3, including Seller's right to dispute the existence, nature, or value of such Cure Target Defect.

(b) Subject to, and without limitation of, the Parties' respective rights under Section 3.10 with respect to any Disputed Matter, including, for purposes of clarity, the determination by the Title Arbitrator or Environmental Arbitrator, as applicable, of the existence of and/or the Title Defect Amount or Environmental Defect Amount with respect to, as applicable, any Cure Target Defect that constitutes a Disputed Matter, to the extent any Cure Target Defect is not cured and/or remediated to Purchaser's reasonable satisfaction by Seller on or before the applicable Cure Date, the adjustment required under Section 3.7(e) with respect thereto shall be made pursuant to Section 8.4(a) or Section 8.4(b), as applicable.

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

(d) Seller shall have the right to exclude any Environmental Defect Asset that constitutes a Lease or Subject Well that is a Henry Asset from this Agreement by delivery of written notice to Purchaser of the exercise of such right no later than three (3) Business Days prior to the Target Closing Date if Purchaser's good faith estimate of the Environmental Defect Amount(s) for such Environmental Defect Asset(s), as set forth in the applicable Environmental Defect Claim Notice, in each case, equals or exceeds (i) one hundred percent (100%) of the Allocated Value of the applicable Environmental Defect Asset (if the applicable Environmental Defect Asset has an Allocated Value) or (ii) $75,000 if the applicable Environmental Defect Asset does not have an Allocated Value, and, in either such case, (x) the Closing Payment shall be reduced by the Allocated Value of the applicable Environmental Defect Asset (if any), (y) the Closing Consideration shall be reduced by a number of shares of Purchaser Preferred Stock equal to the applicable Allocated Value, *divided by* the Per Share Preferred Value, and (z) such applicable Environmental Defect Asset shall be deemed deleted from the Exhibits and Schedules hereto and constitute an "Excluded Asset" for all purposes of this Agreement; provided, however, that, notwithstanding the foregoing, Seller shall have no right to exclude any such Environmental Defect Asset if, and only if, (A) such Asset is an Acquired Company Asset; or (B) (1) Purchaser determines in good faith that the exclusion of such Environmental Defect Asset would materially and adversely affect Purchaser's ownership, operation and/or use of any other Asset (or any group of Assets) in any material respect following Closing; and (2) the aggregate downward adjustment to the Purchase Price associated with all Environmental Defect Asset(s) addressed in subpart (B)(1) of this Section 3.7(d) (for the avoidance of doubt, if such Environmental Defect Asset(s) were not excluded from this Agreement) would be less than One Million Dollars ($1,000,000), in which case such Environmental Defect Asset(s) will be conveyed to Purchaser at Closing in accordance with the terms of this Agreement.

(e) Seller shall have the right to exclude any Title Defect Property that constitutes a Lease or Subject Well that is a Henry Asset from this Agreement by delivery of written notice to Purchaser of the exercise of such right no later than three (3) Business Days prior to the Target Closing Date if Purchaser's good faith estimate of the Title Defect Amount(s) for such Title Defect Property(ies), as set forth in the applicable Title Defect Claim Notice equals or exceeds seventy-five percent (75%) of the Allocated Value of the applicable Title Defect Property, and, in such case, (x) the Closing Payment shall be reduced by the Allocated Value of the applicable Title Defect Property, (y) the Closing Consideration shall be reduced by a number of shares of Purchaser Preferred Stock equal to the applicable Allocated Value, *divided by* the Per Share Preferred Value, and (z) such applicable Title Defect Property shall be deemed deleted from the Exhibits and Schedules hereto and constitute an "Excluded Asset" for all purposes of this Agreement. If, following Closing but prior to the Title Cure Date, Seller is able to cure or remove, to the reasonable satisfaction of Purchaser, all Title Defects with respect to any Title Defect Property that was excluded from Closing pursuant to this Section 3.7(e), then, prior to the date of the final adjustment to the Unadjusted Purchase Price under Section 8.4(b) or Section 8.4(c), as applicable, (A) Seller shall, promptly after such Title Defects are cured or removed from a Title Defect Property, convey the applicable Title Defect Property to Purchaser, (B) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Title Defect Property at such delayed Closing; (C) Purchaser shall, simultaneously with the conveyance of the applicable Title Defect Property, deliver to Seller a number of shares of Purchaser Preferred Stock equal to (x) the amount of any previous deduction from the Unadjusted Purchase Price (subject to all other applicable adjustments with respect to such Title Defect Property under this Agreement) on account of such Title Defect Property pursuant to this Section 3.7(e), *divided by* (y) the Per Share Preferred Value, and (D) such Title Defect Property shall no longer be deemed to be an Excluded Asset for any purposes hereunder.

3.8 Adjustment for Title Defects and Benefits and Environmental Defects.

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

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

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

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

(e) At Closing, an amount equal to the sum of all Title Defect Amounts and Environmental Defect Amounts (as asserted in good faith by Purchaser in the applicable Title Defect Claim Notices and Environmental Defect Claim Notices provided in accordance with Sections 3.6(a) and/or 3.6(c), as applicable) related to (i) any Cure Target Title Defects which Seller elects to attempt to cure prior to the Title Cure Date in accordance with Section 3.7(a) or (ii) which are Disputed Matters (such aggregate amount, the "Defect Escrow Amount"), shall be deducted in the calculation of the Closing Payment and Closing Consideration, as provided in Section 8.4(a). To effect such adjustment, at the Closing, if (A) the Defect Escrow Amount *divided by* the Per share preferred Value (the "Defect Escrow Shares"), is greater than the Preferred Stock Deposit, then Purchaser shall deposit an amount of shares of Purchaser Preferred Stock with the Escrow Agent equal to such excess, and such Defect Escrow Shares and the Preferred Stock Deposit shall, from and after Closing, be held by the Escrow Agent in an account to be governed by the Escrow Agreement and referred to as the "Defect Escrow", and (B) the Defect Escrow Shares are less than the Preferred Stock Deposit, then, at Closing, the Parties shall jointly instruct the Escrow Agent to disburse the Preferred Stock Deposit, less the Defect Escrow Shares, to Seller at Closing, and the Defect Escrow Share shall remain in escrow with the Escrow Agent and be held in the Defect Escrow. For the avoidance of doubt, no partial shares of Purchaser Preferred Stock shall be deposited into (or remain in or be disbursed from) the Defect Escrow, and the applicable Defect Escrow Amount shall be rounded up or down (as appropriate) to result in a whole number of Defect Escrow Shares based on the Per Share Preferred Value. The Defect Escrow Shares shall be held and disbursed in accordance with the terms of this Article 3 and the Escrow Agreement pending the curing and/or resolution, as applicable, of the applicable Cure Target Title Defects and/or the applicable Disputed Matters in accordance with the applicable terms of this Article 3.

(f) After Closing, the Purchase Price shall be adjusted for (i) any Cure Target Title Defects which (A) Seller elects to attempt to cure prior to the Title Cure Date pursuant to Section 3.7(a) or (B) are Disputed Matters and (ii) any Environmental Defects or Title Benefits which are Disputed Matters, in each case, to the extent the Title Defect Amounts, Title Benefit Amounts and Environmental Defect Amounts for such Title Defects, Title Benefits and Environmental Defects are included in the Defect Escrow Amount, as provided in this Section 3.8(f). Within ten (10) Business Days after the later to occur of (x) the Title Cure Date and (y) the final date of determination of all Disputed Matters submitted to a Title Arbitrator or Environmental Arbitrator pursuant to Section 3.10, as applicable, and after consideration of all other adjustments previously made to the Unadjusted Purchase Price and after giving effect to all applicable limitations set forth in Section 3.9, the Parties shall execute joint written instructions to the Escrow Agent instructing it to deliver to Seller or Purchaser, as applicable, a number of the Defect Escrow Shares equal to the net amount which such Party is entitled to receive in order to make the adjustments to the Unadjusted Purchase Price called for pursuant to this Section 3.8(f) *divided by* the Per Share Preferred Value, with respect to (a) any Disputed Matters, as determined by the applicable Title Arbitrator or Environmental Arbitrator under Section 3.10(a) and/or Section 3.10(b), as applicable, and (b) any Cure Target Title Defects which Seller elected to attempt to cure prior to the Title Cure Date pursuant to Section 3.7(a) and which are not Disputed Matters after considering the extent such Title Defects have been cured pursuant to Section 3.6(c) to Purchaser's reasonable satisfaction. Notwithstanding anything herein to the contrary and for the avoidance of doubt, to the extent that the Parties or the applicable Title Arbitrator or Environmental Arbitrator, as applicable, determine that (x) Purchaser is entitled to a Purchase Price adjustment on account of any Cure Target Defects or Disputed Matters or (y) the Seller is not entitled to any portion of the Defect Escrow Amount and Defect Escrow Shares, then, in either case, the Parties shall promptly execute joint written instructions to the Escrow Agent instructing it to deliver such Defect Escrow Shares to Purchaser and Seller shall have no claim to any of such Defect Escrow Shares hereunder.

(g) The Parties shall treat for Tax purposes, any disbursements of Purchaser Preferred Stock pursuant to this Section 3.8 as an adjustment to the Purchase Price.

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

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

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

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

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

(iii) if (x) the Title Defect represents a discrepancy between (A) Seller's or the Acquired Company's aggregate Net Revenue Interest for any Subject Well and (B) the Net Revenue Interest stated in Schedule 2.2 for such Subject Well, and (y) there is a proportionate decrease in Seller's or the Acquired Company's Working Interest ownership, as applicable, for such applicable Subject Well from that set forth in Schedule 2.2 for such Subject Well, then the Title Defect Amount shall be the product of the Allocated Value of such Subject Well multiplied by a fraction, the numerator of which is the decrease in Seller's or the Acquired Company's aggregate Net Revenue Interest in such Subject Well and the denominator of which is Seller's or the Acquired Company's Net Revenue Interest stated in Schedule 2.2 for such Subject Well; provided, however, that if the Title Defect does not affect such Subject Well throughout its entire productive life, the Title Defect Amount determined under this Section 3.9(a)(iii) shall be reduced to take into account the applicable time period only;

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

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

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

(A) an individual claim for a Title Defect for which a valid Title Defect Claim Notice is given prior to the Defect Claim Date shall only generate an adjustment to the Unadjusted Purchase Price under this Article 3 if the Title Defect Amount with respect thereto exceeds Seventy-Five Thousand Dollars ($75,000) (the "Individual Defect Threshold"); provided, however, that if a specific Title Defect affects more than one Title Defect Property, then the Title Defect Amounts associated with such specific Title Defect may be aggregated by Purchaser for determining whether the Individual Defect Threshold is met with respect to all such Properties affected by such specific Title Defect;

(B) except with respect to Title Defects described in Section 3.9(a)(ii) the aggregate Title Defect Amounts attributable to the effects of all Title Defects upon any given Property shall not exceed the Allocated Value of such Property; and

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

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

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

(ii) if (x) the Title Benefit represents a discrepancy between (A) Seller's or the Acquired Company's Net Revenue Interest for any Subject Well and (B) the Net Revenue Interest stated with respect to such Subject Well in Schedule 2.2, and (y) there is a proportionate increase in Seller's or the Acquired Company's Working Interest for such applicable Subject Well from that set forth in Schedule 2.2 for such Subject Well, then the Title Benefit Amount shall be the product of the Allocated Value of the affected Subject Well multiplied by a fraction, the numerator of which is the increase in Seller's aggregate Net Revenue Interest in such Subject Well and the denominator of which is the Net Revenue Interest stated in Schedule 2.2 with respect to such Subject Well; provided, however, that if the Title Benefit does not affect a Subject Well throughout the entire productive life of thereof, the Title Benefit Amount determined under this Section 3.9(b)(ii) shall be reduced to take into account the applicable time period only;

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

(iv) notwithstanding anything to the contrary in this Article 3, an individual claim for a Title Benefit shall only serve to offset the any applicable Title Defect Amounts and/or Environmental Defect Amounts if the Title Benefit Amount with respect thereto exceeds Seventy-Five Thousand Dollars ($75,000) (the "Title Benefit Threshold").

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

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

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

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

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

3.10 Dispute Resolution.

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

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

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

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

3.12 Consent Requirements.

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

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

(c) In cases in which the Asset subject to such a Material Consent requirement is a Property and the Material Consent to the transfer of such Property (or a waiver thereof) is not obtained by Closing, Purchaser shall have the right to elect to exclude the Property subject to such Material Consent and, subject to the remainder of this Section 3.12(c), (i) the affected Property shall not be conveyed to Purchaser at Closing, (ii) the Unadjusted Purchase Price shall be reduced at Closing by the Allocated Value of such Property, and the Closing Consideration shall be appropriately reduced by an amount equal to such Allocated Value, divided by the Per Share Preferred Value; (iii) such Property shall be deemed to be deleted from Exhibit A-1, Exhibit A-2 and/or Exhibit A-3 attached hereto, as applicable, and added to Schedule 1.3 attached hereto and (iv) such Property shall constitute an Excluded Asset for all purposes hereunder. The Parties shall continue to use commercially reasonable efforts to obtain the Material Consent so that such Asset can be transferred to Purchaser upon receipt of the Material Consent, and if any such Material Consent requirement with respect to which an adjustment to the Unadjusted Purchase Price is made under Section 2.3(b) is subsequently satisfied (or waived) prior to the date of the final adjustment to the Unadjusted Purchase Price under Section 8.4(b) or Section 8.4(c), as applicable, (A) Seller shall, promptly after such Material Consent requirement is satisfied (or waived), convey the applicable Property to Purchaser, (B) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Property (or portion thereof) at such delayed Closing; (C) Purchaser shall, simultaneously with the conveyance of the applicable Property (or portion thereof), at its sole discretion and election, (x) pay the amount of any previous deduction from the Unadjusted Purchase Price to Seller in cash, or (y) issue to Seller an amount of Purchaser Preferred Stock equal to the reduction in the Preferred Stock Consideration received at Closing by Seller due to such unobtained Material Consent, in each case, with such valuation and payment or issuance, as applicable, being subject to all other applicable adjustments with respect to such Property (or portion thereof) under this Agreement, and (D) such Property shall no longer be deemed to be (x) deleted from Exhibit A-1 and/or Exhibit A-2 attached hereto, (y) added to Schedule 1.3 attached hereto or (z) an Excluded Asset for any purposes hereunder.

(d) With respect to any Surface Fee Estate that becomes an Excluded Asset by operation of Section 3.12(c), if permitted pursuant to applicable Law and agreement, until the Material Consent for such Surface Fee Estate is obtained or the Surface Fee Estate has been terminated, such Surface Fee Estate shall be held by Seller for the benefit of Purchaser. Purchaser shall pay all amounts due thereunder that would have been Assumed Obligations with respect to such Surface Fee Estate had such Surface Fee Estate been assigned to Purchaser at Closing, and Purchaser shall be responsible for the performance of any obligations that would have been an Assumed Obligation with respect to such Surface Fee Estate had such Surface Fee Estate been assigned to Purchaser at Closing.

(e) Purchase Price adjustments calculated in the same manner as the adjustments in Section 2.3(a) with respect to the affected Property (or portion thereof), if any, shall be calculated from the period from and after the Effective Date to the date of the conveyance, and the net amount of such adjustment, shall be accounted for pursuant to this Section 3.12.

3.13 Preferential Purchase Rights.

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

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

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

(d) In the event that, after Closing, a preferential purchase right with respect to an Asset (or portion thereof) not conveyed to Purchaser at Closing pursuant to Section 3.13(c) is waived in writing or the time for exercise of such right has expired pursuant to its terms without exercise by the holder thereof, (i) Purchaser shall purchase the affected Asset (or portion thereof) on the terms set forth in this Agreement at a delayed closing which shall occur within ten (10) Business Days following the date on which Seller obtains such waiver, or the time period for exercising the applicable preferential right has expired (which date shall, with respect to such Asset, or portion thereof, be considered to be the Closing Date with respect to such Asset (or applicable portion thereof)), (ii) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Asset (or portion thereof) at such delayed Closing; and (iii) Purchaser shall, simultaneously with the conveyance of the applicable Asset (or portion thereof), at its sole discretion and election, (x) pay the amount of any previous deduction from the Unadjusted Purchase Price to Seller in cash, or (y) issue to Seller an amount of Purchaser Common Stock equal to the reduction in the Common Stock Consideration received at Closing by Seller due to such preferential purchase right, in each case, with such valuation and payment or issuance, as applicable being subject to all other applicable adjustments with respect to such Property (or portion thereof) under this Agreement, and (iv) such Asset shall no longer be (A) deemed to be deleted from the Exhibits attached hereto, (B) added to Schedule 1.3 attached hereto or (C) an Excluded Asset for any purposes hereunder.

(e) Purchase Price adjustments calculated in the same manner as the adjustments in Section 2.3(a) with respect to the affected Asset (or portion thereof), if any, shall be calculated from the period from and after the Effective Date to the date of the conveyance, and the net amount of such adjustment, if positive, shall be accounted for pursuant to this Section 3.13.

3.14 Limitations on Applicability. Purchaser's right to allege Title Defects and Environmental Defects pursuant to this Article 3 shall terminate as of the Defect Claim Date and shall have no further force and effect thereafter, provided there shall be no termination of Purchaser's or Seller's rights under Section 3.7(e) with respect to any Environmental Defect, Title Defect or Title Benefit claim properly reported on or before the Defect Claim Date.

3.15 Tag-Along Rights.

(a) Purchaser acknowledges that certain of the Assets are subject to those certain tag-along rights set forth on Schedule 3.15 (the "Tag-Along Rights"), pursuant to which the holders of such tag-along rights (the "Tag Parties") may have the right to require that Purchaser purchase certain of such Tag Parties' beneficial or record title interests in the oil and gas leases or other mineral interests and other assets described on Schedule 3.15 (the "Tag Properties").

(b) With respect to the Tag Properties, promptly after the execution hereof, Seller shall deliver to the applicable Tag Parties notices of this Agreement pursuant to the express terms of such Tag-Along Rights.

(c) To the extent any Tag Party validly and timely, in each case in accordance with the express terms of such Tag-Along Rights, exercises any option it may have under its Tag-Along Rights to sell any or all of its interest in the Tag Properties to Purchaser, then Purchaser shall use commercially reasonable efforts to enter into definitive documentation with the applicable Tag Parties to purchase such interests (and not less than such interests) in the Tag Properties on the same terms and conditions set forth herein (or such other terms as Purchaser and such Tag Parties may agree) on or after Closing in accordance with the Tag-Along Rights (such documents, "Tag-Along PSAs"), and, following execution of any such Tag-Along PSA, shall make all payments and execute and deliver all agreements and instruments required under the terms of each such Tag-Along PSA as is reasonably necessary for Purchaser to acquire the applicable Tag Properties from the applicable Tag Parties, in each case, on and subject to the terms set forth in such Tag-Along PSA.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to the provisions of this Article 4, and the other terms and conditions of this Agreement, Each Seller Party represents and warrants to Purchaser, on a joint and several basis, the following as of the Execution Date, and effective upon the Closing, as of the Closing Date:

4.1 Seller.

(a) Each Seller Party is a limited liability company or limited partnership duly organized, validly existing, and in good standing under the Laws of the state of Texas, and is duly qualified to do business and is in good standing in each jurisdiction in which the Assets are located, with the power and authority to conduct its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use.

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

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

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

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

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

(a) all material Taxes that have become due and payable by the Acquired Companies (whether or not shown on a Tax Return) and all material Asset Taxes that have become due and payable by Seller or any of its Affiliates (whether or not shown on a Tax Return) have been duly and timely paid, and all Tax Returns required to be filed by Seller or any of its Affiliates (including any Acquired Company) with respect to such Taxes have been duly and timely filed and each such Tax Return is true, correct and complete in all material respects; no claim has ever been made by a Governmental Authority in a jurisdiction where an Acquired Company does not file a Tax Return that such entity is or may be subject to taxation by that jurisdiction in respect of Taxes that would be covered by or the subject of such Tax Return;

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

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

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

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

(f) no audit, litigation or other proceeding with respect to Asset Taxes or any Tax of any Acquired Company has been commenced by any Governmental Authority or is presently pending, and neither Seller nor any of its Affiliates (including any Acquired Company) has received written notice of any pending claim against it from any applicable Governmental Authority for assessment of such Taxes and, to Seller's knowledge, no such claim has been threatened;

(g) none of the Assets is subject to any Tax partnership agreement or is otherwise required to be treated as held in an arrangement requiring a partnership income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute;

(h) no Acquired Company is a party to or bound by any Tax allocation, sharing or indemnity agreements or arrangements (excluding, for the avoidance of doubt, any commercial agreements or contracts that are not primarily related to Taxes), and no Acquired Company has any liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any corresponding provisions of state, local or foreign Tax law) or as a transferee or successor;

(i) HPC Energy is and has been since its formation, properly classified for U.S. federal income tax purposes as an entity disregarded as separate from Henry TAW;

(j) As of the Execution Date, BITS Energy is and has been since its formation, properly classified for U.S. federal income tax purposes as a partnership. As of the effectiveness of the Pre-Closing Reorganization, BITS Energy is properly classified for U.S. federal income tax purposes as an entity disregarded as separate from Henry TAW; and

(k) BITS Energy Mgmt is and has been since its formation, properly classified for U.S. federal income tax purposes as an entity disregarded as separate from Henry TAW.

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

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

4.6 Payments for Production. Neither Seller nor any of its Affiliates (including any Acquired Company) is obligated by virtue of a take-or-pay payment, advance payment, or other similar payment (other than Royalties established in the Leases or reflected on Exhibit A-1, Exhibit A-2 or Schedule 2.2, minimum throughput commitments covered by Section 4.22, imbalances covered by Section 4.7, and gas balancing agreements or other agreements relating to any of the foregoing), to deliver Hydrocarbons, or proceeds from the sale thereof, attributable to Seller's or any of its Affiliates' (including any Acquired Company's) interest in the Properties at some future time without receiving payment therefor at or after the time of delivery.

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

4.8 Consents and Preferential Purchase Rights.

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

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

(c) Except for Material Consents and consents and approvals of Governmental Authorities that are customarily obtained after Closing, to Seller's knowledge Schedule 4.8(c) sets forth all approvals, consents, ratifications, waivers or other authorizations (including from any Governmental Authority) from, or permits of, or filings with, or notifications to any Person that is required to be obtained, made or complied with for or in connection with the execution or delivery of this Agreement or the consummation of the Transactions (each, a "Consent").

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

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

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

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

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

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

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

4.12 **Non-Consent Operations**. Except as set forth on Schedule 4.12, Exhibit A-2 or Schedule 2.2, none of Seller, any of its Affiliates (including any Acquired Company) or any Other Owner has elected not to participate in any operation or activity proposed with respect to the Properties which could result in any of Seller's, its Affiliates' (including any Acquired Company's) or any Other Owner's interests in such Properties becoming subject to a penalty or forfeiture as a result of such election not to participate in such operation or activity.

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

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

(b) To Seller's knowledge, as of the Execution Date, the payout balance for each Well that has not reached payout status is reflected in all material respects in Schedule 4.13 as of the respective dates shown thereon.

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

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

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

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

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

(d) Neither Seller nor any of its Affiliates (including any Acquired Company) has entered into, and the Assets operated by Seller or its Affiliates are not subject to, and to Seller's knowledge, no third-party operator has entered into, and the Assets operated by any third party are not subject to, any agreements, consents, orders, decrees or judgments of any Governmental Authority, that are in existence as of the Execution Date, that are based on any Environmental Laws and that relate to the current or future use, ownership or operation of any of the Assets;

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

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

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

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

4.17 Leases.

(a) (i) Schedule 4.17(a) sets forth the expiration dates of the primary terms for each Lease with a primary term that will expire prior to the Target Closing Date or in the twelve (12) month period immediately following the Target Closing Date; and (ii) the fee minerals underlying the Leases identified on Schedule 4.17(a) are included in the Assets.

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

(c) Except as set forth on Schedule 4.17(c), neither Seller nor any Affiliate of Seller (including the Acquired Companies) has received and, to Seller's knowledge, no third-party operator of the Assets has received, from any other party to any Lease, any unresolved written notice stating (i) a reasonable basis to terminate, forfeit or unilaterally modify such Lease or (ii) that an event has occurred and that such event constitutes (or with notice or lapse of time, or both, would constitute) a material breach under any Lease.

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

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

(f) All Royalties, rentals, lease payments and other payments due and payable by Seller or any of its Affiliates (including the Acquired Companies) and, to Seller's knowledge, payable by any third party operators of the Assets, to royalty holders, overriding royalty holders and other interest owners under or with respect to any of the Assets and any Hydrocarbons produced therefrom, measured thereby or attributable thereto (including working interest amounts), in all material respects have been properly and timely paid (or constitute Suspense Funds that are identified on Schedule 4.20).

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

4.19 Insurance. Schedule 4.19(a) sets forth a true and correct list of all insurance policies maintained by or for the benefit (in each case, directly or indirectly) of Seller or its Affiliates (including the Acquired Companies) with respect to the Assets. All premiums due on such insurance policies have either been paid or, if not yet due, accrued. All such insurance policies are in full force and effect and enforceable in accordance with their terms. Neither Seller nor any of its Affiliates (including the Acquired Companies) has received any written notice of cancellation, termination or non-renewal of any insurance policy or refusal of coverage under any insurance policy ..Schedule 4.19(b) sets forth a list of all pending insurance claims of Seller or its Affiliates (including the Acquired Companies) or otherwise with respect to the Assets.

4.20 Suspense Funds. Schedule 4.20 sets forth a true, complete and accurate list, as of the date set forth on Schedule 4.20, of all Suspense Funds held by Seller or any of its Affiliates (including the Acquired Companies) that are attributable to the Assets, which includes, to Seller's knowledge, with respect to all such Suspense Funds (a) the amount and value of such Suspense Funds, (b) a description of the source of such funds (including, if applicable, the applicable Property name), (c) the reason such funds are being held in suspense and (d) the name or the names of the Person(s) claiming such funds or to whom such funds are owed. To Seller's Knowledge, as of the Execution Date, no share of Hydrocarbon proceeds attributable to Seller's, any Other Owner's or any Acquired Company's interest in the Assets to which any such Person is entitled is currently being held in suspense by the applicable third-party operator or payor thereof.

4.21 Rights of Way; Surface Fee Estates; Gila Water System; Personal Property.

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

(b) The Gila ROWs are contiguous such that there are no gaps (including any gap arising as a result of any breach by Seller or its Affiliates of the terms of any such Right of Way) along the length of the Gila Water System. Each of the pipelines included in the Gila Water System transports only those substances that are permitted to be transported in such pipeline pursuant to the terms of the applicable Gila ROWs.

(c) Seller or the applicable Acquired Company has good and valid title to the personal property included in the Assets, including the Gila Water System and all equipment, machinery, tools, fixtures and other tangible personal property and improvements, in each case, free and clear of all liens, other than Permitted Encumbrances. The Gila Water System and all other mechanical and other systems and material facilities included in and located on the Assets (in each case) are in adequate operating condition and repair, in all material respects, sufficient to conduct the business for which the Assets are held, owned and/or operated by Seller or the applicable Acquired Company, as currently conducted by such Person, ordinary wear and tear excepted.

(d) Schedule 4.21(d) lists the only Third Party customers of Seller and its Affiliates (including the Acquired Companies) that are serviced by the Gila Water System.

4.22 Dedications; Minimum Volume Commitments.

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

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

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

4.24 Other Owners.

(a) Schedule 4.24(a) sets forth descriptions of all individual Persons who own an interest the Assets (as if such individual Person was a "Seller" hereunder) and whose interest in the Assets is included in the interests in the Assets represented in Exhibit A-1 and Schedule 2.2 or who otherwise own any portion of any Acquired Company (the "Individual Owners");

(b) Schedule 4.24(b) sets forth descriptions of all Affiliates of Seller who own an interest the assets described in Section 1.2(i), including those Affiliates whose interest in the Assets is included in the interests in the Assets represented in Exhibit A-1 and Schedule 2.2 or who otherwise own any portion of any Acquired Company (the "Affiliate Owners");

(c) From and after Closing, Purchaser shall be vested with, and the Assets conveyed to Purchaser on the Closing Date shall constitute, all of (i) the rights, titles, interests and claims of the Affiliate Owners and Individual Owners (collectively, the "Other Owners") with respect to the Properties and other Assets (other than any Excluded Assets), and (ii) the assets, properties and rights used or held for use by Seller, its Affiliates (including the Acquired Companies) and the Individual Owners in connection with the ownership and operation of the Assets, including the development and maintenance thereof, as of the date hereof.

(d) (i) Seller has the right to cause or direct the disposition of the assets described in Section 1.2(i) and/or interests in the Acquired Companies, in each case, owned or held by the Other Owners, including pursuant to any "drag-along" or similar rights, and (ii) such rights are sufficient for Seller to cause such assets and interests to be transferred to Seller prior to the Closing Date (the "Pre-Closing Reorganization") in accordance with Section 6.15. Schedule 4.24(d) sets forth a true, complete and accurate list of all Contracts and other agreements and instruments pursuant to which Seller has the right to cause the Other Owners to effect the Pre-Closing Reorganization (including any and all amendments and supplements thereto). Seller has provided or made available to Purchaser complete and accurate copies of all such Contracts, agreements and instruments (including any and all amendments and supplements thereto) prior to the Execution Date, and all such instruments are in full force and effect. For the avoidance of doubt, for purposes of this Article 4, the term "Assets" (and all constituent parts thereof) shall be deemed to include all Assets after giving effect to the Pre-Closing Reorganization.

4.25 Investment Representations.

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

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

(c) Seller acknowledges and understands that (i) the Purchaser and its Affiliates and advisors possess material nonpublic information regarding Purchaser not known to Seller that may impact the value of the Stock Consideration (the "Information"), and that Purchaser is not disclosing the Information to Seller. Seller understands, based on its experience, the disadvantage to which Seller is subject due to the disparity of information between the Purchaser and its advisors, on the one hand, and the Seller, on the other hand. Notwithstanding such disparity, Seller has deemed it appropriate to enter into this Agreement and to consummate the transactions contemplated hereby. Seller agrees that none of Purchaser, its Affiliates and its and their principals, stockholders, partners, employees and agents shall have any liability to Seller, its Affiliates and its and their principals, stockholders, partners, employees, agents, grantors or beneficiaries, whatsoever, due to or in connection with Purchaser's use or non-disclosure of the Information, and Seller hereby irrevocably waives any claim that it might have based on the failure of Purchaser to disclose the Information.

4.26 Capitalization.

(a) Schedule 4.26 lists: (i) each of the Acquired Companies and its place of organization; (ii) the number and type of any capital stock of, or other equity or voting interests in, such Acquired Company that is outstanding as of the date hereof; and (iii) the number and type of shares of capital stock of, or other equity or voting interests in, such Acquired Company that, as of the date hereof, are not owned, directly or indirectly by Seller.

(b) All of the outstanding shares of capital stock of, or other equity of voting interests in, each Acquired Company are duly authorized, have been validly issued in accordance with the organizational documents of the applicable Acquired Company, are fully paid and non-assessable, and were not issued in violation of any preemptive rights, rights of first refusal, or other similar rights of any Person.

(c) There are no preemptive rights or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, subscription agreements, commitments or rights of any kind that obligate Seller or any of its Subsidiaries to issue or sell any equity interests of any Acquired Company or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquired, any equity interest in Acquired Company, and no securities or obligations evidencing such rights authorized, issued or outstanding.

(d) No Acquired Company has any outstanding bonds, debentures, notes or other obligations the holders of which have the rights to vote (or convertible into or exercisable for securities having the right to vote) with the holders of equity interests in such Acquired Company on any matter pursuant to such outstanding bonds, debentures, notes or other obligations.

(e) No Acquired Company, other than BITS Energy Mgmt.'s ownership of BITS, directly or indirectly, owns any equity interests in any Person and has not committed or agreed to make any investment in, loan any money to or purchase any equity interests of, any Person.

(f) Each Acquired Company is a limited liability company or limited partnership duly organized, validly existing, and in good standing under the Laws of the state of Texas, and is duly qualified to do business and is in good standing in each jurisdiction in which its Assets are located, with the power and authority to conduct its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use.

4.27 **Sufficiency of Assets**. The Henry Assets and Acquired Companies Assets constitute all assets, properties, rights, privileges and interests of whatever kind or nature, real, personal or mixed, tangible, or intangible, that are used or necessary to conduct the business of Seller and its Affiliates (including the Acquired Companies) with respect to the Assets as currently held, owned and/or operated by Seller and its Affiliates (including the Acquired Companies).

4.28 **Acquired Companies Special Warranty**. Seller hereby warrants Defensible Title to the Acquired Companies Assets held by the Acquired Companies against the lawful claims of any and all Persons claiming the same, or any part thereof, by, through and under Seller and its Affiliates (including the Acquired Companies), but not otherwise, subject to and except for the Permitted Encumbrances.

4.29 **Financial Statements; Books and Records**.

(a) Attached as Schedule 4.29 are true and complete copies of the (i) condensed consolidated audited financial statements of the Acquired Companies as of and for the years ended December 31, 2020, 2021 and 2022 and (ii) condensed consolidated unaudited interim financial statements of the Acquired Companies as of and for the six (6)-month period ended June 30, 2023 (the "AC Financial Statements" and such date, the "Balance Sheet Date").

(b) Except as set forth on Schedule 4.29, the AC Financial Statements present fairly, in all material respects, the consolidated financial position and results of operations of the Acquired Companies as of the dates and for the periods indicated in such AC Financial Statements, and the AC Financial Statements have been prepared in conformity with GAAP applied on a consistent basis throughout the periods covered thereby.

(c) Except as set forth on Schedule 4.29, there is no liability, debt or obligation of the Acquired Companies, whether accrued, contingent, absolute, asserted or unasserted, undetermined, matured or unmatured, liquidated or unliquidated, known or unknown, or otherwise, except for liabilities, debts and obligations (i) expressly reflected or reserved for on the face of the AC Financial Statements or disclosed in the notes thereto, (ii) that have arisen since Balance Sheet Date or the Execution Date (A) as contemplated by this Agreement or (B) otherwise in the ordinary course of the operation of the business (other than liabilities arising from any breach of any Contract to which any Acquired Company is a party, breach of warranty, tort or infringement), (iii) costs and expenses incurred in connection with the preparation for, marketing of, negotiation and consummation of, or otherwise in connection with, the transactions contemplated by this Agreement, or (iv) that would not reasonably be expected to be material to the Acquired Companies, taken as a whole,

(d) The books and records of the Acquired Companies accurately reflect the assets, liabilities, financial condition and results of operations of the Acquired Companies in all material respects and have been maintained in accordance with reasonably good business and bookkeeping practices.

(e) Except for any items that would constitute Indebtedness but for the fact that such items that will be released at or prior to Closing (which items are listed on Schedule 4.29(e)), the Acquired Companies have no Indebtedness.

4.30 **Absence of Certain Changes**. Except as set forth on Schedule 4.30, since the Balance Sheet Date:

(a) Each Acquired Company has conducted its business (A) in the ordinary course of business consistent with past practice in all material respects, or (B) as otherwise contemplated by this Agreement;

(b) There has not been any event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect;

(c) There has not been any damage to or destruction or loss of the assets of the Acquired Companies, whether or not covered by insurance, that individually or in the aggregate exceeds One Hundred Thousand Dollars ($100,000);

(d) None of the Acquired Companies have undertaken any action that, if taken during the period from the Execution Date through the Closing Date, would require the consent of the Purchaser pursuant to Section 6.4;

(e) There has been no (i) acceleration or delay in, or postponement of, the payment of any liabilities, or (ii) acceleration or delay in the collection of any revenue, in each case, related to the businesses or assets of the Acquired Companies; and

(f) There is no contract or similar agreement to do any of the foregoing.

4.31 **Labor/Employee Matters**. None of the Acquired Companies has, or has ever had, and the Acquired Companies do not have any liabilities (contingent or otherwise) with respect to, any employees or individual independent contractor service providers.

4.32 **Benefit Plans**. The Acquired Companies do not and have never sponsored, maintained, contributed to or been required to maintain or contribute to, or had any liability (contingent or otherwise) with respect to, any Benefit Plan.

4.33 **Powers of Attorney**. Schedule 4.33 is a complete and accurate list of all powers of attorney held by any Person on behalf of any Acquired Company.

4.34 **Bank Accounts; Authorized Signatories**. Schedule 4.34 is a complete and accurate list of the names and addresses of all banks and other financial institutions in which any Acquired Company currently has one or more bank accounts, or safe deposit boxes, along with the numbers of such accounts and boxes and the names of all Persons authorized to draw on such accounts or access such boxes, as applicable.

4.35 **Regulatory**. Except as set forth in Schedule 4.35, none of the Acquired Companies or their properties (including the Acquired Companies Assets) and operations, as applicable, is subject to regulation by the Federal Energy Regulatory Commission as (a) a natural gas company under the Natural Gas Act, 15 U.S.C. Section 717, *et seq.*, as amended, and the regulations promulgated thereunder, (b) an intrastate pipeline under the Natural Gas Policy Act of 1978, 15 U.S.C. Section 3301, *et seq.*, as amended and the regulations promulgated thereunder, transporting gas in interstate commerce or (c) a common carrier under the Interstate Commerce Act, as implemented by the Federal Energy Regulatory Commission pursuant to 49 U.S.C. Section 60502 and the regulations promulgated thereunder. No Acquired Company is subject to regulation as a public utility company or a public service company or any similar designation(s) by any state public service commission.

4.36 Limitations.

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

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

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

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

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

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

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

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

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

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

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

5.7 **Capitalization**. Except as set forth on Schedule 5.7:

(a) As of the Execution Date, the authorized capital stock of Purchaser consists solely of (i) 40,000,000 shares of Purchaser Common Stock, of which 18,590,894 shares are issued and outstanding and (ii) 50,000,000 shares of Purchaser Preferred Stock, of which no shares are issued and outstanding.

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

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

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

5.8 SEC Documents, Financial Statements, No Liabilities.

(a) Purchaser has timely filed or furnished with the SEC all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it since December 31, 2022 under the Securities Act or the Exchange Act (all such documents collectively, the "SEC Documents"). The SEC Documents, including any audited or unaudited financial statements and any notes thereto or schedules included therein (the "Financial Statements"), at the time filed or furnished (except to the extent corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the Execution Date) (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein (in light of the circumstances under which they were made) not misleading, (ii) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as applicable, (iii) complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, (iv) in the case of the Financial Statements, were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or the omission of notes to the extent permitted by Regulation S-K or, in the case of unaudited statements, as permitted by Form 10-Q of the SEC and subject, in the case of interim financial statements, to normal year-end adjustments), (v) in the case of the Financial Statements, fairly present in all material respects the consolidated financial condition, results of operations, and cash flow of Purchaser as of the dates and for the periods indicated thereon, and (vi) in the case of the Financial Statements, have been prepared in a manner consistent with the books and records of Purchaser and its subsidiaries. Since December 31, 2022, Purchaser has not made any change in the accounting practices or policies applied in the preparation of its financial statements, except as required by GAAP, SEC rule or policy or applicable Law (and except to the extent any such financial statements have been corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the Execution Date). The books and records of Purchaser and its subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP (to the extent applicable) and any other applicable legal and accounting requirements and reflect only actual transactions.

(b) There are no in any material respect liabilities of or with respect to Purchaser that would be required by GAAP to be reserved, reflected or otherwise disclosed on a consolidated balance sheet of Purchaser other than (i) liabilities reserved, reflected or otherwise disclosed in the consolidated balance sheet of Purchaser as of June 30, 2023, (ii) liabilities incurred in the ordinary course of business consistent with past practice since June 30, 2023, (iii) any obligations or liabilities arising under or pursuant to or that are otherwise assumed by Purchaser pursuant to this Agreement or any other Transaction Agreement, or (iv) fees and expenses paid or incurred in connection with the Transactions.

5.9 Internal Controls; NYSE Listing Matters.

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

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

(c) Since December 31, 2022, (i) Purchaser has not been advised by its independent auditors of any significant deficiency or material weakness in the design or operation of Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, (ii) Purchaser has no knowledge of any fraud, whether or not material, that involves management or other employees who have a significant role in Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, and (iii) there have been no changes in Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, including any corrective actions with regard to any significant deficiency or material weakness.

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

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

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

5.10 **Absence of Certain Changes**. Since December 31, 2022, there has not occurred any Purchaser Material Adverse Effect or any event, occurrence, change, discovery or development of a state of circumstance or facts that would, individually or in the aggregate, reasonably be expected to result in a Purchaser Material Adverse Effect.

5.11 **Compliance with Law**. Except as to specific matters disclosed in the SEC Documents filed prior to the Execution Date, (a) Purchaser is, and during the past two (2) years has been, in compliance with all applicable Laws in all material respects, (b) Purchaser has not received written notice of any material violation in any respect of any applicable Law, and (c) Purchaser has not received written notice that it is under investigation by any Governmental Authority for potential material non-compliance with any Law.

5.12 **Litigation**.

(a) Except as to specific matters disclosed in the SEC Documents filed or furnished prior to the Execution Date (excluding any disclosures included in any "risk factor" section of such SEC Documents or any other disclosures in such SEC Documents to the extent they are predictive or forward looking and general in nature), there are no material actions, suits or proceedings pending, or to Purchaser's knowledge, threatened in writing before any Governmental Authority or arbitrator against Purchaser or any of its subsidiaries.

(b) There are no material actions, suits or proceedings pending, or to Purchaser's knowledge, threatened in writing before any Governmental Authority or arbitrator against Purchaser or any of its subsidiaries.

5.13 **Investment Company**. Purchaser is not, and immediately after the consummation of the transactions contemplated hereby, will not be, required to register as an "investment company" or a company "controlled by" an entity required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

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

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

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

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

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

5.19 **Investment Representations**.

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

(b) Any distribution by Purchaser of Seller Equity Interests will not be made in any manner or to any Person that will result in the offer and sale of Seller Equity Interests pursuant to this Agreement being subject to the registration and prospectus delivery requirements of the Securities Act and the rules and regulations promulgated under the Securities Act.

5.20 **Limitations**.

(a) Subject to, and without limitation of, Seller's right to indemnification pursuant to Article 11, and except for instances of Fraud, the representations and warranties of Purchaser set forth in this Article 5, the corresponding certification in the certificate to be delivered at Closing pursuant to Sections 8.3(g) and 8.3(h) as to the accuracy as of the Closing Date of the representations and warranties of Purchaser set forth in this Article 5, the Assignment and Bill of Sale and the terms and provisions of the other Transaction Agreements, (i) Purchaser makes no other representations or warranties, express or implied, and (ii) Purchaser expressly disclaims all liability and responsibility for any representation, warranty, statement, or information made or communicated (orally or in writing) to Seller or any of its Affiliates, employees, agents, consultants, or other Representatives (including any opinion, information, projection, or advice that may have been provided to Seller by any officer, director, employee, agent, consultant, advisor or other Representative of Purchaser or any member of Purchaser Group).

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

ARTICLE 6
COVENANTS OF THE PARTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) not (i) make, change or revoke any Tax election outside the ordinary course of business and in a manner inconsistent with past practices, (ii) change an annual accounting period, (iii) adopt or change any accounting method with respect to Taxes, (iv) file any amended Tax Return, (v) enter into any closing agreement with respect to Taxes, (vi) settle or compromise any Tax claim or assessment, or (vii) consent to any extension or waiver of the limitation period applicable to any claim or assessment with respect to Taxes;

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

(o) with respect to the Acquired Companies and the Seller Equity Interests:

(i) not materially amend or modify the organizational documents of any Acquired Company, or take any action in violation or contravention of the organizational documents of any Acquired Company;

(ii) not transfer, sell, issue, repurchase, redeem, retire, grant, encumber or otherwise dispose of any of the Seller Equity Interests or issue any option, warrant or right relating to the Seller Equity Interests or any securities convertible into or exchangeable for any interest in any Acquired Company;

(iii) not materially change any method of accounting or accounting practice of any Acquired Company;

(iv) not reclassify, combine, split or subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any Seller Equity Interests or the equity interests in any Acquired Company; and

(v) not adopt any plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization of any of the Acquired Companies; and

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

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

Purchaser's approval of any action restricted by this Section 6.4 shall not be unreasonably withheld or delayed (except as expressly provided in the introduction to this Section 6.4) and shall be considered granted in full within five (5) Business Days (unless a shorter time, not to be less than 48 hours, is reasonably required by the circumstances and such shorter time is specified in Seller's notice) of delivery of Seller's notice to Purchaser requesting such consent unless Purchaser notifies Seller to the contrary during that period. Notwithstanding the foregoing provisions of this Section 6.4, in the event of an emergency, Seller may take such action as reasonably necessary and shall notify Purchaser of such action promptly thereafter. Purchaser acknowledges that Seller and the Acquired Companies own undivided interests in the Assets and may not be the operator of all of the Assets, and Purchaser agrees that the acts or omissions of Third Parties (including the applicable operators of the Assets) who are not Affiliates of Seller shall not constitute a violation of the provisions of this Section 6.4, nor shall any action required by a vote of Working Interest owners constitute such a violation so long as Seller and its controlled Affiliates have voted their respective interests or exercised any applicable rights under any applicable Contracts in a manner consistent with the provisions of this Section 6.4. If any specific action or inaction that is expressly approved (and not, for the avoidance of doubt, considered granted due to the expiration of the five (5) Business Day period described above) by Purchaser pursuant to this Section 6.4 would, in and of itself, constitute a breach of one or more of Seller's representations and warranties in Article 4 or Seller's covenants or agreements contained in this Agreement, the taking of such action or any such inaction by Seller to which Purchaser expressly consented shall not, in and of itself, constitute a breach of such representations, warranties, covenants or agreements. Notwithstanding anything herein to the contrary and for the avoidance of doubt, this Section 6.4 shall cover and control with respect to the interests of the Other Owners in the Assets as if the Pre-Closing Reorganization had already occurred.

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

6.6 Regulatory Approvals.

(a) Subject to the terms and conditions set forth in this Agreement, each of the Parties shall use (and shall cause its Affiliates to use) its commercially reasonable efforts to take, or cause to be taken, promptly any actions, and to do, or cause to be done, promptly and to assist and cooperate with the other Party in doing, any things necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated by this Agreement. Seller and Purchaser shall each be responsible for one-half of all filing fees under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder ("HSR Act").

(b) Each of the Parties shall use (and shall cause its Affiliates to use) its commercially reasonable efforts to (i) as promptly as commercially practicable (and in any event not more than fifteen (15) Business Days) after the date hereof (unless a later date is mutually agreed by the Parties), make all required filings under the HSR Act, (ii) make available to the other Party such information as the other Party may reasonably request in order to make any HSR Act filings or respond to information or document requests by any relevant Governmental Authority, (iii) use commercially reasonable efforts to take, or cause to be taken, other actions and do, or cause to be done, other things advisable to consummate and make effective the transactions contemplated hereby, and (iv) keep each other apprised of the status of matters relating to the completion of the transactions contemplated hereby, including promptly furnishing the other with copies of notices or other material communications or correspondence between either of the Parties, or any of their respective Affiliates, and any third party or Governmental Authority with respect to such transactions. Prior to transmitting any substantive communications, advocacy, white papers, information responses or other submissions (other than the HSR Act filing itself) to any Governmental Authority in connection with the transactions contemplated by this Agreement, each Party shall permit counsel for the other Party a reasonable opportunity to review and provide comments thereon, and consider in good faith the views of the other Party in connection therewith. Each of the Parties agrees not to participate in any substantive meeting or discussion with any Governmental Authority in connection with the transactions contemplated by this Agreement unless it consults with the other Party in advance and, to the extent practicable and not prohibited by such Governmental Authority, gives the other Party the opportunity to attend and participate where appropriate and advisable under the circumstances. Notwithstanding anything to the contrary contained herein, any materials exchanged in connection with this Section 6.6 may be redacted or withheld to comply with contractual obligations and applicable Laws, or to address reasonable privilege or confidentiality concerns, provided that counsel to the Parties may, as they deem advisable and necessary, designate any materials provided to the other under this Section 6.6 as "outside counsel only."

(c) In furtherance and not in limitation of the foregoing, each of Parties shall use its commercially reasonable efforts to (i) respond to and comply with, as promptly as commercially practicable, any request for information or documentary material regarding the transactions contemplated by this Agreement from any relevant Governmental Authority and (ii) assist and cooperate with the other Party in doing any things necessary, proper or advisable to consummate and make effective such transactions.

(d) Notwithstanding anything to the contrary contained in this Agreement, in no event shall Purchaser or its Affiliates be required to (and Seller and its Affiliates shall not without Purchaser's prior written consent) offer, propose, negotiate, commit to, agree to or effect, by consent decree, hold separate order or otherwise, (i) the sale, divestiture, license, transfer or other disposition of any businesses, assets, commercial relationships, equity interests, product lines or properties, (ii) the creation, termination, amendment, modification or divestment of any contracts, agreements, commercial arrangements, relationships, ventures, rights or obligations, (iii) any restrictions, impairments, agreements or actions that would limit the freedom of action with respect to, or the ability to own, manage, operate, conduct and retain, any businesses, assets, commercial relationships, equity interests, product lines or properties or (iv) any other remedy, condition or commitment of any kind, in each case in order to obtain any approvals, consents, clearances, expirations or terminations of waiting periods, registrations, permits, authorizations or other confirmations or to avoid the commencement of any proceeding or action to prohibit the transactions contemplated by this Agreement, or to avoid the entry of, or to effect the dissolution of, any Law in any action or proceeding seeking to prohibit any of the transactions contemplated by this Agreement. Seller and its Affiliates shall not, without the prior written consent of Purchaser, offer propose, negotiate, commit to, agree to, effect, enter into or take any action, agreement, condition, commitment or remedy as described in this Section 6.6(d). Nothing in this Agreement shall require the Parties, or their respective Affiliates, to take or agree to take any action with respect to their business or operations, unless the effectiveness of such agreement or action is conditioned upon the Closing.

(e) Further, in the event of any claim, lawsuit, action or other proceeding asserted in court or any administrative tribunal, or with any other Governmental Authority, by any Governmental Authority or other person that challenges the transactions contemplated by this Agreement, the Parties will cooperate with each other, with the advice of their respective legal counsel, in deciding on a mutually-agreed upon approach to such claim, lawsuit or other proceeding.

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

6.8 Supplemental Disclosures.

(a) Purchaser agrees that, with respect to the representations and warranties of Seller contained in this Agreement, Seller shall have the continuing right until three (3) Business Days before the Closing Date to, in good faith, add to, supplement or amend or create any Seller Disclosure Schedules to its representations and warranties in Article 4 to the extent necessary to identify any matter first arising after the Execution Date which, if existing on the Execution Date, would have been required to be set forth or described in such Seller Disclosure Schedules and Seller shall provide any additional information regarding such matter that is within its possession or control to the extent reasonably requested by Purchaser. For all purposes of this Agreement, including for purposes of determining whether the conditions to Closing of Purchaser set forth in Article 7 have been fulfilled or satisfied, the Seller Disclosure Schedules to Seller's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if as a result of the matter that is the subject of such addition, supplement or amendment the conditions to Closing of Purchaser set forth in Article 7 are not satisfied or fulfilled as of the Closing Date, and nonetheless Purchaser elects to waive such conditions and proceed with the Closing, and the Closing shall occur, then, for purposes of Article 11, then all matters giving rise to Purchaser's termination right shall be deemed waived and Purchaser shall not be entitled to make a claim thereon under this Agreement or otherwise with respect to such matters; provided, that Purchaser shall not waive its rights under Article 11 with respect to any matters arising under this Section 6.8(a) that did not cause the conditions of Closing of Purchaser to fail to be satisfied.

(b) Seller agrees that, with respect to the representations and warranties of Purchaser contained in this Agreement, Purchaser shall have the continuing right until three (3) Business Days before the Closing Date to, in good faith, add to, supplement, amend or create any Purchaser Disclosure Schedules to its representations and warranties in Article 5 to the extent necessary to identify any matter first arising after the Execution Date which, if existing on the Execution Date, would have been required to be set forth or described in such Purchaser Disclosure Schedules and Purchaser shall provide any additional information regarding such matter that is within its possession or control to the extent reasonably requested by Seller. For all purposes of this Agreement, including for purposes of determining whether the conditions to Closing of Seller set forth in Article 7 have been fulfilled or satisfied, the Purchaser Disclosure Schedules to Purchaser's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if as a result of the matter that is the subject of such addition, supplement or amendment the conditions to Closing of Seller set forth in Article 7 are not satisfied or fulfilled as of the Closing Date, and nonetheless Seller elects to waive such conditions and proceed with the Closing, and the Closing shall occur, then, for purposes of Article 11, then all matters giving rise to Seller's termination right shall be deemed waived and Seller shall not be entitled to make a claim thereon under this Agreement or otherwise with respect to such matters; provided, that Seller shall not waive its rights under Article 11 with respect to any matters arising under this Section 6.8(b) that did not cause the conditions of Closing of Seller to fail to be satisfied.

6.9 **NYSE Listing**. Purchaser shall use its reasonable best efforts to cause the shares of Purchaser Common Stock constituting the Stock Consideration to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing. Purchaser shall use reasonable best efforts to cause the Conversion Shares (as defined in the Certificate of Designations) to be approved for listing on the NYSE, subject to official notice issuance, upon obtaining Stockholder Approval.

6.10 **Stockholder Approval**. Purchaser shall use reasonable best efforts to obtain Stockholder Approval at its next annual meeting of Purchaser stockholders.

6.11 **Conduct of Purchaser**. Except (x) as set forth on Schedule 6.11-Part A, (y) for actions taken in as may be required by Law or (z) with the prior written consent of Seller (which consent shall not be unreasonably delayed, withheld or conditioned), from the Execution Date until the Closing, Purchaser shall and shall cause its subsidiaries to:

(a) (i) not amend the certificate of incorporation of Purchaser and (ii) not amend the bylaws of Purchaser in a manner that would adversely affect in any material respect the shares of Purchaser Common Stock or Purchaser Preferred Stock to be issued to Seller hereunder or Seller's rights with respect thereto;

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

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

(d) not adopt any plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization;

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

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

Requests for approval of any action restricted by this Section 6.11 shall be delivered to either of the individuals set forth on Schedule 6.11-Part B, which requests may be delivered electronically to such individual's email address set forth on Schedule 6.11-Part B (provided that receipt of such email is requested and received, including automatic receipts), each of whom shall have full authority to grant or deny such requests for approval on behalf of Seller.

Seller's approval of any action restricted by this Section 6.11 shall not be unreasonably withheld or delayed and shall be considered granted in full within five (5) Business Days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Purchaser's notice) of delivery of Purchaser's notice to Seller requesting such consent unless Seller notifies Purchaser to the contrary during that period. If any specific action or inaction that is expressly approved (and not, for the avoidance of doubt, considered granted due to the expiration of the five (5) Business Day period described above) by Seller pursuant to this Section 6.11 would, in and of itself, constitute a breach of one or more of Purchaser's representations and warranties in Article 5 or Purchaser's covenants or agreements contained in this Agreement, the taking of such action or any such inaction by Purchaser to which Seller expressly consented shall not, in and of itself, constitute a breach of such representations, warranties, covenants or agreements.

6.12 Operatorship. As soon as reasonably practicable following Closing, Seller will (and will cause its applicable Affiliates) to send out notifications of its resignation as operator under any Contracts, effective as of the Closing Date, for all Properties that Seller (or any Affiliate of Seller) currently operates and transfers to Purchaser pursuant to this Agreement. Seller makes no representation and/or warranty to Purchaser as to the transferability or assignability of operatorship of such Properties. Seller agrees, however, that, as to the Assets it or any Affiliate of it operates, it shall use its commercially reasonable efforts to support Purchaser's effort to become successor operator of such Properties effective as of Closing and to designate, to the extent legally possible and permitted under any applicable joint operating agreement or other agreement, Purchaser as successor operator of such Properties effective as of the Closing. Purchaser acknowledges that the rights and obligations associated with such Properties are governed by applicable agreements and that operatorship will be determined by the terms of those agreements. Notwithstanding anything to the contrary contained in this Section 6.12, the Parties shall execute Texas Railroad Commission Form P-4s for all Subject Wells currently operated by Seller or its Affiliates, naming Purchaser (or its designated Affiliate) as operator of such Subject Wells with the Texas Railroad Commission at Closing as provided in Section 8.2(m).

6.13 Financial Information.

(a) On or prior to the signing of this Agreement, Seller has provided Purchaser with the following:

(i) the audited consolidated balance sheet of Seller and the Acquired Companies as of both December 31, 2021 and December 31, 2022, and related consolidated statements of operations and cash flows, together with all related notes thereto and accompanied by reports thereon of the Audit Firm (as defined below), in each case, in accordance with GAAP consistently applied (the "Audited Financial Statements");

(ii) a reserve report of Seller and the Acquired Companies as of December 31, 2021 and December 31, 2022 covering all or substantially all of the Properties and utilizing SEC pricing that, with respect to the report delivered as of December 31, 2022, has been audited by Cawley Gillespie & Associates, Inc. or another nationally recognized petroleum engineering consultant of Seller (the "Reserve Engineer" and such report, the "Initial Reserve Reports"); and

(iii) unaudited consolidated balance sheets of Seller and the Acquired Companies as of both December 31, 2022 and June 30, 2023 and the related statements of operations and cash flows for the six (6) month period then ended, in each case, in accordance with GAAP consistently applied, with the balance sheets being compared against the prior period's year-end figures (e.g., December 31, 2022) and the equity statements, income statements and cash flows being compared against the figures from the same six-month period in the period year (e.g., June 30, 2022) (the "Six Month Interim Financials").

(b) From and after the date hereof, Seller shall use:

(i) commercially reasonable efforts to cause the external audit firm that audits the Audited Financial Statements (the "Audit Firm") to cooperate with Purchaser and its Representatives to cause the Audited Financial Statements to comply with Regulation S-X promulgated by the SEC ("Regulation S-X") and other rules and regulations of the SEC with respect to reporting obligations of Purchaser and its Affiliates under the Exchange Act or any registration of securities under the Securities Act; provided, however, that, upon reasonable request by Purchaser, Seller shall use commercially reasonable efforts to provide or cause to be provided information not included in the Audited Financial Statements that may be necessary for the preparation by Purchaser of any pro forma financial information;

(ii) commercially reasonable efforts to prepare or cause to be prepared a reserve report of Seller and the Acquired Companies as of December 31, 2020, covering all or substantially all of the Properties and utilizing SEC pricing and prepared consistently with the Initial Reserve Reports (the "2020 Reserve Report");

(iii) commercially reasonable efforts to prepare or cause to be prepared the audited consolidated balance sheet of Seller and the Acquired Companies as of December 31, 2020 and related consolidated statements of operations and cash flows, together with all related notes thereto and accompanied by reports thereon of the Audit Firm, in each case, in accordance with GAAP consistently applied (the "Audited 2020 Financial Statement");

(iv) commercially reasonable efforts (A) to prepare or cause to be prepared unaudited consolidated balance sheets of Seller and the Acquired Companies as of both December 31, 2022 and September 30, 2023 and the related statements of operations and cash flows for the nine (9) month period then ended, in each case, in accordance with GAAP consistently applied, with the balance sheets being compared against the prior period's year-end figures (e.g., December 31, 2022) and the equity statements, income statements and cash flows being compared against the figures from the same nine-month period in the period year (e.g., September 30, 2022) (the "Nine Month Interim Financials" and, together with the Six Month Interim Financials, the "Interim Financial Statements"), (B) in causing the Audit Firm to cooperate with Purchaser and its Representatives to cause the Interim Financial Statements to comply with Regulation S-X and other rules and regulations of the SEC with respect to reporting obligations of Purchaser and its Affiliates under the Exchange Act or any registration of securities under the Securities Act, and (C) to prepare or cause to be prepared an income statement of Seller and the Acquired Companies for the period from October 1, 2023 through Closing in accordance with GAAP;

(v) commercially reasonable efforts as soon as reasonably practicable after the Execution Date and in any event no later than twenty (20) days after the Closing Date, to deliver the 2020 Reserve Report, Nine Month Interim Financials to Purchaser; and

(vi) commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause its Affiliates and their respective partners, members, shareholders, owners, officers, directors, managers, employees, agents and representatives, on a commercially reasonable basis to provide, in each case at Purchaser's sole cost and expense, such assistance as is reasonably requested by Purchaser in connection with any arrangement, marketing, syndication and consummation of any financing that may be arranged by Purchaser to the extent reasonably deemed necessary or advisable by Purchaser to fund any portion of the Purchase Price (the "Financing"); provided that such requested assistance does not unreasonably interfere with operations of Seller or its Affiliates or its or their respective assets and that any information requested by Purchaser is reasonably available to Seller or any of its Affiliates or its or their Representatives.

(c) At Purchaser's request, after the date of this Agreement for up to two (2) years after the Closing Date (the "Records Period"), Seller agrees to use commercially reasonable efforts to make available to Purchaser and its Affiliates and their Representatives any and all Records to the extent in Seller's or its Affiliates' possession or control and to which Seller and its Affiliates' personnel have reasonable access, in each case as reasonably required by Purchaser, its Affiliates and their Representatives in order to prepare financial statements in connection with Purchaser's or its Affiliates' debt or equity securities offerings or filings, if any, that are required by the SEC, under securities Laws applicable to Purchaser and its Affiliates, or financial statements meeting the requirements of Regulation S-X under the Securities Act, in connection with the transactions contemplated by this Agreement (the "Purchaser Financial Statements").

(d) During the Records Period, Seller shall use commercially reasonable efforts to cause its accountants, counsel, agents and other Persons to cooperate with Purchaser and its Representatives in connection with the preparation by Purchaser of the Purchaser Financial Statements that are required to be included in any filing by Purchaser or its Affiliates with the SEC, including to use their commercially reasonable efforts to cause the Audit Firm and the Reserve Engineer to (i) provide its consent to be named as an expert in (A) any filings that may be made by Purchaser under the Securities Act or required by the SEC under securities laws applicable to Purchaser or any report required to be filed by Purchaser under the Exchange Act in connection with the transactions contemplated by this Agreement or in connection with the Financing or (B) any prospectus or offering memorandum or (ii) to provide customary "comfort letters" to any underwriter or initial purchaser in connection with any debt or equity securities offering during the Records Period. If reasonably requested, Seller shall use commercially reasonable efforts to execute and deliver, or shall use commercially reasonable efforts to cause its Affiliates to execute and deliver, to the Audit Firm such representation letters, in form and substance customary for representation letters provided to external audit firms by management of the company whose financial statements are the subject of an audit, as may be reasonably requested by the Audit Firm, with respect to the Purchaser Financial Statements, including, as requested, representations regarding internal accounting controls and disclosure controls.

(e) In no event shall Seller or any of its Affiliates or Representatives be required to bear any cost or expense or pay any fee (other than reasonable out-of-pocket costs and expenses for which they are promptly reimbursed or indemnified) in connection with any action taken pursuant to this Section 6.13(a) through (d); provided, however, the Parties agree that all costs and expenses associated with the preparation of the 2020 Reserve Report pursuant to Section 6.13(b)(ii), the Audited 2020 Financial Statement pursuant to Section 6.13(b)(iii), and the Nine Month Interim Financials pursuant to Section 6.13(b)(iv) shall be borne equally by Seller and Purchaser. Purchaser shall be responsible for all other fees and expenses related to the actions contemplated by Section 6.13(a) through (d), including the compensation of any contractor or advisor of Seller or any of its Affiliates or Representatives. Accordingly, notwithstanding anything to the contrary herein, Purchaser shall promptly, upon written request by Seller, reimburse Seller for all reasonable and documented out-of-pocket costs and expenses (including reasonable and documented compensation or other fees of any contractor or advisor of Seller or any of its Affiliates or Representatives) incurred in connection with the cooperation of Seller as contemplated by this Section 6.13. Further, Purchaser shall indemnify and hold harmless Seller and its Affiliates and Representatives from and against any and all losses or damages actually incurred or suffered by them in connection with the obligations of Seller and its Affiliates and Representatives under Section 6.13(a) through (d) (other than to the extent resulting from the fraud, gross negligence, bad faith or willful misconduct of Seller or any of its Affiliates or Representatives).

6.14 **Further Actions**. Subject to the terms of this Agreement, including the limitations set forth in Section 6.6 (Regulatory Approvals), and without limitation of each Party's respective rights and remedies under this Agreement, each Party shall use commercially reasonable efforts to take such actions as may be necessary to consummate the transactions contemplated by this Agreement.

6.15 **Pre-Closing Reorganization**. Reasonably promptly after the Execution Date, Seller and its Affiliates shall take all steps and actions reasonably necessary in connection therewith to consummate the transactions contemplated by the Pre-Closing Reorganization. Such steps shall specifically include:

(a) (i) within five (5) Business Days of the Execution Date, under and in accordance with the BITS LPA, deliver a written "call notice" pursuant to Section 9.07 of the BITS LPA to each of the "Class B Non-Voting Partners" (as defined in the BITS LPA) thereunder, directing each such Class B Non-Voting Partner to transfer its interest in BITS Energy to Henry Resources, (ii) promptly thereafter provide Purchaser with copies of each such notice delivered, and (iii) thereafter, take all reasonable efforts to cause each of such Non-Voting Partners to comply with such Person's obligations under the BITS LPA, including Section 9.07 and Section 9.11 thereof.

(b) (i) within five (5) Business Days of the Execution Date, under and in accordance with the Pre-Closing Reorganization Documents listed as #3 and #4 on Schedule 4.24(d), deliver a written "drag-along notice" pursuant to Article XVI.M.2 (of Pre-Closing Reorganization Document #3) and Article XVI.L.2 (of Pre-Closing Reorganization Document #4), respectively, to each of the "Non-Operators" (as defined in such Pre-Closing Reorganization Documents) thereunder, requesting that each such Non-Operator transfer to the applicable "Henry Non-Operator" (as defined in such Pre-Closing Reorganization Documents) (or, if more than one Henry Non-Operator, to Henry Energy) all of such Non-Operator's interest in the "Contract Area" (as defined in such Pre-Closing Reorganization Documents) thereunder, (ii) promptly thereafter provide Purchaser with copies of each such notice delivered, and (iii) thereafter, take all reasonable efforts to cause each of such Non-Operators to comply with such Person's obligations under such Pre-Closing Reorganization Documents to transfer all of such Non-Operator's interest in the Contract Area to Seller, including the applicable provisions of such subparts of Article XVI thereof.

(c) (i) within five (5) Business Days of the Execution Date, under and in accordance with each of the Pre-Closing Reorganization Documents listed as #2 on Schedule 4.24(d), deliver a written "drag-along notice" pursuant to Section C(3) of such Pre-Closing Reorganization Documents to each of the "Participants" (as defined in such Pre-Closing Reorganization Documents) thereunder, requesting that each such Participant transfer to Henry Energy all of such Participant's "Interests" (as defined in such Pre-Closing Reorganization Documents) thereunder, (ii) promptly thereafter provide Purchaser with copies of each such notice delivered, and (iii) thereafter, take all reasonable efforts to cause each of such Participants to comply with such Person's obligations under such Pre-Closing Reorganization Documents to transfer their Interests to Seller, including the applicable provisions of Section C(3) thereof.

(d) Notwithstanding the fact that the BITS LPA is not an Excluded Asset, Seller and Purchaser agree that any and all liabilities, Damages, duties, or obligations associated with Seller's compliance (or non-compliance) with the terms of the applicable Pre-Closing Reorganization Documents (including the BITS LPA) as it relates to the Pre-Closing Reorganization, including the obligation to pay the Other Owners any consideration owed to such Persons under the Pre-Closing Reorganization Documents, shall expressly be Excluded Assets hereunder (collectively, the "Pre-Closing Reorganization Liabilities").

(e) On or before the date that is five (5) Business Days prior to the Closing Date, the Seller Parties shall deliver evidence satisfactory to Purchaser in its sole discretion that the Pre-Closing Reorganization has been effected in accordance with the terms of the Pre-Closing Reorganization Documents and this Agreement.

ARTICLE 7
CONDITIONS TO CLOSING

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

(a) (i) The Purchaser Fundamental Representations shall be true and correct in all respects as of the Execution Date and as the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date) and (ii) the other representations and warranties of Purchaser set forth in Article 5 shall be true and correct as of the Execution Date and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except, in the case of this clause (ii), for such failures of representations and warranties of Purchaser to be so true and correct as, individually or in the aggregate, would not reasonably be expected to have a Purchaser Material Adverse Effect;

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

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

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

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

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

(g) All waiting periods (and any extensions thereof) applicable to the transactions contemplated by this Agreement under the HSR Act, and any commitment to, or agreement (including any timing agreement) with, any Governmental Authority to delay the consummation of, or not to consummate before a certain date, the transactions contemplated by this Agreement, shall have been terminated or shall have expired.

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

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

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

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

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

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

(f) All waiting periods (and any extensions thereof) applicable to the transactions contemplated by this Agreement under the HSR Act, and any commitment to, or agreement (including any timing agreement) with, any Governmental Authority to delay the consummation of, or not to consummate before a certain date, the transactions contemplated by this Agreement, shall have been terminated or shall have expired; and

(g) Seller shall have delivered evidence satisfactory to Purchaser in its sole discretion that all equity interests in the Acquired Companies that are held by any Other Owner have been vested in Seller prior to the Closing.

ARTICLE 8
CLOSING

8.1 **Time and Place of Closing**. The consummation of the purchase and sale of the Assets contemplated by this Agreement (the "Closing") shall, unless otherwise agreed to in writing by Purchaser and Seller, take place at the offices of Jackson Walker LLP located at 1401 McKinney Street Houston, Texas 77010, at 10:00 a.m., local time, on October 31, 2023 (the "Target Closing Date"), or if all conditions in Article 7 to be satisfied prior to Closing have not yet been satisfied or waived, on the date that is three (3) Business Days after such conditions have been satisfied or waived, subject to the provisions of Article 10. The date on which the Closing occurs with respect to any Asset is referred to herein as the "Closing Date" for such Asset.

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

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

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

(c) Counterparts of the (i) Surface Deed (Energy), duly executed and acknowledged by Henry Energy, in sufficient duplicate originals to allow recordings in all appropriate jurisdictions and offices, and (ii) Surface Deed (Moriah), duly executed and acknowledged by Moriah Henry, in sufficient duplicate originals to allow recordings in all appropriate jurisdictions and offices;

(d) Counterparts of the Assignment and Assumption Agreement, duly executed by Seller;

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

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

(g) A certificate from Seller duly executed by an authorized officer of Seller, dated as of the Closing, certifying on behalf of Seller, that the conditions set forth in Sections 7.2(a) and 7.2(b) have been fulfilled;

(h) A validly executed IRS Form W-9 of each Seller Party;

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

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

(k) Originals of executed and acknowledged releases and terminations of any mortgages, deeds of trust, assignments of production, financing statements, and fixture filings burdening the Assets (including, for purposes of clarity, UCC-3s) to the extent securing indebtedness for borrowed money of the Seller or its Affiliates, which releases and terminations shall be in form and substance reasonably satisfactory to Purchaser;

(l) A counterpart of the Registration Rights Agreement, duly executed by Seller (or its designee(s) pursuant to Section 2.1(d), as applicable);

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

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

(o) Joint written instructions to the Escrow Agent to (as applicable in accordance with Section 3.8(e)) (i) retain the Preferred Stock Deposit, which Purchaser Preferred Stock, after Closing, shall become part of the Defect Escrow Shares, (ii) disburse to Seller a portion of the Preferred Stock Deposit equal to the Preferred Stock Deposit, minus the Defect Escrow Shares, or (iii) disburse to Seller all of the Preferred Stock Deposit;

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

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

(r) Payment of the Suspense Adjustment Amount, by wire transfer of immediately available funds to an account of Purchaser designated in writing prior to Closing; and

(s) All other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Purchaser, including any documents from Seller's designee(s) pursuant to Section 2.1(d) for such designee to receive all or a portion of the Stock Consideration.

8.3 Obligations of Purchaser at Closing. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Seller of its obligations pursuant to Section 8.2, Purchaser shall deliver or cause to be delivered to Seller (or, in the case of the items specified in clauses (a) and (l) below, to Seller's designee pursuant to Section 2.1(d), as applicable), among other things, the following:

(a) A number of shares of (i) Purchaser Common Stock equal to the Closing Common Stock and (ii) Purchaser Preferred Stock equal to the Closing Preferred Stock;

(b) The excess of Defect Escrow Shares, minus the Preferred Stock Deposit, to the Escrow Agent as provided in Section 3.8(e), if applicable;

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

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

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

(f) Counterparts of the Assignment and Assumption Agreement, duly executed by Purchaser;

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

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

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

(j) Evidence of replacement of all Credit Support to the extent required pursuant to Section 12.4;

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

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

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

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

(o) Joint written instructions to the Escrow Agent to (as applicable in accordance with Section 3.8(e)) (i) retain the Preferred Stock Deposit, which Purchaser Preferred Stock, after Closing, shall become part of the Defect Escrow Shares, (ii) disburse to Seller a portion of the Preferred Stock Deposit equal to the Preferred Stock Deposit, minus the Defect Escrow Shares, or (iii) disburse to Seller all of the Preferred Stock Deposit;

(p) A counterpart of the Investor Agreement, duly executed by Purchaser; and

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

8.4 Closing Payment, Closing Consideration and Post-Closing Adjustments.

(a) Not later than five (5) Business Days prior to the Target Closing Date, Seller shall in good faith prepare and deliver to Purchaser, using and based upon the best information available to Seller, a draft preliminary settlement statement (the "Preliminary Settlement Statement") setting forth Seller's good faith estimate of the adjusted Purchase Price for the Assets as of the Closing Date, after giving effect to all adjustments set forth in Section 2.3, including the Suspense Adjustment Amount (the "Closing Payment"). In addition to setting forth the Closing Payment amount, the Preliminary Settlement Statement shall also reflect Seller's good faith estimations of the Stock Consideration to be issued to Seller at Closing pursuant to this Agreement and any other Stock Consideration that will not be issued to Seller at Closing, with such estimates being determined in accordance with Section 2.6 and as follows:

(i) The Preferred Stock Consideration to be issued to Seller at Closing (the "Closing Preferred Stock") shall be adjusted as follows: (A) by subtracting the Deposit therefrom; (B) by subtracting the Defect Escrow Shares (if any) therefrom; and (C) in the event that the net adjustments to the Purchase Price estimated pursuant to Section 8.4(a) are negative (without taking into effect any adjustments represented by the Defect Escrow Shares or the Suspense Adjustment Amount), by subtracting a number of shares of Purchaser Preferred Stock equal to such downward adjustment divided by the Per Share Preferred Value. For the avoidance of doubt, the adjustments set forth in subpart (C) of this Section 8.4(a)(i) shall be rounded up or down (as appropriate) to result in a whole number of shares of Purchaser Preferred Stock based on the Per Share Preferred Value. For the avoidance of doubt, the Suspense Adjustment Amount shall be paid by Seller in cash to Purchaser at Closing.

(ii) The Common Stock Consideration to be issued to Seller at Closing (the "Closing Common Stock" and, together with the Closing Preferred Stock, the "Closing Consideration") shall not be adjusted other than as set forth in subpart (iii) below. If and only if the net adjustments to the Purchase Price estimated pursuant to Section 8.4(a) are positive (without taking into effect any adjustments represented by the Defect Escrow Shares), then Purchaser shall pay such upward adjustment to Seller at Closing in cash, by wire transfer of immediately available funds, to a bank account identified by Seller in writing in the Preliminary Settlement Statement.

(iii) Notwithstanding anything in this Section 8.4 to the contrary, if and to the extent that any Tag Party validly exercises its Tag-Along Right, then the Closing Preferred Stock and Closing Common Stock amounts shall be further adjusted (after taking into account the adjustments in subparts (i) and (ii) above) as follows: (A) the Closing Preferred Stock shall be increased by a number of shares of Purchaser Preferred Stock equal to (for each applicable Tag-Along Right that is exercised) the (1) the purchase price for the Tag Properties covered by such validly exercised Tag-Along Right, to the extent and only to the extent such purchase price will be paid in Purchaser Common Stock, *divided by* (2) the Per Share Preferred Value; and (B) the Closing Common Stock shall be decreased by a number of shares of Purchaser Common Stock equal to (for each applicable Tag-Along Right that is exercised) the (1) the purchase price for the Tag Properties covered by such validly exercised Tag-Along Right, to the extent and only to the extent such purchase price will be paid in Purchaser Common Stock, *divided by* (2) the Per Share Common Value;

(iv) Seller shall supply to Purchaser reasonable documentation in the possession or control of Seller and its Affiliates to support the items for which adjustments are proposed or made in the Preliminary Settlement Statement delivered by Seller and a reasonably detailed explanation of any such adjustments and the reasons therefor. Within three (3) Business Days after receipt of Seller's draft Preliminary Settlement Statement, Purchaser may deliver to Seller a written report containing all changes that Purchaser proposes to be made to the Preliminary Settlement Statement, if any, together with a brief explanation of any such changes.

(v) The Preliminary Settlement Statement, as agreed upon by the Parties, will be used to adjust the Unadjusted Purchase Price and Stock Consideration at Closing; provided that if the Parties cannot agree on all adjustments set forth in the Preliminary Settlement Statement prior to the Closing, then any adjustments as set forth in the Preliminary Settlement Statement as presented by Seller (with any amendments or modifications thereto that were so agreed between the Parties) will be used to adjust the Unadjusted Purchase Price and Stock Consideration at Closing.

(vi) For purposes of clarity, Purchaser's failure to propose any changes to the Preliminary Settlement Statement and/or Purchaser's agreement to all or any portion of the Preliminary Settlement Statement proposed by Seller shall not, and shall not be deemed or construed to, prejudice any of Purchaser's rights hereunder (including, for purposes of clarity, Purchaser's right to dispute any adjustment or amount set forth in the Preliminary Settlement Statement in connection with the final calculation and determination of the Purchase Price pursuant to Section 8.4(b) and/or 8.4(c), as applicable).

(b) As soon as reasonably practicable after the Closing but not later than the one hundred twentieth (120^{th}) day following the Closing Date, Seller shall prepare and deliver to Purchaser a draft statement setting forth the final calculation of the adjusted Purchase Price (the "Final Settlement Statement") and showing the calculation of each adjustment under Section 2.3, based on the most recent actual figures available for each adjustment, and the resulting adjustments to the Stock Consideration, determined in the same manner as set forth in Section 2.6 and Section 8.4(a). Seller shall make such reasonable documentation as is in Seller's or any of its Affiliates' possession or control available to support the final figures set forth in the Final Settlement Statement. As soon as reasonably practicable, but not later than the thirtieth (30th) day following receipt of such Final Settlement Statement from Seller (as such time period may be extended as described below, the "Purchaser Comment Deadline"), Purchaser may deliver to Seller a written report containing any changes that Purchaser proposes be made to such Final Settlement Statement. Seller may deliver a written report to Purchaser on or prior to the Purchaser Comment Deadline reflecting any changes that Seller proposes to be made to the Final Settlement Statement as a result of additional information received after the Final Settlement Statement was first prepared and delivered to Purchaser hereunder (and if any such written report is delivered by Seller to Purchaser on or after the date that is five (5) Business Days before the Purchaser Comment Deadline, then the Purchaser Comment Deadline will be automatically extended for five (5) Business Days). If Purchaser does not deliver such report to Seller on or before the Purchaser Comment Deadline, Purchaser shall be deemed to have agreed with Seller's Final Settlement Statement, and such Final Settlement Statement shall become final and binding upon the Parties.

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

(i) If the Final Price (less the Deposit and the Defect Escrow Amount (if applicable)) exceeds the Closing Payment, then Purchaser shall pay such excess in cash, by wire transfer of immediately available funds, to a bank account identified by Seller in writing.

(ii) If the Final Price (less the Deposit and the Defect Escrow Amount (if applicable)) is less than the Closing Payment, then Seller shall pay such excess in cash, by wire transfer of immediately available funds, to a bank account identified by Purchaser in writing.

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

ARTICLE 9
TAX MATTERS

9.1 Allocation of Taxes.

(a) Seller shall be allocated and bear (i) all Asset Taxes attributable to any Tax period ending prior to the Effective Date, (ii) all Asset Taxes attributable to the portion of any Straddle Period ending immediately prior to the Effective Date, (iii) all Taxes payable by the Acquired Companies (other than Asset Taxes) attributable to any Tax period ending on or before the Closing Date and (iv) all Taxes payable by the Acquired Companies (other than Asset Taxes) attributable to the portion of any Straddle Period ending on the Closing Date, provided, however, with respect to both clauses (i) and (ii), that Purchaser shall be allocated and bear Asset Taxes associated with the Hydrocarbons produced from, or attributable to, the Properties and sold during the period up to but excluding the Effective Date, if the amount earned from the sale is not received by Seller prior to the Cut-Off Date. Purchaser shall be allocated and bear (A) all Asset Taxes attributable to any Tax period beginning on or after the Effective Date, (B) all Asset Taxes attributable to the portion of any Straddle Period beginning on the Effective Date, (C) all Taxes payable by the Acquired Companies (other than Asset Taxes) attributable to any Tax period beginning after the Closing Date, and (D) all Taxes payable by the Acquired Companies (other than Asset Taxes) attributable to the portion of any Straddle Period beginning after the Closing Date; provided, however, that Seller (not Purchaser) shall be allocated and bear the portion, if any, of any such Taxes that consist of penalties, interest or additions to tax to the extent attributable to a breach by Seller of the representations set forth in Section 4.3.

(b) For purposes of determining the allocations described in Section 9.1(a), (i) Asset Taxes that are attributable to the severance or production of Hydrocarbons (other than such Asset Taxes described in clause (iii) below) shall be allocated to the period in which the severance or production giving rise to such Asset Taxes occurred, (ii) Taxes that are imposed on a transactional basis (other than such Asset Taxes described in clause (i) or (iii)), shall be allocated to the period in which the transaction giving rise to such Taxes occurred, (iii) Asset Taxes that are ad valorem, property or other Asset Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending immediately prior to the Effective Date and the portion of such Straddle Period beginning on the Effective Date by prorating each such Asset Tax based on the number of days in the applicable Straddle Period that occur before the Effective Date, on the one hand, and the number of days in such Straddle Period that occur on or after the Effective Date, on the other hand, (iv) Taxes payable by the Acquired Companies that are not Asset Taxes but imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending on the Closing Date and the portion of such Straddle Period beginning after the Closing Date by prorating each such Tax based on the number of days in the applicable Straddle Period that occur on or before the Closing Date, on the one hand, and the number of days in such Straddle Period that occur after the Closing Date, on the other hand, and (v) Taxes payable by the Acquired Companies that are not Asset Taxes (and that are not described in clause (ii) or (iv)) and that pertain to a Straddle Period shall be allocated between the portion of such Straddle Period ending on the Closing Date and the portion of such Straddle Period beginning after the Closing Date by assuming that the Straddle Period consisted of two taxable periods, one which ended at the close of the Closing Date and the other which began at the beginning of the day following the Closing Date and items of income, gain, deduction, loss or credit of the applicable Acquired Company for the Straddle Period shall be allocated between such two taxable years or periods on a "closing of the books basis" by assuming that the books of the applicable Acquired Company were closed at the close of the Closing Date. For purposes of clause (iii) of the preceding sentence, the period for such Asset Taxes shall begin on the date on which ownership of the applicable Assets gives rise to liability for the particular Asset Tax and shall end on the day before the next such date.

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

9.2 **Tax Returns**. Without limiting Purchaser's indemnification rights pursuant to Section 11.2(b), after the Closing Date, Purchaser shall (i) file (or cause to be filed) all Tax Returns with respect to Asset Taxes or the Acquired Companies (other than Seller Consolidated Returns or Seller Pass-Through Returns) that are required to be filed after the Closing Date that relate to any Tax period ending before the Effective Date (with respect to Asset Taxes) or on or before the Closing Date (with respect to Taxes payable by the Acquired Companies other than Asset Taxes) or any Straddle Period on a basis consistent with past practice except to the extent otherwise required by Law; provided that Purchaser shall use its reasonable best efforts, taking into account that the due date for a Tax Return may be contemporaneous with the closing of a Tax period, to submit each such Tax Return to Seller for its review and comment reasonably in advance of the due date therefor, and Purchaser shall incorporate any reasonable comments received from Seller up to five (5) days prior to the due date therefor and timely file any such Tax Return, and (ii) pay (or cause to be paid) prior to delinquency, all Taxes relating to any Tax period that ends before or includes the Effective Date (with respect to Asset Taxes) or on or before the Closing Date (with respect to Taxes payable by the Acquired Companies other than Asset Taxes) that become due after the Closing Date. In the case of any Tax Return described in clause (i) that includes Taxes that are allocable to Seller pursuant to Section 9.1(a), Purchaser shall send to Seller a statement that apportions the Taxes shown on such Tax Return between Purchaser and Seller in accordance with Section 9.1(a), and the applicable Seller Party shall promptly pay the amount shown as allocable to Seller on such statement. Seller shall file (or cause to be filed) all Seller Consolidated Returns and Seller Pass-Through Returns and shall pay (or cause to be paid), prior to delinquency, all Taxes due with respect thereto. The Parties agree that (A) this Section 9.2 is intended to solely address the timing and manner in which certain Tax Returns are filed and the Taxes shown thereon are paid to the applicable taxing authority and (B) nothing within this Section 9.2 shall be interpreted as altering the manner in which Taxes are allocated and economically borne by the Parties.

9.3 **Transfer Taxes**. To the extent that any Transfer Taxes are payable, Purchaser will be responsible for one hundred percent (100%) of all Transfer Taxes and shall prepare and file, or cause to be prepared and filed, all related Tax Returns. Purchaser and Seller shall agree, upon request, to reasonably cooperate in good faith to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed in connection with the transactions contemplated herein.

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

9.5 **Refunds**. Seller shall be entitled to any and all refunds and credits of Seller Taxes. If Purchaser or its Affiliates receives a refund or credits of Taxes to which Seller is entitled pursuant to this Section 9.5, Purchaser shall forward, and shall cause its Affiliates to forward, to Seller the amount of any such refund within ten (10) days after such credit or refund is received. Purchaser shall be entitled to any and all refund of, or credits with respect to, Taxes allocated to Purchaser pursuant to Section 9.1(a) and Section 9.1(b); provided, however, that neither Seller nor Purchaser shall be entitled to any refund of Taxes allocated to it pursuant to Section 9.1(a) and Section 9.1(b) (even if, in the case of Seller, such refund is an Excluded Asset) if Seller or Purchaser, as the case may be, did not economically bear such Taxes. If a Party or its Affiliate receives a refund of Taxes to which the other Party is entitled pursuant to this Section 9.5, such recipient Party shall forward to the entitled Party the amount of such refund within thirty (30) days after such refund is received, net of any costs or expenses incurred by such recipient Party in procuring such refund.

9.6 **Pre-Purchase Tax Proceedings**. Purchaser shall, within five (5) days of receipt, provide Seller with written notice of any inquiries, audits, examinations or proposed adjustments by any Governmental Authority that relate to any Asset Taxes or Taxes payable by the Acquired Companies (other than Taxes payable with respect to Seller Consolidated Returns or Seller Pass-Through Returns) for any Tax period ending prior to the Effective Date (with respect to Asset Taxes) or on or before the Closing Date (with respect to Taxes payable by the Acquired Companies other than Asset Taxes) or any Straddle Period (each, a "Pre-Purchase Tax Proceeding"). Seller shall have the option to control the conduct and resolution of any Pre-Purchase Tax Proceeding that relates solely to a Tax period ending prior to the Effective Date (with respect to Asset Taxes) or on or before the Closing Date (with respect to Taxes payable by the Acquired Companies other than Asset Taxes). Seller may exercise such option by providing written notice to Purchaser within fifteen (15) days of receiving written notice of any such Pre-Purchase Tax Proceeding from Purchaser. If Seller elects to control a Pre-Purchase Tax Proceeding, Seller shall (i) keep Purchaser informed of the progress of any such Pre-Purchase Tax Proceeding, (ii) provide Purchaser with copies of material correspondence with respect to any such Pre-Purchase Tax Proceeding, (iii) permit Purchaser (or Purchaser's counsel) to participate in meetings (including conference calls) with the applicable Governmental Authority with respect to any such Pre-Purchase Tax Proceeding (at Purchaser's cost), and (iv) not effect any settlement or compromise of any such Pre-Purchase Tax Proceeding without the written consent of Purchaser, not to be unreasonably conditioned, delayed or withheld. Purchaser shall control any Pre-Purchase Tax Proceeding that Seller does not elect to control or any Pre-Purchase Tax Proceeding that relates to any Straddle Period; provided, that, Purchaser shall (I) keep Seller informed of the progress of any such Pre-Purchase Tax Proceeding, (II) provide Seller with copies of material correspondence with respect to any such Pre-Purchase Tax Proceeding, (III) permit Seller (or Seller's counsel) to participate in meetings (including conference calls) with the applicable Governmental Authority with respect to any such Pre-Purchase Tax Proceeding (at Seller's cost), and (IV) not effect any settlement or compromise of any such Pre-Purchase Tax Proceeding without the written consent of Seller, not to be unreasonably conditioned, delayed or withheld. Seller shall control any inquiries, audits, examinations or proposed adjustments by any Governmental Authority that relate to any Seller Consolidated Return or Seller Pass-Through Return. In the event of a conflict between the provisions in this Section 9.6 and those in Section 11.4, this Section 9.6 shall control.

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

9.8 **Push-Out Election for Acquired Companies.** The Parties agree that, with respect to any federal income Tax Return required to be filed by any Acquired Company for any period ending on or before the Closing Date, if the Acquired Company receives a notice of final partnership adjustment as described in Section 6226 of the Code with respect to such Tax Return, the Acquired Company shall make (and shall cause its "partnership representative" to make) an election under Section 6226(a) of the Code.

9.9 **Intended Tax Treatment**. The Parties agree that the purchase and sale of the Assets pursuant to this Agreement shall be treated for U.S. federal (and applicable state and local) income tax purposes as the purchase and sale of the Assets in a taxable transaction governed by Section 1001 of the Code. Seller and Purchaser shall report, and cause their respective Affiliates to report, the transactions contemplated by this Agreement consistently with such treatment.

ARTICLE 10
TERMINATION

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

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

(b) by either Seller or Purchaser if the Closing has not occurred on or before December 12, 2023 (the "Outside Date");

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

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

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

(f) by Seller, on or after the second (2nd) Business Day after the Execution Date, if, at the time Seller seeks to exercise its rights pursuant to this Section 10.1(f), Purchaser has not deposited the Deposit with the Escrow Agent;

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

10.2 **Effect of Termination**. If this Agreement is terminated pursuant to Section 10.1, (a) this Agreement shall become void and of no further force or effect (except for the provisions of Article 1, this Article 10, Sections 4.9, 4.36, 5.16, 5.20, 6.3, 6.5, 11.4 (as it relates to claims under Section 6.5), 12.2, 12.3, 12.6, 12.7, 12.8, 12.9, 12.11, 12.13, 12.14, 12.16, 12.17, and 12.18, all of which shall continue in full force and effect) and Seller shall be free immediately to enjoy all rights of ownership of the Assets and to sell, transfer, encumber or otherwise dispose of all or any portion of the Assets to any Person without any restriction under this Agreement and (b) there shall be no liability under this Agreement on the part of Purchaser or Seller or any of their respective Affiliates, partners, officers, owners, shareholders, members, officers, directors, managers, employees, agents or other Representatives except as expressly set forth in this Section 10.2, Section 10.3 and the Non-Disclosure Agreement, which Non-Disclosure Agreement shall survive any termination of this Agreement in accordance with its terms.

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

(a) In the event that (i) all conditions precedent to the obligations of Seller set forth in Section 7.1 have been fulfilled, satisfied or waived in writing by Seller (except for those conditions that by their nature are to be satisfied by or on behalf of Purchaser at or in connection with Closing, all of which Purchaser stands ready, willing and able to satisfy, and other than the failure of any such conditions to Closing of Seller resulting from the breach or failure of any of Seller's representations, warranties or covenants hereunder) and (ii) Purchaser is entitled to terminate this Agreement under Section 10.1(b) or 10.1(d) because the conditions precedent to the obligations of Purchaser set forth in Section 7.2 are not satisfied as of such time solely as a result of the breach or failure of Seller's representations, warranties, or covenants hereunder, including, if and when required, Seller's obligations to consummate the transactions contemplated hereunder at Closing, then Purchaser shall be entitled, as its sole and exclusive remedy, to elect in writing, in its sole discretion, to either: (A) seek specific performance of this Agreement (without the necessity of posting bond or furnishing other security); provided that Purchaser's ability to terminate this Agreement and seek recovery pursuant to clause (B) below shall not be limited if Purchaser causes any such action for specific performance to be dismissed prior to reaching a final, non-appealable decision; or (B) terminate this Agreement pursuant to Section 10.1(b) or 10.1(c), as applicable, in which case, Purchaser shall be entitled (1) to receive the entirety of the Deposit for the sole account and use of Purchaser and (2) to recover an amount equal to Purchaser's reasonable and documented out-of-pocket costs and expenses paid or incurred in connection with negotiating the Transactions, up to an amount not to exceed One Million Dollars ($1,000,000). In the case of clause (B) above, not later than two (2) Business Days following Purchaser's election to terminate this Agreement, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse all of the Deposit to Purchaser.

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

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

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

ARTICLE 11
INDEMNIFICATION; LIMITATIONS

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

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

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

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

(d) subject to the terms of Article 3 and the Special Warranties, all Damages and obligations arising from, or relating to, Title Defects, deficiencies, or other title matters with respect to the Assets, whether arising or relating to periods of time before, on, or after the Effective Date;

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

(f) following the expiration of the applicable survival periods described in Sections 11.6(b)(i) and 11.6(b)(iii) with respect thereto, the Retained Obligations described in Sections 11.2(b), 11.2(e) and 11.2(i).

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

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

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

(c) Seller Taxes;

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

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

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

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

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

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

(j) any Employee Liabilities or Benefit Plan Liabilities; or

(k) the ownership and operation of the Acquired Companies to the extent attributable to periods of time prior to the Closing Date.

11.3 Indemnification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.5 Casualty and Condemnation.

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

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

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

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

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

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

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

11.6 Limitation on Actions.

(a) The representations and warranties of Seller in Article 4 (excluding, for purposes of clarity, the Seller Fundamental Representations and Seller's representations and warranties in Sections 4.3, 4.7 and 4.28), the corresponding representations, warranties, and affirmations given in the certificate delivered by Seller at Closing pursuant to Section 8.2(g), and the covenants and agreements of the Parties to be performed at or prior to Closing shall, in each case, survive the Closing for a period of twelve (12) months. The representations and warranties of Seller set forth in Section 4.3 shall survive the Closing for the applicable statute of limitations period plus thirty (30) days, the representations and warranties of Seller set forth in Section 4.7 shall survive the Closing until the Cut-Off Date and the representations and warranties of Seller set forth in Section 4.28 shall survive the Closing for a period of thirty-six (36) months. The representations and warranties of Purchaser in Article 5 (excluding the Purchaser Fundamental Representations), and the corresponding representations, warranties, and affirmations given in the certificate delivered by Purchaser at Closing pursuant to Section 8.3(h), shall, in each case, survive the Closing for a period of twelve (12) months. The covenants and agreements of the Parties to be performed at any time from and after Closing shall survive Closing until fully performed, subject to the applicable limitations set forth in this Section 11.6. The remainder of this Agreement shall survive the Closing and delivery of the Assignment and Bill of Sale without time limit except as may otherwise be expressly provided herein. Representations, warranties, covenants, and agreements shall be of no further force and effect after the date of their expiration, provided that there shall be no termination of any bona fide claim asserted pursuant to this Agreement with respect to such a representation, warranty, covenant, or agreement prior to its expiration date (and, for purposes of clarity, there shall be no termination of any indemnification obligations underlying any such claim in such circumstance).

(b) The indemnities in Sections 11.3(a)(ii), 11.3(a)(iii), 11.3(b)(ii), and 11.3(b)(iii) shall terminate as of the termination date of each respective representation, warranty, covenant, or agreement that is subject to indemnification thereunder, except in each case as to matters for which a bona fide specific written claim for indemnity has been delivered to the Indemnifying Person on or before such termination date (and, for purposes of clarity, there shall be no termination of any indemnification obligations underlying any such claim in such circumstance). The indemnity in Section 11.3(b)(i) shall survive the Closing (i) as set forth in Sections 2.3 and 2.4 with respect to Section 11.2(b), (ii) for the applicable statute of limitations period plus thirty (30) days with respect to Section 11.2(c), (iii) for a period of three (3) years with respect to Section 11.2(i), (iv) for a period of four (4) years with respect to Sections 11.2(e), and 11.2(h), (v) for a period of twelve (12) months with respect to Section 11.2(k) and (vi) without time limit with respect to Sections 11.2(a), 11.2(d), 11.2(f), 11.2(g) and 11.2(j). The indemnities in Section 11.3(a)(i) shall continue without time limit.

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

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

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

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

(g) Seller shall be subrogated to the rights of any Indemnified Person that is a member of the Purchaser Group and Purchaser shall be subrogated to the rights of any Indemnified Person that is a member of the Seller Group, in each case, against any insurer, indemnitor, guarantor or other Person with respect to the subject matter of any Damages subject to indemnification by such Party pursuant to Article 11 to the extent that a Party pays any such Indemnified Person with respect to such Damages. Any member of the Purchaser Group or Seller Group, as applicable, who is indemnified pursuant to Article 11 shall assign or otherwise cooperate with Seller or Purchaser, as applicable, in the pursuit of any claims against, and any efforts to recover amounts from, such other Person for any such Damages for which any member of the Seller Group or Purchaser Group, as applicable, has been paid. Any such Purchaser Group Indemnified Person shall remit to Seller or Seller Group Indemnified Person shall remit to Purchaser, as applicable, within five (5) Business Days after receipt, any insurance proceeds or other payment that is received by any member of the Purchaser Group or Seller Group, as applicable, from a third Person and which relates to Damages for which (but only to the extent) such member of the Seller Group or Purchaser Group, as applicable, has been previously compensated hereunder (minus the reasonable out-of-pocket costs incurred in obtaining such recovery).

(h) Neither Seller nor Purchaser shall have any obligation or liability under this Agreement or in connection with or with respect to the transactions contemplated by this Agreement for any breach, misrepresentation, or noncompliance with respect to any representation, warranty, covenant, indemnity, or obligation if such breach, misrepresentation, or noncompliance shall have been affirmatively and expressly waived in writing by the other Party.

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

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

ARTICLE 12
MISCELLANEOUS

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

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

If to Seller: Henry Energy LP
Henry Resources LLC
Moriah Henry Partners LLC
3525 Andrews Hwy
Midland, TX 79703
Attention: Michel E. Curry
Email: mcurry@henryresources.com

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

Jackson Walker LLP
1401 McKinney Street
Suite 1900
Houston, TX 77010
Attention: Joe F. Flack
Telephone: 713-752-4305
Email: jflack@jw.com

If to Purchaser: Vital Energy, Inc.
521 East 2nd Street, Suite 1000
Tulsa, Oklahoma 74120
Attention: Mark Denny
Telephone: (918) 858-5272
Email: mark.denny@vitalenergy.com

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

Latham & Watkins LLP
811 Main Street, Suite 3700
Houston, Texas 77002
Attention: Stephen Szalkowski
Telephone: (713) 546-7431
Email: stephen.szalkowski@lw.com

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

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

12.4 **Replacement of Credit Support**. The Parties understand that none of the Credit Support, if any, posted by Seller or any Affiliate thereof (other than any Acquired Company) with or for the benefit of any Governmental Authority or third Person and relating to the Assets will be transferred to Purchaser. On or before Closing, Purchaser shall obtain, or cause to be obtained in the name of Purchaser, replacements for such Credit Support that is listed on Schedule 4.18 (other than those held by any Acquired Company) as is necessary for Purchaser to own and, if applicable, operate the Assets, and shall cooperate in good faith with Seller to assist Seller in causing, effective as of the Closing, the cancellation or return to Seller of the Credit Support that is listed on Schedule 4.18 and posted by Seller or its Affiliates (other than those held by any Acquired Company); provided, however, that if, as of the Closing Date, Purchaser is unable to (a) obtain replacements of any such Credit Support and/or (b) the cancellation of or return to Seller of any such Credit Support, then, Purchaser shall indemnify and reimburse Seller for any costs, expenses or other Damages paid or incurred by Seller under or pursuant to such Credit Support resulting from the ownership or operation of the any of the applicable Assets from and after the Closing Date until such time as Purchaser is able to obtain such replacements of such Credit Support and/or the cancellation of or return to Seller of any such Credit Support, as applicable, following the Closing Date.

12.5 **Records**.

(a) As soon as practicable, but in no event later than twenty (20) days after the Closing Date, Seller shall deliver or cause to be delivered to Purchaser the original Records (or digital copies of Records to the extent Seller does not have originals of such Records) that are in the possession of Seller or its Affiliates, subject to Section 12.5(b). Notwithstanding anything to the contrary herein, Seller shall cooperate in good faith with Purchaser (at no additional cost or expense to Seller) to cause the Records to be delivered to Purchaser in the format or formats that are reasonably requested by Purchaser.

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

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

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

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

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

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

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

12.11 **Entire Agreement**. This Agreement, the Non-Disclosure Agreement and the documents to be executed hereunder and the exhibits and schedules attached hereto and thereto constitute the entire agreement among the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. In entering into this Agreement, neither Party has relied on any statement, representation, warranty, covenant, nor agreement of the other Party or its Representatives other than those expressly contained in this Agreement. For the avoidance of doubt, this Agreement constitutes a "definitive written agreement" as contemplated by the Non-Disclosure Agreement and, as such, upon Closing the Non-Disclosure Agreement shall automatically terminate, effective as of the Closing Date, or if Closing does not occur, the Non-Disclosure Agreement shall survive in accordance with its terms. This Agreement shall not create and it is not the purpose or intention of the Parties to create any partnership, mining partnership, joint venture, general partnership or other partnership relationship and none shall be inferred.

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

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

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

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

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

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

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

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

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

12.21 **Joint and Several Liability of Sellers**. The Parties understand and agree that Henry Energy, Henry Resources and Moriah Henry shall be jointly and severally liable for the liabilities and obligations of Seller under this Agreement, including, but not limited to, Seller's indemnity obligations pursuant to Article 11, and a default by any person or entity comprising the Seller shall be a default by every person and entity comprising the Seller.

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

SELLER:

HENRY ENERGY LP

By: /s/ David Blesdoe
Name: David Blesdoe
Title: President

HENRY RESOURCES LLC

By: /s/ David Blesdoe
Name: David Blesdoe
Title: President

MORIAH HENRY PARTNERS LLC

By: /s/ David Blesdoe
Name: David Blesdoe
Title: President

PURCHASER:

VITAL ENERGY, INC.

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

EXHIBIT C

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of [__], 2023 (the "Closing Date"), is entered into by and among Vital Energy, Inc., a Delaware corporation (the "Company"), Henry Resources LLC, a Texas limited liability company, Henry Energy LP, a Texas limited partnership, and Moriah Henry Partners LLC, a Texas limited liability company (each, an "Investor" and, collectively, the "Investors"), and the other Holders (as defined below) from time to time parties hereto.

RECITALS

WHEREAS, this Agreement is being entered into pursuant to, and in connection with the closing of the transactions contemplated by, that certain Purchase and Sale Agreement, dated as of September 13, 2023, by and among the Company, as purchaser, and the Investors, as sellers (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement");

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

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

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

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

ARTICLE I
DEFINITIONS AND REFERENCES

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

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

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

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

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

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

"Closing Date" has the meaning set forth in the introductory paragraph.

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

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

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

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

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

"Holder" means any record holder of Registrable Securities.

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

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

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

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

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

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

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

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

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

"Maple Registration Rights Agreement" means that certain registration rights agreement, dated as of [___], 2023, between the Company and Maple Energy Holdings, LLC.

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

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

"Other Holder Securities" means the "Holder Securities" as defined in each of the Maple Registration Rights Agreement and the Tall City Registration Rights Agreement, as applicable.

"Other Holders" means the "Holders" as defined in each of the Maple Registration Rights Agreement and the Tall City Registration Rights Agreement, as applicable.

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

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

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

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

"Preferred Stock" means the 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock of the Company, par value $0.01 per share.

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

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

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

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

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

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

"Required Shelf Filing Date" means the fifth (5^{th}) Business Day after the Closing Date, or such other date as may be agreed to by the parties hereto in writing.

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

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

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

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

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

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

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

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

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

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

"Tall City Registration Rights Agreement" means that certain registration rights agreement, dated as of [__], 2023, by and among the Company, Tall City Property Holdings III LLC and Tall City Operations III LLC.

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

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

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

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

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

ARTICLE II
REGISTRATION RIGHTS

Section 2.1 Shelf Registration.

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

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

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

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

Section 2.2 Underwritten Shelf Offering Requests.

(a) In the event that any Holder or group of Holders elects to dispose of Registrable Securities under a Registration Statement pursuant to an Underwritten Offering and reasonably expects gross proceeds of at least $25 million from such Underwritten Offering (including proceeds attributable to any Registrable Securities included in such Underwritten Offering by any Shelf Piggybacking Holders), the Company shall, at the request (a "Shelf Underwritten Offering Request") of such Holder or Holders (in such capacity, the "Requesting Holders"), enter into an underwriting agreement in a form as is customary in Underwritten Offerings of securities by the Company with the underwriter or underwriters selected by the Company (*provided* that each such underwriter shall be a nationally recognized investment banking firm reasonably acceptable to the Requesting Holders holding a majority of the shares of Common Stock requested to be included in such Underwritten Offering by the Requesting Holders) and shall take all such other reasonable actions as are requested by the Managing Underwriter of such Underwritten Offering and/or the Requesting Holders in order to expedite or facilitate the disposition of such Registrable Securities and, subject to Section 2.2(c), the Registrable Securities requested to be included by any Shelf Piggybacking Holder (a "Shelf Underwritten Offering"); *provided*, *however*, that the Company shall have no obligation to facilitate or participate in more than two (2) Shelf Underwritten Offerings during any 12-month period (and no more than one (1) Shelf Underwritten Offering in any 90-day period).

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

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

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

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

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

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

Section 2.3 Delay and Suspension Rights. Notwithstanding any other provision of this Agreement, the Company may (a) delay filing or initial effectiveness of the Shelf Registration Statement or any amendment thereto (without regard to the Required Shelf Filing Date) (b) delay effecting a Shelf Underwritten Offering or (c) suspend the Holders' use of any prospectus that is a part of a Shelf Registration Statement upon written notice to each Holder whose Registrable Securities are included in such Shelf Registration Statement (*provided* that in no event shall such notice contain any material non-public information regarding the Company) (in which event such Holder shall discontinue sales of Registrable Securities pursuant to such Registration Statement but may settle any then-contracted sales of Registrable Securities), in each case for a period of up to sixty (60) consecutive days, if the Board determines (i) that such delay or suspension is in the best interest of the Company and its stockholders generally due to a pending financing or other transaction involving the Company and that the disclosure of such pending financing or other transaction in any such prospectus would materially and adversely affect the Company's ability to consummate such pending financing or other transaction, (ii) that such registration or offering would render the Company unable to comply with applicable securities laws or (iii) that such registration or offering would require disclosure of material information that the Company has a *bona fide* business purpose for preserving as confidential (any such period, a "Suspension Period"); *provided, however*, that in no event shall any Suspension Periods collectively exceed an aggregate of ninety (90) days in any 180-day period or exceed an aggregate of one hundred twenty (120) days in any 12-month period; *provided, further*, that (1) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in the 180-day period and 12-month period immediately following the Closing Date shall be reduced by the number of days after the Required Shelf Filing Date that the Shelf Registration Statement is declared or otherwise becomes effective, and (2) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in any 180-day period or 12-month period shall be reduced by the number of days in such period during which the Holders were obligated to discontinue their disposition of Registrable Securities pursuant to Section 2.6(b).

Section 2.4 Piggyback Registration Rights.

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

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

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

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

(1) first, the Company Securities,

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

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

(ii) if the Piggyback Underwritten Offering is initiated on or before the third (3rd) anniversary of the Closing Date for the account of any Other Holder(s):

(1) first, the Other Holder Securities for whose account the Piggyback Underwritten Offering is initiated, *pro rata* among such Other Holders based on the number of shares of Common Stock each requested to be included,

(2) second, to the extent that the number of securities of the Other Holders covered in Section 2.4(c)(ii)(1) is less than the Section 2.4 Maximum Number of Shares, the Holder Securities and any Other Holder Securities for whose account the Piggyback Underwritten Offering was not initiated, *pro rata* among such Holders and Other Holders based on the number of shares of Common Stock each requested to be included,

(3) third, to the extent that the number of securities of the Other Holders covered in Section 2.4(c)(ii)(1) and the Holders and Other Holders covered in Section 2.4(c)(ii)(2) is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(4) fourth, to the extent that the number of Other Holder Securities covered in Section 2.4(c)(ii)(1), Holder Securities and Other Holder Securities covered in Section 2.4(c)(ii)(2) and the shares of Common Stock that such other Persons covered in Section 2.4(c)(ii)(3) is less than the Section 2.4 Maximum Number of Shares, any Company Securities;

(iii) if the Piggyback Underwritten Offering is initiated on or before the third (3rd) anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights (excluding the Other Holders):

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

(2) second, to the extent that the number of securities of such Holders or Other Holders covered in Section 2.4(c)(iii)(1) is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(3) third, to the extent that the number of Holder Securities, Other Holder Securities and the shares of Common Stock that such other Persons covered in Section 2.4(c)(iii)(2) is less than the Section 2.4 Maximum Number of Shares, any Company Securities; or

(iv) if the Piggyback Underwritten Offering is initiated after the third (3rd) anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights (including the Other Holders):

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

(2) second, to the extent that the number of shares of Common Stock proposed to be included by such other Persons is less than the Section 2.4 Maximum Number of Shares, the Holder Securities and the Other Holder Securities proposed to be included (to the extent not covered in Section 2.4(c)(iv)(1)), *pro rata* among the Holders and Other Holders based on the number of shares of Common Stock each requested to be included,

(3) third, to the extent that the number of shares of Common Stock proposed to be included by such other Persons plus the number of Holder Securities and Other Holder Securities proposed to be included is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include (to the extent not covered by Section 2.4(c)(iv)(1)), *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(4) fourth, to the extent that the number of shares of Common Stock proposed to be included by such other Persons plus the number of Holder Securities and Other Holder Securities and the shares of Common Stock covered in Section 2.4(c)(iv)(3) proposed to be included is less than the Section 2.4 Maximum Number of Shares, any Company Securities.

Section 2.5 Participation in Underwritten Offerings.

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

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

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

Section 2.6 Registration Procedures.

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

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

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

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

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

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

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

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

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

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

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

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

(xii) enter into such customary agreements, including but not limited to lock-up agreements by the Company (and, if reasonably requested by the Managing Underwriter(s), the Company's directors and "executive officers" (as defined under Section 16 of the Exchange Act)) that extend through thirty (30) days following the entrance into the corresponding underwriting agreement, and to take such other actions as the Holder or Holders shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities; and

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

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

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

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

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

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

ARTICLE III
INDEMNIFICATION AND CONTRIBUTION

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

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

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

Section 3.4 Contribution.

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

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

ARTICLE IV
RULE 144; ASSISTANCE WITH TRANSFERS

Section 4.1 Rule 144.

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

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

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

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

Section 4.2 **Assistance with Transfers**. In connection with any sale or transfer of Registrable Securities by any Holder, including any sale or transfer pursuant to Rule 144 and other rules and regulations of the Commission that may at any time permit a Holder of Registrable Securities to sell securities of the Company to the public without registration, the Company shall, to the extent allowed by law, take any and all action necessary or reasonably requested by such Holder in order to permit or facilitate such sale or transfer, including, without limitation, at the sole expense of the Company, by (a) issuing such directions to any transfer agent, registrar or depositary, as applicable, (b) delivering such opinions to the transfer agent, registrar or depositary as are customary for the transaction of this type and are reasonably requested by the same, and (c) taking or causing to be taken such other actions as are reasonably necessary (in each case on a timely basis) in order to cause any legends, notations or similar designations restricting transferability of the Registrable Securities held by such Holder to be removed and to rescind any transfer restrictions with respect to such Registrable Securities; *provided, however*, that such Holder shall deliver to the Company, in form and substance reasonably satisfactory to the Company, representation letters regarding such Holder's compliance with such rules and regulations, as may be applicable. In addition, the Company, at its sole expense, shall use commercially reasonable efforts to remove any restrictive legend on any shares of Common Stock that are Registrable Securities upon request by the Holder if (a) such shares of Common Stock are sold pursuant to an effective registration statement or (b) a registration statement covering the resale of such shares of Common Stock is effective under the Securities Act and the applicable Holder delivers to the Company a representation letter agreeing that such shares of Common Stock will be sold under such effective registration statement. Furthermore, if any Holder and its Affiliates collectively beneficially own at least ten percent (10%) of the outstanding shares of Common Stock following the third (3^{rd}) anniversary of the Closing Date, at the request of such Holder, the Company shall use its commercially reasonable efforts to assist such Holders with respect to any potential private transfer of any Common Stock held by such Holder and its Affiliates, including (a) entering into customary confidentiality agreements with any prospective transferees, (b) affording to such Holders, its Affiliates and any prospective transferees and their respective counsel, accountants, lenders and other representatives, reasonable access during normal business hours to the properties, books, contracts and records of the Company and (c) providing reasonable availability of appropriate members of senior management of the Company to provide customary due diligence assistance in connection with any such transfer; *provided, however*, that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the Company's business and operations.

ARTICLE V
TRANSFER OR ASSIGNMENT OF RIGHTS

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

ARTICLE VI
MISCELLANEOUS

Section 6.1 **Termination**. This Agreement shall terminate as to any Holder, when such Holder no longer owns any shares of or convertible into Common Stock that constitute Registrable Securities; *provided, however*, that Article III, Section 4.2 and this Article VI (other than Section 6.6) shall survive any termination hereof.

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

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

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

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

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

(b) THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF, IN RELATION TO, OR IN CONNECTION WITH, THIS AGREEMENT.

Section 6.6 **Adjustments Affecting Registrable Securities**. The provisions of this Agreement shall apply to any and all shares of capital stock of the Company or any successor or assignee of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution for the Registrable Securities, by reason of any stock dividend, split, reverse split, combination, recapitalization, reclassification, merger, consolidation or otherwise in such a manner and with such appropriate adjustments as to reflect the intent and meaning of the provisions hereof and so that the rights, privileges, duties and obligations hereunder shall continue with respect to the capital stock of the Company as so changed.

Section 6.7 **Binding Effects; Benefits of Agreement**. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and each Holder and its successors and assigns. Except as provided in Article V, neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned or transferred, by operation of law or otherwise, by any Holder without the prior written consent of the Company.

Section 6.8 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving party charged with notice, when received except that if received after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices shall be addressed as follows:

(a) If to the Company, to:

Vital Energy, Inc.
521 E. 2nd Street, Suite 1000
Tulsa, Oklahoma 74120
Attention: Mark Denny
Email: mark.denny@vitalenergy.com

with copies to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana Street, 44th Floor
Houston, Texas 77002
Attention: Christopher Centrich
Email: ccentrich@akingump.com

(b) If to the Investors, to

[_____]
[_____]
[_____]
Attention: [_____]
Email: [_____]

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

[_____]
[_____]
[_____]
Attention: [_____]
E-mail: [_____]

(c) If to any other Holders, to their respective addresses set forth on the applicable Adoption Agreement;

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

Section 6.9 **Modification; Waiver**. This Agreement may be amended, modified or supplemented only by a written instrument duly executed by the Company and the Majority Holders. No course of dealing between the Company and the Holders (or any of them) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

Section 6.10 **Entire Agreement**. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

Section 6.11 **Third Party Beneficiaries**. Except as otherwise expressly provided herein, this Agreement shall not confer any rights or remedies upon any Person other than the parties hereto and their respective successors and permitted assigns and other Persons expressly named herein.

Section 6.12 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its undersigned duly authorized representative as of the date first written above.

VITAL ENERGY, INC.
a Delaware corporation

By: _____
Name: Jason Pigott
Title: President and Chief Executive Officer

HENRY RESOURCES LLC
a Texas limited liability company

By: _____
Name: [●]
Title: [●]

HENRY ENERGY LP
a Texas limited partnership

By: _____
Name: [●]
Title: [●]

MORIAH HENRY PARTNERS LLC
a Texas limited partnership

By: _____
Name: [●]
Title: [●]

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee ("Transferee") pursuant to the terms of that certain Registration Rights Agreement, dated as of [____], 2023, by and among Vital Energy, Inc., a Delaware corporation (the "Company"), Henry Resources, LLC, a [____] limited liability company, Henry Energy LP, a [___] limited partnership, and the Holders from time to time party thereto (as amended, supplemented, or otherwise modified from time to time, the "Registration Rights Agreement"). Terms used and not otherwise defined in this Adoption Agreement have the meanings set forth in the Registration Rights Agreement.

By the execution of this Adoption Agreement, the Transferee agrees as follows:

1. Acknowledgement. Transferee acknowledges that Transferee is acquiring certain shares of [Common Stock] [and] [Preferred Stock] of the Company, subject to the terms and conditions of Registration Rights Agreement, among the Company and the Holders party thereto.

2. Agreement. Transferee (i) agrees that the shares of [Common Stock] [and] [Preferred Stock] of the Company acquired by Transferee shall be bound by and subject to the terms of the Registration Rights Agreement, pursuant to the terms thereof, and (ii) hereby adopts the Registration Rights Agreement with the same force and effect as if he, she, or it were originally a party thereto.

3. Notice. Any notice required as permitted by the Registration Rights Agreement shall be given to Transferee at the address listed beside Transferee's signature below.

4. Joinder. The spouse of the undersigned Transferee, if applicable, executes this Adoption Agreement to acknowledge its fairness and that it is in such spouse's best interest, and to bind such spouse's community interest, if any, in the shares of [Common Stock] [and] [Preferred Stock] and other securities referred to above and in the Registration Rights Agreement, to the terms of the Registration Rights Agreement.

Signature:

_____

Address:
Contact Person:
Telephone No:
Email:

EXHIBIT E

CERTIFICATE OF DESIGNATIONS
OF
2.0% CUMULATIVE MANDATORILY CONVERTIBLE SERIES A PREFERRED STOCK
OF
VITAL ENERGY, INC.

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

VITAL ENERGY, INC., a Delaware corporation (the "**Company**"), certifies that pursuant to the resolutions of the Finance Committee of Board of Directors adopted on [___], 2023, the creation of 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock, par value $0.01 per share (the "**Series A Preferred Stock**"), of the Company was authorized and the designation, preferences, privileges, voting rights, and other special rights and qualifications, limitations and restrictions of the Series A Preferred Stock, in addition to those set forth in the Certificate of Incorporation and the Bylaws, are fixed as follows:

1. *Designation and Amount; Ranking.* (a) There shall be created from the 50,000,000 shares of preferred stock, par value $0.01 per share, of the Company authorized to be issued pursuant to the Certificate of Incorporation, a series of preferred stock, designated as the "2.0% Cumulative Mandatorily Convertible Series A Preferred Stock," par value $0.01 per share, and the authorized number of shares for issuance of Series A Preferred Stock shall be 4,977,272. Shares of Series A Preferred Stock that are purchased or otherwise acquired by the Company, or that are converted into shares of Common Stock, shall be cancelled and shall revert to authorized but unissued shares of Series A Preferred Stock.

(b) The Series A Preferred Stock, with respect to dividend rights and rights upon the liquidation, winding-up or dissolution of the Company, ranks: (i) senior to all Junior Stock; (ii) on a parity, in all respects, with all Parity Stock; and (iii) junior to all Senior Stock, in each case, as provided more fully herein.

2. *Definitions*. As used herein, the following terms shall have the following meanings:

(a) "**Accumulated Dividends**" shall mean, with respect to any share of Series A Preferred Stock, as of any date, the aggregate accumulated and unpaid dividends on such share from the Issue Date until such date. There shall be no Accumulated Dividends with respect to any share of Series A Preferred Stock prior to the Issue Date.

(b) "**Affiliate**" shall have the meaning ascribed to it, on the date hereof, under Rule 144.

(c) "**Average VWAP**" means, with respect to a specified period, the arithmetic mean of the Daily VWAP per share of Common Stock for each Trading Day in such period.

(d) "**Board of Directors**" shall mean the Board of Directors of the Company or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

(e) "**Business Day**" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law or executive order to close.

(f) "**Bylaws**" shall mean the Fourth Amended and Restated Bylaws of the Company, as may be amended, amended and restated, or otherwise modified from time to time.

(g) "**Capital Stock**" shall mean, for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

(h) "**Certificate of Incorporation**" shall mean the Amended and Restated Certificate of Incorporation of the Company, dated as of December 19, 2011, as amended to date and as may be further amended, amended and restated, or otherwise modified from time to time.

(i) "**Clause A Distribution**" shall have the meaning specified in Section 8(c).

(j) "**Clause B Distribution**" shall have the meaning specified in Section 8(c).

(k) "**Clause C Distribution**" shall have the meaning specified in Section 8(c).

(l) "**close of business**" shall mean 5:00 p.m. (New York City time).

(m) "**Common Stock**" shall mean the common stock, par value $0.01 per share, of the Company, subject to Section 8(o).

(n) "**Company**" shall have the meaning specified in the preamble.

(o) "**Conversion Rate**" shall have the meaning specified in Section 7(a).

(p) "**Daily VWAP**" shall mean, for any Trading Day, the per share volume weighted average price as displayed under the heading "Bloomberg VWAP" on the Bloomberg page for the Company's Common Stock (or any successor thereto) in respect of the period from the scheduled open of trading on the principal trading market for the Common Stock to the scheduled close of trading of the primary trading session on such Trading Day (including any extensions thereof) (or if such volume weighted average price is not available, the market value of one share of Common Stock on such Trading Days, as the Board of Directors reasonably determines in good faith using a volume weighted average method). The "Daily VWAP" will be determined without regard to after hours trading or any other trading outside of the regular trading session trading hours (including any extensions thereof).

(q) "**Distributed Property**" shall have the meaning specified in Section 8(c).

(r) "**Dividend Payment Date**" shall mean January 1, April 1, July 1 and October 1, of each year, commencing on [October 1], 2023.

(s) "**Dividend Period**" shall mean the period commencing on and including a dividend payment date and ending on but excluding the next succeeding dividend payment date, with the exception that the first Dividend Period shall commence on and include the Issue Date and end on but exclude the first scheduled dividend payment date.

(t) "**Dividend Rate**" shall mean the rate per annum of 2.0% per share of Series A Preferred Stock on the Liquidation Preference; *provided* that such rate shall automatically increase to (i) 5.0% on September 15, 2024, and (ii) 8.0% on September 15, 2025.

(u) "**Dividend Record Date**" shall mean, with respect to any Dividend Payment Date, December 15, March 15, June 15 and September 15, as the case may be, immediately preceding such Dividend Payment Date.

(v) "**Governmental Authority**" shall mean (a) any national, supranational, federal, state, provincial, county, municipal or local government or any entity exercising executive, legislative, judicial, quasi-judicial, arbitral, regulatory, taxing or administrative functions of or pertaining to government and (b) any agency, commission, division, bureau, department, court, tribunal, instrumentality, authority, quasi-governmental authority or other political subdivision of any government, entity or organization described in the foregoing clause (a), in each case, whether U.S. or non-U.S.

(w) "**Holder**" shall mean a holder of record of the Series A Preferred Stock.

(x) "**Issue Date**" shall mean [____], 2023, the original date of issuance of the Series A Preferred Stock.

(y) "**Junior Stock**" shall mean the Common Stock, all other classes of the Company's common stock and each other class of Capital Stock or series of preferred stock established after the Issue Date, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Series A Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Company.

(z) "**Last Reported Sale Price**" of the shares of Common Stock on any Trading Day means (i) unless clause (ii) or (iii) applies, the closing sale price per share (or, if no closing sale price is reported, the average of the last bid and last ask prices or, if more than one in either case, the average of the average last bid and the average last ask prices) on such date as reported in composite transactions for the principal U.S. national or regional securities exchange on which the shares of Common Stock are traded; (ii) if the shares of Common Stock are not listed for trading on a U.S. national or regional securities exchange on the relevant date, the last quoted bid price for the shares of Common Stock in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization; or (iii) if the shares of Common Stock are not so traded or quoted, the average of the mid-point of the last bid and ask prices for the shares of Common Stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose.

(aa) "**Law**" shall mean any Order, law, statute, regulation, code, ordinance, policy, rule, consent decree, consent order or other requirement of any Governmental Authority.

(bb) "**Liquidation Preference**" shall mean, with respect to each share of Series A Preferred Stock, $54.96.

(cc) "**Mandatory Conversion Date**" shall have the meaning specified in Section 7(b).

(dd) "**Market Disruption Event**" shall mean the occurrence or existence on any Trading Day of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Common Stock or in any options contracts or futures contracts relating to the Common Stock, and such suspension or limitation occurs or exists at any time within the thirty (30) minutes prior to the scheduled close of trading on such Trading Day.

(ee) "**open of business**" shall mean 9:00 a.m. (New York City time).

(ff) "**Order**" shall mean any award, injunction, judgment, decree, order, ruling, subpoena or verdict or other decision issued, promulgated or entered by or with a Governmental Authority of competent jurisdiction.

(gg) "**Parity Stock**" shall mean any class of Capital Stock or series of preferred stock established after the Issue Date, the terms of which expressly provide that such class or series will rank on a parity with the Series A Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Company.

(hh) "**Person**" shall mean any individual, corporation, general partnership, limited partnership, limited liability partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof.

(ii) "**Received Dividend**" shall have the meaning specified in Section 8

(jj) "**Redemption**" shall have the meaning specified in Section 13(a).

(kk) "**Redemption Date**" shall have the meaning specified in Section 13(c).

(ll) "**Redemption Notice**" shall have the meaning specified in Section 13(c).

(mm) "**Redemption Price**" shall have the meaning specified in Section 13(b).

(nn) "**Reference Property**" shall have the meaning specified in Section 8(o).

(oo) "**Reorganization Event**" shall have the meaning specified in Section 8(o).

(pp) "**Rule 144**" shall mean Rule 144 as promulgated under the Securities Act.

(qq) "**Securities Act**" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(rr) "**Senior Stock**" shall mean any class of the Company's Capital Stock or series of preferred stock established after the Issue Date, the terms of which expressly provide that such class or series will rank senior to the Series A Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Company.

(ss) "**Series A Preferred Stock**" shall have the meaning specified in the preamble.

(tt) "**Spin-Off**" shall have the meaning specified in Section 8(c).

(uu) "**Stockholder Approval**" shall mean the approval by holders of a majority of the issued and outstanding shares of Common Stock eligible to vote, required by the applicable rules and regulations of the New York Stock Exchange (or any successor entity) from the stockholders of the Company with respect to the issuance of the shares upon conversion of the shares of Series A Preferred Stock.

(vv) "**Subsidiary**" shall mean, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

(ww) "**Trading Day**" shall mean a day during which (i) trading in the Common Stock generally occurs on the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not listed on a national or regional securities exchange, on the principal other market on which the Common Stock is then listed or admitted for trading and (ii) there is no Market Disruption Event. If the Common Stock is not so listed or traded, "Trading Day" shall mean a Business Day.

(xx) "**Transfer Agent**" shall mean [Equiniti Trust Company], acting as the Company's duly appointed transfer agent, registrar, conversion agent and dividend disbursing agent for the Series A Preferred Stock. The Company may, in its sole discretion, remove the Transfer Agent with ten (10) days' prior notice to the Transfer Agent and Holders; *provided* that the Company shall appoint a successor Transfer Agent who shall accept such appointment prior to the effectiveness of such removal.

(yy) "**Trigger Event**" shall have the meaning specified in Section 8(c).

(zz) "**Valuation Period**" shall have the meaning specified in Section 8(c).

3. *Dividends*.

(a) Holders shall be entitled to receive, when, as and if declared by the Board of Directors out of funds of the Company legally available for payment, cumulative dividends at the Dividend Rate. Dividends on the Series A Preferred Stock shall be payable quarterly in arrears at the Dividend Rate, and shall accumulate, whether or not earned or declared, from the most recent date to which dividends have been paid, or, if no dividends have been paid, from the Issue Date (whether or not in any dividend period or periods there shall be funds of the Company legally available for the payment of such dividends), and shall be paid in cash, as provided pursuant to Section 4. Dividends shall be payable in arrears on each Dividend Payment Date (commencing on [October 1], 2023) to the holders of record of Series A Preferred Stock as they appear on the Company's stock register at the close of business on the relevant Dividend Record Date. Accumulations of dividends on shares of Series A Preferred Stock shall not bear interest. Dividends payable for any period less than a full dividend period (based upon the number of days elapsed during the period) shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(b) No dividend shall be declared or paid upon, or any sum set apart for the payment of dividends upon, any outstanding share of the Series A Preferred Stock with respect to any dividend period, unless all dividends for all preceding dividend periods have been declared and paid, or declared and a sufficient sum has been set apart for the payment of such dividend, upon all outstanding shares of Series A Preferred Stock.

(c) No dividends or other distributions (other than a dividend or distribution payable solely in shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock) and cash, which shall not exceed $54.96 per fractional share, in lieu of fractional shares) may be declared, made or paid, or set apart for payment upon, any Parity Stock or Junior Stock, nor may any Parity Stock or Junior Stock be redeemed, purchased or otherwise acquired for any consideration or retired for value (or any money paid to or made available for a sinking fund for the redemption of any Parity Stock or Junior Stock) by the Company or on behalf of the Company (except by (i) conversion into or exchange for shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock) and cash, which shall not exceed $54.96 per fractional share, solely in lieu of fractional shares of any such shares of Parity Stock or Junior Stock and (ii) payments in connection with the satisfaction of employees' tax withholding obligations pursuant to employee benefit plans or outstanding awards (and payment of any corresponding requisite amounts to the appropriate governmental authority)), unless, in either case of clause (i) or (ii), above, all Accumulated Dividends shall have been or contemporaneously are declared and paid, or are declared and a sum sufficient for the payment thereof is set apart for such payment, on the Series A Preferred Stock and any Parity Stock for all dividend payment periods ending on or prior to the date of such declaration, payment, redemption, purchase or acquisition. Notwithstanding the foregoing, if full dividends have not been paid on the Series A Preferred Stock and any Parity Stock, dividends may be declared and paid on the Series A Preferred Stock and such Parity Stock so long as the dividends are declared and paid *pro rata* so that the amounts of dividends declared per share on the Series A Preferred Stock and such Parity Stock shall in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of Series A Preferred Stock and such Parity Stock bear to each other.

(d) Holders shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends.

4. *Method of Payment of Dividends.*

(a) Dividends on the Series A Preferred Stock shall be payable entirely in cash.

(b) If a Dividend Payment Date falls on a day that is not a Business Day, the dividend to be made on such Dividend Payment Date will be made, without penalty, on the next succeeding Business Day with the same force and effect as if made on such Dividend Payment Date.

5. *Voting.* (a) The shares of Series A Preferred Stock shall have no voting rights except as set forth below or as otherwise required by Delaware law from time to time:

(i) So long as any shares of Series A Preferred Stock remain outstanding, unless a greater percentage shall then be required by Law, the Company shall not, without the affirmative vote or consent (which shall not be unreasonably withheld) of the Holders of at least a majority of the outstanding shares of Series A Preferred Stock voting or consenting, as the case may be, separately as one class, (A) create, authorize or issue any class or series of Parity Stock or Senior Stock (or any security convertible into Parity Stock or Senior Stock) or (B) amend the Company's constituent documents by merger or otherwise so as to affect adversely the rights, preferences, privileges or voting rights of Holders, including, without limitation, provisions relating to dividends, conversion rights and ranking.

(ii) In all cases in which Holders shall be entitled to vote, each share of Series A Preferred Stock shall be entitled to one vote.

(b) The Company may authorize, increase the authorized amount of, or issue any class or series of Junior Stock, without the consent of the Holders, and in taking such actions the Company shall not be deemed to have affected, and any amendment of the Certificate of Incorporation of the Company that effects such actions shall not be deemed to affect, adversely the rights, preferences, privileges or voting rights of Holders specified herein.

6. *Liquidation Rights.*

(a) In the event of any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, each Holder shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders an amount of cash per share equal to the greater of (x) the Liquidation Preference and (y) such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into Common Stock pursuant to Section 7 immediately prior to such liquidation, winding-up or dissolution, in each case plus Accumulated Dividends to the date fixed for liquidation, winding-up or dissolution in preference to the holders of, and before any payment or distribution is made on, any Junior Stock, including, without limitation, the Common Stock.

(b) Neither the sale (for cash, shares of stock, securities or other consideration) of all or substantially all the assets or business of the Company (other than in connection with the liquidation, winding-up or dissolution of the Company) nor the merger or consolidation of the Company into or with any other Person shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, for the purposes of this Section 6.

(c) After the payment in full to the Holders of the preferential amounts provided for in this Section 6, the Holders as such shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the Holders and holders of shares of Parity Stock upon any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such Holders are entitled pursuant to this Section 6 and all amounts to which such holders of Parity Stock are entitled, no such distribution shall be made on account of any shares of Parity Stock upon such liquidation, dissolution or winding-up unless proportionate distributable amounts shall be paid on account of the shares of Series A Preferred Stock, equally and ratably, in proportion to the full distributable amounts for which holders of all Series A Preferred Stock and of any Parity Stock are entitled upon such liquidation, winding-up or dissolution.

7. *Mandatory Conversion.* (a) Following receipt of Stockholder Approval, the Company shall convert all outstanding shares of the Series A Preferred Stock into shares of Common Stock, in which case each Holder will receive, for each share of Series A Preferred Stock being converted, a number of shares of Common Stock in aggregate equal to the Conversion Rate. The initial conversion rate for the Series A Preferred Stock is 1 share of Common Stock per share of Series A Preferred Stock (the "**Conversion Rate**").

(b) To exercise the mandatory conversion right described in this Section 7, the Company must issue a press release for publication on the Dow Jones News Service or Bloomberg Business News (or if either such service is not available, another broadly disseminated news or press release service selected by the Company) announcing such a mandatory conversion. The Company shall also give notice by mail or by publication to the Holders (not later than two Business Days after the date of the press release) of the mandatory conversion announcing the Company's intention to convert the Series A Preferred Stock. The conversion date will be a date selected by the Company (the "**Mandatory Conversion Date**") and will be no earlier than [five] Business Days and no later than [20] Business Days after the date on which the Company issues the press release described in this Section 7(b).

(c) In addition to any information required by applicable law or regulation, the press release and notice of a mandatory conversion described in Section 7(b) shall state, as appropriate: (i) the Mandatory Conversion Date; and (ii) the number of shares of Common Stock to be issued upon conversion of each share of Series A Preferred Stock.

(d) On and after the Mandatory Conversion Date, all rights of Holders of such Series A Preferred Stock shall terminate, except for the right to receive the whole shares of Common Stock issuable upon conversion thereof with such adjustment or cash payment for fractional shares as the Company may elect pursuant to Section 7. Upon conversion, the Company will deliver to each Holder a number of shares of Common Stock equal to the number of shares of Series A Preferred Stock being converted by such Holder multiplied by the then applicable Conversion Rate (with shares of Common Stock issued in whole integral multiples, rounded down in lieu of any fractional shares that a Holder would be entitled to receive) on the third (3^{rd}) Business Day immediately following the relevant conversion date.

8. *Adjustment of Conversion Rate.* The Conversion Rate shall be adjusted, without duplication, from time to time by the Company as follows, except that the Conversion Rate shall not be adjusted if Holders participate in any of the dividends or distributions described in this Section 8 (other than (x) a share split or share combination or (y) a tender or exchange offer), at the same time and upon the same terms as holders of shares of Common Stock and solely as a result of holding shares of Series A Preferred Stock, without having to convert their shares of Series A Preferred Stock as if they held a number of shares of Common Stock equal to the applicable Conversion Rate in effect immediately after the close of business on the date for determination of holders of Common Stock entitled to receive such distribution, multiplied by the number of shares of Series A Preferred Stock held by such Holders at such time (any such dividend or distribution to the holders of Common Stock in which Holders participate, a "**Received Dividend**").

(a) If the Company issues or otherwise distributes shares of Common Stock as a dividend or distribution to all or substantially all holders of the shares of Common Stock (other than any Received Dividend), or if the Company effects a share split or share combination of the Common Stock, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR^0 \times \frac{OS'}{OS^0}$$

where,

CR^0 = the Conversion Rate in effect immediately prior to the open of business on the "ex" date of such dividend or distribution, or immediately prior to the open of business on the effective date of such share split or share combination, as the case may be;

CR' = the new Conversion Rate in effect immediately after the open of business on such "ex" date for such dividend or distribution, or immediately after the open of business on the effective date of such share split or share combination, as the case may be;

OS^0 = the number of shares of Common Stock outstanding immediately prior to the open of business on such "ex" date or immediately prior to the open of business on the effective date of such share split or share combination, as the case may be; and

OS' = the number of shares of Common Stock outstanding immediately after, and solely as a result of, giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this Section 8 shall become effective immediately after the open of business on the "ex" date for such dividend or distribution, or immediately after the open of business on the effective date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this clause (a) is announced or declared but not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been announced or declared. For the avoidance of doubt, if the application of the foregoing formula would result in a decrease in the Conversion Rate, no adjustment to the Conversion Rate will be made (other than (i) as a result of a reverse share split or share combination or (ii) with respect to the readjustment of the Conversion Rate as described in the immediately preceding sentence).

For purposes of this Section 8, "**effective date**" means the first date on which shares of Common Stock trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable.

(b) If the Company distributes to all or substantially all holders of shares of Common Stock any rights or warrants entitling them for a period of not more than 45 days from the record date of such distribution to subscribe for or purchase shares of Common Stock at a price per share that is less than the average of the Last Reported Sale Prices of the shares of Common Stock on the ten (10) consecutive Trading Days immediately preceding the date that such distribution was first publicly announced (other than any Received Dividend), the Conversion Rate shall be increased based on the following formula:

$$CR' = CR^0 \times \frac{OS^0 + X}{OS^0 + Y}$$

where,

CR^0 = the Conversion Rate in effect immediately prior to the open of business on the "ex" date for such distribution;

CR' = the new Conversion Rate in effect immediately after the open of business on the "ex" date for such distribution;

OS^0 = the number of shares of Common Stock outstanding immediately prior to the open of business on the "ex" date for such distribution;

X = the total number of shares of Common Stock issuable pursuant to such rights or warrants; and

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights or warrants, *divided by* the average of the Last Reported Sale Prices of the shares of Common Stock over the ten (10) consecutive Trading Day period ending on (and including) the Trading Day immediately preceding the date "ex" date for such distribution.

Any increase in the Conversion Rate made under this Section 8(b) shall become effective immediately after the open of business on the "ex" date for such distribution.

For purposes of this Section 8(b), in determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at a price less than such average of Last Reported Sale Prices of the shares of Common Stock, and in determining the aggregate exercise price payable for such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise or conversion thereof, with the value of such consideration, if other than cash, to be determined by the Board of Directors. To the extent that any such rights or warrants are not exercised or converted prior to the expiration of the exercisability or convertibility thereof, the new Conversion Rate shall be decreased, effective as of the time of such expiration, to the Conversion Rate that would then be in effect if such rights or warrants had not been so distributed. If any such dividend or distribution in this clause (b) is announced or declared but not paid or made, the new Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to make or pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been announced or declared. For the avoidance of doubt, if the application of the foregoing formula would result in a decrease in the Conversion Rate, no adjustment to the Conversion Rate will be made (other than with respect to the readjustment of the Conversion Rate as described in the two immediately preceding sentences).

(c) If the Company distributes shares of the Company's Capital Stock, evidences of the Company's indebtedness, other assets or property of the Company or rights or warrants to acquire its Capital Stock or other securities to all or substantially all holders of shares of Common Stock, excluding:

(i) dividends or distributions of shares, or of rights or warrants to purchase or subscribe for shares, of Common Stock as to which the provisions of Section 8(a) or 8(b) shall apply;

(ii) dividends or distributions paid exclusively in cash as to which the provisions of Section 8(d) shall apply;

(iii) distributions of Reference Property pursuant to a Reorganization Event specified in Section 8(o);

(iv) any distribution constituting a Received Dividend; and

(v) Spin-Offs as to which the provisions set forth below in this Section 8(c) shall apply

(any of such shares of Capital Stock, evidences of indebtedness, other assets or property or rights or warrants, the "**Distributed Property**"), then the Conversion Rate shall be increased based on the following formula:

$$CR' = CR^0 \times \frac{SP^0}{SP^0 - FMV}$$

where,

CR^0 = the Conversion Rate in effect immediately prior to the open of business on the "ex" date for such distribution;

CR' = the new Conversion Rate in effect immediately after the open of business on the "ex" date for such distribution;

SP^0 = the average of the Last Reported Sale Prices of the shares of Common Stock over the ten (10) consecutive Trading Day period ending on (and including) the Trading Day immediately preceding the "ex" date for such distribution; and

FMV = the fair market value (as determined by the Board of Directors) of the Distributed Property with respect to each outstanding share of Common Stock on the "ex" date for such distribution.

Any increase made under the portion of this Section 8(c) set forth above shall become effective immediately after the open of business on the "ex" date for such distribution.

Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than "SP^0" (as defined above), in lieu of the foregoing increase, each Holder shall receive, for each share of Series A Preferred Stock, at the same time and upon the same terms as holders of shares of Common Stock and solely as a result of holding shares of Series A Preferred Stock, without having to convert its shares of Series A Preferred Stock, the amount and kind of Distributed Property that such Holder would have received if such Holder had held a number of shares of Common Stock equal to the applicable Conversion Rate in effect immediately after the close of business on the date for determination of holders of Common Stock entitled to receive such distribution, multiplied by the number of shares of Series A Preferred Stock held by such holder at such time. If the Board of Directors determines the "FMV" (as defined above) of any distribution for purposes of this Section 8(c) by reference to the actual or when-issued trading market for any securities, it shall in doing so consider the prices in such market over the same period used in computing the average of Last Reported Sale Prices of the shares of Common Stock over the ten (10) consecutive Trading Day period ending on (and including) the Trading Day immediately preceding the "ex" date for such distribution. For the avoidance of doubt, if the application of the foregoing formula would result in a decrease in the Conversion Rate, no adjustment to the Conversion Rate will be made (other than with respect to the readjustment of the Conversion Rate as described in the immediately preceding sentence).

With respect to an adjustment pursuant to this Section 8(c) where there has been a payment of a dividend or other distribution on the shares of Common Stock of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of the Company, that are, or, when issued, will be, listed or admitted for trading on a U.S. national securities exchange (a "**Spin-Off**"), the Conversion Rate shall be increased based on the following formula:

$$CR' = CR^0 \times \frac{FMV + MP^0}{MP^0}$$

where,

CR^0 = the Conversion Rate in effect immediately prior to the close of business on the "ex" date of the Spin-Off;

CR' = the new Conversion Rate in effect immediately after the open of business on the "ex" date of the Spin-Off;

FMV = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of shares of Common Stock applicable to one share of Common Stock (determined by reference to the definition of Last Reported Sale Price as set forth in Section 2 as if references therein to shares of Common Stock were to such Capital Stock or similar equity interest) over the ten (10) consecutive Trading Day period commencing on (and including) the "ex" date of the Spin-Off (such period, the "**Valuation Period**"); and

MP^0 = the average of the Last Reported Sale Prices of the shares of Common Stock over the Valuation Period.

The increase to the Conversion Rate under the preceding paragraph shall be determined on the last Trading Day of the Valuation Period but shall become effective and be given effect at the open of business on the "ex" date of such Spin-Off; *provided*, *however*, that if the relevant Mandatory Conversion Date occurs during the Valuation Period, in determining the Conversion Rate, references in the preceding paragraph with respect to ten (10) consecutive Trading Days shall be deemed to be replaced with such lesser number of consecutive Trading Days as have elapsed from (and including) the "ex" date of such Spin-Off to (but excluding) such Mandatory Conversion Date.

If any such distribution described in this Section 8(c) is declared or announced but not paid or made, the new Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to make or pay such distribution, to be the Conversion Rate that would then be in effect if such distribution had not been declared or announced. For the avoidance of doubt, if the application of the foregoing formula would result in a decrease in the Conversion Rate, no adjustment to the Conversion Rate will be made (other than with respect to the readjustment of the Conversion Rate as described in the immediately preceding sentence).

For purposes of this Section 8(c) (and subject in all respects to Section 8(i)), rights or warrants distributed by the Company to all holders of shares of Common Stock entitling them to subscribe for or purchase shares of the Company's Capital Stock, including Common Stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such shares of the Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Common Stock, shall be deemed not to have been distributed for purposes of this Section 8(c) (and no adjustment to the Conversion Rate under this Section 8(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 8(c). If any such right or warrant, including any such existing rights or warrants distributed prior to the Issue Date, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and "ex" date with respect to new rights or warrants with such rights (in which case the existing rights or warrants shall be deemed to terminate and expire on such date without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other such event (of the type described in the immediately preceding sentence) with respect thereto that was deemed to effect a distribution of rights or warrants, in each case for which an adjustment to the Conversion Rate under this Section 8(c) was made, (1) in the case of any such rights or warrants that shall all have been redeemed or purchased without exercise by any holders thereof, upon such final redemption or purchase (x) the Conversion Rate shall be readjusted as if such rights or warrants had not been issued and (y) the Conversion Rate shall then again be readjusted, effective as of the date of such final redemption or purchase, to give effect to such distribution, deemed distribution or Trigger Event or other such event, as the case may be, as though it were a cash distribution, equal to the per share redemption or purchase price received by a holder or holders of shares of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of shares of Common Stock as of the date of such redemption or purchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted, effective as of such expiration or termination date, as if such rights and warrants had not been issued.

For purposes of Section 8(a), Section 8(b) and this Section 8(c), if any dividend or distribution to which this Section 8(c) is applicable (other than a Spin-Off) has the same "ex" date as one or both of:

(A) a dividend or distribution of shares of Common Stock to which Section 8(a) is applicable (the "**Clause A Distribution**"); or

(B) a dividend or distribution of rights or warrants to which Section 8(b) is applicable (the "**Clause B Distribution**"),

then, in either case, (1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 8(c) is applicable (the "**Clause C Distribution**") and any Conversion Rate adjustment required by this Section 8(c) with respect to such Clause C Distribution shall first be made, and (2) the "ex" date for the Clause B Distribution, if any, shall be deemed to immediately follow the "ex" date for the Clause C Distribution and any Conversion Rate adjustment required by Section 8(b) with respect to the Clause B Distribution shall then be made immediately after the adjustment pursuant to clause (1), except that, if determined by the Company, any shares of Common Stock that become outstanding as a result of the Clause A Distribution or the Clause B Distribution shall not be deemed to be "outstanding immediately prior to the open of business on the "ex" date" within the meaning of Section 8(b), and (3) the "ex" date for the Clause A Distribution, if any, shall be deemed to immediately follow the "ex" date for the Clause C Distribution or the Clause B Distribution, as the case may be, and any Conversion Rate adjustment required by Section 8(a) with respect to the Clause A Distribution shall then be made immediately after the adjustments pursuant to clauses (1) and (2), except that, if determined by the Company, any shares of Common Stock that become outstanding as a result of the Clause A Distribution shall not be deemed to be "outstanding immediately prior to the open of business on such "ex" date" within the meaning of Section 8(a).

(d) If the Company distributes any cash dividend or distribution to all or substantially all holders of shares of Common Stock, other than (i) distributions of Reference Property pursuant to a Reorganization Event specified in Section 8(o) and (ii) any Received Dividend, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR^0 \times \frac{SP^0}{SP^0 - C}$$

where,

CR^0 = the Conversion Rate in effect immediately prior to the open of business on the "ex" date for such dividend or distribution;

CR' = the new Conversion Rate in effect immediately after the open of business on the "ex" date for such dividend or distribution;

SP^0 = the average of the Last Reported Sale Prices of the shares of Common Stock over the ten (10) consecutive Trading Day period ending on (and including) the Trading Day immediately preceding the "ex" date for such dividend or distribution; and

C = the amount of such cash dividend or distribution the Company distributes to one share of Common Stock.

Any increase in the Conversion Rate made under this Section 8(d) shall become effective immediately after the open of business on the "ex" date for such dividend or distribution. If any dividend or distribution described in this Section 8(d) is announced or declared but not so paid or made, the new Conversion Rate shall be readjusted, effective as of the date the Board of Directors determines not to make or pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been announced or declared. Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP^0" (as defined above), in lieu of the foregoing increase, each Holder shall receive, in respect of each share of Series A Preferred Stock, at the same time and upon the same terms as holders of shares of Common Stock, without having to convert its shares of Series A Preferred Stock, the amount of cash that such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Conversion Rate in effect on the "ex" date for such cash dividend or distribution. For the avoidance of doubt, if the application of the foregoing formula would result in a decrease in the Conversion Rate, no adjustment to the Conversion Rate will be made (other than with respect to the readjustment of the Conversion Rate as described in the immediately preceding sentence).

(e) If the Company or any of its Subsidiaries makes a payment in respect of a tender or exchange offer for shares of Common Stock (other than an odd-lot tender), to the extent that the cash and value of any other consideration included in the payment per share of Common Stock exceeds the average of the Last Reported Sale Prices of the shares of Common Stock over the ten (10) consecutive Trading Days commencing on (and including) the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR^0 \times \frac{AC + (SP' \times OS')}{OS^0 \times SP'}$$

where,

CR^0 = the Conversion Rate in effect immediately prior to the close of business on the tenth (10^{th}) Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

CR' = the new Conversion Rate in effect immediately after the close of business on the tenth (10^{th}) Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the Board of Directors) paid or payable for shares of Common Stock purchased in such tender or exchange offer;

OS^0 = the number of shares of Common Stock outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase of any shares of Common Stock accepted for purchase or exchange in such tender or exchange offer);

OS' = the number of shares of Common Stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all shares of Common Stock accepted for purchase or exchange pursuant to such tender or exchange offer); and

SP' = the average of the Last Reported Sale Prices of the shares of Common Stock over the ten (10) consecutive Trading Day period commencing on (and including) the Trading Day next succeeding the date such tender or exchange offer expires.

The increase in the Conversion Rate under this Section 8(e) shall be determined on the last Trading Day of such ten (10) Trading Day period but shall become effective and be given effect at the close of business on the tenth (10^{th}) Trading Day immediately following (and including) the Trading Day next succeeding the date such tender or exchange offer expires; *provided, however*, that if the relevant Mandatory Conversion Date occurs within such ten (10) Trading Day period, in determining the Conversion Rate, references in the preceding paragraph with respect to ten (10) consecutive Trading Days shall be deemed replaced with such lesser number of consecutive Trading Days as have elapsed from (and including) the Trading Day next succeeding the expiration date of such tender or exchange offer to (but excluding) such Mandatory Conversion Date.

If the Company or one of its Subsidiaries is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer but the Company or Subsidiary is ultimately prevented by applicable law from effecting all or any portion of such purchases or all such purchases are rescinded, the new Conversion Rate shall be decreased, effective as of the date the Board of Directors determines that applicable law so prevents, or rescinds, such purchases, to the Conversion Rate that would be in effect if such tender or exchange offer had not been made or had been made only in respect of such purchases that had been effected. For the avoidance of doubt, if the application of the formula in the preceding paragraph would result in a decrease in the Conversion Rate, no adjustment to the Conversion Rate will be made (other than with respect to the readjustment of the Conversion Rate as described in the immediately preceding sentence).

(f) If:

(x) any distribution or transaction that requires a Conversion Rate adjustment pursuant to subsection (a), (b), (c), (d) or (e) of this Section 8 has not yet resulted in an adjustment to the Conversion Rate on a given Mandatory Conversion Date, and

(y) a Holder will not be entitled to participate in the relevant distribution or transaction as a holder of the shares such Holder will receive on settlement of the related conversion (because such Holder will not be a holder of record of such shares on the related record date),

then the Company shall adjust the number of shares of Common Stock that the Company will deliver to such Holder in respect of such conversion of shares of Series A Preferred Stock in a manner the Company reasonably determines to be appropriate to reflect the relevant distribution or transaction.

(g) Notwithstanding this Section 8 or any other provision of this Certificate of Designations, if a Conversion Rate adjustment becomes effective on any "ex" date as specified in Section 8(a) through (e), and the Mandatory Conversion Date is on or after such "ex" date and on or prior to the related record date and a Holder would be treated as the record holder of shares of Common Stock as of the related Mandatory Conversion Date pursuant to Section 8(b) based on an adjusted Conversion Rate otherwise becoming effective on such "ex" date then, notwithstanding the foregoing Conversion Rate adjustment provisions, the Conversion Rate adjustment otherwise becoming effective on such "ex" date shall not be made for such converting Holder; and, instead, such Holder shall be treated as if such Holder were the record owner of the shares of Common Stock such Holder is entitled to receive upon conversion on an unadjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

(h) Except as stated in this Certificate of Designations, the Company will not adjust the Conversion Rate for the issuance or acquisition of shares of Common Stock or any securities convertible into or exchangeable for shares of Common Stock or the right to purchase shares of Common Stock or such convertible or exchangeable securities. The applicable Conversion Rate will not be adjusted:

(i) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(ii) upon the issuance of any shares of Common Stock or restricted stock units or rights (including shareholder appreciation rights) to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of its Subsidiaries;

(iii) upon the issuance of any shares of Common Stock pursuant to any right or warrant or exercisable, exchangeable or convertible security not described in this Section 8(h) and outstanding as of the Issue Date;

(iv) upon the repurchase of any shares of Common Stock pursuant to an odd lot tender offer or an open-market share repurchase program or other buy-back transaction that is not a tender offer or exchange offer of the nature described in Section 8(e);

(v) for a change solely in the par value of the shares of Common Stock; or

(vi) for accrued and unpaid interest, if any.

(i) If the Company adopts a shareholder rights plan, then upon conversion of the shares of Series A Preferred Stock, in addition to the shares of Common Stock, Holders will receive the rights under the rights plan, unless prior to any conversion, the shareholder rights plan expires or terminates or the rights have separated from the shares of Common Stock in accordance with such rights plan, in which case, and only in such case, the Conversion Rate will be adjusted at the time of separation as if the Company distributed, to all holders of shares of Common Stock, Distributed Property consisting of such rights as described in Section 8(c), subject to readjustment in the event of the expiration, termination or redemption of such rights. A distribution of rights pursuant to a shareholder rights plan will not otherwise trigger a Conversion Rate adjustment pursuant to Section 8(b) or (c).

(j) In addition to those adjustments required by subsections (a), (b), (c), (d) and (e) of this Section 8, and to the extent permitted by applicable law and applicable listing rules of any U.S. national securities exchange on which the shares of Common Stock are then listed, (i) the Company in its sole discretion from time to time may increase the Conversion Rate by any amount for a period of at least twenty (20) Business Days and (ii) the Company may also (but is not required to) increase the Conversion Rate to avoid or diminish any income tax to holders of shares of Common Stock or rights to purchase shares of Common Stock in connection with a dividend or distribution of shares of Common Stock (or rights to acquire shares of Common Stock) or similar event. Whenever the Conversion Rate is increased pursuant to either of the preceding two sentences, the Company shall deliver to the Holder of each share of Series A Preferred Stock at its last address appearing on the stock register of the Company a notice of the increase at least fifteen (15) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(k) Adjustments to the Conversion Rate shall be calculated to the nearest one-ten thousandth (1/10,000) of a share.

(l) For purposes of this Section 8, (i) the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock; and (ii) the dividend or distribution of any issued shares of Common Stock owned or held by or for the account of the Company shall be deemed a dividend or distribution of shares of Common Stock. The Company shall not make or issue any dividend or distribution on shares of Common Stock held in treasury of the Company.

(m) If any applicable law requires the deduction or withholding of any tax from any payment or deemed dividend to a Holder on its Series A Preferred Stock, the Company or an applicable withholding agent may withhold on cash dividends, shares of Common Stock or sales proceeds paid, subsequently paid or credited with respect to such Holder or his successors or assigns.

(n) If the Company shall take a record of the holders of Common Stock for the purpose of entitling them to receive a dividend or other distribution, and shall thereafter (and before the dividend or distribution has been paid or delivered to stockholders) legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the Conversion Rate then in effect shall be required by reason of the taking of such record.

(o) In the case of:

(i) any recapitalization, reclassification or change of the Common Stock (other than changes resulting from a subdivision or combination),

(ii) any consolidation, merger or combination involving the Company,

(iii) any sale, lease or other transfer to a third party of the consolidated assets of the Company and the Company's Subsidiaries substantially as an entirety, or

(iv) any statutory share exchange,

in each case, as a result of which the Common Stock is converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (any such transaction or event, a "**Reorganization Event**"), then, at and after the effective time of such Reorganization Event, the right to convert each share of Series A Preferred Stock shall be changed into a right to convert such share into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of a number of shares of Common Stock equal to the Conversion Rate immediately prior to such Reorganization Event would have owned or been entitled to receive upon such Reorganization Event (such stock, securities or other property or assets, the "**Reference Property**"). If the Reorganization Event causes the Common Stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), then the Reference Property into which the Series A Preferred Stock will be convertible shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election. The Company shall notify Holders of such weighted average as soon as practicable after such determination is made. The Company and its Subsidiaries shall not become a party to any Reorganization Event unless its terms are consistent with this Section 8(o). Notwithstanding Section 7(b), no adjustment to the Conversion Rate shall be made for any Reorganization Event to the extent stock, securities or other property or assets become the Reference Property receivable upon conversion of Series A Preferred Stock.

The Company shall provide, by amendment hereto effective upon any such Reorganization Event, for anti-dilution and other adjustments that shall be as nearly equivalent as is possible to the adjustments provided for in this Section 8. The provisions of this Section 8 shall apply to successive Reorganization Events.

In this Certificate of Designations, if the Common Stock has been replaced by Reference Property as a result of any such Reorganization Event, references to the Common Stock are intended to refer to such Reference Property.

(p) The Company shall at all times reserve and keep available for issuance upon the conversion of the Series A Preferred Stock such maximum number of its authorized but unissued shares of Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of Series A Preferred Stock, and shall take all action required to increase the authorized number of shares of Common Stock if at any time there shall be insufficient unissued shares of Common Stock to permit such reservation or to permit the conversion of all outstanding shares of Series A Preferred Stock or the payment or partial payment of dividends declared on Series A Preferred Stock that are payable in Common Stock.

(q) The issuance or delivery of certificates for Common Stock upon the conversion of shares of Series A Preferred Stock or the payment or partial payment of a dividend on Series A Preferred Stock in Common Stock, shall be made without charge to the converting Holder or recipient of shares of Series A Preferred Stock for such certificates or for any tax in respect of the issuance or delivery of such certificates or the securities represented thereby, and such certificates shall be issued or delivered in the respective names of, or in such names as may be directed by, the holders of the shares of Series A Preferred Stock converted; *provided, however*, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in a name other than that of the holder of the shares of the relevant Series A Preferred Stock and the Company shall not be required to issue or deliver such certificate unless or until the Person or Persons requesting the issuance or delivery thereof shall have paid to the Company the amount of such tax or shall have established to the reasonable satisfaction of the Company that such tax has been paid.

9. *Dividends Upon Conversion.* If dividends are required to be paid in cash with respect to the Dividend Period during which a Mandatory Conversion Date occurs:

(a) if such Mandatory Conversion Date occurs before the Dividend Record Date for such Dividend Period, any accrued and unpaid dividends (to, but not including, such Mandatory Conversion Date) on the shares of Series A Preferred Stock subject to such conversion shall be paid in cash on such Mandatory Conversion Date; and

(b) if such Mandatory Conversion Date occurs on or after the Dividend Record Date for such Dividend Period but on or before the Dividend Payment Date for such Dividend Period, any such dividends (to, but not including, such Mandatory Conversion Date) shall be paid in cash on the relevant Dividend Payment Date.

10. *No Fractional Shares.* No fractional shares of Common Stock or securities representing fractional shares of Common Stock shall be delivered upon conversion of the Series A Preferred Stock. If, upon conversion of the Series A Preferred Stock, a Holder would be entitled to receive a fractional interest in a share of Common Stock, the Company will round down to the nearest whole number the number of shares of Common Stock to be issued to such Holder.

11. *Rights as Stockholders*. The Series A Preferred Stock will not entitle their Holders to any of the rights of a stockholder of the Company, except as expressly provided in this Certificate of Designations.

12. *Legends.* (a) Each share of Series A Preferred Stock shall bear a legend in substantially the following form:

"THIS SHARE OF 2.0% CUMULATIVE MANDATORILY CONVERTIBLE SERIES A PREFERRED STOCK AND THE COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SHARE OF 2.0% CUMULATIVE MANDATORILY CONVERTIBLE SERIES A PREFERRED STOCK HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SHARE OF 2.0% CUMULATIVE MANDATORILY CONVERTIBLE SERIES A PREFERRED STOCK NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

1. REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS [A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT] [IT IS AN "ACCREDITED INVESTOR" (WITHIN THE MEANING OF RULE 501(a) UNDER THE SECURITIES ACT) (AN "ACCREDITED INVESTOR")][IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT)], AND

2. AGREES FOR THE BENEFIT OF VITAL ENERGY, INC., (THE "COMPANY") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT:

(A) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, OR

(B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(B) ABOVE, THE COMPANY AND THE TRANSFER AGENT RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE OR OTHERWISE ACQUIRE THIS SHARE OF 2.0% CUMULATIVE MANDATORILY CONVERTIBLE SERIES A PREFERRED STOCK OR A BENEFICIAL INTEREST HEREIN.

HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

THE REGISTERED HOLDER HEREOF HAS AGREED NOT TO TRANSFER THIS SECURITY WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY PURSUANT TO THE TERMS OF THAT CERTAIN INVESTOR AGREEMENT, DATED AS OF [___], 2023, BY AND BETWEEN THE COMPANY AND THE REGISTERED HOLDER HEREOF."

(b) Each share of Common Stock issuable upon conversion of the Series A Preferred Stock shall bear a legend in substantially the following form:

"THIS SHARE OF COMMON STOCK HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SHARE OF COMMON STOCK NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

1. REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS [A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT] [IT IS AN "ACCREDITED INVESTOR" (WITHIN THE MEANING OF RULE 501(a) UNDER THE SECURITIES ACT) (AN "ACCREDITED INVESTOR")][IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT)], AND

2. AGREES FOR THE BENEFIT OF VITAL ENERGY, INC. (THE "COMPANY") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT:

(A) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, OR

(B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(B) ABOVE, THE COMPANY AND THE TRANSFER AGENT RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE OR OTHERWISE ACQUIRE THIS SHARE OF COMMON STOCK OR A BENEFICIAL INTEREST HEREIN.

HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT."

13. *Company Redemption*.

(a) At any time and from time to time, from and after the Issue Date, to the extent not prohibited by Law, the Company may elect to redeem all outstanding shares of Series A Preferred Stock, or any portion thereof, in cash at a redemption price per share of Series A Preferred Stock equal to the Redemption Price (as defined below) on the terms and subject to the conditions set forth in this Section 13 (a "**Redemption**").

(b) The total price for each share of Series A Preferred Stock redeemed pursuant to this Section 13 shall be an amount per share of Series A Preferred Stock (the "**Redemption Price**") equal to the greater of (i) the Liquidation Preference of such share of Series A Preferred Stock plus Accumulated Dividends, and (ii) the Average VWAP for the twenty (20) consecutive Trading Day period ending on the date immediately preceding the Redemption Date.

(c) Any election by the Company pursuant to this Section 13 shall be made by delivery to the Holders of written notice (the "**Redemption Notice**") of the Company's election to redeem, at least ten (10) calendar days but no more than sixty (60) calendar days prior to the elected redemption date (each such date, a "**Redemption Date**"), which Redemption Notice shall state:

(i) that an Redemption is being made and the number of shares of Series A Preferred Stock being redeemed; and

(ii) (1) the Redemption Price, (2) the bank or trust company with which the aggregate Redemption Price shall be deposited on or prior to the Redemption Date, and (3) the Redemption Date (or, to the extent not ascertainable at the time of such notice, a good faith estimate of the Redemption Date).

(d) Any Redemption Notice may, at the Company's discretion, be subject to one or more conditions precedent.

(e) Any Redemption that is effected pursuant to this Section 13 shall be made on a *pro rata* basis among all Holders in proportion to the number of shares of Series A Preferred Stock held by such Holders.

(f) On or before any Redemption Date, the Company shall deposit the amount of the applicable aggregate Redemption Price with a bank, trust company or exchange agent having an office in New York City in trust for the benefit of such Holders. On the Redemption Date, the Company shall cause to be paid in cash the applicable aggregate Redemption Price for such shares of Series A Preferred Stock to such Holders at an account or accounts designated by such Holders. Upon such payment in full, such shares of Series A Preferred Stock will be deemed to have been redeemed, whether or not the certificates (if the shares are certificated) for such shares of Series A Preferred Stock have been surrendered for redemption and canceled, and dividends with respect to such redeemed shares of Series A Preferred Stock shall cease to accumulate and all designations, rights, preferences, powers, qualifications, restrictions and limitations of such redeemed shares of Series A Preferred Stock shall forthwith terminate.

(g) If any shares of Series A Preferred Stock are not redeemed on the Redemption Date for any reason, until such shares are redeemed, all such unredeemed shares of Series A Preferred Stock shall remain outstanding and entitled to all of the designations, powers, preferences and relative, optional, special and other rights, and the qualifications, limitations and restrictions of the Series A Preferred Stock set forth in this Certificate of Designations, including the right to accumulate and receive dividends thereon as set forth in Section 3 until the date on which the Company redeems and pays in full the Redemption Price for such Series A Preferred Stock.

14. *Miscellaneous Provisions*. (a) With respect to any notice to a Holder required to be provided hereunder, neither failure to mail such notice, nor any defect therein or in the mailing thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any distribution, rights, warrant, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding-up, or the vote upon any such action. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

(b) Shares of Series A Preferred Stock that have been issued and reacquired in any manner, including shares of Series A Preferred Stock that are purchased or exchanged or converted, shall (upon compliance with any applicable provisions of the laws of Delaware) have the status of authorized but unissued shares of preferred stock of the Company undesignated as to series and may be designated or redesignated and issued or reissued, as the case may be, as part of any series of preferred stock of the Company; *provided* that any issuance of such shares as Series A Preferred Stock must be in compliance with the terms hereof.

(c) The shares of Series A Preferred Stock shall be issuable only in whole shares.

(d) All notice periods referred to herein shall commence on the date of the mailing of the applicable notice. Notice to any Holder shall be given to the registered address set forth in the Company's records for such Holder.

(e) Any payment required to be made hereunder on any day that is not a Business Day shall be made on the next succeeding Business Day and no interest or dividends on such payment will accrue or accumulate, as the case may be, in respect of such delay.

(f) Holders shall not be entitled to any preemptive rights to acquire additional Capital Stock of the Company.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the Company has caused this certificate to be signed and attested this ___ day of [_____], 2023.

VITAL ENERGY, INC.

By: _____
Name:
Title:

Attest: _____
Name:
Title:

Signature Page to
Certificate of Designations of
2.0% Cumulative Mandatorily Convertible Series A Preferred Stock

EXHIBIT F

FORM OF INVESTOR AGREEMENT

Dated as of [•], 2023

By and Among

Vital Energy, Inc.

and

Henry Energy LP, Henry Resources LLC and Moriah Henry Partners LLC

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INVESTOR AGREEMENT, dated as of [____], 2023 (this "Agreement"), by and among Vital Energy, Inc., a corporation incorporated under the laws of Delaware (the "Company"), and Henry Energy LP, a Texas limited partnership, Henry Resources LLC, a Texas limited liability company, and Moriah Henry Partners LLC, a Texas limited liability company (each, an "Investor" and, collectively, the "Investors").

WITNESSETH:

WHEREAS, on September [__], 2023, the Company and the Investors entered into a Purchase and Sale Agreement (as it may be amended, supplemented or otherwise modified from time to time, the "Purchase and Sale Agreement"), pursuant to which, among other things, the Investors agreed to sell, and the Company agreed to purchase, the Investors' right, title and interest in and to the Investors' oil and gas properties and related assets and contracts on the terms and subject to the conditions set forth in the Purchase and Sale Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Purchase and Sale Agreement, in connection with the closing of the transaction contemplated thereby (the "Closing"), the Investors have received shares of common stock, par value $0.01 per share, of the Company (the "Common Stock"), and shares of 2.0% Cumulative Mandatory Convertible Preferred Stock, par value $0.01 per share, of the Company (the "Preferred Stock"); and

WHEREAS, in connection with and pursuant to the Purchase and Sale Agreement, each of the parties hereto wishes to set forth in this Agreement certain terms and conditions regarding the Investors' ownership of the Company shares and to establish certain rights, restrictions and obligations of the Investors with respect to such shares.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

VOTING AGREEMENT; TRANSFERS; STANDSTILL

1.1 Transfer Restrictions.

(a) Notwithstanding anything to the contrary contained herein, no Investor Party shall Transfer any shares of Preferred Stock without the prior written consent of the Company.

(b) Notwithstanding anything to the contrary contained herein, no Investor Party shall Transfer any Voting Securities:

(i) to any Person or Group if, after giving effect to such Transfer, such Person or Group would, to such Investor Party's knowledge, Beneficially Own 5% or more of the outstanding Voting Securities;

(ii) on any given day in an amount greater than 20% of the average daily trading volume of the Common Stock for the 20-trading day period immediately preceding the date of such Transfer; or

(iii) to any Activist Stockholder or material competitor of the Company;

except, in each case, in a Transfer effected solely through a bona fide Underwritten Offering (as defined in the Registration Rights Agreement (as defined below)) pursuant to an exercise of the registration rights provided in the Registration Rights Agreement or one or more open market transactions pursuant to Rule 144 under the Securities Act, as long as the Investor Party making such Transfer does not have knowledge that the Transfer would otherwise violate any of the foregoing clauses (i), (ii) or (iii).

(c) The restrictions set forth in Section 1.1(a) and (b) shall not apply to Transfers of Voting Securities or shares of Preferred Stock (1) to the Company or its Subsidiaries or any of their respective Affiliates, (2) in any tender offer or exchange offer that has been at any time recommended by, or approved by, the board of directors of the Company (the "Company Board") or (3) pursuant to any sale, merger, consolidation, acquisition (including by way of tender offer or exchange offer or share exchange), recapitalization or other business combination in one or a series of related transactions (i) involving the Company or any of its Affiliates pursuant to which more than 50% of the Voting Securities or the consolidated total assets of the Company and its Affiliates, taken as a whole, would be acquired or received by any Person (other than the Company or its Subsidiaries) or (ii) involving the Investors or any Affiliate of the Investors pursuant to which more than 50% of the consolidated total assets of the Investors and its Affiliates, taken as a whole, would be acquired or received by any Person (other than the Investors or their respective Subsidiaries).

(d) The Investors acknowledge and agree that, prior to the Stockholder Approval, pursuant to requirements of the New York Stock Exchange, the shares of Common Stock received by the Investors at Closing (the "Issued Common Shares") will not be entitled to vote on a proposal to approve the issuance of shares of Common Stock upon conversion of the Preferred Stock to be voted on at a meeting of the Company's stockholders, and the shares of Common Stock will bear a legend to that effect. The Investors acknowledge and agree that such legend shall not be removed, and shall be applicable to any transferees of the Issued Common Shares, prior to the Stockholder Approval.

(e) Each Investor agrees to use its commercially reasonable efforts to provide written notification to the Company within five (5) Business Days after the end of each calendar quarter in which any Investor Party has transferred any Voting Securities the number of Voting Securities transferred by the Investor Parties during such quarter and (other than in the case of a Transfer effected solely through a bona fide Underwritten Offering pursuant to an exercise of the registration rights provided in the Registration Rights Agreement or one or more open market transactions pursuant to Rule 144 under the Securities Act in which the identity of the Transferees is not reasonably ascertainable) the identity of any Transferee; *provided*, that any public disclosure (including pursuant to the Exchange Act or the Securities Act) regarding a Transfer will be deemed to have satisfied such notification obligations pursuant to this sentence with respect to such Transfer.

(f) The right of any Investor Party to Transfer Voting Securities or shares of Preferred Stock Beneficially Owned by such Person is subject to the restrictions set forth in this Section 1.1, and no Transfer by any Person of Voting Securities or shares of Preferred Stock Beneficially Owned by such Person may be effected except in compliance with this Section 1.1. Any Transfer or attempted Transfer of Voting Securities or shares of Preferred Stock in violation of this Agreement shall be of no effect and null and void *ab initio*, regardless of whether the purported Transferee has any actual or constructive knowledge of the Transfer restrictions set forth in this Agreement, and the Company shall not, and shall instruct its transfer agent and other third parties not to, record or recognize any such purported transaction on the share register of the Company.

1.2 Standstill Provisions.

(a) From the Closing Date until the termination of the Standstill Period, neither an Investor nor any of its Affiliates shall (or shall permit any of their respective Representatives, acting on the behalf of or at the direction of any of them), directly or indirectly:

(i) acquire, agree to acquire, propose or offer to acquire, facilitate the acquisition or ownership of, or solicit the acquisition of, by purchase, tender or exchange offer, through the acquisition of control of another Person (including by way of merger or consolidation), by joining a partnership, syndicate or other Group, through the use of a derivative instrument or voting agreement, or otherwise, Beneficial Ownership of any Voting Securities, or securities of the Company that are convertible, exchangeable or exercisable into Voting Securities, other than as a result of (x) the conversion of the shares of Preferred Stock into Common Stock in accordance with the certificate of designations for the Preferred Stock and (y) any stock split, stock dividend, subdivision, recapitalization or similar reorganization of Voting Securities effected by the Company;

(ii) deposit any Voting Securities into a voting trust or similar Contract or subject any Voting Securities to any voting agreement, pooling arrangement or similar arrangement or other Contract, or grant any proxy with respect to any Voting Securities (other than to the Company or a Person specified by the Company in a proxy card provided to stockholders of the Company by or on behalf of the Company);

(iii) enter, agree to enter, publicly propose or offer to enter into, or make any public announcement with respect to, any merger, business combination, recapitalization, restructuring, change in control transaction, sale of all or a material portion of the assets of the Company or any of its Subsidiaries or other similar extraordinary transaction involving the Company or any of its Subsidiaries (unless such transaction is affirmatively publicly recommended by the Company Board and there has otherwise been no breach of this Section 1.2 in connection with or relating to such transaction);

(iv) make, or knowingly and publicly facilitate, encourage or otherwise participate or engage in, any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Commission) to vote, or advise or knowingly influence any Person with respect to the voting of, any Voting Securities;

(v) call, or seek to call, a meeting of the stockholders of the Company or initiate any stockholder proposal for action by stockholders of the Company, including action by written consent;

(vi) form, join or in any way participate in a Group (other than a Group which consists solely of the Investors and one or more of their respective Affiliates), with respect to any Voting Securities;

(vii) otherwise act, alone or in concert with others, to seek to control or influence the management or the policies of the Company;

(viii) sell, offer or agree to sell, directly or indirectly, through swap or hedging transactions or otherwise, voting rights decoupled from the underlying Voting Securities to any third party;

(ix) advise or knowingly assist or encourage or enter into discussions, negotiations, agreements or arrangements with any other Persons in connection with any of the foregoing activities; or

(x) publicly disclose any intention, plan, arrangement or other Contract prohibited by, or inconsistent with, the foregoing;

provided that, notwithstanding anything to the contrary in this Section 1.2(a), (1) each Investor and any of its Affiliates may at any time (A) initiate and engage in private discussions with, and submit non-public, confidential proposals to, the Company Board (or any committee or other designee thereof) or (B) make a confidential request to the Company seeking an amendment or waiver of this Section 1.2(a), in each case so long as such proposals or requests do not require public disclosure and the making of such proposal or request would not reasonably be expected to require the Company to make a public announcement of its receipt and (2) for the avoidance of doubt, (x) the consummation of the transactions contemplated by the Purchase and Sale Agreement and (y) such Investor's exercise of its rights or the performance of its obligations under any other Transaction Document shall not be deemed violations of this Section 1.2(a).

(b) Each Investor further agrees that, during the Standstill Period, neither such Investor nor any of its Affiliates shall (or shall permit any of their respective Representatives, acting on the behalf of or at the direction of any of them), directly or indirectly (x) publicly request the Company to amend or waive any provision of this Section 1.2 (including this sentence) or (y) take any action that would reasonably be expected to require the Company to make a public announcement regarding the possibility of a business combination, merger or other type of transaction or any other matter described in this Section 1.2.

1.3 Voting Agreements.

(a) At all times during the Standstill Period, each Investor shall, and shall cause each of its Affiliates to, cause all Voting Securities Beneficially Owned by it to be counted as present for purposes of establishing a quorum.

(b) At all times during the Standstill Period, each Investor shall, and shall cause each of its Affiliates to, cause to be voted by proxy (returned sufficiently in advance of the deadline for proxy voting for the Company to have the reasonable opportunity to verify receipt) on or in accordance with the proxy card mailed by the Company to the stockholders of the Company in connection with the solicitation of any proxy (including, if applicable, through the execution of one or more written consents if stockholders of the Company are requested to vote through the execution of an action by written consent in lieu of any such annual or special meeting of stockholders of the Company), in the following manner:

(i) in favor of all those persons nominated to serve as directors of the Company by the Company Board or the Nominating, Corporate Governance, Environmental and Social Committee of the Company Board,

(ii) in favor of the Company's proposal for ratification of the appointment of the Company's independent registered public accounting firm,

(iii) in favor of the Company's "say-on-pay" proposal and any proposal by the Company relating to equity compensation that has been approved by the Compensation Committee of the Company Board and (z) in accordance with the recommendation of the Company Board with respect to any proposal brought by any stockholder of the Company (including any proposal pursuant to Rule 14a-8 under the Exchange Act), and

(iv) in accordance with the recommendation of the Company Board with respect to all matters relating to any merger, acquisition or business combination transaction involving the Company or any of its Subsidiaries or equity issuance of the Company, to the extent such matters are to be voted upon by the stockholders of the Company (including through action by written consent), in accordance with the recommendation of the Company Board. Except as set forth in this Section 1.3(b), neither an Investor nor any of its Affiliates shall be under any obligation by virtue of this Agreement to vote in the same manner as recommended by the Company Board or any other Person, or in any other manner, other than in its sole discretion.

(c) No Investor shall vote on any proposal to approve the issuance of shares of Common Stock upon conversion of the shares of Preferred Stock submitted to the Company's stockholders at the Company's annual or special meeting of stockholders.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Investors. Each Investor hereby represents and warrants to the Company as follows:

(a) Such Investor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Such Investor has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by such Investor of this Agreement and the performance by such Investor of its obligations under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) its organizational documents or (z) any material contract or agreement to which it is a party.

(c) The execution and delivery by such Investor of this Agreement and the performance by such Investor of its obligations under this Agreement have been duly authorized by all necessary corporate or other analogous action on its part and does not require any corporate or other action on the part of any trustee or beneficial or record owner of any equity interest in it, other than those which have been obtained prior to the date hereof and are in full force and effect.

(d) This Agreement has been duly executed and delivered by such Investor and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of such Investor, enforceable against such Investor in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

2.2 Representations and Warranties of the Company. The Company hereby represents and warrants to the Investors as follows:

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation. The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Company of this Agreement and the performance by the Company of its obligations under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) its organizational documents or (z) any material contract or agreement to which it is a party.

(c) The execution and delivery by the Company of this Agreement and the performance by the Company of its obligations under this Agreement have been duly authorized by all necessary corporate action on its part and does not require any corporate or other action on the part of any trustee or beneficial or record owner of any equity interest in it, other than those which have been obtained prior to the date hereof and are in full force and effect.

(d) This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

ARTICLE III

DEFINITIONS

3.1 Defined Terms. Capitalized terms when used in this Agreement have the following meanings:

"Activist Stockholder" means, as of any date of determination, a Person (other than the Investors, the Company and their respective Affiliates (and, in the case of the Investors, the Investors' Affiliates)) that has, directly or indirectly through its Affiliates, whether individually or as a member of a group, within the three (3) year period immediately preceding such date of determination (i) called or publicly sought to call a meeting of the stockholders or other equityholders of any Person not publicly approved (at the time of the first such action) by the board of directors or similar governing body of such Person, (ii) publicly initiated any proposal for action by stockholders or other equityholders of any Person initially publicly opposed by the board of directors or similar governing body of such Person, (iii) publicly sought election to, or to place a director or representative on, the board of directors or similar governing body of a Person, or publicly sought the removal of a director or other representative from such board of directors or similar governing body, in each case which election or removal was not recommended or approved publicly (at the time such election or removal is first sought) by the board of directors or (iv) publicly disclosed any intention, plan or arrangement to do any of the foregoing.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, "control" when used with respect to any Person, unless otherwise specified, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have correlative meanings; *provided*, *however*, that the Investors shall not be deemed Affiliates of the Company or any of its Subsidiaries for purposes of this Agreement.

"Applicable Law" means, with respect to any Person, all applicable U.S., non-U.S. or transnational federal, state or local Laws.

"Beneficial Owner", "Beneficially Own" or "Beneficial Ownership" has the meaning assigned to such term in Rule 13d-3 under the Exchange Act, and a Person's beneficial ownership of securities shall be calculated in accordance with the provisions of such Rule (in each case, irrespective of whether or not such Rule is actually applicable in such circumstance).

"Business Dav" means a day, other than a Saturday or Sunday or public holiday in New York, New York on which banks are open in New York, New York for general commercial business.

"Closing Date" means the date of the Closing.

"Commission" means the Securities and Exchange Commission or any other federal agency administering the Securities Act.

"Contract" means any written or oral contract, agreement, obligation, understanding or instrument, lease or license.

"Equity Interest" means any share of capital stock or other class of equity securities of a Person, whether voting or non-voting.

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

"Governmental Authority" means any federal, national, state, local, cantonal, municipal, international or multinational government or political subdivision thereof, governmental department, commission, board, bureau, agency, taxing or regulatory authority, instrumentality or judicial or administrative body, or arbitrator or SRO, having jurisdiction over the matter or matters in question.

"Group" has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

"Investor Parties" means the Investors and their respective Affiliates.

"Laws" means laws, statutes, binding Orders, rules, and regulations, ordinances, directives, treaties, rules of common law and rules of any applicable SRO.

"Order" means any order, writ, decree, judgment, award, decision, injunction, ruling, settlement, verdict, consent decree, compliance order, civil or administrative order, or stipulation issued, promulgated, made, rendered or entered into by or with any Governmental Authority or arbitrator (in each case, whether temporary, preliminary or permanent).

"Person" an individual, firm, body corporate (wherever incorporated), partnership, limited liability company, association, joint venture, trust, foundation, works council or employee representative body (whether or not having separate legal personality) or other entity or organization, including a Governmental Authority.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of [_____], 2023, by and between the Company and the Investors.

"Representatives" means an Investor's or any of its Affiliates' respective directors, officers, employees and authorized representatives (including attorneys, accountants, consultants, bankers and financial advisors thereof).

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

"SRO" means (i) any "self-regulatory organization" as defined in Section 3(a)(26) of the Exchange Act, (ii) any other United States or foreign securities exchange, futures exchange, commodities exchange or contract market, or (iii) any other securities exchange.

"Standstill Period" means the period beginning on the Closing and ending on the date that is thirty (30) days after the date on which the Investor Parties cease to Beneficially Own at least 10% of the outstanding Voting Securities.

"Stockholder Approval" means the approval by holders of a majority of the issued and outstanding shares of Common Stock (excluding the Issued Common Shares), required by the applicable rules and regulations of the New York Stock Exchange (or any successor entity) from the stockholders of the Company with respect to the issuance of shares of Common Stock upon conversion of the shares of Preferred Stock.

"Subsidiary" means, with respect to any Person, another Person with respect to which the first Person holds, directly or indirectly, (a) an amount of the voting securities, other voting ownership or voting partnership interests sufficient to elect at least a majority of its board of directors or other governing body or (b) more than 50% of the equity interests.

"Transaction Document" means this Agreement, the Purchase and Sale Agreement, the Transition Services Agreement (as defined in the Purchase and Sale Agreement) and the Registration Rights Agreement.

"Transfer" means (i) any direct or indirect offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), either voluntary or involuntary, or entry into any contract, option or other arrangement or understanding with respect to any offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), of any capital stock or interest in any capital stock or (ii) in respect of any capital stock or interest in any capital stock, entry into any swap, put option, derivative, or any other agreement, transaction or series of transactions that hedges or transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of such capital stock or interest in capital stock, whether any such swap, derivative, put option, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise; *provided* that a "Transfer" will not include (A) the granting of a pledge, lien or other security interest over any capital stock or interest in any capital stock to a nationally recognized bank or broker- dealer in connection with any bona fide financing arrangements (including any bona fide margin loan transaction) entered into with any such nationally recognized bank or broker-dealer, or the ability of such a bank or broker-dealer to foreclose on and Transfer such capital stock or interest in any capital stock and any foreclosure or Transfer by such a bank or broker-dealer, as long as such bank or broker-dealer agrees with the relevant Transferee (with the Company as an express third party beneficiary of such agreement) that following such foreclosure it shall not directly or indirectly Transfer (other than pursuant to a broadly distributed public offering or a sale effected through a broker dealer) any such foreclosed capital stock or interest in any capital stock without the Company's prior written consent, or the enforcement of any rights related thereto or (B) any indirect Transfer of Equity Interests of the Company by virtue of an issuance of a direct or indirect Equity Interest in the Investors, any of its Affiliates or any of their respective securityholders. "Transferor" means a Person that Transfers or proposes to Transfer; and "Transferee" means a Person to whom a Transfer is made or is proposed to be made.

"Voting Securities" means shares of Common Stock and any other securities of the Company entitled to vote generally in the election of directors of the Company.

3.2 Other Defined Terms.

Term	Section
Agreement	Preamble
Closing	Recitals
Common Stock	Recitals
Company	Preamble
Company Board	1.1(b)
Investor	Preamble
Issued Common Shares	1.1(d)
Preferred Stock	Recitals
Purchase and Sale Agreement	Recitals

3.3 Interpretation. Whenever used: the words "include," "includes" and "including" shall he deemed to be followed by the phrase "without limitation," and the words "hereof," "hereunder" and "herein" and similar words shall be construed as references to this Agreement as a whole and not limited to the particular provision of the Article or Section in which the reference appears. Unless the context otherwise requires, references herein: (x) to Articles and Sections mean the Articles and Sections of this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute, rule or regulation means such statute, rule or regulation as amended or supplemented from time to time and includes any successor legislation thereto and any rules or regulations promulgated thereunder. References to "$" or "dollars" means United States dollars. Any reference in this Agreement to any gender shall include all genders. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. The headings and captions herein are for convenience of reference only and do not affect the construction or interpretation of any of the provisions hereof. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other theory extends and such phrase shall not mean "if." The word "or" when used in this Agreement is not exclusive. If, and as often as, there is any change in the outstanding shares of the Company Common Stock by reason of any stock split, reverse stock split, stock dividend, subdivision, reclassification, recapitalization or exchange or similar reorganization of shares, appropriate adjustment shall be made in the provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the rights and obligations set forth herein that continue to be applicable on the date of such change. Any reference to "written" or "in writing" refers to printing, typing and other means of reproducing words (including electronic media) in a visible form, including e-mail. To the extent that this Agreement requires an Affiliate or Subsidiary of any party to take or omit to take any action, such covenant or agreement includes the obligation of such party to cause such Affiliate or Subsidiary to take or omit to take such action. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. The word "party" is to be deemed to refer to a party hereto, unless the context requires otherwise.

ARTICLE IV

MISCELLANEOUS

4.1 Term. This Agreement will be effective as of the date hereof and, except as otherwise set forth herein, will continue in effect thereafter until the first date on which the Investors cease to Beneficially Own any Voting Securities or shares of Preferred Stock; *provided, however*, that the representations and warranties of the Investors and the Company in Section 2.1 and Section 2.2, respectively, and this Article IV shall survive any termination of this Agreement.

4.2 Notices.

(a) Notices and other statements in connection with this Agreement shall be in writing in the English language and shall be delivered by hand, email or overnight courier to the recipient's address as set forth below or to such other address as a party hereto may notify to the other parties hereto from time to time and shall be given:

(i) if to the Company, to:

Name: Vital Energy, Inc.
Address: 521 E. 2nd Street, Suite 1000
Tulsa, Oklahoma 74120
Attention: Mark Denny
Email: mark.denny@vitalenergy.com

with a copy to (which shall not be considered notice):

Name: Akin Gump Strauss Hauer & Feld LLP
Address: 1111 Louisiana Street, 44th Floor
Houston, Texas 77002
Attention: Christopher Centrich
Email: ccentrich@akingump.com

(ii) if to the Investors, to:

Name: [_____]
Address: [_____]
[_____]
Attention: [_____]
Email: [_____]

with a copy to (which shall not be considered notice):

Name: [_____]
Address: [_____]
[_____]
Attention: [_____]
Email: [_____]

(b) A notice shall be effective upon receipt and shall be deemed to have been received: (i) at the time of delivery, if delivered by hand, or overnight courier; or (ii) at the time of transmission if sent by email (receipt confirmation requested).

4.3 Amendments and Waivers. Each of the parties hereto agrees that no provision of this Agreement may be amended or modified unless such amendment or modification is in writing and signed by the Company and the Investors. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

4.4 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided*, that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other party hereto.

4.5 Severability. It is the intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under Applicable Law and public policies applied in each jurisdiction in which enforcement is sought. If any particular provision or portion of this Agreement shall be adjudicated to be invalid or unenforceable, such provision or portion thereof shall be deemed amended to the minimum extent necessary to render such provision or portion valid and enforceable, and such amendment will apply only with respect to the operation of such provision or portion in the particular jurisdiction in which such adjudication is made.

4.6 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that each party need not sign the same counterpart. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments or waivers hereto or thereto, to the extent signed and delivered by means of electronic signature or by e-mail delivery of an electronic data file, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the use of electronic signature or e-mail delivery of an electronic data file to deliver a signature to this Agreement or any amendment hereto or the fact that any signature or agreement or instrument was transmitted or communicated through the use of electronic signature or e-mail delivery of an electronic data file as a defense to the formation of a contract and each party hereto forever waives any such defense.

4.7 Entire Agreement. This Agreement (including the documents and the instruments referred to in this Agreement) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement.

4.8 Governing Law: Jurisdiction: WAIVER OF JURY TRIAL.

(a) This Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state that would cause the law of any other jurisdiction to apply.

(b) The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought exclusively in the Delaware Court of Chancery in and for New Castle County, or in the event (but only in the event) that such Delaware Court of Chancery does not have subject matter jurisdiction over such dispute, the United States District Court for the District of Delaware; *provided*, that if such court does not have jurisdiction, any such action shall be brought exclusively in any other state court sitting in the State of Delaware, so long as such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or 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 suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 4.2 shall be deemed effective service of process on such party.

(c) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

4.9 Specific Performance. The parties hereto agree that irreparable damage would occur, and that the parties would not have any adequate remedy at law, in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to specifically enforce the terms and provisions of this Agreement, without proof of actual damages or otherwise, in addition to any other remedy to which any party is entitled at law or in equity. Each party agrees to waive any requirement for the securing or posting of any bond in connection with such remedy. The parties further agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy.

4.10 No Third-Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any Person other than the parties hereto and each such party's respective heirs, successors and permitted assigns.

The remainder of this page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

VITAL ENERGY, INC.

By: _____
Name:
Title:

[*Signature Page to Investor Agreement*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

HENRY ENERGY LP

By: _____
Name:
Title:

HENRY RESOURCES LLC

By: _____
Name:
Title:

MORIAH HENRY PARTERS LLC

By: _____
Name:
Title:

[*Signature Page to Investor Agreement*]

Exhibit 2.2

Execution Version

PURCHASE AND SALE AGREEMENT

by and between

MAPLE ENERGY HOLDINGS, LLC

as Seller

and

VITAL ENERGY, INC.

as Purchaser

Dated September 13, 2023

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement"), is dated as of September 13, 2023 (the "Execution Date"), by and among Maple Energy Holdings, LLC, a Delaware limited liability company ("Seller"), and Vital Energy, Inc., a Delaware corporation ("Purchaser"). Seller, on the one hand, and Purchaser, on the other hand, are referred to herein individually, as a "Party" and collectively, as the "Parties".

RECITALS:

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

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

ARTICLE 1
PURCHASE AND SALE

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

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

(a) "Affiliate" means, with respect to any Person, a Person that directly or indirectly controls, is controlled by, or is under common control with, such Person; provided, however, for the avoidance of doubt, for the purposes of this Agreement, except with respect to Section 12.19 and the definition of "Riverstone Indemnitees" (and its applicability in this Agreement) or as may be otherwise expressly set forth in this Agreement, the term "Affiliate" shall not include, and no provision of this Agreement shall be applicable to, Riverstone Holdings, LLC ("Riverstone"), any fund or investment vehicle managed or advised by Riverstone or its Affiliates (including the Riverstone Fund), or any Person that directly or indirectly controls, is controlled by, or is under common control with Riverstone other than Seller and Maple Energy Ventures, LLC; *provided*, *further*, that Streamline Innovations, Inc. shall not be an Affiliate of Seller for any purpose of this Agreement. "Control" and derivatives of such term, as used in this definition, means having the ability, whether or not exercised, to direct the management or policies of a Person through ownership of voting shares or other securities, pursuant to a written agreement, or otherwise.

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

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

(i) the oil and gas leases, oil, gas, and mineral leases and subleases, carried interests, operating rights, record title interests and other interests located within the Designated Area, including those identified or described on Exhibit A-1 or Exhibit A-7, and, without limiting the foregoing, all other rights (of whatever character, whether legal or equitable, vested or contingent, and whether or not the same are expired or terminated) in and to the Hydrocarbons in, on, under, and that may be produced from or are otherwise attributable to the Designated Area, including the lands covered by the leases, subleases, interests and rights described on Exhibit A-1 or Exhibit A-7, and any renewals, modifications, supplements, ratifications or amendments to such leases, subleases, interests and rights described on Exhibit A-1 or Exhibit A-7 (collectively, the "Leases");

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

(iii) all pooled, communitized, consolidated or unitized acreage which includes all or part of any Leases, and all tenements, hereditaments, and appurtenances belonging thereto, including, for purposes of clarity, such units more particularly identified on Exhibit A-3 (collectively, the "Units," and, together with the Wells, Leases and Fee Minerals (defined below), the "Properties");

(iv) currently existing contracts, agreements, and instruments pertaining to the other Assets (to the extent applicable to the other Assets) including operating agreements; unitization, pooling, and communitization agreements; declarations and orders; area of mutual interest agreements; farmin and farmout agreements; exchange agreements; compressor agreements; rental agreements (to the extent freely transferrable without payment of a fee or other consideration, unless Purchaser has agreed in writing to pay such fee or consideration); gathering agreements; agreements for the sale and purchase of Hydrocarbons; disposal agreements; transportation agreements; and processing agreements (the "Contracts"); provided, however, that the term "Contracts" shall not include (x) the Leases, the Rights of Way and other instruments constituting Seller's chain of title to the applicable Leases or Rights of Way or (y) any master services agreements, drilling contracts and other similar service contracts (other than those master services agreements or similar service contracts that are listed on Schedule 1.2(c)(iv));

(v) all fee mineral interests in the Designated Area, including those identified or described on Exhibit A-4 (the "Fee Minerals");

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

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

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

(ix) that certain lease agreement described on Exhibit A-5 covering the field office described on Exhibit A-6 (the "Field Office");

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

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

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

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

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

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

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

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

(F) all emails and electronic correspondence, unless (I) an item otherwise included in the Records is only available as an attachment to such email or electronic correspondence, (II) such email or electronic correspondence is of a type that would ordinarily be included in a Lease file or Well file, as applicable or (III) any other record that would only be contained in email and electronic correspondence; and

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

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

(d) "AV Units" means, collectively, the hypothetical units more particularly identified on Schedule 2.2 and the map attached thereto.

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

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

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

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

(i) "Designated Area" means Reeves County, Texas.

(j) "Effective Date" means 12:01 a.m. in Houston, Texas on August 1, 2023.

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

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

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

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

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

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

(q) "Governmental Authority" means any national, state, county, federal, municipal, or multinational government and/or government of any political subdivision, and departments, courts, commissions, boards, bureaus, ministries, agencies, administrative body, legislature, executive or other authority or regulatory body or other instrumentalities of any of them.

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

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

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

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

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

(w) "Laws" means any federal, state, local or foreign or multinational law, statute, act, code, ruling, award, writ, ordinance, rule, regulation, judgment, order, injunction, decree, decision or agency requirement of any Governmental Authority, including common law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xiii) All Contracts with respect to G&G Data.

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

(aa) "Net Revenue Interest" means, (i) with respect to any Well (as to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation at which it produced), Seller's interest (expressed as a percentage or a decimal) in and to the Hydrocarbons produced and saved or sold from or allocated to such Well from those formations from which such Well is currently producing, or with respect to a Well that is not currently producing, the last depth or formation at which it produced, or (ii) with respect to the Target Interval as to any AV Unit (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit, as applicable), Seller's interest (expressed as a percentage or a decimal) in and to the Hydrocarbons produced and saved or sold from or allocated to such AV Unit with respect to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit, as applicable), in each case of items (i) and (ii), after giving effect to all Royalties.

(bb) "Non-Disclosure Agreement" means, collectively (i) that certain Non-Disclosure Agreement dated as of September 23, 2022, by and between Houlihan Lokey Capital, Inc. and Riverstone Credit Partners LLC, as amended from time to time, and (ii) that certain Joinder, dated March 22, 2023 and signed by Riverstone Credit Partners LLC and Purchaser, pursuant to which Purchaser joined onto the agreement described in (i) above.

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

(dd) "Overhead Costs" means $150,000 per month (prorated in partial months).

(ee) "Per Share Value" means Fifty-Four Dollars and Forty-Five Cents ($54.45).

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

(gg) "Property Costs" means, without duplication, (1) all operating expenses (including costs of insurance (solely to the extent any such insurance costs are premiums that are paid and are attributable to the period of time between the Effective Date and the Closing Date), and overhead costs charged by any Third Party operator of any of the Assets pursuant to an applicable joint operating agreement) and capital expenditures, in each case, paid or payable to Third Parties and incurred in the ownership and operation of the Assets, and (2) costs and expenses paid or owed to ValleyView Energy from and after the Effective Date to the extent and only to the extent in connection with acquiring the oil and gas leases and interests set forth on Exhibit A-7 attached hereto (the "New Leases" and such costs and expenses, the "New Lease Expenses" (which specifically exclude, for the avoidance of doubt, any costs or expenses paid or owed to ValleyView Energy in connection with evaluating or curing Title Defects that are asserted by Purchaser pursuant to this Agreement)); but excluding (without limitation), in each case, any and all liabilities, losses, costs, expenses, and Damages arising out of or otherwise attributable or related to:

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

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

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

(iv) (A) all costs and expenses paid or incurred in connection with, or with respect to, curing any Title Defects asserted pursuant to this Agreement, any special warranty claims made pursuant to the Assignment and Bill of Sale or Mineral Deed or with respect to curing any breach of any of Seller's representations or warranties, including curing claims that Leases have terminated, and (B) all environmental matters, claims and/or obligations, including to remediate any contamination of water or personal property, or restore the surface around wells, facilities or personal property, including under applicable Environmental Laws (including Environmental Defect claims asserted pursuant to this Agreement);

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

(vi) gas balancing and other production balancing obligations;

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

(viii) Taxes (including Asset Taxes);

(ix) obligations with respect to Hedges;

(x) obligations to pay (A) any rentals, shut-in royalties or other similar lease maintenance payments (other than any New Lease Expenses), and (B) any bonuses, broker fees and other Lease acquisition costs, costs of drilling and completing wells and costs of acquiring equipment (other than any New Lease Expenses) that are not paid and/or incurred in accordance with Section 6.4;

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

(xii) any general and administrative and/or overhead costs that are not (A) charged by Third Parties pursuant to an applicable joint operating agreement or (B) covered by the Overhead Costs adjustment contained in Section 2.3(f)(ii); and

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

(hh) "Purchase Price" means the Unadjusted Purchase Price, as adjusted pursuant to this Agreement, including Section 2.1(c), Section 2.3 and Section 2.6.

(ii) "Purchaser Fundamental Representations" means the representations and warranties of Purchaser set forth in Sections 5.1, 5.2, 5.3, 5.4(a), 5.6, 5.7, 5.14, 5.16 and 5.18.

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

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

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

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

(nn) "Riverstone Fund" means each of the following Persons: Riverstone Credit Partners – Direct, L.P., Riverstone Master Non-US Credit Partners (Cayman), L.P., Riverstone Master Non-US Credit Partners II (Cayman), L.P., and Riverstone Maple Equity Non-US Credit Partners II, L.L.C., and each of their respective subsidiaries and investment vehicles that directly or indirectly own Seller.

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

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

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

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

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

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

(uu) "Seller Taxes" means any and all (i) Income Taxes imposed by any applicable Laws on Seller or any of its Affiliates or any affiliated, combined, consolidated, unitary or similar group with respect to Taxes of which any of the foregoing is or was a member, (ii) Asset Taxes allocable to Seller pursuant to Section 9.1(a) (taking into account, and without duplication of, such Asset Taxes effectively borne by Seller as a result of (A) the adjustments to the Purchase Price pursuant to Section 2.3 or Section 8.4, as applicable, (B) any payments made from one Party to the other in respect of Asset Taxes pursuant to Section 9.1(c), and (C) any payments made by Seller to Purchaser under Section 9.2 in respect of Asset Taxes that are allocable to Seller pursuant to Section 9.1(a)), (iii) Taxes imposed on or with respect to the ownership or operation of the Excluded Assets or that are attributable to any asset or business of Seller that is not part of the Assets and (iv) Taxes (other than Taxes described in clauses (i), (ii) or (iii) of this definition) imposed on or with respect to the acquisition, ownership or operation of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom for any Tax period (or portion of any Straddle Period) ending before the Effective Date.

(vv) "Shah Litigation" means, collectively, the matters set forth on Schedule 4.2.

(ww) "Stock Deposit" means 357,500 shares of Purchaser Stock.

(xx) "Straddle Period" means any Tax period beginning before and ending after the Effective Date.

(yy) "Surface Use Agreement" means the Surface Use Agreement, substantially in the form attached hereto as Exhibit D, to be executed and delivered by Purchaser and Seller at Closing.

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

(aaa) "Target Interval" has the meaning set forth in Schedule TI.

(bbb) "Tax" or "Taxes" means (i) all taxes, assessments, duties, levies, imposts or other similar charges in the nature of a tax imposed by a Governmental Authority, including all federal, state, local and foreign income, branch profits, license, payroll, employment, environmental, social security, unemployment, disability, profits, franchise, sales, use, ad valorem, property, severance, production, conservation, excise, stamp, documentary, real property transfer or gain, gross receipts, goods and services, registration, capital, transfer and withholding taxes, and (ii) any interest, penalty or additions to tax, whether disputed or not, imposed by a Governmental Authority in connection with any item described in clause (i), above.

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

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

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

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

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

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

(iii) "Treasury Regulations" means the regulations promulgated under the Code by the United States Department of the Treasury, whether in proposed (to the extent they can be relied upon), temporary or final form.

(jjj) "Unapproved Exception" means, with respect to any AV Unit as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit), Well (as to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation at which it produced) or other applicable Asset, as applicable, any fact(s), circumstance(s), or other matter(s) that, individually or in the aggregate, (i) operate to reduce Seller's Net Revenue Interest for any AV Unit or Well to an amount below the Net Revenue Interest set forth in Schedule 2.2 or Exhibit A-2, as applicable, for such AV Unit or Well, (ii) operate to increase Seller's Working Interest for any AV Unit or Well to an amount greater than the Working Interest set forth in Schedule 2.2 or Exhibit A-2, as applicable, for such AV Unit or Well (in each case, except to the extent the Net Revenue Interest for such AV Unit or Well is greater than the Net Revenue Interest set forth on Schedule 2.2 or Exhibit A-2, as applicable, for such AV Unit or Well in the same or greater proportion as the cumulative increase in Seller's Working Interest therefor), or (iii) impair, or would reasonably be expected to impair, in any material respect, the ownership, operation, and/or use of the affected Asset(s) subject thereto or affected thereby as currently owned, operated and/or used by Seller or any of its Affiliates or as would otherwise be owned, operated and/or used by a reasonably prudent owner and/or operator of assets similar to such Asset(s) and located in the same geographic area as such Asset(s), as applicable.

(kkk) "Working Interest" means, with respect to any AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit, as applicable)) or Well (as to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation at which it produced), the interest (expressed as a percentage or a decimal) that is burdened with the obligation to bear and pay costs and expenses of maintenance, development and operations for, on or in connection with such AV Unit (solely with respect to the Target Interval and expect as otherwise expressly set forth in Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit, as applicable), or Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced), in each case, without regard to the effect of any Royalties.

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

(a) the Excluded Records;

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

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

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

(e) except to the extent subject to an upward adjustment to the Purchase Price, all Hydrocarbons produced and sold from the Assets with respect to all periods prior to the Effective Date;

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

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

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

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

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

(k) subject to Section 9.5, any and all claims for refunds of, credits attributable to, loss carryforwards with respect to, or similar Tax assets relating to (i) Asset Taxes allocable to Seller under Section 9.1(a), (ii) Income Taxes of Seller or its Affiliates, (iii) Taxes attributable to the Excluded Assets, and (iv) any other Taxes relating to the ownership or operation of the Assets that are attributable to any Tax period (or portion of any Straddle Period) ending prior to the Effective Date (other than, in each case, to the extent such Taxes are economically borne by Purchaser; provided, that, for the avoidance of doubt, Purchaser shall not be treated as economically bearing any such Taxes to the extent that such Taxes are effectively borne by Seller as a result of (A) an indemnification payment made by Seller to Purchaser pursuant to Section 11.3(b), (B) the adjustments to the Purchase Price pursuant to Section 2.3 or Section 8.4, as applicable, (C) any payments made from one Party to the other in respect of Asset Taxes pursuant to Section 9.1(c), or (D) any payments made by Seller to Purchaser under Section 9.2 in respect of Asset Taxes that are allocable to Seller pursuant to Section 9.1(a));

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

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

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

(o) whether or not relating to the Assets, any master service agreements, drilling contracts, or similar service contracts (other than those master services agreements or similar service contracts that are listed on Schedule 1.2(c)(iv));

(p) any assets described in Section 1.2(c)(iv), Section 1.2(c)(vii) and Section 1.2(c)(ix) that are not assignable;

(q) any and all Hedges;

(r) Seller's vehicles;

(s) those certain surface fee estates described on Schedule 1.3 ("Surface Fee Estates"); and

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

ARTICLE 2
PURCHASE PRICE

2.1 Purchase Price.

(a) Subject to the terms and conditions set forth in this Agreement, the total purchase price to be paid for the Assets shall consist of 3,575,000 shares of Purchaser Stock (the "Stock Consideration"). As used herein, "Unadjusted Purchase Price" means an amount equal to the product of (i) the Stock Consideration, *multiplied by* (ii) the Per Share Value. The Stock Consideration and Unadjusted Purchase Price shall be adjusted pursuant to Section 2.1(c), Section 2.3 and Section 2.6.

(b) Not later than one (1) Business Day following the Execution Date, Purchaser will deliver or cause to be delivered to Equiniti Trust Company, LLC (the "Escrow Agent"), the Stock Deposit, to be held by the Escrow Agent (such amount, the "Deposit" and such account the "Deposit Escrow") to be held and disbursed in accordance with the terms of this Agreement and an escrow agreement dated as of the Execution Date among Seller, Purchaser, and Escrow Agent (the "Escrow Agreement").

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

(d) Seller may, at its sole discretion, direct Purchaser to issue the shares of Purchaser Stock constituting the Stock Consideration to one or more of Seller's direct or indirect equityholders or their designated Affiliates as its designee(s), by providing written notice of such direction to Purchaser not less than three (3) Business Days in advance of the Closing Date, subject to any such designee providing any documentation reasonably requested by Purchaser (which documentation shall include representations of such designee to the effect set forth in Section 4.24). Each such designee may elect to execute and deliver a countersignature to the Registration Rights Agreement (as applicable) in order for such designee to be named as a selling stockholder in, and to have such designee's shares of Purchaser Stock included in, the initial resale shelf registration statement to be filed by Purchaser pursuant to the Registration Rights Agreement.

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

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

(a) decreased in accordance with Section 3.8;

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

(c) with respect to production, pipeline, storage, processing, or other imbalances or overlifts, (i) decreased (for amounts owed by Seller or any of its Affiliates to any third Person as of the Effective Date) or (ii) increased (for amounts owed by any third Person to Seller or any of its Affiliates as of the Effective Date), as applicable, (A) by an amount equal to the amount of such imbalances, multiplied by the Contract price for oil, gas, or other Hydrocarbons, as applicable (in each case, net of any (x) Royalties; (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses (other than Taxes) paid or that would be payable in connection with sales of oil, gas, or other Hydrocarbons) or (B) if there is no applicable Contract, by an amount agreed to in writing by the Parties;

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

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

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

(i) decreased by an amount equal to the aggregate amount of the following proceeds and/or revenues received by Seller or any of its Affiliates during the period from and including the Effective Date through but excluding the Cut-Off Date:

(A) amounts earned from the sale of Hydrocarbons produced from, or attributable or allocable to, the Properties from and after the Effective Date (net of any (x) Royalties and (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid by or behalf of Seller in connection with sales of oil, gas, or other Hydrocarbons that are not included as Property Costs under Section 2.3(f)(ii); excluding the effects of any Hedges); and

(B) other income earned with respect to the Assets from and after the Effective Date (excluding the effects of, or any proceeds from, any Hedges, which, for the avoidance of doubt and notwithstanding anything to the contrary, shall be for Seller's sole benefit if realized prior to Closing without any adjustment to the Purchase Price hereunder);

(ii) increased by an amount equal to the Overhead Costs for the period between the Effective Date and the Closing Date; and

(iii) increased by an amount equal to the amount of all Property Costs which are incurred by Seller in the ownership and operation of the Assets from and after the Effective Date and paid to Third Parties or that are otherwise economically borne by or on behalf of Seller or any of its Affiliates on or prior to the Cut-Off Date, except, in each case, any costs already deducted in the determination of proceeds in Section 2.3(f)(i) and provided, however, that any adjustment in respect of the New Lease Expenses in this subpart (f)(iii) shall be capped at the amount of New Lease Expenses set forth on Exhibit A-7;

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

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

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

(j) to the extent Purchaser has not previously reimbursed Seller for such amounts, increased by the amount of fees, costs and expenses that Purchaser is required to reimburse Seller for under Section 6.12; and

(k) increased or decreased by any other amount agreed to by the Parties in writing.

2.4 Certain Ordinary-Course Costs and Revenues.

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

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

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

(b) Purchaser shall be entitled to all amounts earned from the sale, during the period from and after the Effective Date of Hydrocarbons produced from, or attributable or allocable to, the Properties and after the Cut-Off Date the amounts described in Section 2.4(a)(i); and to all other income earned with respect to the Assets from and after the Effective Date, and shall be responsible for (and entitled to any refunds and indemnities with respect to) all Property Costs incurred from and after the Effective Date and after the Cut-Off Date the amounts described in Section 2.4(a)(i).

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

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

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

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

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

2.5 Procedures.

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

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

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

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

2.6 Adjustments to Stock Consideration. Any adjustments to the Unadjusted Purchase Price made in accordance with Section 2.1(c) or Section 2.3 shall also be subject to this Section 2.6. Should the net adjustments determined by such Sections cause the Unadjusted Purchase Price to be adjusted (a) at Closing, then the quantum of Stock Consideration shall be reduced or increased by an amount of shares of Purchaser Stock equal to (i) the net dollar amount of such downward or upward adjustment, *divided by* (ii) the Per Share Value (*provided* that if the net adjustments to the Purchase Price at Closing are positive, then, Purchaser shall settle such upward adjustment in cash pursuant to Section 8.4), and (b) after Closing, then the applicable adjustment shall be settled (x) using shares of Purchaser Stock in the Defect Escrow (with respect to adjustments relating to Disputed Matters and Cure Target Title Defects), and (y) in cash or in Purchaser Stock (in accordance with the formula provided in clause (a)(i) of this Section 2.6) at the option of the owing Party.

2.7 Withholding. Purchaser and any other applicable withholding agent shall be entitled to deduct and withhold from any consideration otherwise payable or deliverable under this Agreement to Seller such amounts as may be required to be deducted or withheld therefrom under the Code or any other applicable Law; provided, that Purchaser or such other applicable withholding agent will, (a) notify Seller of any anticipated withholding no later than five (5) Business Days prior to the day on which the applicable consideration is payable or deliverable to Seller, (b) consult with Seller in good faith to determine whether such deduction and withholding is required under applicable Tax Law, (c) reasonably cooperate with Seller to minimize the amount of any applicable withholding, (d) be entitled to sell shares of stock that are deducted or withheld in order to satisfy the applicable withholding requirement, and (e) timely remit such withheld amounts to the applicable Governmental Authority. To the extent such withheld amounts are remitted to the applicable Governmental Authority, such amounts shall be treated for all purposes of this Agreement as having been paid to Seller.

ARTICLE 3
TITLE AND ENVIRONMENTAL MATTERS

3.1 Purchaser's Title Review.

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

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

(c) The Assignment and Bill of Sale to be executed and delivered by the Parties at Closing (the "Assignment and Bill of Sale") shall be in the form attached hereto as Exhibit B-1, and shall contain a special warranty of Defensible Title to the Properties by, through or under Seller and its Affiliates, but not otherwise, subject to the Permitted Encumbrances. The Mineral Deed to be executed and delivered by the Parties at Closing (the "Mineral Deed") shall be in the form attached hereto as Exhibit B-2, and shall contain a special warranty of title to the applicable Fee Minerals by, through or under Seller and its Affiliates, but not otherwise, subject to the Permitted Encumbrances. Purchaser shall be deemed to have waived all breaches of Seller's special warranty of Defensible Title set forth in the Assignment and Bill of Sale or special warranty of title in the Mineral Deed for which Purchaser has not furnished to Seller a valid defect claim notice that substantially satisfies the requirements set forth in Sections 3.6(a)(i) through 3.6(a)(v) on or before the date that is thirty-six (36) Months after Closing. Purchaser shall not be entitled to protection under Seller's special warranty of Defensible Title in the Assignment and Bill of Sale or special warranty of title in the Mineral Deed against any Title Defect reported by Purchaser to Seller in a Title Defect Claim Notice delivered by Purchaser pursuant to Section 3.6(a) prior to the Defect Claim Date. If Purchaser provides written notice of a breach of the special warranty of Defensible Title set forth in any Assignment and Bill of Sale or special warranty of title in the Mineral Deed to Seller, Seller shall have a reasonable opportunity to cure such breach (at Seller's sole cost and expense) for a period not to exceed ninety (90) days following Seller's receipt of such notice. In any event, the recovery on a breach of Seller's special warranty of Defensible Title under the Assignment and Bill of Sale or special warranty of title in the Mineral Deed (excluding any recovery attributable to such breaches that result from security interests, deeds of trust, mortgages, pledges or similar interests granted by Seller) shall not exceed the Allocated Value of the affected Asset; provided, however, that, notwithstanding anything herein to the contrary and for the avoidance of doubt, no claim asserted by Purchaser in respect of a breach of Seller's Special Warranty of Defensible Title under the Assignment and Bill of Sale or special warranty of title in the Mineral Deed shall be subject to the limitations set forth in Sections 3.9(a)(vii)(A) or 3.9(a)(vii)(C).

3.2 Definition of Defensible Title.

(a) As used in this Agreement, the term "Defensible Title" means that record title (including title evidenced by unrecorded written instruments that are awaiting recording with the applicable Governmental Authority if (x) such unrecorded written instruments are identified on Schedule 3.2(a) as of the Execution Date, (y) each Property that is affected by or related to each such unrecorded written instrument is identified on Schedule 3.2(a) as of the Execution Date and (z) Seller has made available to Purchaser reasonable evidence of the proper filing of each such unrecorded written instrument for recording with the applicable Governmental Authority) or beneficial title (solely in the case of contractual interests held pursuant to any applicable joint operating agreement, unit agreement or similar agreement) of Seller in and to the AV Units (with respect to the Target Interval unless otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to a particular AV Unit) and Wells (with respect to those formations in which a particular Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) shown on Schedule 2.2 or Exhibit A-2, as applicable, which, as of the Effective Date, the Defect Claim Date and the Closing Date, and subject to and except for Permitted Encumbrances:

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

(ii) with respect to each Well set forth on Exhibit A-2 and AV Unit set forth on Schedule 2.2, obligates Seller to bear a Working Interest for such Well or AV Unit, as applicable, that is not greater than the Working Interest set forth in Exhibit A-2 for such Well or set forth on Schedule 2.2 for such AV Unit, in each case, without increase throughout the productive life of such Well or AV Unit, except (A) increases resulting from contribution requirements with respect to defaulting or non-consenting co-owners under applicable operating agreements or applicable Law, (B) increases resulting from the establishment or amendment, after the Execution Date, of pools or units (if, and solely to the extent, such establishment or amendment thereof is otherwise permissible under and conducted in compliance with the terms of this Agreement), (C) increases that are accompanied by at least a proportionate increase in Seller's (or its successor's or assign's) Net Revenue Interest for such Well or AV Unit, and (D) as otherwise expressly stated in Exhibit A-1, Exhibit A-2, Exhibit A-3 or Schedule 2.2;

(iii) with respect to each AV Unit set forth on Schedule 2.2, entitles Seller to not less than the Net Revenue Interest set forth in Schedule 2.2 for such AV Unit, except for (1) decreases in connection with those operations in which Seller may elect after the Execution Date to be a non-consenting co-owner (if, and solely to the extent, such election is otherwise permissible under and made in compliance with the terms of the Agreement), (2) decreases resulting from reversion of interests to co-owners with respect to operations in which such co-owners elect, after the Execution Date, not to consent, (3) decreases resulting from the establishment or amendment, after the Execution Date, of pools or units (if, and solely to the extent, such establishment or amendment thereof is otherwise permissible under and made in compliance with the terms of this Agreement), (4) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under deliveries, and (5) as otherwise expressly stated in Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit; and

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

(b) As used in this Agreement, the term "Title Defect" means any lien, charge, encumbrance, obligation, defect or other matter, including a discrepancy in Net Revenue Interest or Working Interest, that causes or results in Seller's title to any AV Unit or Well identified or described on Schedule 2.2 or Exhibit A-2, as applicable, to be less than Defensible Title.

(c) As used in this Agreement, the term "Title Benefit" means any right, circumstance, or condition that operates to (i) increase the Net Revenue Interest of Seller as of the Effective Date, Defect Claim Date and Closing Date in any AV Unit (solely as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit, as applicable)) or Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) above that shown for such AV Unit or Well on Schedule 2.2 or Exhibit A-2, as applicable, or (ii) decrease the Working Interest of Seller as of the Effective Date, Defect Claim Date and Closing Date in any Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) below that shown for such Well on Exhibit A-2 with no decrease in the Net Revenue Interest for such Well, as applicable.

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

(a) all Royalties to the extent that they do not, and would not be reasonably likely to, individually or in the aggregate, reduce Seller's Net Revenue Interest ownership in any Property below that shown in Schedule 2.2 (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to a particular AV Unit, as applicable) or Exhibit A-2 (solely with respect to those formations in which a particular Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced), as applicable, for such Property or increase Seller's Working Interest in any Property above that shown in Exhibit A-2 for such Well (solely with respect to those formations in which a particular Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) or Schedule 2.2 for such AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to a particular AV Unit, as applicable), in each case, without a corresponding increase in the Net Revenue Interest thereof;

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

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

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

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

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

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

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

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

(j) to the extent not yet triggered, conventional rights of reassignment arising upon the expiration or final intention to abandon or release any of the Assets;

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

(l) rights of a common owner of any interest in Rights of Way held by Seller, to the extent that the same do not result in or constitute an Unapproved Exception or as would otherwise be used, owned, and/or operated by a reasonably prudent owner and/or operator of oil and gas assets similar to such Assets and located in the same geographic area as such Asset(s);

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

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

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

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

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

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

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

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

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

(v) any depth severances with respect to any AV Unit that do not (i) affect the Target Interval (except to the extent any such depth severance is otherwise specifically set forth and identified on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit) and/or (ii) individually or in the aggregate, result in or constitute an Unapproved Exception;

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

(x) maintenance of uniform interest provisions (i) contained in any Contract to the extent compliance with such provisions has been waived in writing by the parties to such Contract, or (ii) contained in any Lease to the extent the applicable lessor has waived compliance with such provisions in writing or breach of such provisions will not result in a suspension of material rights under such Lease, the right of the lessor to terminate such Lease or the termination of such Lease;

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

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

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

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

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

(dd) any defect arising from (i) any Lease having no pooling provision, or an inadequate horizontal pooling provision, (ii) the absence of any lease amendment or consent by any royalty interest or mineral interest holder authorizing the pooling of any Lease or (iii) the failure of Exhibit A-1, Exhibit A-2, Exhibit A-3 or Schedule 2.2 to reflect any Lease where the owner thereof was treated as a non-participating co-tenant during the drilling of any Well, except, in each case, to the extent Seller or any of its Affiliates has received written notice from any Person alleging or asserting an adverse claim or demand of any kind that is based upon or related to any of the foregoing matters;

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

(ff) defects arising solely from a discrepancy between the deeded and surveyed acreage with respect to any Lease;

(gg) the terms and conditions of this Agreement;

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

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

3.4 Environmental Assessment; Environmental Defects.

(a) From and after the Execution Date, and subject to the terms of Sections 6.1 and 6.5 and this Section 3.4, Purchaser shall have the right to conduct, or cause Sport Environmental, (the "Environmental Consultant"), to conduct, an inspection of the environmental condition and compliance status of the Assets, including with respect to the operations, use, maintenance and development thereof (the "Environmental Review"), which may include conducting a Phase I Environmental Site Assessment in accordance with the American Society for Testing and Materials (A.S.T.M.) Standard Practice Environmental Site Assessments: Phase I Environmental Site Assessment Process (Publication Designation: E1527-21 or E2247-16) ("Phase I"). With respect to any Assets that are operated by a Third Party, Seller shall use commercially reasonable efforts to obtain permission from such Third Party operator of such Asset(s) for Purchaser and/or the Environmental Consultant to conduct the Environmental Review with respect to such Asset(s); provided, however, that Seller shall have no liability to Purchaser for failure to obtain such Third Party operator's permission so long as Seller has used its commercially reasonable efforts to obtain permission from the applicable Third Party operator of such Asset(s) for Purchaser and/or the Environmental Consultant to conduct the Environmental Review with respect to such Asset(s) (and, for purposes of clarity, Seller shall not be required to make any payments or undertake any obligations for the benefit of any Third Party with respect to such access to such non-operated Assets). Purchaser shall provide Seller with a minimum of twenty-four (24) hours' advance written notice of its proposed environmental assessment activities prior to entering the Asset(s) to be assessed. Seller shall have the right to have one or more Representatives accompany Purchaser and the Environmental Consultant at all times during the Environmental Review. The Environmental Review shall not include any sampling, boring, operation of Equipment, or other invasive activity (each, an "Invasive Activity") without (x) with respect to any Invasive Activity proposed to be conducted on or with respect to any Assets that are operated by Seller or any of its Affiliates, the prior written consent of Seller (which consent can be withheld in Seller's sole discretion for any reason or no reason), or (y) with respect to any Invasive Activity proposed to be conducted on or with respect to any Assets that are not operated by Seller or any of its Affiliates, the prior written consent of Seller and the applicable Third Party operator; provided, however, that in the event that (A) Purchaser determines in good faith that any Phase I conducted by Purchaser or any Environmental Consultant identifies the existence of any actual or potential "recognized environmental condition" (or any other fact, condition or circumstance that, individually or in the aggregate, would reasonably be expected to give rise to or otherwise indicate the potential existence of an Environmental Defect) with respect to any of the Assets and concludes or recommends that conducting any Invasive Activity(ies) with respect to the affected Asset(s) is reasonably necessary in order for Purchaser or the Environmental Consultant to determine the nature, scope and/or extent of such identified actual or potential "recognized environmental condition" (or any other fact, condition or circumstance that, individually or in the aggregate, would reasonably be expected to give rise to or otherwise indicate the potential existence of an Environmental Defect) and/or the Environmental Defect Amount thereof and (B) Seller (or, if applicable, the applicable Third Party operator of the affected Asset(s)) fails to grant its consent (which consent can be withheld in either Seller's or the applicable Third Party operator's sole discretion for any reason or no reason) to such Invasive Activity(ies) within five (5) days of its receipt of Purchaser's request therefor, then Purchaser shall have the right (in its sole discretion) to elect in writing to exclude the affected Asset(s) from the transactions contemplated by this Agreement and, in such event, (1) the Unadjusted Purchase Price shall be reduced by the Allocated Value, if any, of such affected Asset(s), (2) such affected Asset(s) shall be deemed to be excluded from the definition of "Assets" and from the applicable exhibits attached hereto, (3) Purchaser shall have no obligations or liabilities of any kind with respect to such excluded affected Assets and (4) such affected Assets(s) shall thereafter be deemed to constitute Excluded Assets for all purposes of this Agreement. In performing its Environmental Review, Purchaser shall (and shall cause the Environmental Consultant and Purchaser's other Representatives to): (I) perform all work in a safe and workmanlike manner; (II) perform all work in such a way as to not unnecessarily and unreasonably interfere with the operation of any Property or the business of Seller; (III) materially comply with all applicable Laws; and (IV) at its sole cost, risk, and expense, with respect to any physical damages or disturbances caused by the Environmental Review, repair any disturbances or damages to the Properties caused by the Environmental Review.

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

(c) Purchaser acknowledges that the Assets have been used for the exploration, development, and production of Hydrocarbons and that there may be petroleum, produced water, wastes, or other substances or materials located in, on, or under the Properties or associated with the Assets. Equipment and sites included in the Assets may contain hazardous materials, including asbestos and naturally occurring radioactive material ("NORM"). NORM may affix or attach itself to the inside of wells, materials, and equipment as scale, or in other forms. The wells, materials, and equipment located on the Properties or included in the Assets may contain hazardous materials, including asbestos and NORM. Hazardous materials, including asbestos and NORM, may have come into contact with various environmental media, including water, soils, or sediment. **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR ANY OTHER TRANSACTION AGREEMENT, SELLER DOES NOT MAKE, SELLER EXPRESSLY DISCLAIMS, AND PURCHASER WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRESENCE OR ABSENCE OF ASBESTOS OR NORM IN OR ON THE ASSETS IN QUANTITIES TYPICAL FOR OILFIELD OPERATIONS IN THE AREAS WHERE THE ASSETS ARE LOCATED. AS OF CLOSING, PROVIDED SELLER HAS SUBSTANTIALLY COMPLIED WITH ITS ACCESS RELATED OBLIGATIONS CONTAINED IN THIS AGREEMENT PURCHASER SHALL HAVE INSPECTED AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED ITS RIGHT TO INSPECT THE ASSETS FOR ALL PURPOSES, AND SHALL BE DEEMED TO HAVE SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING CONDITIONS SPECIFICALLY RELATING TO THE PRESENCE, RELEASE, OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS, OTHER MAN-MADE FIBERS, AND NORM. PURCHASER IS RELYING SOLELY UPON THE TERMS OF THIS AGREEMENT AND ITS OWN INSPECTION OF THE ASSETS.**

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

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

(a) To assert a claim for a Title Defect, Purchaser must deliver a defect claim notice or notices (each, a "Title Defect Claim Notice") to Seller on or before 5:00 p.m. local time in Houston, Texas, on October 24, 2023 (the "Defect Claim Date"). Each such Title Defect Claim Notice shall be in writing and shall include:

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

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

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

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

(v) Purchaser's good faith estimate of the Title Defect Amount attributable to such alleged Title Defect and the computations and information upon which Purchaser's estimate is based; provided, in the case that only a portion of a Property is affected by the alleged Title Defect, Purchaser's good faith estimate of the Title Defect Amount shall reflect only the portion of such Property so affected using the corresponding portion of the Allocated Value for such Property.

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

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

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

(i) a description of the alleged Title Benefit;

(ii) the Property(ies) affected thereby;

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

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

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

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

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

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

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

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

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

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

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

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

(d) Purchaser agrees to use commercially reasonable efforts to provide Seller, on or before the end of each calendar week prior to the Defect Claim Date, written notice of all alleged Title Defects and alleged Environmental Defects (as well as any claims that would be claims under the special warranty of Defensible Title under the Assignment and Bill of Sale or special warranty of title in the Mineral Deed) discovered by Purchaser during such calendar week, which notice may be preliminary in nature and may be amended, supplemented, replaced and/or withdrawn (in-whole or in-part), in Purchaser's discretion, at any time on or prior to the Defect Claim Date and provided that, notwithstanding anything to the contrary herein, any failure of Purchaser to provide any such preliminary notice to Seller shall not be deemed or construed to waive, limit, restrict or otherwise prejudice Purchaser's right to assert any Title Defect or Environmental Defect at any time on or prior to the Defect Claim Date. In addition, Purchaser shall be entitled, at is discretion at any time prior to Closing, to withdraw, in whole or in part, any Title Defect Claim Notice and/or Environmental Defect Claim Notice and any Title Defect and/or Environmental Defect alleged thereunder that has previously been submitted by Purchaser.

3.7 Cure.

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

(b) Subject to, and without limitation of, the Parties' respective rights under Section 3.10 with respect to any Disputed Matter, including, for purposes of clarity, the determination by the Title Arbitrator or Environmental Arbitrator, as applicable, of the existence of and/or the Title Defect Amount or Environmental Defect Amount with respect to, as applicable, any Cure Target Defect that constitutes a Disputed Matter, to the extent any Cure Target Defect is not cured and/or remediated to Purchaser's reasonable satisfaction by Seller on or before the applicable Cure Date, the adjustment required under Section 3.7(e) with respect thereto shall be made pursuant to Section 8.4(a) or Section 8.4(b), as applicable.

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

(d) Seller shall have the right to exclude any Environmental Defect Asset that constitutes a Lease or Well from this Agreement by delivery of written notice to Purchaser of the exercise of such right no later than three (3) Business Days prior to the Target Closing Date if Purchaser's good faith estimate of the Environmental Defect Amount(s) for such Environmental Defect Asset(s), as set forth in the applicable Environmental Defect Claim Notice, in each case, equals or exceeds (i) one hundred percent (100%) of the Allocated Value of the applicable Environmental Defect Asset (if the applicable Environmental Defect Asset has an Allocated Value) or (ii) $75,000 if the applicable Environmental Defect Asset does not have an Allocated Value, and, in either such case, (x) the Closing Payment shall be reduced by the Allocated Value of the applicable Environmental Defect Asset (if any), (y) the Closing Consideration shall be reduced by a number of shares of Purchaser Stock equal to the applicable Allocated Value, *divided by* the Per Share Value, and (z) such applicable Environmental Defect Asset shall be deemed deleted from the Exhibits and Schedules hereto and constitute an "Excluded Asset" for all purposes of this Agreement; provided, however, that, notwithstanding the foregoing, Seller shall have no right to exclude any such Environmental Defect Asset if, and only if, (A) Purchaser determines in good faith that the exclusion of such Environmental Defect Asset would materially and adversely affect Purchaser's ownership, operation and/or use of any other Asset (or any group of Assets) in any material respect following Closing and (B) the aggregate downward adjustment to the Purchase Price associated with all Environmental Defect Asset(s) addressed in subpart (A) of this Section 3.7(d) (for the avoidance of doubt, if such Environmental Defect Asset(s) were not excluded from this Agreement) would be less than One Million Dollars ($1,000,000), in which case such Environmental Defect Asset(s) will be conveyed to Purchaser at Closing in accordance with the terms of this Agreement. If, following Closing but prior to the Title Cure Date, Seller is able to cure or remove, to the reasonable satisfaction of Purchaser, all Environmental Defects with respect to any Environmental Defect Asset that was excluded from Closing pursuant to this Section 3.7(d), then, prior to the date of the final adjustment to the Unadjusted Purchase Price under Section 8.4(b) or Section 8.4(c), as applicable, (A) Seller shall, promptly after such Environmental Defects are cured or removed from an Environmental Defect Asset, convey the applicable Environmental Defect Asset to Purchaser, (B) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Environmental Defect Asset at such delayed Closing; (C) Purchaser shall, simultaneously with the conveyance of the applicable Environmental Defect Asset, pay the amount of any previous deduction from the Unadjusted Purchase Price (subject to all other applicable adjustments with respect to such Environmental Defect Asset under this Agreement) on account of such Environmental Defect Asset pursuant to this Section 3.7(d) to Seller in cash or in Purchaser Stock (at the Per Share Value), and (D) such Environmental Defect Asset shall no longer be deemed to be an Excluded Asset for any purposes hereunder.

(e) Seller shall have the right to exclude any Title Defect Property that constitutes a Lease or Well from this Agreement by delivery of written notice to Purchaser of the exercise of such right no later than three (3) Business Days prior to the Target Closing Date if Purchaser's good faith estimate of the Title Defect Amount(s) for such Title Defect Property(ies), as set forth in the applicable Title Defect Claim Notice equals or exceeds seventy-five percent (75%) of the Allocated Value of the applicable Title Defect Property, and, in such case, (x) the Closing Payment shall be reduced by the Allocated Value of the applicable Title Defect Property, (y) the Closing Consideration shall be reduced by a number of shares of Purchaser Stock equal to the applicable Allocated Value, *divided by* the Per Share Value, and (z) such applicable Title Defect Property shall be deemed deleted from the Exhibits and Schedules hereto and constitute an "Excluded Asset" for all purposes of this Agreement. If, following Closing but prior to the Title Cure Date, Seller is able to cure or remove, to the reasonable satisfaction of Purchaser, all Title Defects with respect to any Title Defect Property that was excluded from Closing pursuant to this Section 3.7(e), then, prior to the date of the final adjustment to the Unadjusted Purchase Price under Section 8.4(b) or Section 8.4(c), as applicable, (A) Seller shall, promptly after such Title Defects are cured or removed from a Title Defect Property, convey the applicable Title Defect Property to Purchaser, (B) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Title Defect Property at such delayed Closing; (C) Purchaser shall, simultaneously with the conveyance of the applicable Title Defect Property, pay the amount of any previous deduction from the Unadjusted Purchase Price (subject to all other applicable adjustments with respect to such Title Defect Property under this Agreement) on account of such Title Defect Property pursuant to this Section 3.7(e) to Seller in cash or in Purchaser Stock (at the Per Share Value), and (D) such Title Defect Property shall no longer be deemed to be an Excluded Asset for any purposes hereunder.

3.8 Adjustment for Title Defects and Benefits and Environmental Defects.

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

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

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

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

(e) At Closing, an amount equal to the sum of all Title Defect Amounts and Environmental Defect Amounts (as asserted in good faith by Purchaser in the applicable Title Defect Claim Notices and Environmental Defect Claim Notices provided in accordance with Sections 3.6(a) and/or 3.6(c), as applicable) related to (i) any Cure Target Title Defects which Seller elects to attempt to cure prior to the Title Cure Date in accordance with Section 3.7(a) or (ii) which are Disputed Matters (such aggregate amount, solely to the extent exceeding the Aggregate Deductible, the "Defect Escrow Amount"), shall be deducted from the Stock Consideration to be issued to Seller at Closing as provided in Section 8.4(a); *provided*, that such Title Defect Amounts and Environmental Defect Amounts shall solely be deducted from such Stock Consideration to the extent such amounts exceed the Aggregate Deductible. At the Closing, Purchaser shall deposit an amount of shares of Purchaser Stock with the Escrow Agent equal to the Defect Escrow Amount *divided by* the Per Share Value (the "Defect Escrow Shares" and such account the "Defect Escrow"), to be governed by the Escrow Agreement. For the avoidance of doubt, no partial shares of Purchaser Stock shall be deposited into the Defect Escrow, and the applicable Defect Escrow Amount shall be rounded up or down (as appropriate) to result in a whole number of Defect Escrow Shares based on the Per Share Value. The Defect Escrow Shares shall be held and disbursed in accordance with the terms of this Article 3 and the Escrow Agreement pending the curing and/or resolution, as applicable, of the applicable Cure Target Title Defects and/or the applicable Disputed Matters in accordance with the applicable terms of this Article 3. For the avoidance of doubt, the Defect Escrow and Defect Escrow Shares shall each be independent of and separate from the Deposit Escrow and Stock Deposit (and, if Closing occurs, the Stock Deposit will be retained by the Escrow Agent and converted into the Indemnity Holdback Escrow in accordance with Section 8.5 herein).

(f) After Closing, the Purchase Price shall be adjusted for (i) any Cure Target Title Defects which (A) Seller elects to attempt to cure prior to the Title Cure Date pursuant to Section 3.7(a) or (B) are Disputed Matters and (ii) any Environmental Defects or Title Benefits which are Disputed Matters, in each case, to the extent the Title Defect Amounts, Title Benefit Amounts and Environmental Defect Amounts for such Title Defects, Title Benefits and Environmental Defects are included in the Defect Escrow Amount, as provided in this Section 3.8(f). Within two (2) Business Days following the cure of any Cure Target Title Defect, Seller and Purchaser shall deliver a joint written instruction to the Escrow Agent instructing the Escrow Agent to release a portion of the Defect Escrow Shares to Seller in respect of such cured Title Defect. Within ten (10) Business Days after the later to occur of (x) the Title Cure Date and (y) the final date of determination of all Disputed Matters submitted to a Title Arbitrator or Environmental Arbitrator pursuant to Section 3.10, as applicable, and after consideration of all other adjustments previously made to the Unadjusted Purchase Price and after giving effect to all applicable limitations set forth in Section 3.9, the Parties shall execute joint written instructions to the Escrow Agent instructing it to deliver (1) to Seller, to the extent available in the Defect Escrow Amount, a number of the Defect Escrow Shares equal to the amount which Seller is entitled to receive with respect to (a) any Disputed Matters determined in favor of Seller, as determined by the applicable Title Arbitrator or Environmental Arbitrator under Section 3.10(a) and/or Section 3.10(b), as applicable, and (b) any Cure Target Title Defects which Seller elected to attempt to cure prior to the Title Cure Date pursuant to Section 3.7(a) and which are not Disputed Matters after considering the extent such Title Defects have been cured pursuant to Section 3.6(c) to Purchaser's reasonable satisfaction, *divided by* the Per Share Value, and (2) to Purchaser, the balance of the Defect Escrow Shares after making the disbursement to Seller pursuant to clause (1) above. Notwithstanding anything herein to the contrary and for the avoidance of doubt, to the extent that the Parties or the applicable Title Arbitrator or Environmental Arbitrator, as applicable, determine that (x) Purchaser is entitled to an adjustment to the Purchase Price on account of any Cure Target Defects or Disputed Matters or (y) the Seller is not entitled to any portion of the Defect Escrow Amount and Defect Escrow Shares, then, in either case, the Parties shall promptly execute joint written instructions to the Escrow Agent instructing it to deliver such Defect Escrow Shares to Purchaser and Seller shall have no claim to any of such Defect Escrow Shares hereunder.

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

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

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

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

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

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

(iii) [reserved];

(iv) if (x) the Title Defect represents a discrepancy between (A) Seller's aggregate Net Revenue Interest for any AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well and (B) the Net Revenue Interest stated in Schedule 2.2 or Exhibit A-2, as applicable, for such AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well, and (y) there is a proportionate decrease in Seller's Working Interest for such applicable AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well from that set forth in Schedule 2.2 or Exhibit A-2, as applicable, for such AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well, then the Title Defect Amount shall be the product of the Allocated Value of such AV Unit or Well multiplied by a fraction, the numerator of which is the decrease in Seller's aggregate Net Revenue Interest in such AV Unit or Well and the denominator of which is Seller's Net Revenue Interest stated in Schedule 2.2 or Exhibit A-2, as applicable, for such AV Unit or Well; provided, however, that if the Title Defect does not affect such AV Unit or Well throughout its entire productive life, the Title Defect Amount determined under this Section 3.9(a)(iv) shall be reduced to take into account the applicable time period only;

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

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

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

(A) an individual claim for a Title Defect for which a valid Title Defect Claim Notice is given prior to the Defect Claim Date shall only generate an adjustment to the Unadjusted Purchase Price under this Article 3 if the Title Defect Amount with respect thereto exceeds Seventy-Five Thousand Dollars ($75,000) (the "Individual Defect Threshold"); provided, however, that if a specific Title Defect affects more than one Title Defect Property, then the Title Defect Amounts associated with such specific Title Defect may be aggregated by Purchaser for determining whether the Individual Defect Threshold is met with respect to all such Properties affected by such specific Title Defect;

(B) except with respect to Title Defects described in Section 3.9(a)(ii) the aggregate Title Defect Amounts attributable to the effects of all Title Defects upon any given Property shall not exceed the Allocated Value of such Property; and

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

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

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

(ii) [reserved];

(iii) if (x) the Title Benefit represents a discrepancy between (A) the Net Revenue Interest for any AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well and (B) the Net Revenue Interest stated with respect to such AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well, as applicable, in Schedule 2.2 or Exhibit A-2, and (y) there is a proportionate increase in Seller's Working Interest, for such applicable AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well from that set forth in Schedule 2.2 or Exhibit A-2, as applicable, for such AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well, then the Title Benefit Amount shall be the product of the Allocated Value of the affected AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well multiplied by a fraction, the numerator of which is the increase in Seller's aggregate Net Revenue Interest in such AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well and the denominator of which is the Net Revenue Interest stated in Schedule 2.2 or Exhibit A-2 with respect to such AV Unit (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1, Exhibit A-3 or Schedule 2.2 with respect to such AV Unit)) or Well; provided, however, that if the Title Benefit does not affect an AV Unit or Well throughout the entire productive life of thereof, the Title Benefit Amount determined under this Section 3.9(b)(iii) shall be reduced to take into account the applicable time period only;

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

(v) notwithstanding anything to the contrary in this Article 3, an individual claim for a Title Benefit shall only serve to offset the any applicable Title Defect Amounts and/or Environmental Defect Amounts if the Title Benefit Amount with respect thereto exceeds Seventy-Five Thousand Dollars ($75,000) (the "Title Benefit Threshold").

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

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

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

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

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

3.10 Dispute Resolution.

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

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

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

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

3.12 Consent Requirements.

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

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

(c) In cases in which the Asset subject to such a Material Consent requirement is a Property and the Material Consent to the transfer of such Property (or a waiver thereof) is not obtained by Closing, Purchaser shall have the right to elect to exclude the Property subject to such Material Consent and, subject to the remainder of this Section 3.12(c), (i) the affected Property shall not be conveyed to Purchaser at Closing, (ii) the Unadjusted Purchase Price shall be reduced at Closing by the Allocated Value of such Property, and the Closing Consideration shall be appropriately reduced by an amount equal to such Allocated Value, divided by the Per Share Value; (iii) such Property shall be deemed to be deleted from Exhibit A-1, Exhibit A-2 and/or Exhibit A-3 attached hereto, as applicable, and added to Schedule 1.3 attached hereto and (iv) such Property shall constitute an Excluded Asset for all purposes hereunder. The Parties shall continue to use commercially reasonable efforts to obtain the Material Consent so that such Asset can be transferred to Purchaser upon receipt of the Material Consent, and if any such Material Consent requirement with respect to which an adjustment to the Unadjusted Purchase Price is made under Section 2.3(b) is subsequently satisfied (or waived) prior to the date of the final adjustment to the Unadjusted Purchase Price under Section 8.4(b) or Section 8.4(c), as applicable, (A) Seller shall, promptly after such Material Consent requirement is satisfied (or waived), convey the applicable Property to Purchaser, (B) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Property (or portion thereof) at such delayed Closing; (C) Purchaser shall, simultaneously with the conveyance of the applicable Property (or portion thereof), issue to Seller an amount of Purchaser Stock equal to the reduction in the Stock Consideration received at Closing by Seller due to such unobtained Material Consent, in each case, with such valuation and payment or issuance, as applicable, being subject to all other applicable adjustments with respect to such Property (or portion thereof) under this Agreement, and (D) such Property shall no longer be deemed to be (x) deleted from Exhibit A-1, Exhibit A-2 and/or Exhibit A-3 attached hereto, as applicable, (y) added to Schedule 1.3 attached hereto or (z) an Excluded Asset for any purposes hereunder.

(d) Purchase Price adjustments calculated in the same manner as the adjustments in Section 2.3(a) with respect to the affected Property (or portion thereof), if any, shall be calculated from the period from and after the Effective Date to the date of the conveyance, and the net amount of such adjustment, shall be accounted for pursuant to this Section 3.12.

3.13 Preferential Purchase Rights.

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

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

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

(d) In the event that, after Closing, a preferential purchase right with respect to an Asset (or portion thereof) not conveyed to Purchaser at Closing pursuant to Section 3.13(c) is waived in writing or the time for exercise of such right has expired pursuant to its terms without exercise by the holder thereof, (i) Purchaser shall purchase the affected Asset (or portion thereof) on the terms set forth in this Agreement at a delayed closing which shall occur within ten (10) Business Days following the date on which Seller obtains such waiver, or the time period for exercising the applicable preferential right has expired (which date shall, with respect to such Asset, or portion thereof, be considered to be the Closing Date with respect to such Asset (or applicable portion thereof)), (ii) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Asset (or portion thereof) at such delayed Closing; and (iii) Purchaser shall, simultaneously with the conveyance of the applicable Asset (or portion thereof) issue to Seller an amount of Purchaser Stock equal to the reduction in the Stock Consideration received at Closing by Seller due to such preferential purchase right, in each case, with such valuation and payment or issuance, as applicable being subject to all other applicable adjustments with respect to such Property (or portion thereof) under this Agreement, and (iv) such Asset shall no longer be (A) deemed to be deleted from the Exhibits attached hereto, (B) added to Schedule 1.3 attached hereto or (C) an Excluded Asset for any purposes hereunder.

(e) Purchase Price adjustments calculated in the same manner as the adjustments in Section 2.3(a) with respect to the affected Asset (or portion thereof), if any, shall be calculated from the period from and after the Effective Date to the date of the conveyance, and the net amount of such adjustment, if positive, shall be accounted for in pursuant to this Section 3.13.

3.14 Limitations on Applicability. Purchaser's right to allege Title Defects and Environmental Defects pursuant to this Article 3 shall terminate as of the Defect Claim Date and shall have no further force and effect thereafter, provided there shall be no termination of Purchaser's or Seller's rights under Section 3.7(e) with respect to any Environmental Defect, Title Defect or Title Benefit claim properly reported on or before the Defect Claim Date.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

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

4.1 Seller.

(a) Seller is a limited liability company duly organized, validly existing, and in good standing under the Laws of the state of Delaware, and is duly qualified to do business and is in good standing in each jurisdiction in which the Assets are located, with the limited liability company power and authority to conduct its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use.

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

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

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

4.2 Litigation. Except (i) with respect to Tax matters (for which Seller's sole representations and warranties are set forth in Section 4.3) and (ii) as set forth on Schedule 4.2: (a) there are no actions, suits, or proceedings pending, or, to Seller's knowledge, threatened in writing, before any Governmental Authority or arbitrator with respect to the Assets or Seller's ownership, use or operation of the Assets; (b) there are no actions, charges, suits, or proceedings pending, or, to Seller's knowledge, threatened in writing, before any Governmental Authority or arbitrator against Seller or its Affiliates, which are reasonably likely to impair or delay materially Seller's ability to perform its obligations under this Agreement; and (c) none of Seller, its Affiliates or the Assets are subject to any material outstanding judgments, writs, orders, injunctions or decrees issued, made, entered or rendered by any Governmental Authority; provided that Seller makes no representation or warranty in this clause (c) as to any judgments, orders, writs, rules, injunctions or decrees which are, or contain issues, of broad applicability to, or which broadly affect, the Hydrocarbon exploration and production industry.

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

(a) all material Asset Taxes that have become due and payable by Seller (whether or not shown on a Tax Return) or any of its Affiliates have been duly and timely paid, and all Tax Returns required to be filed by Seller or any of its Affiliates with respect to such Asset Taxes have been duly and timely filed and each such Tax Return is true, correct and complete in all material respects;

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

(c) there are no liens on any of the Assets attributable to unpaid Taxes other than Permitted Encumbrances;

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

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

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

(g) other than pursuant to the limited liability company agreement of Riverstone Maple Investor, LLC, which is the entity that Seller is disregarded from for U.S. federal income tax purposes, none of the Assets is subject to any Tax partnership agreement or is otherwise required to be treated as held in an arrangement requiring a partnership income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute.

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

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

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

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

4.8 **Consents and Preferential Purchase Rights**.

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

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

(c) Except (i) for compliance with any applicable requirements of the HSR Act, (ii) for Material Consents and (iii) for consents and approvals of Governmental Authorities that are customarily obtained after Closing, to Seller's knowledge Schedule 4.8(c) sets forth all approvals, consents, ratifications, waivers or other authorizations (including from any Governmental Authority) from, or permits of, or filings with, or notifications to any Person that is required to be obtained, made or complied with for or in connection with the execution or delivery of this Agreement or the consummation of the Transactions (each, a "Consent").

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

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

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

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

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

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

(d) to Seller's knowledge, Seller has defensible title to, or a valid leasehold interest in, all Equipment and other personal property included in the Assets, free and clear of any liens, encumbrances, obligations, or defects except for (i) Permitted Encumbrances and (ii) dispositions, liens, encumbrances, obligations or defects arising between the Execution Date and Closing that are permitted under Section 6.4(a);

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

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

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

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

(b) To Seller's knowledge, as of the Execution Date, the payout balance for each Well that has not reached payout status is reflected in all material respects in Schedule 4.13 as of the respective dates shown thereon.

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

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

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

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

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

(d) Neither Seller nor any of its Affiliates has entered into and the Assets operated by Seller or its Affiliates are not subject to, and to Seller's knowledge, no third-party operator has entered into, and the Assets operated by any third party are not subject to, any agreements, consents, orders, decrees or judgments of any Governmental Authority, that are in existence as of the Execution Date, that are based on any Environmental Laws and that relate to the current or future use, ownership or operation of any of the Assets;

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

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

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

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

4.17 Leases.

(a) Schedule 4.17(a) sets forth the expiration dates of the primary terms for each Lease with a primary term that will expire prior to the Target Closing Date or in the twelve (12) month period immediately following the Target Closing Date;

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

(c) Except as set forth on Schedule 4.17(c), as of the Execution Date, neither Seller nor any Affiliate of Seller has received and, to Seller's knowledge, no third-party operator of the Assets has received, from any other party to any Lease, any unresolved written notice stating (i) a reasonable basis to terminate, forfeit or unilaterally modify such Lease or (ii) that an event has occurred and that such event constitutes (or with notice or lapse of time, or both, would constitute) a material breach under any Lease.

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

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

(f) All Royalties, rentals, lease payments and other payments due and payable by Seller or any of its Affiliates and, to Seller's knowledge, payable by any third party operators of the Assets, to royalty holders, overriding royalty holders and other interest owners under or with respect to any of the Assets and any Hydrocarbons produced therefrom, measured thereby or attributable thereto (including working interest amounts), in all material respects have been properly and timely paid (or constitute Suspense Funds that are identified on Schedule 4.20).

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

4.19 **Insurance**. Schedule 4.19(a) sets forth a true and correct list of all insurance policies maintained by or for the benefit (in each case, directly or indirectly) of Seller or its Affiliates with respect to the Assets as of the Execution Date. All premiums due on such insurance policies have either been paid or, if not yet due, accrued. All such insurance policies (and any replacement policies) are in full force and effect and enforceable in accordance with their terms (other than any termination or lapse of a policy at the end of its term). Neither Seller nor any of its Affiliates has received as of the Execution Date any written notice of cancellation, termination or non-renewal of any insurance policy or refusal of coverage under any insurance policy. Schedule 4.19(b) sets forth as of the Execution Date a list of all pending insurance claims of Seller or its Affiliates or otherwise with respect to the Assets.

4.20 **Suspense Funds**. Schedule 4.20 sets forth a true, complete and accurate list, as of the date set forth on Schedule 4.20, of all Suspense Funds held by Seller or any of its Affiliates that are attributable to the Assets, which includes, to Seller's knowledge, with respect to all such Suspense Funds (a) the amount and value of such Suspense Funds, (b) a description of the source of such funds (including, if applicable, the applicable Property name), (c) the reason such funds are being held in suspense and (d) if known, the name or the names of the Person(s) claiming such funds or to whom such funds are owed. To Seller's Knowledge, as of the Execution Date, no share of Hydrocarbon proceeds attributable to Seller's interest in the Assets to which Seller is entitled is currently being held in suspense by the applicable third-party operator or payor thereof.

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

4.22 **Dedications; Minimum Volume Commitments**.

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

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

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

4.24 Investment Representations.

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

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

(c) Seller acknowledges and understands that (i) the Purchaser and its Affiliates and advisors possess material nonpublic information regarding Purchaser not known to Seller that may impact the value of the Stock Consideration (the "Information"), and (ii) Purchaser is not disclosing the Information to Seller. Seller understands, based on its experience, the disadvantage to which Seller is subject due to the disparity of information between the Purchaser and its advisors, on the one hand, and the Seller, on the other hand. Notwithstanding such disparity, Seller has deemed it appropriate to enter into this Agreement and to consummate the transactions contemplated hereby. Seller agrees that none of Purchaser, its Affiliates and its and their principals, stockholders, partners, employees and agents shall have any liability to Seller, its Affiliates and its and their principals, stockholders, partners, employees, agents, grantors or beneficiaries, whatsoever, due to or in connection with Purchaser's use or non-disclosure of the Information, and Seller hereby irrevocably waives any claim that it might have based on the failure of Purchaser to disclose the Information.

4.25 Limitations.

(a) **SUBJECT TO, AND WITHOUT LIMITATION OF, PURCHASER'S RIGHT TO INDEMNIFICATION PURSUANT TO ARTICLE 11, THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN THIS ARTICLE 4, THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.2(e) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN THIS ARTICLE 4, THE SPECIAL WARRANTY OF TITLE IN THE ASSIGNMENT AND BILL OF SALE, THE SPECIAL WARRANTY OF TITLE IN THE MINERAL DEED AND THE TERMS AND PROVISIONS OF THE OTHER TRANSACTION AGREEMENTS, (I) SELLER MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND (II) SELLER EXPRESSLY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT, OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO PURCHASER OR ANY OF ITS AFFILIATES, EMPLOYEES, AGENTS, CONSULTANTS, OR OTHER REPRESENTATIVES (INCLUDING ANY OPINION, INFORMATION, PROJECTION, OR ADVICE THAT MAY HAVE BEEN PROVIDED TO PURCHASER BY ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT, CONSULTANT, ADVISOR OR OTHER REPRESENTATIVE OF SELLER OR ANY MEMBER OF SELLER GROUP).**

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

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

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

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

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

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

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

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

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

5.6 **Valid Issuance**.

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

(b) Assuming the accuracy of Seller's representations and warranties set forth in Article 4, no registration under the Securities Act is required for the offer and sale of the Stock Consideration by the Purchaser to Seller in the manner contemplated by this Agreement.

(c) Neither the Purchaser nor any Person acting on its behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D of the Securities Act) in connection with any offer or sale of the Stock Consideration.

(d) None of the Purchaser, its subsidiaries or any of their Affiliates, nor any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance of any of the Stock Consideration under the Securities Act, whether through integration with prior offerings pursuant to Rule 502(a) of the Securities Act or otherwise.

5.7 **Capitalization**. Except as set forth on Schedule 5.7:

(a) As of the Execution Date, the authorized capital stock of Purchaser consists solely of (i) 40,000,000 shares of Purchaser Stock, of which 18,590,894 shares are issued and outstanding, and (ii) 50,000,000 shares of preferred stock, $0.01 par value per share, of which zero shares are issued and outstanding.

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

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

(d) Except as set forth in the SEC Documents filed prior to the Execution Date, there are no agreements, arrangements or rights of any kind relating to the voting of or requiring the registration of any Purchaser Stock.

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

5.8 SEC Documents, Financial Statements, No Liabilities.

(a) Purchaser has timely filed or furnished with the SEC all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it since December 31, 2022 under the Securities Act or the Exchange Act (all such documents collectively, the "SEC Documents"). The SEC Documents, including any audited or unaudited financial statements and any notes thereto or schedules included therein (the "Financial Statements"), at the time filed or furnished (except to the extent corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the Execution Date) (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein (in light of the circumstances under which they were made) not misleading, (ii) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as applicable, (iii) complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, (iv) in the case of the Financial Statements, were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or the omission of notes to the extent permitted by Regulation S-K or, in the case of unaudited statements, as permitted by Form 10-Q of the SEC and subject, in the case of interim financial statements, to normal year-end adjustments), (v) in the case of the Financial Statements, fairly present in all material respects the consolidated financial condition, results of operations, and cash flow of Purchaser as of the dates and for the periods indicated thereon, and (vi) in the case of the Financial Statements, have been prepared in a manner consistent with the books and records of Purchaser and its subsidiaries. Since December 31, 2022, Purchaser has not made any change in the accounting practices or policies applied in the preparation of its financial statements, except as required by GAAP, SEC rule or policy or applicable Law (and except to the extent any such financial statements have been corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the Execution Date). The books and records of Purchaser and its subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP (to the extent applicable) and any other applicable legal and accounting requirements and reflect only actual transactions.

(b) There are no liabilities of or with respect to Purchaser that would be required by GAAP to be reserved, reflected or otherwise disclosed on a consolidated balance sheet of Purchaser other than (i) liabilities reserved, reflected or otherwise disclosed in the consolidated balance sheet of Purchaser as of June 30, 2023, (ii) liabilities incurred in the ordinary course of business consistent with past practice since June 30, 2023, (iii) any obligations or liabilities arising under or pursuant to or that are otherwise assumed by Purchaser pursuant to this Agreement or any other Transaction Agreement, (iv) fees and expenses paid or incurred in connection with the Transactions or (v) liabilities that would not reasonably be expected to have a Purchaser Material Adverse Effect.

5.9 Internal Controls; NYSE Listing Matters.

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

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

(c) Since December 31, 2022, (i) Purchaser has not been advised by its independent auditors of any significant deficiency or material weakness in the design or operation of Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, (ii) Purchaser has no knowledge of any fraud, whether or not material, that involves management or other employees who have a significant role in Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, and (iii) there have been no changes in Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, including any corrective actions with regard to any significant deficiency or material weakness.

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

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

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

5.10 Absence of Certain Changes. Since December 31, 2022, there has not occurred any Purchaser Material Adverse Effect or any event, occurrence, change, discovery or development of a state of circumstance or facts that would, individually or in the aggregate, reasonably be expected to result in a Purchaser Material Adverse Effect.

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

5.12 **Litigation**.

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

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

5.13 **Investment Company**. Purchaser is not, and immediately after the consummation of the transactions contemplated hereby, will not be, required to register as an "investment company" or a company "controlled by" an entity required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.14 **Form S-3**. As of the Execution Date, Purchaser is eligible to register the shares of Purchaser Stock constituting the Stock Consideration for resale by Seller under Form S-3 promulgated under the Securities Act and to file an "automatic shelf registration statement" as defined in Rule 405 of the Securities Act with respect to such registration.

5.15 **Independent Investigation**. Purchaser is (or its advisors are) experienced and knowledgeable in the oil and gas business and aware of the risks of that business. Purchaser acknowledges and affirms that (a) as of the Execution Date, it has completed such independent investigation, verification, analysis, and evaluation of the Assets and has made all such reviews and inspections of the Assets as it has deemed necessary or appropriate to enter into this Agreement, and (b) prior to or as of Closing, it will have completed its independent investigation, verification, analysis, and evaluation of the Assets and made all such reviews and inspections of the Assets as it deems necessary or appropriate to consummate the transactions contemplated hereby. Except for the representations and warranties expressly made by Seller in Article 4 of this Agreement, the Assignment and Bill of Sale, the Mineral Deed or any other Transaction Agreement, Purchaser acknowledges that there are no other representations or warranties, express or implied, as to the financial condition, liabilities, operations, business, or prospects of the Assets and that, in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, and subject to the foregoing, Purchaser has otherwise relied solely upon its own independent investigation, verification, analysis, and evaluation and the terms of this Agreement and the other Transaction Agreements. Purchaser understands and acknowledges that neither the United States Securities and Exchange Commission nor any federal, state, or foreign agency has passed upon the Assets or made any finding or determination as to the fairness of an investment in the Assets or the accuracy or adequacy of the disclosures made to Purchaser, and, except as set forth in Article 10, Purchaser is not entitled to cancel, terminate, or revoke this Agreement.

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

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

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

5.19 **Limitations**.

(a) **SUBJECT TO, AND WITHOUT LIMITATION OF, SELLER'S RIGHT TO INDEMNIFICATION PURSUANT TO ARTICLE 11, THE REPRESENTATIONS AND WARRANTIES OF PURCHASER SET FORTH IN THIS ARTICLE 5, THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.3(g) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF PURCHASER SET FORTH IN THIS ARTICLE 5, THE ASSIGNMENT AND BILL OF SALE AND THE TERMS AND PROVISIONS OF THE OTHER TRANSACTION AGREEMENTS, (I) PURCHASER MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND (II) PURCHASER EXPRESSLY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT, OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO SELLER OR ANY OF ITS AFFILIATES, EMPLOYEES, AGENTS, CONSULTANTS, OR OTHER REPRESENTATIVES (INCLUDING ANY OPINION, INFORMATION, PROJECTION, OR ADVICE THAT MAY HAVE BEEN PROVIDED TO SELLER BY ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT, CONSULTANT, ADVISOR OR OTHER REPRESENTATIVE OF PURCHASER OR ANY MEMBER OF PURCHASER GROUP).**

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

ARTICLE 6
COVENANTS OF THE PARTIES

6.1 **Access**. Upon execution of this Agreement until the Closing Date, subject to the limitations expressly set forth in this Agreement, Seller shall provide Purchaser and its Representatives reasonable access to the Assets operated by Seller or any of its Affiliates and access to and the right to copy, at Purchaser's sole expense, the Records in Seller's or any of its Affiliates' possession or control for the purpose of conducting a confirmatory review of the Assets, but only to the extent that Seller may do so without (a) violating applicable Laws, (b) violating any obligations to any Third Party, (c) waiving any legal privilege of Seller, any of its Affiliates or its counselors, attorneys, accountants or consultants, and (d) to the extent that Seller has authority to grant such access without breaching any restriction binding on Seller. Such access by Purchaser shall be limited to Seller's normal business hours, and Purchaser's investigation shall be conducted in a manner that reasonably minimizes interference with the operation of the business of Seller and any applicable Third Party operator. Subject to the terms of this Agreement, all investigations and due diligence conducted by Purchaser or any of Purchaser's Representatives shall be conducted at Purchaser's sole cost, risk and expense and any conclusions made from any examination done by Purchaser or any of Purchaser's Representatives shall result from Purchaser's own independent review and judgment. Seller shall use commercially reasonable efforts (but without the obligation to incur any out-of-pocket costs, expenses, or the obligation to undertake any liability or other obligations to or by Seller) to (i) obtain permission for Purchaser to gain access from any Third Party to whom Seller owes obligations including to gain access to Third Party operated Assets to inspect the condition of the same; provided, however, that Seller shall have no liability to Purchaser (or otherwise be in breach of this agreement) for failure to obtain such operator's permission, (ii) obtain a waiver of confidentiality obligations owed to any Third Parties or establish any necessary confidential relationships with Third Parties reasonably required to allow Purchaser to view and access the Records, and (iii) grant any access to which Seller has the authority to grant without breaching any restriction binding on Seller. Seller or its designee shall have the right to accompany Purchaser and its Representatives whenever they are on site on the Assets.

6.2 **Notification of Breaches.** Without limiting the Seller Group's or the Purchaser Group's respective rights to indemnification or to assert their respective rights to seek indemnification, as applicable, pursuant to Article 11, until the Closing, (a) Purchaser shall notify Seller promptly after Purchaser obtains knowledge that any representation or warranty of Seller contained in this Agreement is untrue in any material respect or will be untrue in any material respect as of the Closing Date or that any covenant or agreement to be performed or observed by Seller prior to or on the Closing Date has not been so performed or observed in any material respect; and

(b) Seller shall notify Purchaser promptly after Seller obtains knowledge that any representation or warranty of Purchaser contained in this Agreement is untrue in any material respect or will be untrue in any material respect as of the Closing Date or that any covenant or agreement to be performed or observed by Purchaser prior to or on the Closing Date has not been so performed or observed in any material respect.

If either Party has notice that (i) any of the other Party's representations or warranties are untrue or shall become untrue in any material respect between the date hereof and the Closing Date, or (ii) any of the other Party's covenants or agreements to be performed or observed prior to or on the Closing Date shall not have been so performed or observed in any material respect, but, in each case, if such breach of representation, warranty, covenant, or agreement shall (if curable) actually be fully cured on or before the Closing, then such breach shall be considered not to have occurred for all purposes of this Agreement.

6.3 **Press Releases**. Until the Closing, neither Seller nor Purchaser, nor any Affiliate thereof, shall make any press release or public disclosure or statement regarding the existence of this Agreement, the contents hereof, or the transactions contemplated hereby without the prior written consent of Purchaser (in the case of announcements by Seller or its Affiliates) or Seller (in the case of announcements by Purchaser or its Affiliates), which consent shall not be unreasonably withheld or delayed; provided, however, the foregoing shall not restrict disclosures by Purchaser or Seller (i) with respect to a press release or disclosure by Purchaser, after Purchaser has, if and to the extent reasonably practicable, provided Seller with the opportunity to review and provide comments to any such proposed press release or disclosure (which comments shall, if and to the extent reasonably practicable, be considered in good faith by Purchaser), (ii) to the extent that such disclosures are required by applicable securities or other Laws or the applicable rules of any stock exchange having jurisdiction over the disclosing Party or its Affiliates, (iii) to Governmental Authorities and Third Parties holding preferential rights to purchase, rights of consent or other rights that may be applicable to the transactions contemplated by this Agreement, as reasonably necessary to provide notices, seek waivers, amendments or terminations of such rights, or seek such consents, or (iv) to such Party's investors and members, and current or prospective financing sources, including Seller's Affiliates' investors and limited partners, and to prospective investors or other Persons as part of fundraising or marketing activities undertaken by Seller's Affiliates or Riverstone and its affiliates provided such disclosures are made to Persons subject to an obligation of confidentiality with respect to such information. Seller and Purchaser shall each be liable for the compliance of its respective Affiliates, and Seller shall be responsible for the compliance by Riverstone and its affiliates, with the terms of this Section 6.3. The Parties agree that neither Purchaser nor Seller may have an adequate remedy at law if any of the foregoing Persons violate (or threaten to violate) any of the terms of this Section 6.3. In such event, Purchaser or Seller, as applicable, shall have the right, in addition to any other it may have, to seek injunctive relief to restrain any breach or threatened breach of the terms of this Section 6.3.

6.4 **Operation of Business**. Except (v) as set forth on Schedule 6.4-Part A, (w) for the operations covered by the authorities for expenditures and other capital commitments described on Schedule 4.13, (x) for actions taken in connection with emergency situations or as may be required by Law or Permit, (y) as expressly required by this Agreement or (z) as expressly consented to in writing by Purchaser (which consent shall not be unreasonably delayed, withheld or conditioned, except in the case of clauses (d), (g), (i), (j), or (k)), until Closing Seller shall:

(a) not transfer, sell, hypothecate, encumber, or otherwise transfer or dispose of any of the Assets, except for (i) sales and dispositions of Hydrocarbons made in the ordinary course of business and (ii) other sales and dispositions made in the ordinary course of business and not exceeding, individually, One Hundred Thousand Dollars ($100,000), or, in the aggregate, One Million Dollars ($1,000,000);

(b) not (i) terminate, (ii) amend or modify (other than in a *de minimis* respect), (iii) waive, release, grant, transfer or fail to enforce any significant rights under, (iv) execute, or (v) extend any Contract that, in each case, is (or upon execution would be) a Material Contract;

(c) use commercially reasonable efforts to maintain insurance coverage on the Assets in the amount and of the types currently maintained by Seller and not make any election to be excluded from any coverage provided by an operator for the joint account pursuant to a joint operating, unit operating, or similar Contract;

(d) (i) not amend or modify any Lease or Right of Way (other than in a *de minimis* respect) and (ii) use commercially reasonable efforts to maintain in full force and effect all Leases and Rights of Way, to the extent, with respect to any Lease, that such Leases are capable of producing in paying quantities at Hydrocarbon prices in effect as of the date that Seller or any Third Party proposes to relinquish any such Leases or allow any such Leases to terminate or expire; provided, in no event shall Seller have any obligation to make any payment or undertake any drilling or operational activity to hold or extend any Lease or Right of Way so long as Seller provides written notice to Purchaser at least ten (10) Business Days in advance of such termination or expiration and Purchaser expressly consents in writing to the same in its sole discretion; and, if Purchaser does not so expressly consent, then Seller must make the relevant payment and/or undertake the relevant operational activity to hold or extend such Lease;

(e) operate and maintain the Assets in the usual, regular and ordinary manner consistent with past practice and, with respect to any Assets operated by Seller or its Affiliates, as a reasonably prudent operator, in substantial compliance with all applicable Laws, Permits, Contracts and Leases;

(f) maintain the Records in the usual, regular and ordinary manner, in accordance with the usual accounting practices of Seller;

(g) not plug or abandon any well located on the Assets unless required by Law, Permit, Lease, or Contract;

(h) (i) submit to Purchaser for prior written approval, all written requests received by Seller or its Affiliates for capital expenditures relating to the Assets that involve individual commitments of more than One Hundred Thousand Dollars ($100,000), net to Seller's interest, and (ii) not propose, approve or consent to (or non-consent to) any operation or activity (or series of related operations or activities) on the Assets or otherwise commit to make any capital expenditure, in each case, reasonably anticipated to cost the owner of the Assets more than One Hundred Thousand Dollars ($100,000), net to Seller's interest; provided, however, that, notwithstanding the foregoing, the Seller have the right to conduct any operation or activity (or propose or make a commitment to make any capital expenditure) with respect to any of the Assets that is, in each case, primarily related to operations or activities with respect to the maintenance or replacement of any failed or malfunctioning electric submersible pump (ESP) located on the Assets if, and to the extent, the costs and expenses paid and/or incurred (or contemplated to be paid and/or incurred) in connection therewith would not, and would not reasonably be expected to, cost the owner of the affected Assets more than Two Hundred Thousand Dollars ($200,000), net to Seller's interest;

(i) use commercially reasonable efforts to maintain in all material respects (i) all material Permits that are maintained by Seller or any of its Affiliates with respect to the Assets as of the Execution Date and (ii) all Credit Support that is necessary for Seller to own and, if applicable, operate the Assets;

(j) not elect to go non-consent pursuant to a joint operating agreement as to any proposed operation on any of the Leases or Wells; *provided*, that this Section 6.4(i) shall not apply if Purchaser fails to approve an expense contemplated by Section 6.4(h);

(k) not voluntarily relinquish its position as operator to anyone other than Purchaser (or an Affiliate of Purchaser) with respect to any of the Assets operated by Seller or any Affiliate thereof, or voluntarily abandon any of the Assets other than as required pursuant to the terms of a Lease or applicable Law;

(l) provide written notice to Purchaser (after obtaining knowledge thereof) promptly upon receipt or delivery by Seller or any of its Affiliates of any written notice (i) of default or breach under any Material Contract and (ii) of the exercise of any premature termination, price redetermination, market-out, or curtailment of any Material Contract;

(m) provide written notice to Purchaser (after obtaining knowledge thereof) promptly upon receipt by Seller or any of its Affiliates or, to Seller's knowledge, any Third Party operator of the Assets, of (i) any written requests or written notices or demands, alleging (A) that any payment required under any of the Leases has not been paid, or Seller, any of its Affiliates, or any Third Party operator of the Assets has failed to perform any of its material obligations under any of the Leases and (B) as a result thereof, the applicable Lease has terminated or is terminable, or (ii) any unresolved written notice received by a Third Party operator of the Assets from any other party to any Lease stating (A) a reasonable basis to terminate, forfeit or unilaterally modify such Lease or (B) that an event has occurred and that such event constitutes (or with notice or lapse of time, or both, would constitute) a material breach under such Lease;

(n) not waive, compromise or settle any right or claim with respect to any of the Assets, except to the extent (i) such right is an Excluded Asset or would not reasonably be expected to adversely affect (other than in a *de minimis* respect) the ownership, operation or value of the Assets after Closing or (ii) such claim is a Retained Obligation and would not adversely affect, or be reasonably expected to adversely affect, Purchaser or the ownership or operation of the Assets after Closing;

(o) with respect to Asset Taxes attributable to any Straddle Period or any Tax period beginning at or after the Effective Date, not (i) make, change or revoke any material Tax election, (ii) file any amended Tax Return, (iii) enter into any closing agreement, (iv) settle or compromise any claim or assessment, or (v) consent to any extension or waiver of the limitation period applicable to any claim or assessment; and

(p) not enter into any agreement or commitment to do or not do, as applicable, any of the foregoing.

Requests for approval of any action restricted by this Section 6.4 shall be delivered to either of the individuals listed on Schedule 6.4-Part B, which requests may be delivered electronically to such individual's email address set forth on Schedule 6.4-Part B (provided that receipt of such email is requested and received, including automatic receipts), each of whom shall have full authority to grant or deny such requests for approval on behalf of Purchaser.

Purchaser's approval of any action restricted by this Section 6.4 shall not be unreasonably withheld or delayed (except as expressly provided in the introduction to this Section 6.4) and shall be considered granted in full within five (5) Business Days (unless a shorter time, not to be less than 48 hours, is reasonably required by the circumstances and such shorter time is specified in Seller's notice) of delivery of Seller's notice to Purchaser requesting such consent unless Purchaser notifies Seller to the contrary during that period. Notwithstanding the foregoing provisions of this Section 6.4, in the event of an emergency, Seller may take such action as reasonably necessary and shall notify Purchaser of such action promptly thereafter. Purchaser acknowledges that Seller owns undivided interests in the Assets and may not be the operator of all of the Assets, and Purchaser agrees that the acts or omissions of Third Parties (including the applicable operators of the Assets) who are not Affiliates of Seller shall not constitute a violation of the provisions of this Section 6.4, nor shall any action required by a vote of Working Interest owners constitute such a violation so long as Seller and its controlled Affiliates have voted their respective interests or exercised any applicable rights under any applicable Contracts in a manner consistent with the provisions of this Section 6.4. If any specific action or inaction that is expressly approved (and not, for the avoidance of doubt, considered granted due to the expiration of the five (5) Business Day period described above) by Purchaser pursuant to this Section 6.4 would, in and of itself, constitute a breach of one or more of Seller's representations and warranties in Article 4 or Seller's covenants or agreements contained in this Agreement, the taking of such action or any such inaction by Seller to which Purchaser expressly consented shall not, in and of itself, constitute a breach of such representations, warranties, covenants or agreements.

6.5 **Indemnity Regarding Access**. Purchaser's access to the Assets and its (and its Affiliates and Representatives) examinations and inspections, whether under Sections 6.1, 3.4, or otherwise, shall be at Purchaser's sole risk, cost, and expense, and Purchaser **WAIVES AND RELEASES ALL CLAIMS AGAINST SELLER, ITS AFFILIATES, AND EACH MEMBER OF THE SELLER GROUP, ARISING IN ANY WAY THEREFROM, OR IN ANY WAY CONNECTED THEREWITH, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PERSONS**. Purchaser agrees to indemnify, defend, and hold harmless Seller and each member of the Seller Group, the other owners of interests in the Properties, and all such Persons' directors, officers, employees, agents, and other Representatives from and against any and all Damages, including Damages attributable to personal injury, death, or property damage, to the extent arising out of, or relating to, access to the Assets prior to the Closing by Purchaser, its Affiliates, or its or their respective directors, officers, employees, agents, or other Representatives, **EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PERSONS AND EXCEPT TO THE EXTENT SUCH DAMAGES ARE ATTRIBUTABLE TO THE DISCOVERY OF CONDITIONS EXISTING ON THE ASSETS PRIOR TO THE EXECUTION DATE. SUBJECT TO, AND WITHOUT LIMITATION OF PURCHASER'S RIGHT TO INDEMNIFICATION PURSUANT TO ARTICLE 11 FOR BREACHES OF, OR INACCURACIES IN, SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE 4 OR SET FORTH IN THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.2(e) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN ARTICLE 4, AND THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THE OTHER TRANSACTION AGREEMENTS, PURCHASER RECOGNIZES AND AGREES THAT ALL MATERIALS, DOCUMENTS, SAMPLES, REPORTS, AND OTHER INFORMATION OF ANY TYPE AND NATURE MADE AVAILABLE TO IT, ITS AFFILIATES OR REPRESENTATIVES, IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY, WHETHER MADE AVAILABLE PURSUANT TO ARTICLE 6 OR OTHERWISE, ARE MADE AVAILABLE TO IT AS AN ACCOMMODATION, AND WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, OR STATUTORY, AS TO THE ACCURACY AND COMPLETENESS OF SUCH MATERIALS, DOCUMENTS, SAMPLES, REPORTS, AND OTHER INFORMATION, AND NO WARRANTY OF ANY KIND IS MADE BY SELLER AS TO SUCH INFORMATION SUPPLIED TO PURCHASER OR ITS AFFILIATES OR REPRESENTATIVES AND PURCHASER EXPRESSLY AGREES THAT, SUBJECT TO THE FOREGOING LIMITATIONS, ANY RELIANCE UPON SUCH INFORMATION, OR CONCLUSIONS DRAWN THEREFROM, SHALL BE THE RESULT OF ITS OWN INDEPENDENT REVIEW AND JUDGMENT.**

6.6 **Regulatory Approvals**.

(a) Subject to the terms and conditions set forth in this Agreement, each of the Parties shall use (and shall cause its Affiliates to use) its commercially reasonable efforts to take, or cause to be taken, promptly any actions, and to do, or cause to be done, promptly and to assist and cooperate with the other Party in doing, any things necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated by this Agreement. Each of Seller and Purchaser shall be responsible for 50% of all filing fees under the HSR Act.

(b) Each of the Parties shall (and shall cause its Affiliates to) (i) as promptly as commercially practicable (and in any event not more than ten (10) Business Days) after the date hereof (unless a later date is mutually agreed by the Parties), make all required filings under the HSR Act, (ii) make available to the other Party such information as the other Party may reasonably request in order to make any HSR Act filings or respond to information or document requests by any relevant Governmental Authority, (iii) use commercially reasonable efforts to take, or cause to be taken, other actions and do, or cause to be done, other things advisable to consummate and make effective the transactions contemplated hereby, and (iv) keep each other apprised of the status of matters relating to the completion of the transactions contemplated hereby, including promptly furnishing the other with copies of notices or other communications or correspondence between either of the Parties, or any of their respective Affiliates, and any third party or Governmental Authority with respect to such transactions. Prior to transmitting any substantive communications, advocacy, white papers, information responses or other submissions to any Governmental Authority in connection with the transactions contemplated by this Agreement, each Party shall permit counsel for the other Party a reasonable opportunity to review and provide comments thereon, and consider in good faith the views of the other Party in connection therewith. Each of the Parties agrees not to participate in any substantive meeting or discussion with any Governmental Authority in connection with the transactions contemplated by this Agreement unless it consults with the other Party in advance and, to the extent practicable and not prohibited by such Governmental Authority, gives the other Party the opportunity to attend and participate where appropriate and advisable under the circumstances.

(c) In furtherance and not in limitation of the foregoing, each of Parties shall use its commercially reasonable efforts to (i) respond to and comply with, as promptly as commercially practicable, any request for information or documentary material regarding the transactions contemplated by this Agreement from any relevant Governmental Authority and (ii) assist and cooperate with the other Party in doing any things necessary, proper or advisable to consummate and make effective the transactions.

(d) In furtherance and not in limitation of the foregoing, the Parties shall use their commercially reasonable efforts to contest and defend against the entry of, or to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that would restrain, prevent or materially delay the Closing on or before the Outside Date, including defending through litigation on the merits any claim asserted in any court with respect to the transactions contemplated by this Agreement by the applicable Governmental Entity or any private party.

(e) Notwithstanding anything to the contrary contained in this Agreement, in no event shall Purchaser or its Affiliates be required to (and Seller and its Affiliates shall not without Purchaser's prior written consent) offer, propose, negotiate, commit to, agree to or effect, by consent decree, hold separate order or otherwise, (i) the sale, divestiture, license, transfer or other disposition of any businesses, assets, commercial relationships, equity interests, product lines or properties, (ii) the creation, termination, amendment, modification or divestment of any contracts, agreements, commercial arrangements, relationships, ventures, rights or obligations, (iii) any restrictions, impairments, agreements or actions that would limit the freedom of action with respect to, or the ability to own, manage, operate, conduct and retain, any businesses, assets, commercial relationships, equity interests, product lines or properties or (iv) any other remedy, condition or commitment of any kind, in each case in order to obtain any approvals, consents, clearances, expirations or terminations of waiting periods, registrations, permits, authorizations or other confirmations or to avoid the commencement of any proceeding or action to prohibit the transactions contemplated by this Agreement, or to avoid the entry of, or to effect the dissolution of, any Law in any action or proceeding seeking to prohibit any of the transactions contemplated by this Agreement.

6.7 **Further Assurances**. After Closing, Seller and Purchaser each agrees to take such further actions and to execute, acknowledge and deliver all such further documents as are reasonably requested by the other for carrying out the purposes of this Agreement or of any document delivered pursuant to this Agreement.

6.8 Supplemental Disclosures.

(a) Purchaser agrees that, with respect to the representations and warranties of Seller contained in this Agreement, Seller shall have the continuing right until three (3) Business Days before the Closing Date to, in good faith, add to, supplement or amend or create any Seller Disclosure Schedules to its representations and warranties in Article 4 to the extent necessary to identify any matter first arising after the Execution Date which, if existing on the Execution Date, would have been required to be set forth or described in such Seller Disclosure Schedules and Seller shall provide any additional information regarding such matter that is within its possession or control to the extent reasonably requested by Purchaser. For all purposes of this Agreement, including for purposes of determining whether the conditions to Closing of Purchaser set forth in Article 7 have been fulfilled or satisfied, the Seller Disclosure Schedules to Seller's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if as a result of the matter that is the subject of such addition, supplement or amendment the conditions to Closing of Purchaser set forth in Article 7 are not satisfied or fulfilled as of the Closing Date, and nonetheless Purchaser elects to waive such conditions and proceed with the Closing, and the Closing shall occur, then, for purposes of Article 11, then all matters giving rise to Purchaser's termination right shall be deemed waived and Purchaser shall not be entitled to make a claim thereon under this Agreement or otherwise with respect to such matters; *provided*, that Purchaser shall not waive its rights under Article 11 with respect to any matters arising under this Section 6.8(a) that did not cause the conditions of Closing of Purchaser to fail to be satisfied.

(b) Seller agrees that, with respect to the representations and warranties of Purchaser contained in this Agreement, Purchaser shall have the continuing right until three (3) Business Days before the Closing Date to, in good faith, add to, supplement, amend or create any Purchaser Disclosure Schedules to its representations and warranties in Article 5 to the extent necessary to identify any matter first arising after the Execution Date which, if existing on the Execution Date, would have been required to be set forth or described in such Purchaser Disclosure Schedules and Purchaser shall provide any additional information regarding such matter that is within its possession or control to the extent reasonably requested by Seller. For all purposes of this Agreement, including for purposes of determining whether the conditions to Closing of Seller set forth in Article 7 have been fulfilled or satisfied, the Purchaser Disclosure Schedules to Purchaser's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if as a result of the matter that is the subject of such addition, supplement or amendment the conditions to Closing of Seller set forth in Article 7 are not satisfied or fulfilled as of the Closing Date, and nonetheless Seller elects to waive such conditions and proceed with the Closing, and the Closing shall occur, then, for purposes of Article 11, then all matters giving rise to Seller's termination right shall be deemed waived and Seller shall not be entitled to make a claim thereon under this Agreement or otherwise with respect to such matters; *provided*, that Seller shall not waive its rights under Article 11 with respect to any matters arising under this Section 6.8(b) that did not cause the conditions of Closing of Seller to fail to be satisfied.

6.9 NYSE Listing; Form S-3. Purchaser shall use its reasonable best efforts to cause the shares of Purchaser Stock constituting the Stock Consideration to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing.

6.10 Conduct of Purchaser. Except (x) as set forth on Schedule 6.10-Part A, (y) for actions taken in as may be required by Law or (z) with the prior written consent of Seller (which consent shall not be unreasonably delayed, withheld or conditioned), from the Execution Date until the Closing, Purchaser shall and shall cause its subsidiaries to:

(a) (i) not amend the certificate of incorporation of Purchaser and (ii) not amend the bylaws of Purchaser in a manner that would adversely affect in any material respect the shares of Purchaser Stock to be issued to Seller hereunder or Seller's rights with respect thereto;

(b) not declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of its capital stock or other equity interests, except for dividends or distributions (i) by a wholly-owned subsidiary of Purchaser to its parent or (ii) which constitute a Reclassification Event for which an adjustment is made pursuant to Section 2.1(c);

(c) not reclassify, combine, split or subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any Purchaser Stock, other than withholding and sale of Purchaser Stock to satisfy Income Tax withholding payments due upon vesting of employee equity awards;

(d) not adopt any plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization;

(e) not take any action, or fail to take any action, which action or failure would reasonably be expected to terminate the registration of the Purchaser Stock under the Exchange Act or the listing of the Purchaser Stock on the NYSE;

(f) not take any action, or fail to take any action, which action or failure would reasonably be expected to cause Purchaser to be ineligible to file an "automatic shelf registration statement" as defined in Rule 405 of the Securities Act with respect to the registration of the resale of the Stock Consideration; and

(g) not enter into an agreement or commitment with respect to any of the foregoing.

Requests for approval of any action restricted by this Section 6.10 shall be delivered to either of the individuals set forth on Schedule 6.10-Part B, which requests may be delivered electronically to such individual's email address set forth on Schedule 6.10-Part B (provided that receipt of such email is requested and received, including automatic receipts), each of whom shall have full authority to grant or deny such requests for approval on behalf of Seller.

Seller's approval of any action restricted by this Section 6.10 shall not be unreasonably withheld or delayed and shall be considered granted in full within five (5) Business Days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Purchaser's notice) of delivery of Purchaser's notice to Seller requesting such consent unless Seller notifies Purchaser to the contrary during that period. If any specific action or inaction that is expressly approved (and not, for the avoidance of doubt, considered granted due to the expiration of the five (5) Business Day period described above) by Seller pursuant to this Section 6.10 would, in and of itself, constitute a breach of one or more of Purchaser's representations and warranties in Article 5 or Purchaser's covenants or agreements contained in this Agreement, the taking of such action or any such inaction by Purchaser to which Seller expressly consented shall not, in and of itself, constitute a breach of such representations, warranties, covenants or agreements.

6.11 Operatorship. As soon as reasonably practicable following Closing, Seller will (and will cause its applicable Affiliates) to send out notifications of its resignation as operator under any Contracts, effective as of the Closing Date, for all Properties that Seller (or any Affiliate of Seller) currently operates and transfers to Purchaser pursuant to this Agreement. Seller makes no representation and/or warranty to Purchaser as to the transferability or assignability of operatorship of such Properties. Seller agrees, however, that, as to the Assets it or any Affiliate of it operates, it shall use its commercially reasonable efforts to support Purchaser's effort to become successor operator of such Properties effective as of Closing and to designate, to the extent legally possible and permitted under any applicable joint operating agreement or other agreement, Purchaser as successor operator of such Properties effective as of the Closing. Purchaser acknowledges that the rights and obligations associated with such Properties are governed by applicable agreements and that operatorship will be determined by the terms of those agreements. Notwithstanding anything to the contrary contained in this Section 6.11, the Parties shall execute Texas Railroad Commission Form P-4s for all Wells currently operated by Seller or its Affiliates, naming Purchaser (or its designated Affiliate) as operator of such Wells with the Texas Railroad Commission at Closing as provided in Section 8.2(k).

6.12 Financial Information.

(a) On or prior to the signing of this Agreement, Seller has provided Purchaser with the following:

(i) the audited consolidated balance sheet of Seller as of December 31, 2022 and the consolidated statements of operations, equity and cash flows of Seller for the period beginning January 1, 2022 and ended December 31, 2022, together with all related notes thereto (inclusive of SMOG) and accompanied by a report thereon of the Audit Firm (as defined below), in each case, in accordance with GAAP consistently applied (the "Audited Financial Statements");

(ii) a reserve report of Seller as of December 31, 2021 and December 31, 2022 covering all or substantially all of the Properties and utilizing SEC pricing that, with respect to the report delivered as of December 31, 2022, has been audited by Netherland Sewell & Associates or another nationally recognized petroleum engineering consultant of Seller (the "Reserve Engineer" and such report, the "Initial Reserve Reports"); and

(iii) the unaudited consolidated balance sheets of Seller as of both December 31, 2022 and June 30, 2023 and the consolidated statements of operations, equity and cash flows of Seller for the six (6) month periods ended June 30, 2022 and June 30, 2023, in each case, in accordance with GAAP consistently applied, with the balance sheets being compared against the prior period's year-end figures (e.g., December 31, 2022) and the equity statements, income statements and cash flows being compared against the figures from the same six-month period in the period year (e.g., June 30, 2022) (the "Six Month Interim Financials"), in each case, that have been reviewed by the Audit Firm.

(b) From and after the date hereof, Seller shall use:

(i) commercially reasonable best efforts to cause the external audit firm that audited the Audited Financial Statements (the "Audit Firm") to cooperate with Purchaser and its Representatives to cause the Audited Financial Statements to comply with Regulation S-X promulgated by the SEC ("Regulation S-X") and other rules and regulations of the SEC with respect to reporting obligations of Purchaser and its Affiliates under the Exchange Act or any registration of securities under the Securities Act;

(ii) commercially reasonable best efforts (A) to prepare or cause to be prepared unaudited consolidated balance sheets of Seller as of both December 31, 2022 and September 30, 2023 and the consolidated statements of operations, equity and cash flows for the nine (9) month periods ended September 30, 2022 and September 30, 2023, in each case, in accordance with GAAP consistently applied, with the balance sheets being compared against the prior period's year-end figures (e.g., December 31, 2022) and the equity statements, income statements and cash flows being compared against the figures from the same nine-month period in the period year (e.g., September 30, 2022) (the "Nine Month Interim Financials" and, together with the Six Month Interim Financials, the "Interim Financial Statements"), (B) in causing the Audit Firm to cooperate with Purchaser and its Representatives to cause the Interim Financial Statements to comply with Regulation S-X and other rules and regulations of the SEC with respect to reporting obligations of Purchaser and its Affiliates under the Exchange Act or any registration of securities under the Securities Act, (C) to prepare or cause to be prepared an income statement of Seller for the period from October 1, 2023 through Closing in accordance with GAAP, and (D) in causing the Audit Firm to review the Nine Month Interim Financials; and

(iii) commercially reasonable best efforts as soon as reasonably practicable after the Execution Date, to deliver the Nine Month Interim Financials to Purchaser;

provided, *however*, that, following the Closing, Purchaser shall be responsible for engaging Fractal Resources, LLC to assist with the performance of the Seller's obligations under this Section 6.12(b) and Seller shall assist Purchaser and Fractal Resources, LLC in connection therewith.

(c) [Reserved.]

(d) During the period beginning from and after the date of this Agreement and ending two (2) years after the Closing Date (the "Records Period"), Seller shall use commercially reasonable efforts to cause its accountants, counsel, agents and other Persons to cooperate with Purchaser and its Representatives in connection with the preparation by Purchaser of financial statements meeting the requirements of Regulation S-X, in connection with the transactions contemplated by this Agreement (the "Purchaser Financial Statements"), that are required to be included in any filing by Purchaser or its Affiliates with the SEC, including to use their commercially reasonable efforts to cause the Audit Firm and the Reserve Engineer to (i) provide its consent to be named as an expert in (A) any filings that may be made by Purchaser under the Securities Act or required by the SEC under securities laws applicable to Purchaser or any report required to be filed by Purchaser under the Exchange Act in connection with the transactions contemplated by this Agreement, in each case, that include the Audited Financial Statements or the Initial Reserve Reports, as applicable, or (B) any prospectus or offering memorandum used in connection with Purchaser's or its Affiliates' debt or equity securities offerings that include the Audited Financial Statements or the Initial Reserve Reports, as applicable, or (ii) provide customary "comfort letters" with respect to the Audited Financial Statements or the Initial Reserve Reports, as applicable, to any underwriter or initial purchaser in connection with Purchaser's or its Affiliates' debt or equity securities offering during the Records Period that include the Audited Financial Statements or the Initial Reserve Reports, as applicable. If reasonably requested, Seller shall use commercially reasonable efforts to execute and deliver, or shall use commercially reasonable efforts to cause its Affiliates to execute and deliver, to the Audit Firm such representation letters, in form and substance customary for representation letters provided to external audit firms by management of the company whose financial statements are the subject of an audit, as may be reasonably requested by the Audit Firm, with respect to the Purchaser Financial Statements, including, as requested, representations regarding internal accounting controls and disclosure controls.

(e) In no event shall Seller or any of its Affiliates or Representatives be required to bear any cost or expense or pay any fee (other than reasonable out-of-pocket costs and expenses for which they are promptly reimbursed or indemnified) in connection with any action taken pursuant to this Section 6.12(a) through (d). Purchaser shall be responsible for all fees and expenses related to the actions contemplated by this Section 6.12(a) through (d), including the compensation of any contractor or advisor of Seller or any of its Affiliates or Representatives. For the avoidance of doubt, Purchaser shall be responsible for all fees and expenses related to Seller's preparation of disclosure related to the standardized measure of oil and gas (or SMOG) and Seller's preparation of the Audited Financial Statements and the Interim Financial Statements, including the compensation of any contractor or advisor of Seller or any of its Affiliates or Representatives in connection therewith and the compensation of the Audit Firm to review the Interim Financial Statements using appropriate standards and procedures for conducting such reviews. Accordingly, notwithstanding anything to the contrary herein, Purchaser shall promptly, upon written request by Seller, reimburse Seller for all reasonable and documented out-of-pocket costs and expenses (including reasonable and documented compensation or other fees of any contractor or advisor of Seller or any of its Affiliates or Representatives) incurred in connection with the cooperation of Seller as contemplated by this Section 6.12. Further, Purchaser shall indemnify and hold harmless Seller and its Affiliates and Representatives from and against any and all losses or damages actually incurred or suffered by them in connection with the obligations of Seller and its Affiliates and Representatives under Section 6.12(a) through (d) (other than to the extent resulting from the fraud, gross negligence, or willful misconduct of Seller or any of its Affiliates or Representatives).

(f) Notwithstanding anything to the contrary in this Section 6.12, none of the Seller nor any of its Affiliates makes any representation or warranty, express or implied, regarding any of the information provided pursuant to this Section 6.12.

ARTICLE 7
CONDITIONS TO CLOSING

7.1 Conditions of Seller to Closing. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, at the option of Seller, waiver in writing, on or prior to Closing of each of the following conditions:

(a) (i) The Purchaser Fundamental Representations shall be true and correct in all respects (other than *de minimis* inaccuracies) as of the Execution Date and as the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date) and (ii) the other representations and warranties of Purchaser set forth in Article 5 shall be true and correct as of the Execution Date and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except, in the case of this clause (ii), for such failures of representations and warranties of Purchaser to be so true and correct as, individually or in the aggregate, would not reasonably be expected to have a Purchaser Material Adverse Effect; provided, however, that any representation or warranty qualified by materiality or Purchaser Material Adverse Effect shall be deemed not to be so qualified for the purposes of this Section 7.1(a);

(b) Purchaser shall have performed and observed, in all material respects (and in all respects in the case of any covenants and agreements qualified by substantiality, materiality, Purchaser Material Adverse Effect), all covenants and agreements to be performed or observed by Purchaser under this Agreement prior to or on the Closing Date (other than Section 6.2(a));

(c) On the Closing Date, no injunction, order, award or other Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement, or granting substantial Damages in connection therewith, shall have been issued, entered, enacted or promulgated and remain in force, and no suit, action, or other proceeding shall be pending or threatened in writing by any Governmental Authority seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial Damages from Seller or any Affiliate of Seller resulting therefrom;

(d) The net sum of all downward adjustments to the Purchase Price to be made or reasonably alleged in good faith pursuant to Sections 2.3(a) and 2.3(b) shall be less than or equal to twenty percent (20%) of the Unadjusted Purchase Price;

(e) The shares of Purchaser Stock constituting the Stock Consideration shall have been approved for listing on the NYSE, subject only to official notice of issuance; and

(f) Purchaser shall have delivered or be prepared to deliver all of the deliverables Purchaser is required to deliver pursuant to Section 8.3.

(g) All waiting periods (and any extensions thereof) applicable to the transactions contemplated by this Agreement under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder ("HSR Act"), and any commitment to, or agreement (including any timing agreement) with, any Governmental Authority to delay the consummation of, or not to consummate before a certain date, the transactions contemplated by this Agreement, shall have been terminated or shall have expired.

7.2 Conditions of Purchaser to Closing. The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, at the option of Purchaser, waiver, on or prior to Closing of each of the following conditions:

(a) (i) The Seller Fundamental Representations shall be true and correct in all respects (other than *de minimis* inaccuracies) as of the Execution Date and as the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date) and (ii) the other representations and warranties of Seller set forth in Article 4 shall be true and correct as of the Execution Date and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except, in the case of this clause (ii), for such failures of representations and warranties of Seller to be so true and correct as, individually or in the aggregate, would not reasonably be expected to have a Seller Material Adverse Effect; provided, however, that any representation or warranty qualified by materiality (excluding references to "Material Contract" or "Material Consent") or Seller Material Adverse Effect shall be deemed not to be so qualified for the purposes of this Section 7.2(a);

(b) Seller shall have performed and observed, in all material respects (and in all respects in the case of any covenants and agreements qualified by substantiality, materiality, Seller Material Adverse Effect), all covenants and agreements to be performed or observed by it under this Agreement prior to or on the Closing Date (other than Section 6.2(b));

(c) On the Closing Date, no injunction, order, award or other Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement, or granting substantial Damages in connection therewith, shall have been issued, entered, enacted or promulgated and remain in force, and no suit, action, or other proceeding shall be pending or threatened in writing by any Governmental Authority seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial Damages from Purchaser or any Affiliate of Purchaser resulting therefrom;

(d) The net sum of all downward adjustments to the Purchase Price to be made or reasonably alleged in good faith pursuant to Sections 2.3(a) and 2.3(b) shall be less than or equal to twenty percent (20%) of the Unadjusted Purchase Price; and

(e) Seller shall have delivered or be prepared to deliver all of the deliverables Seller is required to deliver pursuant to Section 8.2.

(f) All waiting periods (and any extensions thereof) applicable to the transactions contemplated by this Agreement under the HSR Act, and any commitment to, or agreement (including any timing agreement) with, any Governmental Authority to delay the consummation of, or not to consummate before a certain date, the transactions contemplated by this Agreement, shall have been terminated or shall have expired.

ARTICLE 8
CLOSING

8.1 **Time and Place of Closing**. The consummation of the purchase and sale of the Assets contemplated by this Agreement (the "Closing") shall, unless otherwise agreed to in writing by Purchaser and Seller, take place at the offices of Latham & Watkins LLP, located at 811 Main Street, Suite 3700, Houston, TX 77002, at 10:00 a.m., local time, on October 31, 2023 (the "Target Closing Date"), or if all conditions in Article 7 to be satisfied prior to Closing have not yet been satisfied or waived, on the date that is three (3) Business Days after such conditions have been satisfied or waived, subject to the provisions of Article 10. The date on which the Closing occurs with respect to any Asset is referred to herein as the "Closing Date" for such Asset.

8.2 **Obligations of Seller at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Purchaser of its obligations pursuant to Section 8.3, Seller shall deliver or cause to be delivered to Purchaser, among other things, the following:

(a) Counterparts of the Assignment and Bill of Sale, duly executed and acknowledged by Seller, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(b) Counterparts of the Mineral Deed, duly executed and acknowledged by Seller, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(c) Assignments in form required by any Governmental Authority for the assignment of any Assets controlled by such Governmental Authority, duly executed and acknowledged (to the extent so required) by Seller, in sufficient duplicate originals to allow recording and filing in all appropriate offices;

(d) Letters-in-lieu of transfer or division orders executed by Seller to reflect the transaction contemplated hereby, which letters shall be on forms prepared by Seller and reasonably satisfactory to Purchaser;

(e) A certificate from Seller duly executed by an authorized officer of Seller, dated as of the Closing, certifying on behalf of Seller, that the conditions set forth in Sections 7.2(a) and 7.2(b) have been fulfilled;

(f) A validly executed IRS Form W-9 of Seller;

(g) Where notices of approval, consent, or waiver are received by Seller pursuant to a filing or application under Section 6.6, copies of such notices;

(h) Any other forms or instruments required by any Governmental Authority relating to the assignments or transfer of any interest in or to any of the Assets;

(i) Originals of executed and acknowledged, or, to the extent execution and acknowledgment are not required for effectiveness, copies of, releases and terminations of any mortgages, deeds of trust, assignments of production, financing statements, and fixture filings burdening the Assets (including, for purposes of clarity, UCC-3 termination statements) to the extent securing indebtedness for borrowed money of the Seller or its Affiliates, which releases and terminations shall be in form and substance reasonably satisfactory to Purchaser;

(j) A counterpart of the Registration Rights Agreement, duly executed by Seller (or its designee(s) pursuant to Section 2.1(d), as applicable);

(k) Appropriate change of operator forms for the Assets operated by Seller or any of its Affiliates, designating Purchaser as operator of such Assets;

(l) The Preliminary Settlement Statement, duly executed by Seller;

(m) Joint written instructions to the Escrow Agent to retain the Stock Deposit, together with any interest or income thereon, in the Deposit Escrow, which amount, after Closing, shall become the Indemnity Holdback Amount in accordance with Section 8.5(a);

(n) A counterpart of the Surface Use Agreement, duly executed by Seller; and

(o) All other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Purchaser, including any documents from Seller's designee(s) pursuant to Section 2.1(d) for such designee to receive all or a portion of the Stock Consideration.

8.3 Obligations of Purchaser at Closing. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Seller of its obligations pursuant to Section 8.2, Purchaser shall deliver or cause to be delivered to Seller (or, in the case of the items specified in clauses (a) and (k) below, to Seller's designee pursuant to Section 2.1(d), as applicable), among other things, the following:

(a) A number of shares of Purchaser Stock equal to the Closing Consideration;

(b) The Defect Escrow Shares to the Escrow Agent as provided in Section 3.8(e), if applicable;

(c) [Reserved];

(d) Counterparts of the Assignment and Bill of Sale, duly executed and acknowledged by Purchaser, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(e) Counterparts of the Mineral Deed, duly executed and acknowledged by Purchaser, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(f) Assignments in form required by any Governmental Authority for the assignment of any Assets controlled by such Governmental Authority, duly executed and acknowledged (to the extent so required) by Purchaser, in sufficient duplicate originals to allow recording and filing in all appropriate offices;

(g) A certificate duly executed by an authorized officer of Purchaser, dated as of the Closing, certifying on behalf of Purchaser that the conditions set forth in Sections 7.1(a) and 7.1(b) have been fulfilled;

(h) Where notices of approval, consent, or waiver are received by Purchaser pursuant to a filing or application under Section 6.6, copies of such notices;

(i) Evidence of replacement of all Credit Support to the extent required pursuant to Section 12.4;

(j) Any other forms or instruments required by any Governmental Authority relating to the assignments or transfer of any interest in or to any of the Assets;

(k) A counterpart of the Registration Rights Agreement, duly executed by Purchaser;

(l) The Preliminary Settlement Statement, duly executed by Purchaser;

(m) Evidence reasonably satisfactory to Seller of the satisfaction of the condition set forth in Section 7.1(e);

(n) Joint written instructions to the Escrow Agent to retain the Stock Deposit, which Purchaser Stock, after Closing, shall become the Holdback Escrow Shares in accordance with Section 8.5(a);

(o) A counterpart of the Surface Use Agreement, duly executed by Purchaser; and

(p) All other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Seller.

8.4 Closing Payment, Closing Consideration and Post-Closing Adjustments.

(a) Not later than five (5) Business Days prior to the Target Closing Date, Seller shall in good faith prepare and deliver to Purchaser, using and based upon the best information available to Seller, a draft preliminary settlement statement (the "Preliminary Settlement Statement") setting forth Seller's good faith estimate of the adjusted Purchase Price for the Assets as of the Closing Date, after giving effect to all adjustments set forth in Section 2.3 (the "Closing Payment"). In addition to setting forth the Closing Payment amount, the Preliminary Settlement Statement shall also reflect Seller's good faith estimations of the Stock Consideration to be issued to Seller at Closing pursuant to this Agreement and any other Stock Consideration that will not be issued to Seller at Closing, and shall be determined in accordance with Section 2.6 and as follows:

(i) The Stock Consideration to be issued to Seller at Closing (the "Closing Consideration") shall be adjusted as follows (without duplication): (A) by subtracting the Stock Deposit therefrom; (B) [reserved]; (C) by subtracting the Defect Escrow Shares (if any) therefrom; and (D) in the event that the net adjustments to the Purchase Price estimated pursuant to Section 8.4(a) are negative (without taking into effect any adjustments represented by the Defect Escrow Shares), by subtracting a number of shares of Purchaser Stock equal to such downward adjustment divided by the Per Share Value. For the avoidance of doubt, the adjustments set forth in subpart (D) above shall be rounded up or down (as appropriate) to result in a whole number of shares of Purchaser Stock based on the Per Share Value.

(ii) If and only if the net adjustments to the Purchase Price estimated pursuant to Section 8.4(a) are positive (without taking into effect any adjustments represented by the Defect Escrow Shares), then Purchaser shall pay such upward adjustment to Seller at Closing in cash, by wire transfer of immediately available funds, to a bank account identified by Seller in writing in the Preliminary Settlement Statement.

(iii) Seller shall supply to Purchaser reasonable documentation in the possession or control of Seller and its Affiliates to support the items for which adjustments are proposed or made in the Preliminary Settlement Statement delivered by Seller and a reasonably detailed explanation of any such adjustments and the reasons therefor. Within three (3) Business Days after receipt of Seller's draft Preliminary Settlement Statement, Purchaser may deliver to Seller a written report containing all changes that Purchaser proposes to be made to the Preliminary Settlement Statement, if any, together with a brief explanation of any such changes.

(iv) The Preliminary Settlement Statement, as agreed upon by the Parties, will be used to adjust the Unadjusted Purchase Price and Stock Consideration at Closing; provided that if the Parties cannot agree on all adjustments set forth in the Preliminary Settlement Statement prior to the Closing, then any adjustments as set forth in the Preliminary Settlement Statement as presented by Seller (with any amendments or modifications thereto that were so agreed between the Parties) will be used to adjust the Unadjusted Purchase Price and Stock Consideration at Closing.

(v) For purposes of clarity, Purchaser's failure to propose any changes to the Preliminary Settlement Statement and/or Purchaser's agreement to all or any portion of the Preliminary Settlement Statement proposed by Seller shall not, and shall not be deemed or construed to, prejudice any of Purchaser's rights hereunder (including, for purposes of clarity, Purchaser's right to dispute any adjustment or amount set forth in the Preliminary Settlement Statement in connection with the final calculation and determination of the Purchase Price pursuant to Section 8.4(b) and/or 8.4(c), as applicable).

(b) As soon as reasonably practicable after the Closing but not later than the ninetieth (90th) day following the Closing Date, Seller shall prepare and deliver to Purchaser a draft statement setting forth the final calculation of the adjusted Purchase Price (the "Final Settlement Statement") and showing the calculation of each adjustment under Section 2.3, based on the most recent actual figures available for each adjustment, and the resulting adjustments to the Stock Consideration, determined in the same manner as set forth in Section 2.6 and Section 8.4(a). Seller shall make such reasonable documentation as is in Seller's or any of its Affiliates' possession or control available to support the final figures set forth in the Final Settlement Statement. As soon as reasonably practicable, but not later than the thirtieth (30th) day following receipt of such Final Settlement Statement from Seller (as such time period may be extended as described below, the "Purchaser Comment Deadline"), Purchaser may deliver to Seller a written report containing any changes that Purchaser proposes be made to such Final Settlement Statement. Seller may deliver a written report to Purchaser on or prior to the Purchaser Comment Deadline reflecting any changes that Seller proposes to be made to the Final Settlement Statement as a result of additional information received after the Final Settlement Statement was first prepared and delivered to Purchaser hereunder (and if any such written report is delivered by Seller to Purchaser on or after the date that is five (5) Business Days before the Purchaser Comment Deadline, then the Purchaser Comment Deadline will be automatically extended for five (5) Business Days). If Purchaser does not deliver such report to Seller on or before the Purchaser Comment Deadline, Purchaser shall be deemed to have agreed with Seller's Final Settlement Statement, and such Final Settlement Statement shall, subject to the application of Section 9.1(c), become final and binding upon the Parties.

(c) The Parties shall undertake to agree on the Final Settlement Statement of the Purchase Price and Stock Consideration no later than ninety (90) days after the delivery to Purchaser of Seller's initial Final Settlement Statement. In the event that the Parties cannot reach agreement on the final Purchase Price within such period of time, any Party may refer the items of adjustment which are in dispute to, the Houston, Texas office of KPMG LLP, or, if such firm is not able or willing to serve, a nationally-recognized independent accounting firm or consulting firm mutually acceptable to both Purchaser and Seller (the "Accounting Arbitrator"), for review and final determination by arbitration. If Purchaser and Seller have not agreed upon a mutually acceptable alternate Person to serve as Accounting Arbitrator within ten (10) Business Days of receiving notice of KPMG LLP's unavailability, Seller shall, within ten (10) Business Days after the end of such initial ten (10) Business Day period, formally apply to the Houston, Texas office of the American Arbitration Association to choose the Accounting Arbitrator. The Accounting Arbitrator shall conduct the arbitration proceedings in Houston, Texas in accordance with the Commercial Arbitration Rules of the American Arbitration Association, to the extent such rules do not conflict with the terms of this Section 8.4(c). The Accounting Arbitrator's determination shall be made within forty-five (45) days after submission of the matters in dispute and shall, subject to the application of Section 9.1(c), be final and binding on all Parties, without right of appeal. In determining the proper amount of any adjustment to the Purchase Price, the Accounting Arbitrator shall be bound by the terms of Article 2 and may not increase the Purchase Price more than the increase proposed by Seller nor decrease the Purchase Price more than the decrease proposed by Purchaser, as applicable. The Accounting Arbitrator shall act as an expert for the limited purpose of determining the specific disputed aspects of Purchase Price adjustments submitted by any Party and may not award damages, interest (except as expressly provided for in this Section 8.4(c)) or penalties to any Party with respect to any matter. Seller and Purchaser shall each bear their own legal and accounting fees and other costs of presenting its case to the Accounting Arbitrator. Seller shall bear one-half and Purchaser shall bear one-half of the costs and expenses of the Accounting Arbitrator. Within ten (10) days after the earlier of (i) the Purchaser Comment Deadline without delivery by Purchaser to Seller of any written report with respect to the Final Settlement Statement under Section 8.4(b) or (ii) the date on which the Parties or the Accounting Arbitrator, as applicable, finally determine the Purchase Price (any such finally determined amount, the "Final Price"), the Parties shall true up on such final determinations.

(d) If the Final Price exceeds the Closing Payment, then Purchaser shall pay Seller such excess in accordance with Section 2.6; *provided*, to the extent the Final Price exceeds the Closing Payment on account of Title Defects or Environmental Defects that have been resolved in Seller's favor, then Purchaser shall pay Seller such excess from the Defect Escrow in accordance with a joint written instruction or pursuant to Section 3.10.

(e) If the Final Price is less than the Closing Payment, the Seller shall pay Purchaser such difference in accordance with Section 2.6; *provided*, to the extent the Final Price is less than the Closing Payment on account of Title Defects or Environmental Defects that have been resolved in Purchaser's favor, then Seller shall pay Purchaser such difference from the Defect Escrow in accordance with a joint written instruction or pursuant to Section 3.10.

(f) Purchaser shall use commercially reasonable efforts to assist Seller in preparation of the Final Settlement Statement under Section 8.4(b) by furnishing invoices, receipts, reasonable access to personnel, and such other assistance as may be reasonably requested by Seller to facilitate such process post-Closing (but in no event shall Purchaser be obligated to pay or incur any funds in connection with providing such assistance).

8.5 Indemnity Holdback

(a) In the event Closing occurs, the Stock Deposit shall remain with the Escrow Agent and be reclassified hereunder as the "Indemnity Holdback Amount" and "Holdback Escrow Shares" and shall be maintained by the Escrow Agent under the terms of the Escrow Agreement in the Deposit Escrow (the "Indemnity Holdback Escrow") for the purpose of securing the satisfaction and discharge of indemnity claims of Purchaser against Seller under this Agreement. The Indemnity Holdback Escrow shall be governed by the provisions of this Section 8.5 and the Escrow Agreement. Except as expressly provided herein, the joint, written authorization of representatives of both Purchaser and Seller pursuant to the Escrow Agreement shall be required for the disbursement of any portion of the Holdback Escrow Shares.

(b) With respect to each claim for indemnification asserted by Purchaser against Seller pursuant to Article 11 during the period from and after the Closing Date up to the date that is twelve (12) months following the Closing Date (the "Holdback Period"), upon final resolution or determination of such an indemnity claim by the Parties or in accordance with Section 12.7, such amount as would satisfy such finally resolved or determined indemnity claim will, to the extent it is capable of being satisfied (in whole or in part) by the Holdback Escrow Shares remaining in the Indemnity Holdback Escrow as of such time, be satisfied first from the Holdback Escrow Shares and Purchaser and Seller shall promptly (and in any event within two (2) Business Days after such resolution or determination) jointly instruct the Escrow Agent to disburse to Purchaser a portion of the Indemnity Holdback Amount and Holdback Escrow Shares equal to the amount to which Purchaser is entitled pursuant to this Section 8.5(b) *divided by* the Per Share Value. For the avoidance of doubt, but subject to the other terms and provisions of this Agreement, disbursements from the Indemnity Holdback Escrow shall not be the sole and exclusive recourse of Purchaser for any of Seller's indemnification obligations under Section 11.3(b) or any of the Transaction Agreements, and, if such amounts in the Indemnity Holdback Escrow are insufficient to fully satisfy any amounts to which any member of the Purchaser Group may be entitled under Section 11.3(b) or any of the Transaction Agreements, such insufficiency shall not be deemed to prohibit, restrict or otherwise limit such member of the Purchaser Group from seeking recovery therefor. Notwithstanding anything in this Agreement or the Transaction Agreements to the contrary, if, following Closing, the Indemnity Holdback Escrow is insufficient to satisfy any of Seller's obligations under Section 11.3(b) or any of the Transaction Agreements, then Seller will have the option to satisfy such obligations by delivering to Purchaser shares of Purchaser Stock (which will be valued at the Per Share Value) or cash.

(c) If, upon the final resolution or determination of any such indemnity claim during the Holdback Period, Purchaser and Seller fail to deliver a joint written instruction to the Escrow Agent in accordance with Section 8.5(b), then the Escrow Agent shall, upon delivery by Purchaser or Seller to the Escrow Agent of a written final, non-appealable court order from a court of competent jurisdiction, disburse to Purchaser a portion of the Holdback Escrow Shares equal to the amounts set forth in such court order *divided by* the Per Share Value.

(d) Purchaser and Seller shall jointly instruct the Escrow Agent to release to Seller on the date that is 180 days following the Closing Date (the "First Holdback Release Date") a number of Holdback Escrow Shares equal to the First Holdback Release Amount (as defined below) *divided by* the Per Share Value. The "First Holdback Release Amount" shall be calculated as follows: (i) the sum of (A) the Indemnity Holdback Amount then-remaining in the Indemnity Holdback Escrow (which shall be calculated by adding (1) the number of Holdback Escrow Shares then remaining in the Indemnity Holdback Escrow times the Per Share Value, plus (2) the amount of Holdback Cash then remaining in the Indemnity Holdback Escrow), *minus* (B) an amount equal to $9,732,937, *minus* (C) an amount equal to the aggregate amount of all outstanding claims for indemnification for which Purchaser has provided notice to Seller and that have not been previously satisfied in full as of the First Holdback Release Date (which amounts and corresponding Holdback Escrow Shares shall remain part of the Indemnity Holdback Escrow until final resolution of such outstanding indemnity claims (the "Initial Release Disputed Claims")). Notwithstanding anything herein to the contrary, if the amount of the then-applicable First Holdback Release Amount, as calculated as of the First Holdback Release Date, is less than or equal to $0, then no amounts will be released from the Indemnity Holdback Escrow on the First Holdback Release Date.

(e) Subject to the foregoing, on the first Business Day after the expiration of the Holdback Period, Purchaser and Seller shall jointly instruct the Escrow Agent to release to Seller any Holdback Escrow Shares then-remaining in the Indemnity Holdback Escrow, except for (i) any Holdback Escrow Shares retained in the Indemnity Holdback Escrow at such time in respect of any Initial Release Disputed Claims, *plus* (ii) an amount of any Holdback Escrow Shares equal to (A) the aggregate amount of all outstanding claims for indemnification made subsequent to the First Holdback Release Date for which Purchaser has provided notice to Seller and that have not been previously satisfied (which amount shall remain part of the Indemnity Holdback Escrow until final resolution of such outstanding indemnity claims (the "Final Release Disputed Claims" and, together with the Initial Release Disputed Claims, the "Disputed Claims")), *divided by* (B) the Per Share Value; provided, that the amount of any Holdback Escrow Shares disbursed pursuant to this Section 8.5 shall be rounded up or down (as appropriate) to result in a whole number of Holdback Escrow Shares based on the Per Share Value.

(f) Upon final resolution or determination of all Disputed Claims by the Parties or in accordance with Section 12.7, as applicable, Purchaser and Seller shall deliver to the Escrow Agent joint written instructions to disburse to (i) Purchaser from the Indemnity Holdback Escrow a number of Holdback Escrow Shares equal to the amount so finally determined to be owed to Purchaser (if any), divided by the Per Share Value, and (ii) Seller, all other Holdback Escrow Shares remaining in the Indemnity Holdback Escrow in respect of such Disputed Claim.

(g) If Purchaser and Seller fail to deliver a joint written instruction to the Escrow Agent in accordance with the foregoing sentence within three (3) Business Days following the final resolution or determination of the applicable Disputed Claim, then the Escrow Agent shall, upon delivery by Purchaser or Seller to the Escrow Agent of a written final, non-appealable court order from a court of competent jurisdiction relating to such Disputed Claim, disburse to the applicable Party a number of Holdback Escrow Shares from the Indemnity Holdback Escrow in respect of such Disputed Claim as provided in the immediately preceding sentence.

(h) Notwithstanding anything to the contrary, Seller shall be entitled to request that either all or a portion of any Holdback Escrow Shares then-remaining in escrow be sold and liquidated at any time during the Holdback Period by delivering a written notice of a commercially reasonable plan of liquidation with respect to the applicable Holdback Escrow Shares (taking into account, among other things, Purchaser's market capitalization and daily trading volume) to Purchaser ("Liquidation Plan"). If the volume weighted average sales price, as traded on New York Stock Exchange, of Purchaser Stock calculated for the 5-trading day period ending on the date that is one trading day immediately preceding the date of such Liquidation Plan is (i) greater than or equal to the Per Share Value, or (ii) (A) less than the Per Share Value and (B) Purchaser agrees to the Liquidation Plan (such agreement to be in Purchaser's sole discretion), then, in either case, the Parties will jointly instruct the Escrow Agent to sell all or the applicable portion of the Holdback Escrow Shares then-remaining in escrow pursuant to the Liquidation Plan and immediately redeposit the net proceeds of such sale (the "Holdback Cash") into the Indemnity Holdback Escrow to be held and released in accordance with this Section 8.5 and the Escrow Agreement (the "Holdback Sale Right"). In the event that the Parties agree to exercise the Holdback Sale Right, (i) the provisions of this Agreement applicable to the Holdback Escrow Shares shall apply *mutatis mutandis* to the Holdback Cash, and (ii) any disbursements from the Indemnity Holdback Escrow shall first be settled in Holdback Cash and if (and only if the Holdback Cash is insufficient to satisfy such disbursement, in Holdback Escrow Shares on the First Holdback Release Date or to satisfy any claim.

ARTICLE 9
TAX MATTERS

9.1 Allocation of Asset Taxes.

(a) Seller shall be allocated and bear all Asset Taxes attributable to (i) any Tax period ending prior to the Effective Date and (ii) the portion of any Straddle Period ending immediately prior to the Effective Date, provided, however with respect to both clauses (i) and (ii), that if Purchaser becomes entitled, pursuant to Section 2.4, to any amounts earned from the sale of hydrocarbons produced from, or attributable to, the Properties during the period up to but excluding the Effective Date, Purchaser shall be allocated and bear all unpaid Asset Taxes associated with the production of such Hydrocarbons or the receipt of proceeds therefrom. Purchaser shall be allocated and bear all Asset Taxes attributable to (A) any Tax period beginning at or after the Effective Date and (B) the portion of any Straddle Period beginning at the Effective Date; provided, however, that Seller (not Purchaser) shall be allocated and bear the portion, if any, of any such Asset Taxes that consist of penalties, interest or additions to tax to the extent attributable to the failure by Seller or any of its Affiliates to timely file any Tax Return required to be filed on or prior to the Closing Date with respect to such Asset Taxes or to timely pay any such Asset Taxes that were or became due and payable prior to Closing.

(b) For purposes of determining the allocations described in Section 9.1(a), (i) Asset Taxes that are attributable to the severance or production of Hydrocarbons (other than, for the avoidance of doubt, Asset Taxes that are ad valorem, property and similar Asset Taxes imposed on a periodic basis) shall be allocated to the period in which the severance or production giving rise to such Asset Taxes occurred, (ii) Asset Taxes that are based upon or related to sales or receipts or imposed on a transactional basis (other than such Asset Taxes described in clause (i), above, or that are ad valorem, property and similar Asset Taxes imposed on a periodic basis), shall be allocated to the period in which the transaction giving rise to such Asset Taxes occurred, and (iii) Asset Taxes that are ad valorem, property and similar Asset Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending immediately prior to the Effective Date and the portion of such Straddle Period beginning at the Effective Date by prorating each such Asset Tax based on the number of days in the applicable Straddle Period that occur before the Effective Date, on the one hand, and the number of days in such Straddle Period that occur on or after the Effective Date, on the other hand. For purposes of applying this Section 9.1(b) to Asset Taxes that are ad valorem, property and similar Asset Taxes imposed on a periodic basis, the period for such Asset Taxes shall begin on the date on which ownership of the applicable Assets gives rise to liability for the particular Asset Tax and shall end on the day before the next such date.

(c) To the extent the actual amount of an Asset Tax is not determinable at the time an adjustment to the Purchase Price is to be made with respect to such Asset Tax pursuant to Section 2.3 or Section 8.4, Seller and Purchaser shall utilize the most recent information available in estimating the amount of such Asset Tax for purposes of such adjustment. If the actual amount of an Asset Tax (or the amount thereof paid or economically borne by a Party) is ultimately determined to be different than the amount that was taken into account in the Final Settlement Statement as finally determined pursuant to Section 8.4, timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under this Section 9.1. (taking into account, and without duplication of, Asset Taxes effectively borne by Seller as a result of any payments made by Seller to Purchaser under Section 9.2 in respect of Asset Taxes that are allocable to Seller pursuant to Section 9.1(a)).

9.2 **Tax Returns**. Without limiting Purchaser's indemnification rights pursuant to Section 11.3(b), after the Closing Date, Purchaser shall (i) file (or cause to be filed) all Tax Returns with respect to Asset Taxes that are required to be filed after the Closing Date that relate to any Tax period ending before the Effective Date or any Straddle Period on a basis consistent with past practice except to the extent otherwise required by Law; provided that Purchaser shall submit each such Tax Return to Seller for its review and comment reasonably in advance of the due date therefor (other than Tax Returns that are required to be filed contemporaneously with the closing of a Tax period, which shall be provided promptly after filing), and Purchaser shall incorporate any reasonable comments received from Seller reasonably in advance of the due date therefor and timely file any such Tax Return, and (ii) pay (or cause to be paid) prior to delinquency, all Asset Taxes relating to any Tax period that ends before or includes the Effective Date that become due after the Closing Date. In the case of any Tax Return described in clause (i) that includes Asset Taxes that are allocable to Seller pursuant to Section 9.1(a), Purchaser shall send to Seller a statement that apportions the Asset Taxes shown on such Tax Return between Purchaser and Seller in accordance with Section 9.1(a), and Seller shall promptly pay to Purchaser the amount shown as allocable to Seller on such statement (taking into account, and without duplication of, Asset Taxes effectively borne by Seller as a result of (x) the adjustments to the Purchase Price pursuant to Section 2.3 or Section 8.4, as applicable, and (y) any payments made from one Party to the other in respect of Asset Taxes pursuant to Section 9.1(c)); provided, however, that if such payment is required to be made during the Holdback Period, such payment shall be disbursed (in whole or in part) from the Indemnity Holdback Escrow in accordance with Section 8.5. The Parties agree that (A) this Section 9.2 is intended to solely address the timing and manner in which certain Tax Returns relating to Asset Taxes are filed and the Asset Taxes shown thereon are paid to the applicable taxing authority and (B) nothing within this Section 9.2 shall be interpreted as altering the manner in which Asset Taxes are allocated and economically borne by the Parties (except for any penalties, interest or additions to Tax imposed as a result of any breach by Purchaser of its obligations under this Section 9.2, which shall be borne by Purchaser).

9.3 **Transfer Taxes**. To the extent that any Transfer Taxes are payable, Purchaser will be responsible for one hundred percent (100%) of all Transfer Taxes and shall prepare and file, or cause to be prepared and filed, all related Tax Returns. Purchaser and Seller shall agree, upon request, to cooperate in good faith to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Transfer Taxes that could be imposed in connection with the transactions contemplated herein.

9.4 **Cooperation on Tax Matters**. The Parties shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation, or other proceeding with respect to Taxes relating to the Assets. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are relevant to any such Tax Return or audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided under this Agreement. Seller and Purchaser agree to retain all books and records with respect to Tax matters pertinent to the Assets relating to any Tax period beginning before the Closing Date until the expiration of the statute of limitations of the respective Tax periods and to abide by all record retention agreements entered into with any Governmental Authority.

9.5 **Refunds**. Seller shall be entitled to any and all refunds and credits of Asset Taxes economically borne by Seller, any of its Affiliates or its respective predecessors in interest. Purchaser shall be entitled to any and all refunds and credits of Asset Taxes economically borne by Purchaser, any of its Affiliates or its respective successors in interest. If a Party or its Affiliate receives a refund of Asset Taxes to which the other Party is entitled pursuant to this Section 9.5, such recipient Party shall forward to the entitled Party the amount of such refund within thirty (30) days after such refund is received, net of any costs or expenses (including Taxes) incurred by such recipient Party in procuring such refund.

9.6 **Tax Proceedings**. Purchaser shall, within five (5) days of receipt, provide Seller with written notice of any inquiries, audits, examinations or proposed adjustments by any Governmental Authority, which relates to any Asset Taxes or Tax Return with respect to Asset Taxes, in each case, for any Tax period ending prior to the Effective Date or any Straddle Period (each, a "Tax Proceeding") provided, that the failure of Purchaser to provide such notice will not relieve Seller of its obligations under this Agreement except to the extent such failure results in insufficient time being available to permit Seller to effectively defend against or participate in a Tax Proceeding or otherwise materially prejudices Seller's ability to defend against or participate in a Tax Proceeding. Seller shall have the option to control the conduct and resolution of any Tax Proceeding that relates solely to a Tax period ending prior to the Effective Date. Seller may exercise such option by providing written notice to Purchaser within fifteen (15) days of receiving written notice of any such Tax Proceeding from Purchaser. If Seller elects to control any such Tax Proceeding, Seller shall (i) keep Purchaser reasonably informed of the progress of any such Tax Proceeding, (ii) provide Purchaser with copies of material correspondence with respect to any such Tax Proceeding, (iii) permit Purchaser (or Purchaser's counsel) to participate in meetings (including conference calls) with the applicable Governmental Authority with respect to any such Tax Proceeding (at Purchaser's cost), and (iv) not effect any settlement or compromise of any such Tax Proceeding without the written consent of Purchaser, not to be unreasonably conditioned, delayed or withheld. Purchaser shall control any Tax Proceeding that (x) relates solely to a Tax period ending before the Effective Date that Seller does not elect to control or (y) relates to any Straddle Period; provided, that Purchaser shall (I) keep Seller reasonably informed of the progress of any such Tax Proceeding, (II) provide Seller with copies of material correspondence with respect to any such Tax Proceeding, (III) permit Seller (or Seller's counsel) to participate in meetings (including conference calls) with the applicable Governmental Authority with respect to any such Tax Proceeding (at Seller's cost), and (IV) not effect any settlement or compromise of any such Tax Proceeding without the written consent of Seller, not to be unreasonably conditioned, delayed or withheld. In the event of a conflict between the provisions in this Section 9.6 and those in Section 11.4, this Section 9.6 shall control.

9.7 **Allocation of Purchase Price**. The Parties shall cooperate in good faith to allocate the Purchase Price and all other items constituting consideration for U.S. federal income tax purposes (to the extent known at such time) among the six categories of assets specified in Part II of IRS Form 8594 (Asset Acquisition Statement under Section 1060), in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder and, to the extent permissible under applicable U.S. federal income tax Law, in a manner consistent with Schedule 2.2, within thirty (30) days after the date that the Final Settlement Statement is finally determined pursuant to Section 8.4 (the "Allocation"). If Seller and Purchaser reach an agreement with respect to the Allocation, (i) Seller and Purchaser shall use commercially reasonable efforts to update the Allocation in accordance with Section 1060 of the Code following any adjustment to the purchase consideration for Tax purposes pursuant to this Agreement, and (ii) Seller and Purchaser shall report, and cause their respective Affiliates to report, the transactions contemplated by this Agreement consistently with such agreed-upon Allocation on any Tax Return, including Internal Revenue Service Form 8594, as applicable, and will not assert, and will cause their respective Affiliates not to assert, in connection with any Tax audit or other proceeding with respect to Taxes, any asset values or other items inconsistently with such agreed-upon Allocation except with the agreement of the other Party or as required by applicable Law; provided, however, that (A) if Purchaser and Seller cannot mutually agree on the Allocation, each Party shall be entitled to determine its own allocation and file its IRS Form 8594 consistent therewith, (B) nothing in this Agreement shall prevent Purchaser or Seller from settling any proposed deficiency or adjustment by any Governmental Authority based upon or arising out of the Allocation and (C) neither Purchaser or Seller shall be required to litigate before any court any proposed deficiency or adjustment by any Governmental Authority challenging the Allocation. The Parties agree to promptly advise each other regarding the existence of any Tax audit, controversy or litigation related to the Allocation.

9.8 **Intended Tax Treatment.** The Parties agree that the purchase and sale of the Assets pursuant to this Agreement shall be treated for U.S. federal (and applicable state and local) income tax purposes as the purchase and sale of the Assets in a taxable transaction governed by Section 1001 of the Code. Seller and Purchaser shall report, and cause their respective Affiliates to report, the transactions contemplated by this Agreement consistently with such treatment.

ARTICLE 10
TERMINATION

10.1 **Termination**. This Agreement may be terminated at any time prior to Closing:

(a) by the mutual prior written consent of Seller and Purchaser;

(b) by either Seller or Purchaser if the Closing has not occurred on or before December 12, 2023 (the "Outside Date");

(c) by Seller, at Seller's option, if any of the conditions set forth in Section 7.1 (other than Sections 7.1(c), 7.1(d) or 7.1(g)) have not been satisfied by the Target Closing Date (except for those conditions that by their nature are to be satisfied at or in connection with the Closing and that would have been capable of being satisfied at or in connection with the Closing) and, following written notice thereof from Seller to Purchaser specifying the reason any such condition is unsatisfied (including any material breach by Purchaser of this Agreement), such condition remains unsatisfied for a period of twenty (20) days after Purchaser's receipt of written notice thereof from Seller;

(d) by Purchaser, at Purchaser's option, if any of the conditions set forth in Section 7.2 (other than Sections 7.2(c), 7.2(d) or 7.2(f)) have not been satisfied by the Target Closing Date (except for those conditions that by their nature are to be satisfied at or in connection with the Closing and that would have been capable of being satisfied at or in connection with the Closing) and, following written notice thereof from Purchaser to Seller specifying the reason any such condition is unsatisfied (including any material breach by Seller of this Agreement), such condition remains unsatisfied for a period of twenty (20) days after Seller's receipt of written notice thereof from Purchaser;

(e) by either Seller or Purchaser if consummation of the transactions contemplated hereby is enjoined, restrained or otherwise prohibited or otherwise made illegal by the terms of a final, non-appealable order or other Law; or

(f) by Seller, on or after the second (2nd) Business Day after the Execution Date, if, at the time Seller seeks to exercise its rights pursuant to this Section 10.1(f), Purchaser has not deposited the Stock Deposit with the Escrow Agent;

provided, however, that, no Party shall be entitled to terminate this Agreement under Section 10.1(b), 10.1(c) or 10.1(d), as applicable, if, at the time such Party would otherwise be entitled to exercise such right to terminate this Agreement, such Party: (A) is in breach of any of its representations or warranties set forth in this Agreement or (B) such Party has failed to perform or observe such Party's covenants and agreements in this Agreement, in each case of (A) or (B), in a manner that causes any condition with respect to the other Party's obligation to consummate the transactions contemplated by this Agreement set forth in Sections 7.1(a), 7.1(b), 7.1(e), 7.1(f), 7.1(g), 7.2(a), 7.2(b), 7.2(e), or 7.2(f) as applicable, not to be satisfied, or (C) such Party fails to proceed with the consummation of the transactions contemplated by this Agreement once the applicable conditions in Section 7.1 (in the case of a failure by Seller) or Section 7.2 (in the case of a failure by Purchaser) have been satisfied or waived; *provided*, *further*, that either Seller or Purchaser may, if such Party is a breaching party that is not entitled to terminate this Agreement pursuant to the foregoing proviso, terminate this Agreement prior to the Closing pursuant to Section 10.1(b) at any time following the sixtieth (60^{th}) day after the Outside Date unless, prior to such breaching Party so terminating this Agreement, the other Party has commenced appropriate proceedings to enforce its rights of specific performance hereunder and is diligently and in good faith pursuing such proceedings (and any such termination by such breaching Party pursuant to this proviso shall be without prejudice to the other Party's rights and remedies under Section 10.3).

10.2 Effect of Termination. If this Agreement is terminated pursuant to Section 10.1, (a) this Agreement shall become void and of no further force or effect (except for the provisions of Article 1, this Article 10, Sections 4.9, 4.25, 5.16, 5.19, 6.3, 6.5, 11.4 (as it relates to claims under Section 6.5), 12.2, 12.3, 12.6, 12.7, 12.8, 12.9, 12.11, 12.13, 12.14, 12.16, 12.17, and 12.18, all of which shall continue in full force and effect) and Seller shall be free immediately to enjoy all rights of ownership of the Assets and to sell, transfer, encumber or otherwise dispose of all or any portion of the Assets to any Person without any restriction under this Agreement and (b) there shall be no liability under this Agreement on the part of Purchaser or Seller or any of their respective Affiliates, partners, officers, owners, shareholders, members, officers, directors, managers, employees, agents or other Representatives except as expressly set forth in this Section 10.2, Section 10.3 and the Non-Disclosure Agreement, which Non-Disclosure Agreement shall survive any termination of this Agreement in accordance with its terms.

10.3 Distribution of Deposit and Remedies Upon Termination; Specific Performance.

(a) In the event that (i) all conditions precedent to the obligations of Seller set forth in Section 7.1 have been fulfilled, satisfied or waived in writing by Seller (except for those conditions that by their nature are to be satisfied by or on behalf of Purchaser at or in connection with Closing, all of which Purchaser stands ready, willing and able to satisfy, and other than the failure of any such conditions to Closing of Seller resulting from the breach or failure of any of Seller's representations, warranties or covenants hereunder) and (ii) Purchaser is entitled to terminate this Agreement under Section 10.1(b) or 10.1(d) because the conditions precedent to the obligations of Purchaser set forth in Section 7.2 are not satisfied as of such time solely as a result of the breach or failure of Seller's representations, warranties, or covenants hereunder, including, if and when required, Seller's obligations to consummate the transactions contemplated hereunder at Closing, then Purchaser shall be entitled, as its sole and exclusive remedy, to elect in writing, in its sole discretion, to either: (A) seek specific performance of this Agreement (without the necessity of posting bond or furnishing other security); provided that Purchaser's ability to terminate this Agreement and seek recovery pursuant to clause (B) below shall not be limited if Purchaser causes any such action for specific performance to be dismissed prior to reaching a final, non-appealable decision; or (B) terminate this Agreement pursuant to Section 10.1(b) or 10.1(c), as applicable, in which case, Purchaser shall be entitled (1) to receive the entirety of the Stock Deposit for the sole account and use of Purchaser and (2) to recover an amount equal to Purchaser's reasonable and documented out-of-pocket costs and expenses paid or incurred in connection with negotiating the Transactions, up to an amount not to exceed One Million Dollars ($1,000,000); *provided*, that Purchaser may simultaneously pursue either of the remedies referred to in clause (A) or (B) but in no event shall Purchaser be permitted or entitled to realize on or otherwise receive more than one of the remedies referred to clause (A) or clause (B). In the case of clause (B) above, not later than two (2) Business Days following Purchaser's election to terminate this Agreement, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse all of the Stock Deposit to Purchaser.

(b) In the event that (i) all conditions precedent to the obligations of Purchaser set forth in Section 7.2 have been fulfilled, satisfied or waived in writing by Purchaser (except for those conditions that by their nature are to be satisfied by or on behalf of Seller at or in connection with Closing, all of which Seller stands ready, willing and able to satisfy) and (ii) Seller is entitled to terminate this Agreement under Section 10.1(b) or 10.1(c) because the conditions precedent to the obligations of Seller set forth in Section 7.1 are not satisfied as of such time solely as a result of the breach or failure of Purchaser's representations, warranties, or covenants hereunder, including, if and when required, Purchaser's obligations to consummate the transactions contemplated hereunder at Closing, then Seller shall be entitled, as its sole and exclusive remedy, to elect in writing either (A) seek specific performance of this Agreement (without the necessity of posting bond or furnishing other security); provided that Seller's ability to terminate this Agreement and seek recovery pursuant to clause (B) below shall not be limited if Seller causes any such action for specific performance to be dismissed prior to reaching a final, non-appealable decision; or (B) to terminate this Agreement pursuant to Section 10.1(b) or 10.1(c), as applicable, and receive the entirety of the Stock Deposit for the sole account and use of Seller as liquidated damages hereunder without waiving or releasing the Purchaser's obligations under the provisions that remain in effect following a termination pursuant to Section 10.2(a); *provided*, that Seller may simultaneously pursue either of the remedies referred to in clause (A) or (B) but in no event shall Seller be permitted or entitled to realize on or otherwise receive more than one of the remedies referred to clause (A) or clause (B). Seller and Purchaser acknowledge and agree that (x) Seller's actual damages upon the event of such a termination are difficult to ascertain with any certainty, (y) the Deposit is a fair and reasonable estimate by the Parties of such aggregate actual damages of Seller, and (z) such liquidated damages do not constitute a penalty. In the case of clause (B) above, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse all of the Stock Deposit to Seller.

(c) If this Agreement is terminated for any reason other than the reasons set forth in Sections 10.3(a) or 10.3(b), Purchaser shall be entitled to receive the entirety of the Stock Deposit, free of any claims by Seller or any other Person with respect thereto. In such event, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse all of the Stock Deposit to Purchaser.

(d) Notwithstanding anything to the contrary herein but subject to the other terms and provisions of this Section 10.3, if a Party has failed to perform or observe in any material respect any of its agreements or covenants contained herein which are to be performed or observed at, prior to or, if Closing has occurred, after the Closing (including, if applicable pursuant to Section 10.3(a) or 10.3(b) above, the obligation of Seller or Purchaser to consummate the Closing), the other Party may seek specific performance of such covenant or agreement at any time prior to the valid termination of this Agreement without the necessity of posting bond or furnishing other security. Each Party understands and agrees that the other Party may suffer irreparable damage as a result of it failing to perform or observe in any material respect any of its agreements or covenants contained herein which are to be performed or observed at, prior to or, if Closing has occurred, after the Closing. Accordingly, each Party waives any right it may have to challenge the enforceability of this Agreement by a decree of specific performance and agrees it will not argue in any proceeding that the requirements for specific performance have not been met, that monetary damages constitute a sufficient remedy or make any other argument in opposition to the specific performance of this Agreement.

ARTICLE 11
INDEMNIFICATION; LIMITATIONS

11.1 **Assumed Obligations**. Subject to, and without limitation of, Purchaser's rights to indemnity under this Article 11, the terms of Article 3 (including Purchaser's rights and remedies arising thereunder), the special warranty of Defensible Title in the Assignment and Bill of Sale, the special warranty of title in the Mineral Deed or any adjustments to the Unadjusted Purchase Price set forth in Section 2.3, on the Closing Date, Purchaser shall assume and hereby agrees to fulfill, perform, pay, and discharge (or cause to be fulfilled, performed, paid, or discharged) all of the obligations and liabilities of Seller and its Affiliates, known or unknown, with respect to the Assets, regardless of whether such obligations or liabilities arose prior to, on, or after the Effective Date, including the following (collectively, and, for purposes of clarity, excluding the Retained Obligations, the "Assumed Obligations"):

(a) all obligations and liabilities arising from or in connection with any production, pipeline, storage, processing, or other imbalance attributable to Hydrocarbons produced from the Properties, whether before, on, or after the Effective Date, including obligations to furnish makeup gas in accordance with the terms of applicable gas sales, gathering, or transportation Contracts;

(b) obligations to pay working interests, Royalties and other Suspense Funds held by Seller as of the Closing Date (with respect to such Suspense Funds, solely to the extent Purchaser receives a downward adjustment to the Purchase Price at Closing pursuant to Section 2.3 in respect thereof);

(c) obligations for plugging and abandonment of all of the Wells and dismantlement, decommissioning, or abandonment of all structures and Equipment included in the Assets or located on the lands covered by, or described in, the Leases (whether such Leases have terminated or expired) and restoration of the surface covered by the Assets in accordance with applicable Laws (whether or not required to be plugged, abandoned, dismantled, or restored as of the Effective Date, and whether or not the applicable Lease has terminated or expired), including any obligations to assess, remediate, remove, and dispose of NORM, asbestos, mercury, drilling fluids, chemicals, and produced waters and Hydrocarbons;

(d) subject to the terms of Article 3, the special warranty of Defensible Title in the Assignment and Bill of Sale and the special warranty in the Mineral Deed, all Damages and obligations arising from, or relating to, Title Defects, deficiencies, or other title matters with respect to the Assets, whether arising or relating to periods of time before, on, or after the Effective Date;

(e) subject to the terms of Article 3, all Damages and obligations arising from, or relating to, Environmental Defects, or other environmental matters, with respect to the Assets, whether arising or relating to periods of time before, on, or after the Effective Date; and

(f) following the expiration of the applicable survival periods described in Sections 11.6(b)(i) and 11.6(b)(iii) with respect thereto, the Retained Obligations described in Sections 11.2(b), 11.2(d), 11.2(e), 11.2(f), 11.2(h) and 11.2(i).

11.2 Retained Obligations. Notwithstanding the terms of Section 11.1, the Assumed Obligations shall not include, and Seller shall retain and hereby agrees to fulfill, perform, pay and discharge (or cause to be fulfilled, performed, paid or discharged), any and all liabilities, Damages, duties, or obligations, known or unknown, to the extent they are attributable to, arise out of or in connection with, or are based upon (collectively, the "Retained Obligations"):

(a) the Excluded Assets (including the ownership or operation thereof);

(b) Property Costs relating to the Assets with respect to the period prior to the Effective Date;

(c) Seller Taxes;

(d) any personal injury or death attributable to, or arising out of, Seller's or any of its Affiliates' ownership or operation of the Assets prior to the Closing Date;

(e) the off-site disposal of any Hazardous Substances, mercury, drilling fluids, chemicals, produced waters, Hydrocarbons or other materials of any nature generated by or on behalf of Seller or any of its Affiliates or otherwise produced from or attributable to any of the Assets operated by Seller or its Affiliates and taken from a location that is on or within any of such operated Assets to a location that is not on or within any of such operated Assets, to the extent that such disposal occurred prior to the Closing Date;

(f) any fines or penalties of Governmental Authorities levied at any time against Seller or any of its Affiliates, or imposed or assessed at any time related to or arising out of Seller's or its Affiliates' ownership or operation of the Assets prior to the Closing Date;

(g) the actions, suits, proceedings and other matters set forth on Schedule 4.2 (or that should have been set forth on Schedule 4.2 in order for Seller's representation in Section 4.2 to have been true and correct at and as of the Execution Date and the Closing);

(h) the gross negligence or willful misconduct of Seller or any of its Affiliates in connection with the ownership or operation of the Assets prior to the Closing Date that is alleged by any Third Party; or

(i) any payment, nonpayment, mispayment or miscalculation by or on behalf of Seller or any of its Affiliates of any Royalties, similar Lease burdens or other production proceeds owing to Working Interest owners and escheat obligations, in each case, attributable to periods prior to the Effective Date (excluding, however, Suspense Funds that are properly held in suspense and for which a downward adjustment to the Purchase Price is made at Closing pursuant to Section 2.3(g)).

11.3 Indemnification.

(a) From and after Closing, but subject to the applicable limitations set forth in this Article 11, Purchaser shall indemnify, defend, and hold harmless Seller, the Riverstone Indemnitees, and its and their Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and other Representatives (collectively, the "Seller Group") from and against all Damages incurred or suffered by Seller Group:

(i) caused by, arising out of, or resulting from, the Assumed Obligations;

(ii) caused by, arising out of, or resulting from, Purchaser's breach or nonfulfillment of, or failure to perform, any of Purchaser's covenants or agreements contained in this Agreement; or

(iii) caused by, arising out of, or resulting from, any breach or inaccuracy of any representation or warranty made by Purchaser contained in Article 5 of this Agreement or in the certificate delivered at Closing pursuant to Section 8.3(g),

EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION, BUT EXCLUDING THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON and further excepting in each case Damages against which Seller would be required to indemnify Purchaser Group under Section 11.3(b).

(b) From and after Closing, but subject to the applicable limitations set forth in this Article 11, Seller shall indemnify, defend, and hold harmless Purchaser and its Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and Representatives ("Purchaser Group") from and against all Damages incurred or suffered by Purchaser Group:

(i) caused by or arising out of, or resulting from, the Retained Obligations;

(ii) caused by, arising out of, or resulting from, Seller's breach or nonfulfillment of, or failure to perform, any of Seller's covenants or agreements contained in this Agreement; or

(iii) caused by, arising out of, or resulting from any breach or inaccuracy of any representation or warranty made by Seller contained in Article 4 of this Agreement, or in the certificate delivered at Closing pursuant to Section 8.2(e),

EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION, BUT EXCLUDING THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON.

(c) Notwithstanding anything to the contrary contained in this Agreement, and without limitation of the special warranty of Defensible Title in the Assignment and Bill of Sale or the special warranty of title in the Mineral Deed from and after Closing, Seller's and Purchaser's sole and exclusive remedy against each other with respect to breaches of the representations, warranties, covenants, and agreements of the Parties contained in this Agreement (excluding Sections 6.5 and 6.7, which shall also be separately enforceable by Seller and Purchaser, as applicable, pursuant to whatever rights and remedies are available to it outside of this Article 11, and Section 4.7, the sole and exclusive remedy for which shall be pursuant to Section 2.3), and the affirmations of such representations, warranties, covenants, and agreements contained in the certificates respectively delivered by each Party at Closing pursuant to Sections 8.2(e) and 8.3(g), as applicable, is set forth in this Article 11 (and, with respect to the representation and warranty in Section 4.7, in Section 2.3) and if no such right of indemnification (or, with respect to the representations and warranty in Section 4.7, right under Section 2.3) is expressly provided, then such claims are hereby waived to the fullest extent permitted by Law. Except for the remedies contained in this Article 11 (and, with respect to the representation and warranty in Section 4.7, Section 2.3), and without limitation of the special warranty of Defensible Title in the Assignment and Bill of Sale or the special warranty of title in the Mineral Deed, upon Closing, each Party releases, remises, and forever discharges the other Party and its Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and other Representatives from any and all suits, legal or administrative proceedings, claims, demands, Damages, losses, costs, liabilities, interest, or causes of action whatsoever, in law or in equity, known or unknown, which such Party might now or subsequently may have, based on, relating to, or arising out of this Agreement or Seller's ownership, use, or operation of the Assets, or the condition, quality, status, or nature of the Assets, **INCLUDING RIGHTS TO CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE OIL POLLUTION ACT OF 1990, AS AMENDED, BREACHES OF STATUTORY AND IMPLIED WARRANTIES, NUISANCE OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, ANY RIGHTS UNDER INSURANCE POLICIES ISSUED OR UNDERWRITTEN BY THE OTHER PARTY OR ANY OF ITS AFFILIATES, EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY RELEASED PERSON, INVITEE, OR THIRD PARTY, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION**.

(d) The Parties shall treat, for Tax purposes, any amounts paid pursuant to this Article 11 as an adjustment to the Purchase Price.

(e) Notwithstanding anything else in this Agreement to the contrary, nothing in this Agreement shall be construed to limit any claim for Fraud or any remedies that may be available to any Party in connection with any claim for Fraud.

11.4 **Indemnification Actions**. All claims for indemnification under Section 6.5, Section 9.4 or Section 11.3 shall be asserted and resolved as follows:

(a) For purposes of this Article 11, the term "Indemnifying Person" when used in connection with particular Damages shall mean the Person having an obligation to indemnify another Person or Persons with respect to such Damages pursuant to this Article 11, and the term "Indemnified Person" when used in connection with particular Damages shall mean a Person having the right to be indemnified with respect to such Damages pursuant to this Article 11, Section 6.5 or Section 9.4 (including, for the avoidance of doubt, those Persons identified in Section 11.4(g)).

(b) To make a claim for indemnification under Section 6.5, Section 9.4 or Article 11, an Indemnified Person shall notify the Indemnifying Person of its claim, including the specific details of and specific basis under this Agreement for its claim (the "Claim Notice"). In the event that the claim for indemnification is based upon a claim by a third Person against the Indemnified Person (a "Claim"), the Indemnified Person shall provide its Claim Notice promptly after the Indemnified Person has actual knowledge of the Claim and shall enclose a complete copy of all papers (if any) served with respect to the Claim; provided that the failure of any Indemnified Person to give notice of a Claim as provided in this Section 11.4 shall not relieve the Indemnifying Person of its obligations under Section 6.5, Section 9.4 or Article 11, except to the extent such failure results in insufficient time being available to permit the Indemnifying Person to effectively defend against the Claim or otherwise materially prejudices the Indemnifying Person's ability to defend against the Claim. In the event that the claim for indemnification is based upon an inaccuracy or breach of a representation, warranty, covenant, or agreement, the Claim Notice shall specify the representation, warranty, covenant, or agreement that was inaccurate or breached and the basis of such inaccuracy or breach.

(c) In the case of a claim for indemnification based upon a Claim, the Indemnifying Person shall have thirty (30) days from its receipt of the Claim Notice to notify the Indemnified Person whether it admits or denies its obligation to defend and indemnify the Indemnified Person against such Claim under Section 6.5, Section 9.4 or this Article 11, as applicable. If the Indemnifying Person does not notify the Indemnified Person within such thirty (30) day period regarding whether the Indemnifying Person admits or denies its obligation to defend the Indemnified Person, it shall be conclusively deemed obligated to provide such indemnification hereunder. The Indemnified Person is authorized, prior to and during such thirty (30) day period but prior to the Indemnifying Person admitting (or being deemed to have admitted such obligation pursuant to this Section 11.4(c)) its obligation to provide indemnification with respect to the matter in question, to file any motion, answer, or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Person and that is not prejudicial to the Indemnifying Person.

(d) If the Indemnifying Person admits its obligation (or is deemed to have admitted its obligation), it shall have the right and obligation to diligently defend and indemnify, at its sole cost and expense, the Claim. The Indemnifying Person shall have full control of such defense and proceedings, including, subject to the remainder of this Section 11.4(d), any compromise or settlement thereof. If requested by the Indemnifying Person, the Indemnified Person agrees to cooperate in contesting any Claim which the Indemnifying Person elects to contest (provided, however, that the Indemnified Person shall not be required to bring any counterclaim or cross-complaint against any Person). The Indemnified Person may, at its own expense, participate in, but not control, any defense or settlement of any Claim controlled by the Indemnifying Person pursuant to this Section 11.4(d). An Indemnifying Person shall not, without the written consent of the Indemnified Person, settle any Claim or consent to the entry of any judgment with respect thereto that (i) does not result in a final, non-appealable, resolution of the Indemnified Person's liability with respect to the Claim (including, in the case of a settlement, an unconditional written release of the Indemnified Person from all further liability in respect of such Claim) or (ii) may materially and adversely affect the Indemnified Person (other than as a result of money damages covered by the indemnity).

(e) If the Indemnifying Person does not admit its obligation or admits its obligation but fails to diligently defend, indemnify against, or settle the Claim, then the Indemnified Person shall have the right to defend against the Claim (at the sole cost and expense of the Indemnifying Person, if the Indemnified Person is entitled to indemnification hereunder), with counsel of the Indemnified Person's choosing, subject to the right of the Indemnifying Person to admit its obligation to indemnify the Indemnified Person and assume the defense of the Claim at any time prior to settlement or final, non-appealable determination thereof. If the Indemnifying Person has not yet admitted its obligation to defend and indemnify the Indemnified Person, the Indemnified Person shall send written notice to the Indemnifying Person of any proposed settlement and the Indemnifying Person shall have the option for ten (10) days following receipt of such notice to (i) admit in writing its obligation for indemnification with respect to such Claim and (ii) if its obligation is so admitted, assume the defense of the Claim, including the power to reject the proposed settlement. If the Indemnified Person settles any Claim over the objection of the Indemnifying Person after the Indemnifying Person has timely admitted its obligation for indemnification in writing (or is deemed to be obligated to indemnify such Indemnified Person pursuant to Section 11.4(c) or this Section 11.4(e)), the Indemnified Person shall be deemed to have waived any right to indemnity therefor.

(f) In the case of a claim for indemnification not based upon a Claim, the Indemnifying Person shall have thirty (30) days from its receipt of the Claim Notice to (i) cure the Damages complained of, (ii) admit its obligation to provide indemnification with respect to such Damages, or (iii) dispute the claim for such Damages. If the Indemnifying Person does not notify the Indemnified Person within such thirty (30) day period that it has cured the Damages or that it disputes the claim for such Damages, the Indemnifying Person shall be conclusively deemed to be obligated to provide indemnification hereunder, subject to the other provisions of this Article 11.

(g) Any claim for indemnity under Section 6.5, Section 9.4 or this Article 11 by any Affiliate, partner, member, shareholder, owner, officer, director, manager, employee, agent or Representative must be brought and administered by the applicable Party to this Agreement that is related to such Person. No Indemnified Person other than Seller and Purchaser shall have any rights against Seller or Purchaser under the terms of Section 6.5, Section 9.4 or this Article 11 except as may be exercised on its behalf by Purchaser or Seller, as applicable, pursuant to this Section 11.4(g). Seller and Purchaser may elect to exercise or not exercise indemnification rights under this Section 11.4 on behalf of the other Indemnified Persons affiliated with it in its sole discretion and shall have no liability to any such other Indemnified Person for any action or inaction under this Section 11.4.

11.5 Casualty and Condemnation.

(a) Subject to, and without limitation of, Seller's representations, warranties, covenants and agreements made pursuant to this Agreement, if Closing occurs, then, from and after the Effective Date, Purchaser shall assume all risk of loss with respect to production of Hydrocarbons through normal depletion (including watering out of any Well, collapsed casing or sand infiltration of any Well) and the depreciation of any Equipment due to ordinary wear and tear, in each case, with respect to the Assets.

(b) If, after the Execution Date but prior to the Closing Date, any portion of the Assets is destroyed by fire or other casualty or is expropriated or taken in condemnation or under right of eminent domain (each, a "Casualty Loss"), then:

(i) Seller shall promptly notify Purchaser in writing following the occurrence of such Casualty Loss, which notice shall include reasonable detail of the nature of such Casualty Loss and Seller's good faith estimate of the costs to repair or replace the relevant Asset(s);

(ii) Seller shall use commercially reasonable efforts to mitigate (or attempt to mitigate) any Damages resulting from, or relating to, such Casualty Loss;

(iii) Purchaser shall, subject to the other terms and conditions of this Agreement, nevertheless be required to proceed with Closing; and

(iv) Seller, at the Closing, shall pay to Purchaser all sums paid or credited to Seller or any of its Affiliates by Persons by reason of such Casualty Loss insofar as with respect to the relevant Assets and shall assign, transfer and set over to Purchaser or subrogate Purchaser to all of Seller's (and, if applicable, its Affiliates') right, title and interest (if any) in and to any and all insurance claims, unpaid awards and other rights against any third Persons arising out of or in connection with such Casualty Loss insofar as with respect to the Assets.

(c) Notwithstanding anything herein to the contrary, neither Seller nor any of its Affiliates shall compromise, settle or adjust any amounts payable by reason of, or in connection with, any Casualty Loss without the prior written consent of Purchaser.

11.6 Limitation on Actions.

(a) The representations and warranties of Seller in Article 4 (excluding, for purposes of clarity, the Seller Fundamental Representations and Seller's representations and warranties in Sections 4.3 and 4.7), the corresponding representations, warranties, and affirmations given in the certificate delivered by Seller at Closing pursuant to Section 8.2(e), and the covenants and agreements of the Parties to be performed at or prior to Closing shall, in each case, survive the Closing for a period of twelve (12) months. The Seller Fundamental Representations, and the corresponding representations, warranties, and affirmations given in the certificate delivered by Seller at Closing pursuant to Section 8.2(e), and the Purchaser Fundamental Representations and the corresponding representations, warranties, and affirmations given in the certificate delivered by Purchaser at Closing pursuant to Section 8.3(g) shall, in each case, survive the Closing for a period of three (3) years. The representations and warranties of Seller set forth in Section 4.3 shall survive the Closing for the applicable statute of limitations period plus thirty (30) days, and the representations and warranties of Seller set forth in Section 4.7 shall survive the Closing until the Cut-Off Date. The representations and warranties of Purchaser in Article 5 (excluding the Purchaser Fundamental Representations), and the corresponding representations, warranties, and affirmations given in the certificate delivered by Purchaser at Closing pursuant to Section 8.3(g), shall, in each case, survive the Closing for a period of twelve (12) months. The covenants and agreements of the Parties to be performed at any time after Closing shall survive Closing until fully performed, subject to the applicable limitations set forth in this Section 11.6. The remainder of this Agreement shall survive the Closing and delivery of the Assignment and Bill of Sale without time limit except as may otherwise be expressly provided herein. Representations, warranties, covenants, and agreements shall be of no further force and effect after the date of their expiration, provided that there shall be no termination of any bona fide claim asserted pursuant to this Agreement with respect to such a representation, warranty, covenant, or agreement prior to its expiration date (and, for purposes of clarity, there shall be no termination of any indemnification obligations underlying any such claim in such circumstance).

(b) The indemnities in Sections 11.3(a)(ii), 11.3(a)(iii), 11.3(b)(ii), and 11.3(b)(iii) shall terminate as of the termination date of each respective representation, warranty, covenant, or agreement that is subject to indemnification thereunder, except in each case as to matters for which a bona fide specific written claim for indemnity has been delivered to the Indemnifying Person on or before such termination date (and, for purposes of clarity, there shall be no termination of any indemnification obligations underlying any such claim in such circumstance). The indemnity in Section 11.3(b)(i) shall survive the Closing (i) until the Cut-Off Date, with respect to Section 11.2(b), (ii) for the applicable statute of limitations period plus thirty (30) days with respect to Section 11.2(c), (iii) for a period of three (3) years with respect to Sections 11.2(d), 11.2(e), 11.2(f), 11.2(h), and 11.2(i), and (iv) without time limit with respect to Sections 11.2(a) and 11.2(g). The indemnities in Section 11.3(a)(i) shall continue without time limit.

(c) Seller shall not have any liability for any indemnification under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), for an individual matter until and unless the amount of the liability for Damages with respect to which Seller an obligation to indemnify the Purchaser Group pursuant to the terms of Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3) exceeds One Hundred Twenty-Five Thousand Dollars ($125,000) (the "Individual Indemnity Threshold"). Without limiting the foregoing, Seller shall not have any liability for any indemnification under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3) until and unless the aggregate amount of the liability for all Damages (i) for which Claim Notices are delivered by Purchaser under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), (ii) with respect to which Seller has an obligation to indemnify Purchaser pursuant to the terms of Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), and (iii) which exceed the Individual Indemnity Threshold exceeds an amount equal to one and three quarters of one percent (1.75%) of the Unadjusted Purchase Price, and then only to the extent such Damages exceed an amount equal to one and three quarters of one percent (1.75%) of the Unadjusted Purchase Price.

(d) Purchaser shall not have any liability for any indemnification under Section 11.3(a)(iii) (except for breaches or inaccuracies of any of the Purchaser Fundamental Representations), for an individual matter until and unless the amount of the liability for Damages with respect to which Purchaser has an obligation to indemnify the Seller Group pursuant to the terms of Section 11.3(a)(iii) (except for breaches or inaccuracies of any of the Purchaser Fundamental Representations) exceeds the Individual Indemnity Threshold.

(e) Notwithstanding anything to the contrary contained elsewhere in this Agreement, Seller shall not be required to indemnify Purchaser (i) under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties in Section 4.3) for aggregate Damages in excess of fifteen percent (15%) of the Unadjusted Purchase Price, and (ii) under this Article 11, for aggregate Damages in excess of one hundred percent (100%) of the Unadjusted Purchase Price.

(f) The amount of any Damages for which an Indemnified Person is entitled to indemnity under this Article 11 shall be reduced by the amount of insurance proceeds realized by the Indemnified Person or its Affiliates with respect to such Damages (net of any collection costs, and excluding the proceeds of any insurance policy issued or underwritten by the Indemnified Person or its Affiliates); provided, however, that no Party shall be required to seek recovery under any policy of insurance as a condition to indemnification hereunder.

(g) Seller shall be subrogated to the rights of any Indemnified Person that is a member of the Purchaser Group and Purchaser shall be subrogated to the rights of any Indemnified Person that is a member of the Seller Group, in each case, against any insurer, indemnitor, guarantor or other Person with respect to the subject matter of any Damages subject to indemnification by such Party pursuant to Article 11 to the extent that a Party pays any such Indemnified Person with respect to such Damages. Any member of the Purchaser Group or Seller Group, as applicable, who is indemnified pursuant to Article 11 shall assign or otherwise cooperate with Seller or Purchaser, as applicable, in the pursuit of any claims against, and any efforts to recover amounts from, such other Person for any such Damages for which any member of the Seller Group or Purchaser Group, as applicable, has been paid. Any such Purchaser Group Indemnified Person shall remit to Seller or Seller Group Indemnified Person shall remit to Purchaser, as applicable, within five (5) Business Days after receipt, any insurance proceeds or other payment that is received by any member of the Purchaser Group or Seller Group, as applicable, from a third Person and which relates to Damages for which (but only to the extent) such member of the Seller Group or Purchaser Group, as applicable, has been previously compensated hereunder (minus the reasonable out-of-pocket costs incurred in obtaining such recovery).

(h) Neither Seller nor Purchaser shall have any obligation or liability under this Agreement or in connection with or with respect to the transactions contemplated by this Agreement for any breach, misrepresentation, or noncompliance with respect to any representation, warranty, covenant, indemnity, or obligation if such breach, misrepresentation, or noncompliance shall have been affirmatively and expressly waived in writing by the other Party.

(i) As used in this Agreement, the term "Damages" means the amount of any actual liability, loss, cost, expense, Tax, claim, award, or judgment incurred or suffered by any Person, whether attributable to personal injury or death, property damage, contract claims, torts, or otherwise, including reasonable fees and expenses of attorneys, consultants, accountants, or other agents and experts reasonably incident to the matters in question, and the costs of investigation and/or monitoring of such matters, and the costs of enforcement of the indemnity provided hereunder. **NOTWITHSTANDING THE FOREGOING, NEITHER PURCHASER NOR SELLER SHALL BE ENTITLED TO INDEMNIFICATION UNDER SECTION 6.5, SECTION 9.4 OR THIS ARTICLE 11 FOR, AND "DAMAGES" SHALL NOT INCLUDE, (I) LOSS OF PROFITS, TO THE EXTENT SUCH LOSS OF PROFITS DO NOT CONSTITUTE DIRECT DAMAGES, OR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES (OTHER THAN SUCH DAMAGES SUFFERED BY THIRD PERSONS FOR WHICH RESPONSIBILITY IS ALLOCATED AMONG THE PARTIES), AND (II) ANY INCREASE IN LIABILITY, LOSS, COST, EXPENSE, CLAIM, AWARD OR JUDGMENT TO THE EXTENT SUCH INCREASE IS CAUSED BY THE ACTIONS OR OMISSIONS OF ANY INDEMNIFIED PERSON AFTER THE CLOSING DATE.**

(j) Notwithstanding anything herein to the contrary, for purposes of determining the indemnity obligations set forth in this Article 11, (i) when determining whether a breach or inaccuracy of Seller's representations or warranties contained in this Agreement has occurred, and (ii) when calculating the amount of Damages incurred, arising out of or relating to any such breach or inaccuracy of any such representation or warranty by Seller, in each case, all references to materiality (excluding references to "Material Contract" or "Material Consent") and Seller Material Adverse Effect contained in such representation or warranty shall be disregarded.

ARTICLE 12
MISCELLANEOUS

12.1 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

12.2 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via facsimile transmission or transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving Party charged with notice, when received except that if received after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices shall be addressed as follows:

If to Seller:

Maple Energy Holdings, LLC
602 Sawyer Street
Suite 710
Houston, TX 77007
Attention: John Gayle, CEO

Email: gayle@fractalresources.com

and

Riverstone Credit Partners LLC
712 Fifth Avenue
36th Floor
New York, NY 10019

Email: legal@riverstonellc.com; whughes@riverstonecredit.com

With a copy to (which shall not constitute notice):

Vinson & Elkins LLP
1114 Sixth Avenue, 32nd Floor
New York, NY 10036
Attention: John Grand, Patrick Whelan
Telephone: (214) 220-7866; (212) 237-0142
Email: jgrand@velaw.com; pwhelan@velaw.com

If to Purchaser:

Vital Energy, Inc.
521 East 2nd Street, Suite 1000
Tulsa, Oklahoma 74120
Attention: Mark Denny
Telephone: (918) 858-5272
Email: mark.denny@vitalenergy.com

With a copy to (which shall not constitute notice):

Latham & Watkins LLP
811 Main Street, Suite 3700
Houston, Texas 77002
Attention: Stephen Szalkowski
Telephone: (713) 546-7431
Email: stephen.szalkowski@lw.com

Either Party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the Party to which such notice is addressed.

12.3 **Expenses**. Except as provided in Sections 3.10(c), 6.6, 8.4(c), 10.2 and in Section 11.4, all expenses incurred by Seller in connection with or related to the authorization, preparation or execution of this Agreement, and the exhibits and schedules hereto and thereto, and all other matters related to the Closing and the transactions related thereto, including all fees and expenses of counsel, accountants, and financial advisers employed by Seller, shall be borne solely and entirely by Seller, and all such expenses incurred by Purchaser shall be borne solely and entirely by Purchaser.

12.4 Replacement of Credit Support. The Parties understand that none of the Credit Support, if any, posted by Seller or any Affiliate thereof with or for the benefit of any Governmental Authority or third Person and relating to the Assets will be transferred to Purchaser. On or before Closing, Purchaser shall obtain, or cause to be obtained in the name of Purchaser, replacements for such Credit Support that is listed on Schedule 4.18 as is necessary for Purchaser to own and, if applicable, operate the Assets, and shall cooperate in good faith with Seller to assist Seller in causing, effective as of the Closing, the cancellation or return to Seller of the Credit Support that is listed on Schedule 4.18 and posted by Seller or its Affiliates; provided, however, that if, as of the Closing Date, Purchaser is unable to (a) obtain replacements of any such Credit Support and/or (b) the cancellation of or return to Seller of any such Credit Support, then, Purchaser shall indemnify and reimburse Seller for any costs, expenses or other Damages paid or incurred by Seller under or pursuant to such Credit Support resulting from the ownership or operation of the any of the applicable Assets from and after the Closing Date until such time as Purchaser is able to obtain such replacements of such Credit Support and/or the cancellation of or return to Seller of any such Credit Support, as applicable, following the Closing Date.

12.5 Records.

(a) As soon as practicable, but in no event later than (i) one (1) Business Day after the Closing Date, Seller shall provide any Records held in electronic format to Purchaser, and (ii) twenty (20) days after the Closing Date, Seller shall make available to Purchaser for pickup, at Purchaser's sole cost and expense, at Seller's service provider's offices or other reasonable location designated by Seller, the original Records (or digital copies of Records to the extent Seller does not have originals of such Records) that are in the possession of Seller or its Affiliates, subject to Section 12.5(b). Notwithstanding anything to the contrary herein, Seller shall cooperate in good faith with Purchaser (at no cost or expense to Seller) to cause the Records to be delivered to Purchaser in the format or formats that are reasonably requested by Purchaser.

(b) Seller may retain a copy of all data room materials for the transactions contemplated by this Agreement along with the originals of those Records (i) relating to Tax and accounting matters, (ii) relating to Properties in which Seller retains any interest, or (iii) which are subject to a legal hold by Seller (until such hold is released) and provide Purchaser, at its request, with copies of such Records other than Records that pertain solely to Income Tax matters. Seller may retain copies of any other Records, including geological, geophysical, and similar data and studies.

(c) Purchaser, for a period of seven (7) years after the Closing shall: (i) retain the Records and (ii) provide Seller, and the members of the Seller Group with access to the Records during normal business hours for review and copying at Seller's sole expense.

12.6 Governing Law. This Agreement and the legal relations between the Parties shall be governed by and construed in accordance with the Laws of the State of Texas, without regard to principles of conflicts of Laws that would direct the application of the Laws of another jurisdiction.

12.7 **Venue; Waiver of Jury Trial**. Each Party consents to personal jurisdiction in any action brought in the United States federal courts located in the State of Texas with respect to any dispute, claim, or controversy arising out of, in relation to, or in connection with, this Agreement, and each of the Parties agrees that any action instituted by it against the other with respect to any such dispute, controversy, or claim (except to the extent a dispute, controversy, or claim arising out of, in relation to, or in connection with, title or environmental matters pursuant to Section 3.10 or the determination of Purchase Price adjustments pursuant to Section 8.4(b) is referred to an expert pursuant to those Sections) will be instituted exclusively in the United States District Court for the Southern District of Texas, Houston Division; *provided*, that if such court denies jurisdiction with respect to such dispute, such dispute, claim or controversy may be initiated in any State court located in Harris County, Texas. Each Party (a) irrevocably submits to the exclusive jurisdiction of such courts, (b) waives any objection to laying venue in any such action or proceeding in such courts, (c) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over it, and (d) agrees that service of process upon it may be effected by mailing a copy thereof by registered mail (or any substantially similar form of mail), postage prepaid, to it at its address specified in Section 12.2. The foregoing consents to jurisdiction and service of process shall not constitute general consents to service of process in the State of Texas for any purpose except as provided herein and shall not be deemed to confer any rights on any Person other than the Parties to this Agreement. **THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF, IN RELATION TO, OR IN CONNECTION WITH, THIS AGREEMENT**.

12.8 **Captions**. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

12.9 **Waivers**. Any failure by any Party to comply with any of its obligations, agreements, or conditions herein contained may be waived by the Party to whom such compliance is owed by an instrument signed by the Party to whom compliance is owed and expressly identified as a waiver, but not in any other manner. No course of dealing on the part of Seller or Purchaser, or their respective Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and Representatives or any failure by Seller or Purchaser to exercise any of its rights under this Agreement shall operate as a waiver thereof or affect in any way the right of such Party at a later time to enforce the performance of such provision. No waiver of, or consent to a change in, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

12.10 **Assignment**. Other than as permitted by Section 9.4, no Party shall assign or otherwise transfer all or any part of this Agreement to any third Person, nor shall any Party delegate any of its rights or duties hereunder to any third Person, without the prior written consent of the other Party and any transfer or delegation made without such consent shall be void *ab initio*; provided that Purchaser may, without consent of Seller but with prior written notice to Seller and subject to the immediately succeeding sentence, assign to one or more of its wholly-owned subsidiaries its rights hereunder to receive assignment and transfer of the Assets, but Purchaser shall remain liable for its obligations hereunder. Any assignment of this Agreement permitted by this Section 12.10 shall be made subject to the obligations contained in this Agreement and such assignment shall not relieve the assigning Party of any obligations and responsibilities hereunder. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

12.11 **Entire Agreement**. This Agreement, the Non-Disclosure Agreement and the documents to be executed hereunder and the exhibits and schedules attached hereto and thereto constitute the entire agreement among the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. In entering into this Agreement, neither Party has relied on any statement, representation, warranty, covenant, nor agreement of the other Party or its Representatives other than those expressly contained in this Agreement. For the avoidance of doubt, this Agreement constitutes a “definitive written agreement” as contemplated by the Non-Disclosure Agreement and, as such, upon Closing the Non-Disclosure Agreement shall automatically terminate, effective as of the Closing Date, or if Closing does not occur, the Non-Disclosure Agreement shall survive in accordance with its terms. This Agreement shall not create and it is not the purpose or intention of the Parties to create any partnership, mining partnership, joint venture, general partnership or other partnership relationship and none shall be inferred.

12.12 **Amendment**. This Agreement may be amended or modified only by an agreement in writing signed by Seller and Purchaser and expressly identified as an amendment or modification.

12.13 **No Third-Person Beneficiaries**. Nothing in this Agreement shall entitle any Person other than Purchaser and Seller to any claim, cause of action, remedy or right of any kind, except the rights expressly provided to the Persons described in Sections 6.5, Section 9.4, Section 12.19 and Article 11, which rights shall be exercised through the applicable Party. Accordingly, references to the indemnification rights of Purchaser or Seller under this Agreement shall be deemed to include the indemnification rights of the Purchaser Group or the Seller Group, as applicable.

12.14 **Severability**. If any provision of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

12.15 **Time of the Essence**. Time is of the essence in this Agreement. If the date specified in this Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date which is not a Business Day), then the date for giving such notice or taking such action (and the expiration of such period during which notice is required to be given or action taken) shall be the next day which is a Business Day.

12.16 **References**. In this Agreement, unless the context requires otherwise: (a) references to any gender includes a reference to all other genders; (b) references to the singular includes the plural, and vice versa; (c) reference to any Article or Section means an Article or Section of this Agreement; (d) reference to any exhibit or schedule means an exhibit or schedule to this Agreement, all of which are incorporated into, and made a part of, this Agreement for all purposes; (e) unless expressly provided to the contrary, “hereunder”, “hereof”, “herein”, and words of similar import are references to this Agreement as a whole and not any particular Section or other provision of this Agreement; (f) references to “$” or “Dollars” means United States Dollars; (g) “include” and “including” mean include or including without limiting the generality of the description preceding such term and (h) as used in this Agreement, the term “Seller” shall be deemed and construed to refer to the various individual Persons that collectively constitute Seller. If the date of performance falls on a day that is not a Business Day, then the actual date of performance will be the next succeeding day that is a Business Day.

12.17 **Construction**. Purchaser is capable of making such investigation, inspection, review and evaluation of the Assets as a prudent purchaser would deem appropriate under the circumstances, including with respect to all matters relating to the Assets, their value, operation, and suitability. Seller and Purchaser have had the opportunity to exercise business discretion in relation to the negotiation of the details of the transaction contemplated hereby. This Agreement is the result of arm’s-length negotiations from equal bargaining positions. It is expressly agreed that this Agreement shall not be construed against any Party, and no consideration shall be given or presumption made, on the basis of who drafted this Agreement or any particular provision hereof.

12.18 Limitation on Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN BUT WITHOUT LIMITATION OF SECTION 10.2, NEITHER PURCHASER NOR SELLER, NOR ANY OF THEIR RESPECTIVE AFFILIATES SHALL BE ENTITLED TO LOSS OF PROFITS, OTHER THAN LOSS OF PROFITS CONSTITUTING DIRECT DAMAGES, OR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY (OTHER THAN SUCH DAMAGES SUFFERED BY THIRD PERSONS FOR WHICH RESPONSIBILITY IS ALLOCATED BETWEEN THE PARTIES) AND PURCHASER AND SELLER, FOR THEMSELVES AND ON BEHALF OF THEIR RESPECTIVE AFFILIATES, HEREBY EXPRESSLY WAIVE ANY RIGHT TO SUCH LOSS OF PROFITS, CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY (OTHER THAN SUCH DAMAGES SUFFERED BY THIRD PERSONS FOR WHICH RESPONSIBILITY IS ALLOCATED BETWEEN THE PARTIES). NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY IN THIS SECTION 12.18 OR ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, NOTHING IN THIS SECTION 12.18 SHALL BE CONSTRUED AS LIMITING ANY PERSON'S ABILITY TO RECOVER ANY DIRECT DAMAGES (INCLUDING LOST PROFITS THAT ARE DIRECT DAMAGES) AS PROVIDED UNDER TEXAS LAW.

12.19 Non-Recourse Parties. Subject to the remainder of this Section 12.19, all claims, obligations, liabilities, or causes of action (whether in contract or in tort, in Law or in equity, or granted by statute) that may be based upon, are in respect of, arise under, arise out or by reason of, are connected with, or relate in any manner to this Agreement, the negotiation, execution, or the performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement) or the transaction contemplated hereby and thereby, may be made only against (and are expressly limited to) the entities that are expressly identified as "Parties" in the preamble to this Agreement or any successor or permitted assign of any such Parties ("Contracting Parties"). No Person who is not a Contracting Party, including without limitation any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney, or Representative of, and any financial advisor, lender, investor or equity provider (whether actual or prospective) of, any Contracting Party, or any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney, or Representative of, and any financial advisor, lender, investor or equity provider (whether actual or prospective) of, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in Law or in equity, or granted by statute) to any Contracting Party with which it is not engaged or does not have a contractual relationship with (outside of this Agreement) or any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement, the performance of this Agreement, or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by Law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates. Without limiting the foregoing, to the maximum extent permitted by Law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at Law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of the other Contracting Party on any of its Nonparty Affiliates, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any of the other Contracting Party's Nonparty Affiliates with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Notwithstanding anything in this Section 12.19 to the contrary, this Section 12.19 does not provide (and shall in no event be interpreted to provide) for any waiver, release or relinquishment by any Contracting Party of any claims, obligations, liabilities, or causes of action (whether in contract or in tort, in Law or in equity, or granted by statute) of any sort which such Contracting Party may have against any of Nonparty Affiliates (being those that such Contracting Party has engaged or has a contractual relationship with outside of this Agreement).

12.20 No Reliance.

(a) **PURCHASER HEREBY ACKNOWLEDGES AND AGREES TO THE DISCLAIMERS AND OTHER TERMS AND PROVISIONS SET FORTH IN SECTION 4.25. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER MAKES NO, AND PURCHASER IS NOT RELYING ON, ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF SELLER OR ANY OTHER PERSON WITH RESPECT TO THIS AGREEMENT, THE TRANSACTION AGREEMENTS, THE TRANSACTIONS, OR THE ASSETS EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN ARTICLE 4, THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.2(e) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN ARTICLE 4, THE SPECIAL WARRANTY OF TITLE IN THE ASSIGNMENT AND BILL OF SALE, AND THE SPECIAL WARRANTY OF TITLE IN THE MINERAL DEED**

(b) **SELLER HEREBY ACKNOWLEDGES AND AGREES TO THE DISCLAIMERS AND OTHER TERMS AND PROVISIONS SET FORTH IN SECTION 5.19. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER ACKNOWLEDGES AND AGREES THAT PURCHASER MAKES NO, AND SELLER IS NOT RELYING ON, ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF PURCHASER OR ANY OTHER PERSON WITH RESPECT TO THIS AGREEMENT, THE TRANSACTION AGREEMENTS, THE TRANSACTIONS, OR THE ASSETS EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF PURCHASER SET FORTH IN ARTICLE 5, AND THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.3(g) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF PURCHASER SET FORTH IN ARTICLE 5.**

12.21 Waiver of Right of Rescission. Seller and Purchaser acknowledge that, following the Closing, the payment of money or Purchaser Stock, as limited by the terms of this Agreement, shall be adequate compensation for breach of any representation, warranty, covenant or agreement contained herein or for any other claim arising in connection with or with respect to the transactions contemplated by this Agreement and each of the Transaction Agreements. As the payment of money or Purchaser Stock shall be adequate compensation, following the Closing, Purchaser and Seller waive any right to rescind this Agreement or any of the Transaction Agreements or any of the transactions contemplated hereby or thereby.

12.22 Conspicuous. **THE PARTIES HERETO AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE EFFECTIVE OR ENFORCEABLE, THE PROVISIONS IN THIS AGREEMENT IN BOLD-TYPE FONT ARE "CONSPICUOUS" FOR THE PURPOSE OF ANY APPLICABLE LAW.**

12.23 Change of Name. Unless otherwise authorized by Seller in writing, as promptly as practicable, but in any case, within ninety (90) days after the Closing Date, Purchaser shall eliminate the name "Maple Energy Holdings, LLC" and any variants thereof from the Assets acquired pursuant to this Agreement and, except with respect to such grace period for eliminating existing usage, shall have no right to use any logos, trademarks or trade names belonging to Seller or any of its Affiliates.

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IN WITNESS WHEREOF, this Agreement has been signed by each of the Parties as of the Execution Date.

SELLER:

MAPLE ENERGY HOLDINGS, LLC

By: /s/ John Gayle
Name: John Gayle
Title: Chief Executive Officer

PURCHASER:

VITAL ENERGY, INC.

By: /s/ Jason Pigott
Name: Jason Pigott
Title: Chief Executive Officer

EXHIBIT C

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of [__], 2023 (the "Closing Date"), is entered into by and among Vital Energy, Inc., a Delaware corporation (the "Company"), Maple Energy Holdings, LLC, a Delaware limited liability company (the "Investor"), and the other Holders (as defined below) from time to time parties hereto.

RECITALS

WHEREAS, this Agreement is being entered into pursuant to, and in connection with the closing of the transactions contemplated by, that certain Purchase and Sale Agreement, dated as of September 13, 2023, by and between the Company, as purchaser, and the Investor, as seller (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement");

WHEREAS, on the Closing Date, in connection with the closing of the transactions contemplated by the Purchase Agreement, the Company has issued to the Investor [___] shares of Common Stock (as defined herein), including [___] shares of Common Stock held in escrow and governed by the Escrow Agreement (as defined in the Purchase Agreement) (collectively, the "Issued Shares"), in accordance with the terms of the Purchase Agreement;

WHEREAS, resales by the Holders of the Issued Shares may be required to be registered under the Securities Act (as defined herein) and applicable state securities laws, depending on the status of the Holders or the intended method of distribution of the Issued Shares; and

WHEREAS, the Company and the Holders have agreed to enter into this Agreement pursuant to which the Company hereby grants the Holders certain registration rights under the Securities Act and other rights with respect to the Registrable Securities (as defined herein) in furtherance of the foregoing.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS AND REFERENCES

Section 1.1 As used herein, the following terms shall have the following respective meanings:

"Adoption Agreement" means an Adoption Agreement substantially in the form attached hereto as Exhibit A.

"Affiliate" means (a) as to any Person, other than an individual Holder, any other Person who directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person and (b) as to any individual, (i) any Relative of such individual, (ii) any trust whose primary beneficiaries are one or more of such individual and such individual's Relatives, (iii) the legal representative or guardian of such individual or any of such individual's Relatives if one has been appointed and (iv) any Person controlled by any one or more of such individual and the Persons referred to in clauses (i), (ii) or (iii) above. As used in this Agreement, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such Person (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise).

"Agreement" has the meaning set forth in the introductory paragraph.

"Block Trade" has the meaning set forth in Section 2.5.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday, Sunday, any federal holiday or any other day on which banking institutions in the State of Texas or the State of New York are authorized or required to be closed by law or governmental action.

"Closing Date" has the meaning set forth in the introductory paragraph.

"Commission" means the Securities and Exchange Commission or any successor governmental agency.

"Common Stock" means the common stock of the Company, par value $0.01 per share.

"Company" has the meaning set forth in the introductory paragraph.

"Company Securities" means, with respect to any Shelf Underwritten Offering or Piggyback Underwritten Offering, the shares of Common Stock that the Company proposes to include in such Underwritten Offering for its own account.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Henry Registration Rights Agreement" means that certain registration rights agreement, dated as of September [__], 2023, by and between the Company and Henry Resources LLC, Henry Energy LP, and Moriah Henry Partners LLC.

"Holder" means any record holder of Registrable Securities.

"Holder Securities" means (a) with respect to any Shelf Underwritten Offering, the Registrable Securities requested to be included in such Shelf Underwritten Offering by the Requesting Holders and the Shelf Piggybacking Holders and (b) with respect to any Piggyback Underwritten Offering, the Registrable Securities requested to be included in such Piggyback Underwritten Offering by the Piggybacking Holders.

"Indemnified Party" has the meaning set forth in Section 3.3.

"Indemnifying Party" has the meaning set forth in Section 3.3.

"Investor" has the meaning set forth in the introductory paragraph.

"Issued Shares" has the meaning set forth in the recitals.

"Losses" has the meaning set forth in Section 3.1.

"Majority Holders" means, at any time, the Holder or Holders of more than fifty percent (50%) of the Registrable Securities at such time.

"Managing Underwriter" means, with respect to any Underwritten Offering, the lead book-running manager(s) of such Underwritten Offering.

"Opt-Out Holder" means a Holder that has delivered to the Company an Opt-Out Notice, and has not revoked such Opt-Out Notice, pursuant to Section 2.11.

"Opt-Out Notice" has the meaning set forth in Section 2.11.

"Other Coordinated Offering" has the meaning set forth in Section 2.5.

"Other Holder Securities" means the "Holder Securities" as defined in each of the Henry Registration Rights Agreement and the Tall City Registration Rights Agreement, as applicable.

"Other Holders" means the "Holders" as defined in each of the Henry Registration Rights Agreement and the Tall City Registration Rights Agreement, as applicable.

"Permitted Transferee" means (a) with respect to the Investor or any other Person described in this clause (a) that becomes a Holder, (i) any of the direct or indirect partners, stockholders or members of such Investor or (ii) any trust, family partnership or family limited liability company, the sole beneficiaries, partners or members of which are a Person described in the foregoing clause (i) or Relatives of such a Person, and (b) with respect to any Holder, any Affiliate of such Holder.

"Person" means any individual, corporation, partnership, limited liability company, firm, association, trust, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

"Piggyback Underwritten Offering" has the meaning set forth in Section 2.4(a).

"Piggybacking Holder" has the meaning set forth in Section 2.4(a).

"Proceeding" means an action, claim, suit, arbitration, or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Registrable Securities" means (a) the Issued Shares and (b) any securities issued or issuable with respect to the Issued Shares by way of distribution or in connection with any reorganization or other recapitalization, merger, consolidation or otherwise; *provided, however*, that a Registrable Security shall cease to be a Registrable Security when (i) such Registrable Security has been disposed of pursuant to an effective Registration Statement, (ii) such Registrable Security has been disposed of under Rule 144 or any other exemption from the registration requirements of the Securities Act as a result of which the Transferee thereof does not receive "restricted securities" as defined in Rule 144, or (iii) (1) such Registrable Security and all other Registrable Securities held by the Holder of such Registrable Security are freely tradeable by such Holder without volume or other limitations or requirements under Rule 144 and (2) such Holder and its Affiliates collectively hold less than five percent (5%) of the outstanding shares of Common Stock.

"Registration Expenses" means all expenses incurred by the Company in complying with Article II, including, without limitation, all registration and filing fees, printing expenses, road show expenses, fees and disbursements of counsel and independent public accountants and independent reserve engineers for the Company, fees and expenses (including counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the Financial Industry Regulatory Authority, fees of transfer agents and registrars, and the reasonable fees and disbursements of one special legal counsel to represent all Holders in an applicable Shelf Underwritten Offering, Piggyback Underwritten Offering, Block Trade or Other Coordinated Offering not to exceed $75,000 per Shelf Underwritten Offering, Piggyback Underwritten Offering, Block Trade or Other Coordinated Offering, but excluding any Selling Expenses.

"Registration Statement" means any registration statement of the Company filed or to be filed with the Commission under the Securities Act, including the related prospectus, amendments, and supplements to such registration statement, and including pre- and post-effective amendments and all exhibits and all material incorporated by reference in such registration statement.

"Relative" means, with respect to any individual: (a) such individual's spouse, (b) any lineal descendant, parent, grandparent, great grandparent or sibling of such individual or any lineal descendant of any such sibling (in each case whether by blood or legal adoption), and (c) the spouse of an individual person described in clause (b) of this definition.

"Requesting Holders" has the meaning set forth in Section 2.2(a).

"Required Shelf Filing Date" means the third (3^{rd}) Business Day after the Closing Date, or such other date as may be agreed to by the parties hereto in writing.

"Section 2.2 Maximum Number of Shares" has the meaning set forth in Section 2.2(c).

"Section 2.4 Maximum Number of Shares" has the meaning set forth in Section 2.4(c).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder.

"Selling Expenses" means all (a) underwriting fees, discounts and selling commissions allocable to the sale of Registrable Securities, and (b) transfer taxes allocable to the sale of the Registrable Securities.

"Selling Holder" means a Holder selling Registrable Securities pursuant to a Registration Statement.

"Shelf Piggybacking Holder" has the meaning set forth in Section 2.2(b).

"Shelf Registration Statement" has the meaning set forth in Section 2.1(a).

"Shelf Underwritten Offering" has the meaning set forth in Section 2.2(a).

"Shelf Underwritten Offering Request" has the meaning set forth in Section 2.2(a).

"Suspension Period" has the meaning set forth in Section 2.3.

"Tall City Registration Rights Agreement" means that certain registration rights agreement, dated as of September [__], 2023, by and between the Company and Tall City Property Holdings III LLC and Tall City Operations III LLC.

"Transfer" means any offer, sale, pledge, encumbrance, hypothecation, entry into any contract to sell, grant of an option to purchase, short sale, assignment, transfer, exchange, gift, bequest or other disposition, direct or indirect, in whole or in part, by operation of law or otherwise. "Transfer," when used as a verb, and "Transferee" and "Transferor" have correlative meanings.

"Underwritten Offering" means an offering (including an offering pursuant to a Shelf Registration Statement) in which shares of Common Stock are sold to an underwriter for reoffer.

"Underwritten Offering Filing" means (a) with respect to a Shelf Underwritten Offering, a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to the Shelf Registration Statement relating to such Shelf Underwritten Offering, and (b) with respect to a Piggyback Underwritten Offering, (i) a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to an effective shelf Registration Statement (other than the Shelf Registration Statement) or (ii) a Registration Statement, in each case relating to such Piggyback Underwritten Offering.

"WKSI" means a "well-known seasoned issuer" as such term is defined in Rule 405.

Section 1.2 References. In this Agreement, unless otherwise expressly indicated, (a) each reference to an Article or Section is to the applicable Article or Section of this Agreement; (b) the terms "herein", "hereunder", "hereof" or terms of similar import refer to this Agreement as a whole and not to any particular Article, Section or other part of this Agreement; (c) references to any Rule are to the applicable rule promulgated under the Securities Act; and (d) references to any statute, rule or regulation (or to any particular section or other part of any of the foregoing) include (i) such statute, rule or regulation (or part thereof) as amended and in effect from time to time and (ii) any successor statute, rule or regulation (or part thereof) to such statute, rule or regulation (or part thereof).

ARTICLE II
REGISTRATION RIGHTS

Section 2.1 Shelf Registration.

(a) As soon as practicable after the Closing Date, and in any event on or prior to the Required Shelf Filing Date, the Company shall prepare and file a "shelf" registration statement under the Securities Act to permit the resale of all of the Registrable Securities by the Holders from time to time as permitted by Rule 415 (such Registration Statement and any other Registration Statement contemplated by Section 2.1(b) or Section 2.1(c), the "Shelf Registration Statement"). The Company shall use its commercially reasonable efforts to cause the Shelf Registration Statement to become or be declared effective as soon as practicable after the filing thereof; *provided, however*, that, if the Company is a WKSI at time of filing of the Shelf Registration Statement, the Shelf Registration Statement shall be an automatic shelf registration statement that becomes effective upon filing with the Commission pursuant to Rule 462(e). The Company shall notify the Holders of the effectiveness of the Shelf Registration Statement no later than one (1) Business Day after the Shelf Registration Statement becomes or is declared effective.

(b) The Shelf Registration Statement shall be on Form S-3 or, if Form S-3 is not then available to the Company, on Form S-1 or such other form of registration statement as is then available to effect a registration for resale of the Registrable Securities pursuant to Rule 415; *provided, however*, that if the Company has filed the Shelf Registration Statement on Form S-1 and subsequently becomes eligible to use Form S-3 or any equivalent or successor form, the Company shall (i) file a post-effective amendment to the Shelf Registration Statement converting such Registration Statement on Form S-1 to a Registration Statement on Form S-3 or any equivalent or successor form or (ii) file a new Shelf Registration Statement on Form S-3 or any equivalent or successor form, upon the effectiveness of which the Company may withdraw the Shelf Registration Statement on Form S-1. The Shelf Registration Statement shall contain a prospectus in such form as to permit any Holder to sell such Registrable Securities pursuant to Rule 415 at any time beginning on the effective date for such Registration Statement. The Shelf Registration Statement shall provide for the distribution or resale pursuant to any method or combination of methods legally available to the Holders.

(c) The Company shall use its commercially reasonable efforts to cause the Shelf Registration Statement to remain effective, and to be supplemented and amended as promptly as practicable to the extent necessary to ensure that the Shelf Registration Statement is available or, if not available, that another Registration Statement is available, for the resale of all of the Registrable Securities by the Holders from time to time as permitted by Rule 415 until all of the Registrable Securities have ceased to be Registrable Securities or the earlier termination of this Agreement as to all Holders pursuant to Section 6.1.

(d) When effective, the Shelf Registration Statement (including the documents incorporated therein by reference) will comply as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained in the Shelf Registration Statement, in the light of the circumstances under which such statements are made).

Section 2.2 Underwritten Shelf Offering Requests.

(a) In the event that any Holder or group of Holders elects to dispose of Registrable Securities under a Registration Statement pursuant to an Underwritten Offering and reasonably expects gross proceeds of at least $25 million from such Underwritten Offering (including proceeds attributable to any Registrable Securities included in such Underwritten Offering by any Shelf Piggybacking Holders), the Company shall, at the request (a "Shelf Underwritten Offering Request") of such Holder or Holders (in such capacity, the "Requesting Holders"), enter into an underwriting agreement in a form as is customary in Underwritten Offerings of securities by the Company with the underwriter or underwriters selected by the Company (*provided* that each such underwriter shall be a nationally recognized investment banking firm reasonably acceptable to the Requesting Holders holding a majority of the shares of Common Stock requested to be included in such Underwritten Offering by the Requesting Holders) and shall take all such other reasonable actions as are requested by the Managing Underwriter of such Underwritten Offering and/or the Requesting Holders in order to expedite or facilitate the disposition of such Registrable Securities and, subject to Section 2.2(c), the Registrable Securities requested to be included by any Shelf Piggybacking Holder in an Underwritten Offering (a "Shelf Underwritten Offering"); *provided, however*, that the Company shall have no obligation to facilitate or participate in more than two (2) Shelf Underwritten Offerings during any 12-month period (and no more than one (1) Shelf Underwritten Offering in any 90-day period).

(b) If the Company receives a Shelf Underwritten Offering Request, it will give written notice of such proposed Shelf Underwritten Offering to each Holder (other than the Requesting Holders and any Opt-Out Holder), which notice shall include the anticipated filing date of the related Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Shelf Underwritten Offering, and of such Holders' rights under this Section 2.2(b). Such notice shall be given promptly (and in any event at least five (5) Business Days before the filing of the Underwritten Offering Filing or two (2) Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering); *provided*, that if the Shelf Underwritten Offering is a bought or overnight Underwritten Offering and the Managing Underwriter advises the Company and the Requesting Holder that the giving of notice pursuant to this Section 2.2(b) would adversely affect the offering, no such notice shall be required (and such Holders (other than the Requesting Holders) shall have no right to include Registrable Securities in such bought or overnight Underwritten Offering). If such notice is delivered pursuant to this Section 2.2(b), each such Holder shall then have two (2) Business Days (or one (1) Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.2(b) to request inclusion of Registrable Securities in the Shelf Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and such other information as is reasonably required to effect the inclusion of such Registrable Securities) (any such Holder making such request, a "Shelf Piggybacking Holder"). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Shelf Underwritten Offering.

(c) If the Managing Underwriter of the Shelf Underwritten Offering shall inform the Requesting Holders of its belief that the number of Registrable Securities requested to be included in such Shelf Underwritten Offering by the Holders (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering) would materially and adversely affect such offering, then the Company shall include in the applicable Underwritten Offering Filing, to the extent of the total number of shares of Common Stock that the Requesting Holders are so advised can be sold in such Shelf Underwritten Offering without so materially adversely affecting such offering (the "Section 2.2 Maximum Number of Shares"), Registrable Securities in the following priority:

(i) first, the Holder Securities, *pro rata* among the Holders based on the number of Registrable Securities each requested to be included, and

(ii) second, to the extent that the number of Holder Securities is less than the Section 2.2 Maximum Number of Shares, the shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Shelf Underwritten Offering).

(d) The Requesting Holders shall determine the pricing of the Registrable Securities offered pursuant to any Shelf Underwritten Offering and the applicable underwriting discounts and commissions and determine the timing of any such Shelf Underwritten Offering, subject to Section 2.3.

(e) Each Holder shall have the right to withdraw its Registrable Securities from the Shelf Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

Section 2.3 Delay and Suspension Rights. Notwithstanding any other provision of this Agreement, the Company may (a) delay effecting a Shelf Underwritten Offering or (b) suspend the Holders' use of any prospectus that is a part of a Shelf Registration Statement upon written notice to each Holder whose Registrable Securities are included in such Shelf Registration Statement (*provided* that in no event shall such notice contain any material non-public information regarding the Company) (in which event such Holder shall discontinue sales of Registrable Securities pursuant to such Registration Statement but may settle any then-contracted sales of Registrable Securities), in each case, for a period of up to sixty (60) consecutive days, if the Board determines (i) that such delay or suspension is in the best interest of the Company and its stockholders generally due to a pending financing or other transaction involving the Company and that the disclosure of such pending financing or other transaction would be required in any such prospectus for its use by the Holders and such disclosure would materially and adversely affect the Company's ability to consummate such pending financing or other transaction, (ii) that such registration or offering would violate applicable securities laws or (iii) that such registration or offering would require disclosure of material information for its use by the Holders that the Company has a *bona fide* business purpose for preserving as confidential (any such period, a "Suspension Period"); *provided, however*, that in no event shall any Suspension Periods collectively exceed an aggregate of one hundred (100) days in any 12-month period; *provided, further*, that (1) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in the 12-month period immediately following the Closing Date shall be reduced by the number of days after the Required Shelf Filing Date that the Shelf Registration Statement is declared or otherwise becomes effective, and (2) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in any 12-month period shall be reduced by the number of days in such period during which the Holders were obligated to discontinue their disposition of Registrable Securities pursuant to Section 2.7(b).

Section 2.4 Piggyback Registration Rights.

(a) Subject to Section 2.4(c), if the Company at any time proposes to file an Underwritten Offering Filing for an Underwritten Offering of shares of Common Stock for its own account or for the account of any other Persons who have or have been granted registration rights, other than the Holders (a "Piggyback Underwritten Offering"), it will give written notice of such Piggyback Underwritten Offering to each Holder (other than any Opt-Out Holder), which notice shall include the anticipated filing date of the Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Piggyback Underwritten Offering, and of such Holders' rights under this Section 2.4(a). Such notice shall be given promptly (and in any event at least five (5) Business Days before the filing of the Underwritten Offering Filing or two (2) Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering). Each such Holder shall then have four (4) Business Days (or one (1) Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.4(a) to request inclusion of Registrable Securities in the Piggyback Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and such other information as is reasonably required to effect the inclusion of such Registrable Securities) (any such Holder making such request, a "Piggybacking Holder"). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Piggyback Underwritten Offering. Subject to Section 2.4(c), the Company shall use its commercially reasonable efforts to include in the Piggyback Underwritten Offering all Registrable Securities that the Company has been so requested to include by the Piggybacking Holders; *provided*, *however*, that if, at any time after giving written notice of a proposed Piggyback Underwritten Offering pursuant to this Section 2.4(a) and prior to the execution of an underwriting agreement with respect thereto, the Company or such other Persons who have or have been granted registration rights, as applicable, shall determine for any reason not to proceed with or to delay such Piggyback Underwritten Offering, the Company shall give written notice of such determination to the Piggybacking Holders and (i) in the case of a determination not to proceed, shall be relieved of its obligation to include any Registrable Securities in such Piggyback Underwritten Offering (but not from any obligation of the Company to pay the Registration Expenses in connection therewith), and (ii) in the case of a determination to delay, shall be permitted to delay inclusion of any Registrable Securities for the same period as the delay in including the shares of Common Stock to be sold for the Company's account or for the account of such other Persons who have or have been granted registration rights, as applicable.

(b) Each Piggybacking Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Piggyback Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

(c) If the Managing Underwriter of the Piggyback Underwritten Offering shall inform the Company of its belief that the number of Registrable Securities requested to be included in such Piggyback Underwritten Offering, when added to the number of shares of Common Stock proposed to be offered by the Company or such other Persons who have or have been granted registration rights (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering), would materially and adversely affect such offering, then the Company shall include in such Piggyback Underwritten Offering, to the extent of the total number of securities which the Company is so advised can be sold in such offering without so materially adversely affecting such offering (the "Section 2.4 Maximum Number of Shares"), shares of Common Stock in the following priority:

(i) if the Piggyback Underwritten Offering is initiated for the account of the Company:

(1) first, the Company Securities,

(2) second, to the extent that the number of Company Securities is less than the Section 2.4 Maximum Number of Shares, the Holder Securities and the Other Holder Securities proposed to be included, *pro rata* among the Holders and the Other Holders based on the number of shares of Common Stock each requested to be included, and

(3) third, to the extent that the number of Company Securities plus the number of Holder Securities and Other Holder Securities proposed to be included is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering);

(ii) if the Piggyback Underwritten Offering is initiated on or before the third (3^{rd}) anniversary of the Closing Date for the account of any Other Holder(s):

(1) first, the Other Holder Securities for whose account the Piggyback Underwritten Offering is initiated, *pro rata* among such Other Holders based on the number of shares of Common Stock each requested to be included,

(2) second, to the extent that the number of securities of the Other Holders covered in Section 2.4(c)(ii)(1) is less than the Section 2.4 Maximum Number of Shares, the Holder Securities and any Other Holder Securities for whose account the Piggyback Underwritten Offering was not initiated, *pro rata* among such Holders and Other Holders based on the number of shares of Common Stock each requested to be included,

(3) third, to the extent that the number of securities of the Other Holders covered in Section 2.4(c)(ii)(1) and the Holders and Other Holders covered in Section 2.4(c)(ii)(2) is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(4) fourth, to the extent that the number of Other Holder Securities covered in Section 2.4(c)(ii)(1), Holder Securities and Other Holder Securities covered in Section 2.4(c)(ii)(2) and the shares of Common Stock that such other Persons covered in Section 2.4(c)(ii)(3) is less than the Section 2.4 Maximum Number of Shares, any Company Securities;

(iii) if the Piggyback Underwritten Offering is initiated on or before the third (3rd) anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights (excluding the Other Holders):

(1) first, the Holder Securities and Other Holder Securities, *pro rata* among such Holders or Other Holders based on the number of shares of Common Stock each requested to be included,

(2) second, to the extent that the number of securities of such Holders or Other Holders covered in Section 2.4(c)(iii)(1) is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(3) third, to the extent that the number of Holder Securities, Other Holder Securities and the shares of Common Stock that such other Persons covered in Section 2.4(c)(iii)(2) is less than the Section 2.4 Maximum Number of Shares, any Company Securities; or

(iv) if the Piggyback Underwritten Offering is initiated after the third (3rd) anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights (including the Other Holders):

(1) first, the shares of Common Stock that such other Persons propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering),

(2) second, to the extent that the number of shares of Common Stock proposed to be included by such other Persons is less than the Section 2.4 Maximum Number of Shares, the Holder Securities and the Other Holder Securities proposed to be included (to the extent not covered in Section 2.4(c)(iv)(1)), *pro rata* among the Holders and Other Holders based on the number of shares of Common Stock each requested to be included,

(3) third, to the extent that the number of shares of Common Stock proposed to be included by such other Persons plus the number of Holder Securities and Other Holder Securities proposed to be included is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include (to the extent not covered by Section 2.4(c)(iv)(1)), *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(4) fourth, to the extent that the number of shares of Common Stock proposed to be included by such other Persons plus the number of Holder Securities and Other Holder Securities and the shares of Common Stock covered in Section 2.4(c)(iv)(3) proposed to be included is less than the Section 2.4 Maximum Number of Shares, any Company Securities.

Section 2.5 Block Trades; Other Coordinated Offerings.

(a) Notwithstanding any other provision of this Agreement, at any time and from time to time when an effective Shelf Registration Statement is on file with the Commission, if a Requesting Holder wishes to engage in (i) a registered block trade with the assistance of the Company not involving a "roadshow" (a "Block Trade"), or (ii) an "at the market" or similar registered offering with the assistance of the Company through a broker, sales agent, distribution agent or placement agent, whether as agent or principal (an "Other Coordinated Offering"), in each case, (x) with a total offering price reasonably expected to exceed $25 million in the aggregate or (y) with respect to all remaining Registrable Securities held by the Requesting Holder, then such Requesting Holder only needs to notify the Company of the Block Trade or Other Coordinated Offering at least three (3) Business Days prior to the day such offering is to commence and the Company shall use its commercially reasonable efforts to facilitate such Block Trade or Other Coordinated Offering, including the delivery of customary comfort letters, customary legal opinions and customary underwriter due diligence; *provided* that the Requesting Holders representing a majority of the Registrable Securities wishing to engage in the Block Trade or Other Coordinated Offering shall use commercially reasonable efforts to coordinate with the Company and any underwriters, brokers, sales agents, distribution agents or placement agents prior to making such request in order to facilitate preparation of the prospectus and other offering documentation related to the Block Trade or Other Coordinated Offering.

(b) Prior to the filing of any applicable "red herring" prospectus or prospectus supplement used in connection with a Block Trade or Other Coordinated Offering, a majority-in-interest of the Requesting Holders initiating such Block Trade or Other Coordinated Offering shall have the right to withdraw upon written notification to the Company, the underwriter or underwriters (if any) and any brokers, sales agents, distribution agents or placement agents (if any) of their intention to withdraw from such Block Trade or Other Coordinated Offering.

(c) For the avoidance of doubt, any Block Trade or Other Coordinated Offering effected pursuant to this Section 2.5 shall not be counted as a demand for a Shelf Underwritten Offering pursuant to Section 2.2, and neither the Company nor any of its security holders (other than the Requesting Holder) shall be entitled to include securities of the Company in a Block Trade or an Other Coordinated Offering initiated by the Requesting Holder pursuant to this Section 2.5.

(d) The Requesting Holder in a Block Trade or Other Coordinated Offering shall have the right to select the underwriters and any brokers, sales agents or placement agents (if any) for such Block Trade or Other Coordinated Offering (in each case, which shall consist of one or more reputable nationally recognized investment banks).

(e) A Requesting Holder in the aggregate may demand no more than two (2) Block Trades or Other Coordinated Offerings pursuant to this Section 2.5 in any twelve (12) month period (and no more than one Block Trade or Other Coordinated Offering in any 90-day period).

Section 2.6 Participation in Underwritten Offerings.

(a) In connection with any Underwritten Offering or Block Trade or Other Coordinated Offering contemplated by Section 2.2, Section 2.4 or Section 2.5, the underwriting agreement or distribution or sales agreement (or similar agreement), as applicable, into which each Selling Holder and the Company shall enter into shall contain such representations, covenants, indemnities (subject to Article III) and other rights and obligations as are customary in Underwritten Offerings or Block Trades or Other Coordinated Offerings of securities by the Company, as applicable, and the Company shall be entitled to designate counsel for the underwriters. No Selling Holder shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Selling Holder's authority to enter into such underwriting agreement and to sell, and its ownership of, the securities being registered on its behalf, its intended method of distribution and any other representation required by law.

(b) Any participation by the Piggybacking Holders in a Piggyback Underwritten Offering shall be in accordance with the plan of distribution of the Company or the other Persons who have registration rights, as applicable.

(c) In connection with any Piggyback Underwritten Offering in which any Piggybacking Holder includes Registrable Securities pursuant to Section 2.4, such Piggybacking Holder agrees (i) to supply any information reasonably requested by the Company in connection with the preparation of any Underwritten Offering Filing for such Piggyback Underwritten Offering and (ii) to execute and deliver any agreements and instruments being executed by all Holders on substantially the same terms reasonably requested by the Company or the Managing Underwriter, as applicable, to effectuate such Piggyback Underwritten Offering, including, without limitation, underwriting agreements (subject to Section 2.6(a)), custody agreements, powers of attorney, questionnaires, and lock-ups or "hold back" agreements pursuant to which such Piggybacking Holder agrees with the Managing Underwriter not to sell or purchase any securities of the Company for the shorter of (x) the same period of time following the registered offering as is agreed to by the Company and the other participating Holders (not to exceed the shortest number of days that any director of the Company, "executive officer" (as defined under Section 16 of the Exchange Act) of the Company or any stockholder of the Company (other than a Holder or director or employee of, or consultant to, the Company) who owns ten percent (10%) or more of the outstanding shares contractually agrees with the underwriters of such Piggyback Underwritten Offering not to sell any securities of the Company following such Piggyback Underwritten Offering) and (y) thirty (30) days from the date of the execution of the underwriting agreement with respect to such Piggyback Underwritten Offering.

Section 2.7 Registration Procedures.

(a) In connection with its obligations under this Article II, the Company will take all reasonably necessary action to facilitate and effect the transactions contemplated thereby, including, but not limited to, the following:

(i) promptly prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the Selling Holder thereof set forth in such Registration Statement;

(ii) furnish to each Selling Holder, without charge, such number of conformed copies of such Registration Statement and of each such amendment and supplement thereto (in each case including without limitation all exhibits), such number of copies of the prospectus contained in such Registration Statement (including without limitation each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424, in conformity with the requirements of the Securities Act, and such other documents, as such Selling Holder may reasonably request;

(iii) if applicable, use its commercially reasonable efforts to register or qualify all Registrable Securities and other securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as each Selling Holder thereof shall reasonably request, to keep such registration or qualification in effect for so long as such Registration Statement remains in effect, and to take any other action which may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition in such jurisdictions of the securities owned by such Selling Holder, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (iii) be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(iv) use its commercially reasonable efforts to provide to each Selling Holder and any underwriters a copy of any customary auditor "comfort" letters, legal opinions or reports of the independent reserve engineers of the Company relating to the oil and gas reserves of the Company;

(v) in accordance with Section 2.3 of this Agreement, promptly notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of any such Selling Holder promptly prepare and file or furnish to such Selling Holder a reasonable number of copies of a supplement or post-effective amendment to the Registration Statement or a supplement to the related prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(vi) otherwise comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act, and furnish to each such Selling Holder at least the Business Day prior to the filing thereof a copy of any amendment or supplement to such Registration Statement or prospectus;

(vii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement;

(viii) in connection with the preparation and filing of any Registration Statement or any sale of Registrable Securities in connection therewith, give the Holders offering and selling thereunder, any underwriters and their respective counsels the opportunity to review and provide comments on such Registration Statement, each Prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto (other than amendments or supplements that do not make any material change in the information related to the Company) (*provided* that the Company shall not file any such Registration Statement including Registrable Securities or an amendment thereto or any related prospectus or any supplement thereto to which such Holders or any underwriter shall reasonably object in writing), and give each of them, together with any underwriter, broker, dealer or sales agent involved therewith, such access to its books and records and such opportunities to discuss the business of the Company and its subsidiaries with its officers, its counsel, the independent public accountants who have certified its financial statements, and the independent reserve engineers of the Company as shall be necessary, in the opinion of the Holder's and such underwriters' (or broker's, dealer's or sales agent's, as the case may be) respective counsel, to conduct a reasonable due diligence investigation within the meaning of the Securities Act;

(ix) use its commercially reasonable efforts to prevent the issuance of any order suspending the effectiveness of the Registration Statement, and, if any such order suspending the effectiveness of such Registration Statement is issued, promptly use its commercially reasonable efforts to obtain the withdrawal of such order at the earliest possible moment;

(x) promptly notify the Holders (i) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation or threat of any proceedings for that purpose, (ii) of any delisting or pending delisting of the Common Stock by any national securities exchange or market on which the Common Stock are then listed or quoted, and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose;

(xi) cause all Registrable Securities covered by such Registration Statement to be listed on any securities exchange on which the Common Stock is then listed;

(xii) enter into such customary agreements, including but not limited to lock-up agreements by the Company (and, if reasonably requested by the Managing Underwriter(s), the Company's directors and "executive officers" (as defined under Section 16 of the Exchange Act)) that extend through thirty (30) days following the entrance into the corresponding underwriting agreement, and to take such other actions as the Holder or Holders shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities; and

(xiii) cause its officers to use their commercially reasonable efforts to support the marketing of the Registrable Securities covered by the Registration Statement (including, without limitation, participation in electronic or telephonic "road shows").

(b) Each Holder agrees by acquisition of Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.7(a)(v), such Holder will forthwith discontinue such Holder's disposition of Registrable Securities pursuant to the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.7(a)(v) as filed with the Commission or until it is advised in writing by the Company that the use of such Registration Statement may be resumed, and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. The Company may provide appropriate stop orders to enforce the provisions of this Section 2.7(b).

Section 2.8 **Cooperation by Holders**. The Company shall have no obligation to include Registrable Securities of a Holder in any Registration Statement or Underwritten Offering if such Holder has failed to timely furnish such information as the Company may, from time to time, reasonably request in writing regarding such Holder and the distribution of such Registrable Securities that the Company determines, after consultation with its counsel, is reasonably required in order for any registration statement or prospectus supplement, as applicable, to comply with the Securities Act.

Section 2.9 **Expenses**. The Company shall be responsible for all Registration Expenses incident to its performance of or compliance with its obligations under this Article II. Each Selling Holder shall pay its pro rata share of all Selling Expenses in connection with any sale of its Registrable Securities hereunder.

Section 2.10 **No Inconsistent Agreements; Additional Rights**. The Company is not currently a party to and shall not hereafter enter into any agreement with respect to its securities that is inconsistent with or that in any way violates or subordinates rights granted to the Holders by this Agreement without the prior written consent of the Majority Holders.

Section 2.11 **Opt-Out Notices**. Any Holder may deliver notice (an "Opt-Out Notice") to the Company requesting that such Holder not receive notice from the Company of any proposed Shelf Underwritten Offering or Piggyback Underwritten Offering; *provided, however*, that such Holder may later revoke any such Opt-Out Notice by giving notice to the Company of such revocation. Following receipt of an Opt-Out Notice from a Holder (unless subsequently revoked), the Company shall not deliver any notice to such Opt-Out Holder pursuant to Section 2.2 or Section 2.4, as applicable, and such Opt-Out Holder shall no longer be entitled to the rights associated with any such notice.

ARTICLE III
INDEMNIFICATION AND CONTRIBUTION

Section 3.1 **Indemnification by the Company**. The Company will indemnify and hold harmless each Holder, its officers, directors, employees, agents, managers and affiliates and each Person (if any) that controls such Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities, costs and expenses (including attorneys' fees) ("Losses") caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact (a) contained in any Registration Statement relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (b) included in any prospectus relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that such indemnity shall not apply to that portion of such Losses caused by, or arising out of, any untrue statement, or alleged untrue statement or any such omission or alleged omission, to the extent such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of such Holder expressly for use therein.

Section 3.2 **Indemnification by the Holders**. Each Holder agrees to indemnify and hold harmless the Company, its officers and directors and each Person (if any) that controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Losses caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or prospectus relating to Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus, in the light of the circumstances under which such statement is made), only to the extent such statement or omission was made in reliance upon and in conformity with information furnished in writing by or on behalf of such Holder expressly for use therein.

Section 3.3 **Indemnification Procedures**. In case any Proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to Section 3.1 or Section 3.2, such Person (the "Indemnified Party") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Party") in writing (*provided* that the failure of the Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article III, except to the extent the Indemnifying Party is actually and materially prejudiced by such failure to give notice), and the Indemnifying Party shall be entitled to participate in such Proceeding and, unless in the reasonable opinion of outside counsel to the Indemnified Party a conflict of interest between the Indemnified Party and Indemnifying Party may exist in respect of such claim, to assume the defense thereof jointly with any other Indemnifying Party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party that it so chooses, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; *provided*, *however*, that (a) if the Indemnifying Party fails to assume the defense or employ counsel reasonably satisfactory to the Indemnified Party, (b) if such Indemnified Party who is a defendant in any action or Proceeding that is also brought against the Indemnifying Party reasonably shall have concluded that there may be one or more legal defenses available to such Indemnified Party that are not available to the Indemnifying Party or (c) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the Indemnified Party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all Indemnified Parties in each jurisdiction, except to the extent any Indemnified Party or Parties reasonably shall have concluded that there may be legal defenses available to such party or parties that are not available to the other Indemnified Parties or to the extent representation of all Indemnified Parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct) and the Indemnifying Party shall be liable for any expenses therefor. No Indemnifying Party shall, without the written consent of the Indemnified Party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the Indemnified Party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (a) includes an unconditional release of the Indemnified Party from all liability arising out of such action or claim and (b) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any Indemnified Party.

Section 3.4 Contribution.

(a) If the indemnification provided for in this Article III is unavailable to an Indemnified Party in respect of any Losses in respect of which indemnity is to be provided hereunder, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall to the fullest extent permitted by law contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of such party in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Company (on the one hand) and a Holder (on the other hand) shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(b) The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Article III were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 3.4(a). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in Section 3.4(a) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Article III, no Holder shall be liable for indemnification or contribution pursuant to this Article III for any amount in excess of the net proceeds of the offering received by such Holder, less the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

ARTICLE IV
RULE 144; ASSISTANCE WITH TRANSFERS

Section 4.1 Rule 144.

(a) With a view to making available the benefits of certain rules and regulations of the Commission that may permit the resale of the Registrable Securities without registration, the Company agrees to use its commercially reasonable efforts to:

(i) make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144, at all times from and after the date hereof;

(ii) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at all times from and after the date hereof; and

(iii) so long as a Holder owns any Registrable Securities, furnish (i) to the extent accurate, forthwith upon request, a written statement of the Company that it has complied with the reporting requirements of Rule 144 and (ii) unless otherwise available via the Commission's EDGAR filing system, to such Holder forthwith upon request a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration.

Section 4.2 **Assistance with Transfers**. In connection with any sale or transfer of Registrable Securities by any Holder, including any sale or transfer pursuant to Rule 144 and other rules and regulations of the Commission that may at any time permit a Holder of Registrable Securities to sell or transfer securities of the Company without registration, the Company shall, to the extent allowed by law, promptly take any and all action necessary or reasonably requested by such Holder in order to permit or facilitate such sale or transfer, including, without limitation, at the sole expense of the Company, by (a) issuing such directions to any transfer agent, registrar or depositary, as applicable, (b) delivering such opinions to the transfer agent, registrar or depositary as are customary for the transaction of this type and are reasonably requested by the same, and (c) taking or causing to be taken such other actions as are reasonably necessary (in each case on a timely basis) in order to cause any legends, notations or similar designations restricting transferability of the Registrable Securities held by such Holder to be removed and to rescind any transfer restrictions with respect to such Registrable Securities; *provided, however*, that such Holder shall deliver to the Company, in form and substance reasonably satisfactory to the Company, representation letters regarding such Holder's compliance with such rules and regulations, as may be applicable. In addition, the Company, at its sole expense, shall use commercially reasonable efforts to promptly remove any restrictive legend on any shares of Common Stock that are Registrable Securities upon request by the Holder if (a) such shares of Common Stock are sold pursuant to an effective registration statement, (b) a registration statement covering the resale of such shares of Common Stock is effective under the Securities Act and the applicable Holder delivers to the Company a representation letter agreeing that such shares of Common Stock will be sold under such effective registration statement or (c) such shares of Common Stock are eligible to be sold or transferred pursuant to Rule 144 without volume or other limitations or restrictions; *provided, however,* that with respect to clauses (b) and (c) above, the applicable Holder has provided all documentation and evidence as may be reasonably required by the Company or its transfer agent to confirm that the legend may be removed under applicable securities laws. Furthermore, if any Holder and its Affiliates collectively beneficially own at least ten percent (10%) of the outstanding shares of Common Stock following the third (3rd) anniversary of the Closing Date, at the request of such Holder, the Company shall use its commercially reasonable efforts to assist such Holders with respect to any potential private transfer of any Common Stock held by such Holder and its Affiliates, including (a) entering into customary confidentiality agreements with any prospective transferees, (b) affording to such Holders, its Affiliates and any prospective transferees and their respective counsel, accountants, lenders and other representatives, reasonable access during normal business hours to the properties, books, contracts and records of the Company and (c) providing reasonable availability of appropriate members of senior management of the Company to provide customary due diligence assistance in connection with any such transfer; provided, however, that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the Company's business and operations.

ARTICLE V
TRANSFER OR ASSIGNMENT OF RIGHTS

The rights to cause the Company to register Registrable Securities and other rights under this Agreement may be transferred or assigned by each Holder to one or more Transferees or assignees of Registrable Securities if (a) such Transferee is (i) a Permitted Transferee of such Holder or (ii) acquiring at least $25 million of Registrable Securities as determined by reference to the volume weighted average price for such Registrable Securities on any securities exchange or market on which the Common Stock is then listed or quoted for the five trading days immediately preceding the applicable determination date, and (b) such Transferee has delivered to the Company a duly executed Adoption Agreement.

ARTICLE VI
MISCELLANEOUS

Section 6.1 **Termination**. This Agreement shall terminate as to any Holder, when such Holder no longer owns any shares of Common Stock that constitute Registrable Securities; *provided*, *however*, that Article III, Section 4.2 and this Article VI (other than Section 6.6) shall survive any termination hereof.

Section 6.2 **Severability**. If any provision of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the parties, to such law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

Section 6.3 **Captions**. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

Section 6.4 **Remedies**. In the event of actual or potential breach by the Company of any of its obligations under this Agreement, each Holder, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

Section 6.5 **Governing Law; Waiver of Jury Trial**.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws that would direct the application of the laws of another jurisdiction.

(b) THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF, IN RELATION TO, OR IN CONNECTION WITH, THIS AGREEMENT.

Section 6.6 **Adjustments Affecting Registrable Securities**. The provisions of this Agreement shall apply to any and all shares of capital stock of the Company or any successor or assignee of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution for the Registrable Securities, by reason of any stock dividend, split, reverse split, combination, recapitalization, reclassification, merger, consolidation or otherwise in such a manner and with such appropriate adjustments as to reflect the intent and meaning of the provisions hereof and so that the rights, privileges, duties and obligations hereunder shall continue with respect to the capital stock of the Company as so changed.

Section 6.7 **Binding Effects; Benefits of Agreement**. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and each Holder and its successors and assigns. Except as provided in Article V, neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned or transferred, by operation of law or otherwise, by any Holder without the prior written consent of the Company.

Section 6.8 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving party charged with notice, when received except that if received after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices shall be addressed as follows:

(a) If to the Company, to:

Vital Energy, Inc.
521 E. 2nd Street, Suite 1000
Tulsa, Oklahoma 74120
Attention: Mark Denny
Email: mark.denny@vitalenergy.com

with copies to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana Street, 44th Floor
Houston, Texas 77002
Attention: Christopher Centrich
Email: ccentrich@akingump.com

(b) If to the Investor, to

Maple Energy Holdings, LLC
c/o Riverstone Credit Partners LLC
712 Fifth Avenue
36th Floor
New York, NY 10019
Email: legal@riverstonellc.com; whughes@riverstonecredit.com

with a copy to (which shall not constitute notice):

Vinson & Elkins L.L.P.
1114 Sixth Avenue, 32nd Floor
New York, NY 10036
Attention: John Grand, Stancell Haigwood
E-mail: jgrand@velaw.com; shaigwood@velaw.com

(c) If to any other Holders, to their respective addresses set forth on the applicable Adoption Agreement;

Any party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the party to which such notice is addressed.

Section 6.9 **Modification; Waiver**. This Agreement may be amended, modified or supplemented only by a written instrument duly executed by the Company and the Majority Holders. No course of dealing between the Company and the Holders (or any of them) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

Section 6.10 **Entire Agreement**. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

Section 6.11 **Third Party Beneficiaries**. Except as otherwise expressly provided herein, this Agreement shall not confer any rights or remedies upon any Person other than the parties hereto and their respective successors and permitted assigns and other Persons expressly named herein.

Section 6.12 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its undersigned duly authorized representative as of the date first written above.

VITAL ENERGY, INC.
a Delaware corporation

By: _____
Name: Jason Pigott
Title: President and Chief Executive Officer

MAPLE ENERGY HOLDINGS, LLC
a Delaware limited liability company

By: _____
Name: [●]
Title: [●]

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee ("Transferee") pursuant to the terms of that certain Registration Rights Agreement, dated as of [____], 2023, by and among Vital Energy, Inc., a Delaware corporation (the "Company"), Maple Energy Holdings, LLC, a Delaware limited liability company, and the Holders from time to time party thereto (as amended, supplemented, or otherwise modified from time to time, the "Registration Rights Agreement"). Terms used and not otherwise defined in this Adoption Agreement have the meanings set forth in the Registration Rights Agreement.

By the execution of this Adoption Agreement, the Transferee agrees as follows:

1. Acknowledgement. Transferee acknowledges that Transferee is acquiring certain shares of Common Stock of the Company, subject to the terms and conditions of Registration Rights Agreement, among the Company and the Holders party thereto.

2. Agreement. Transferee (i) agrees that the shares of Common Stock of the Company acquired by Transferee shall be bound by and subject to the terms of the Registration Rights Agreement, pursuant to the terms thereof, and (ii) hereby adopts the Registration Rights Agreement with the same force and effect as if he, she, or it were originally a party thereto.

3. Notice. Any notice required as permitted by the Registration Rights Agreement shall be given to Transferee at the address listed beside Transferee's signature below.

4. Joinder. The spouse of the undersigned Transferee, if applicable, executes this Adoption Agreement to acknowledge its fairness and that it is in such spouse's best interest, and to bind such spouse's community interest, if any, in the shares of Common Stock and other securities referred to above and in the Registration Rights Agreement, to the terms of the Registration Rights Agreement.

Signature:

_____

Address:
Contact Person:
Telephone No:
Email:

Exhibit 2.3

Execution Version

PURCHASE AND SALE AGREEMENT

DATED SEPTEMBER 13, 2023,

BY AND BETWEEN

TALL CITY PROPERTY HOLDINGS III LLC AND

TALL CITY OPERATIONS III LLC

COLLECTIVELY, AS SELLER,

AND

VITAL ENERGY, INC.

AS BUYER

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement") is made as of September 13, 2023 (the "Execution Date"), by and between Tall City Property Holdings III LLC, a Delaware limited liability company ("TCPH"), and Tall City Operations III LLC, a Delaware limited liability company ("TCO" and together with TCPH, collectively, "Seller"), and Vital Energy, Inc., a Delaware corporation ("Buyer"). Seller, on the one hand, and Buyer, on the other hand, are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITAL

Seller desires to sell, and Buyer desires to purchase, all of Seller's right, title and interest in and to certain oil and gas properties and related assets and contracts, effective as of the Effective Time, for the consideration and on the terms in this Agreement.

AGREEMENT

For and in consideration of the promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, in addition to other capitalized terms defined in this Agreement, the following terms have the meanings specified or referred to in this Article 1 when capitalized:

"AAA" – the American Arbitration Association.

"Accounting Expert" – as defined in Section 2.05(e).

"Adjusted Cash Purchase Price" – as defined in Section 2.05(d).

"Adjusted Equity Purchase Price" – as defined in Section 2.05(d).

"Adjusted Equity Purchase Price Threshold" – as defined in Section 2.05(d).

"Adjusted Purchase Price" – the sum of (a) the Adjusted Cash Purchase Price and (b) the Adjusted Equity Purchase Price.

"AFEs" – as defined in Section 3.12.

"Affiliate" – with respect to a Party, any Person directly or indirectly controlled by, controlling, or under common control with, such Party, including any subsidiary of such Party and any "affiliate" of such Party within the meaning of Reg. §240.12b-2 of the Securities Exchange Act of 1934, as amended. As used in this definition, "control" means possession, directly or indirectly, of the power to direct or cause the direction of management, policies, or action through ownership of voting securities, contract, voting trust, or membership in management or in the group appointing or electing management or otherwise through formal or informal arrangements or business relationships. Notwithstanding anything contained in this Agreement to the contrary, except with respect to Section 13.17, Warburg, any portfolio company of any fund managed by Warburg (other than Tall City Exploration III LLC and its subsidiaries), and any of their respective investors, general partners and any of their respective Affiliates shall not constitute an Affiliate of Seller. The terms "controlled by," "controlling," and other derivatives shall be construed accordingly.

"Aggregate Environmental Defect Value" – as defined in Section 11.11.

"Aggregate Title Defect Value" – as defined in Section 11.06.

"Agreement" – as defined in the preamble to this Agreement.

"Allocated Values" – the values assigned among the DSUs and Wells as set forth on Schedule 2.07.

"Antitrust Law" – the HSR Act, the Sherman Antitrust Act, the Clayton Antitrust Act of 1914, the Federal Trade Commission Act and any other U.S. or foreign laws that are designed to prohibit, restrict or regulate actions for the purpose or effect of mergers, monopolization, restraining trade or abusing a dominant position.

"Applicable Contracts" – all written Contracts to which Seller or any of its Affiliates is a party or is bound that relate to any of the Assets that will be binding on Buyer after the Closing, including: communitization agreements; net profits agreements; production payment agreements; area of mutual interest agreements; participation agreements; exploration agreements; development agreements; unit operating agreements; surface use or access agreements; joint venture agreements; farmin and farmout agreements; bottom hole agreements; crude oil, condensate and natural gas purchase and sale, gathering, transportation and marketing agreements; hydrocarbon storage agreements; acreage contribution agreements; operating agreements; balancing agreements; pooling declarations or agreements; unitization agreements; processing agreements; saltwater disposal agreements; facilities or equipment leases; vehicle leases and other similar contracts and agreements, but exclusive of any master service agreements (other than any master vehicle lease) and Contracts relating to the Excluded Assets.

"Arbitration Notice" – as defined in Section 9.01

"Asset Taxes" – ad valorem, property, excise, severance, production, sales, real estate, use, personal property and similar Taxes based upon the acquisition, operation or ownership of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom, but excluding, for the avoidance of doubt, Income Taxes and Transfer Taxes.

"Assets"– all of Seller's right, title and interest in, to and under the following, without duplication, except to the extent constituting Excluded Assets:

(a) all oil and gas leases and subleases located in the Target Area, including the oil and gas leases and subleases described in Exhibit A-1, together with any and all other right, title and interest of Seller in and to the leasehold estates created thereby subject to the terms, conditions, covenants and obligations set forth in such leases on Exhibit A-1 (such interest in such leases, the "Leases"), all related rights and interests in the lands covered by the Leases and any lands pooled or unitized therewith (such lands, the "Lands");

(b) all fee mineral interests, lessor royalties, non-participating royalty interests, production payments, net profits interests, carried interests, reversionary interests, record title interests and all other Royalties and interests of any kind or character in Hydrocarbons in place and, as applicable, the leasehold estates created thereby, in each case, located in the Target Area, including those rights and interests set forth on Exhibit A-3 (such interests, the "Fee Minerals");

(c) all rights and interests in, under or derived from all unitization and pooling agreements, declarations and orders in effect with respect to any of the Leases, Fee Minerals or Wells and the units created thereby (the "Units") (the Leases, the Lands, the Fee Minerals, the Units and the Wells being collectively referred to hereinafter as the "Properties" or individually as a "Property");

(d) all permits, licenses, allowances, water rights, registrations, consents, orders, approvals, variances, authorizations, servitudes, easements, rights-of-way, surface leases, other surface interests and surface rights to the extent appurtenant to or used or held for use in connection with the ownership, operation, production, gathering, treatment, processing, storing, sale or disposal of Hydrocarbons or produced water from the Properties or any of the Assets (the "Rights of Way");

(e) any and all oil, gas, water, CO2, injection and disposal wells located on any of the Lands or Fee Minerals, whether producing, shut-in, plugged or abandoned (such interest in such wells, including the wells set forth in Exhibit B, the "Wells"), and all Hydrocarbons produced therefrom or allocated thereto from and after the Effective Time;

(f) all equipment, machinery, fixtures and other personal, movable and mixed property located on any of the Properties or other Assets that are used or held for use in connection therewith, including well equipment, casing, tubing, pumps, motors, batteries, meters, machinery, platforms, rods, tanks, boilers, fixtures, compression equipment, flowlines, utility lines, pipelines, gathering systems associated with the Wells, pits, ponds, impoundments, manifolds, processing, separation and injection facilities, pads, structures, materials and other items of any kind or character used or held for use in the operation thereof (the "Equipment");

(g) all Applicable Contracts and all rights thereunder insofar as and only to the extent relating to the Assets;

(h) all claims and causes of action to the extent attributable to the other Assets to the extent initially accruing from and after the Effective Time, or pertaining to the Assumed Obligations (but excluding any such claims or causes of actions to the extent pertaining to any Specified Obligations during the applicable survival period thereof);

(i) all trade credits, all accounts, all receivables of Seller and all other proceeds, income or revenues of Seller attributable to the Assets and attributable to any period of time from and after the Effective Time;

(j) all buildings, offices, improvements, appurtenances, field offices and yards located on the Lands or Fee Minerals;

(k) all indemnity rights, rights under any Applicable Contracts and all claims and rights of Seller against any Third Party, all claims, rights and interests of Seller or any Affiliate of Seller under any policy or agreement of insurance or indemnity agreement, any bond or security instrument or any insurance or condemnation proceeds or awards and all audit rights and claims for reimbursements from Third Parties for any and all Property Costs, overhead or joint account reimbursements and revenues associated with all joint interest audits and other audits, in each case, solely to the extent related or attributable to the Assumed Obligations;

(l) all Imbalances relating to the Assets;

(m) the Suspense Funds;

(n) originals (if available, and otherwise copies) and copies in digital form (if available) of all of the books, files, records, information, maps, drawings and data, whether written or electronically stored, to the extent relating to the Assets in Seller's or its Affiliates' possession or control, including: (i) land and title records (including prospect files, maps, surveys, lease records, abstracts of title, title opinions, title curative documents and evidence of rental payments); (ii) Applicable Contract files; (iii) correspondence (except for internal emails and text messages); (iv) non-privileged operations, environmental, engineering, production and accounting records and files; and (v) facility and well records, but excluding the Excluded Records (collectively, "Records");

(o) all Hydrocarbons produced from or allocated to the Wells in storage or existing in stock tanks, pipelines or plants (including inventory, line fill and tank bottoms) and upstream of the sales meter as of the Effective Time;

(p) all radio equipment, SCADA and measurement technology and other production related mobility devices (such as SCADA controllers, but excluding any and all central SCADA servers), well communication devices and any other information technology systems and licenses associated with the foregoing, in each case to the extent such assets and licenses are (i) used or held for use in connection with the operation of the Properties, (ii) assignable (with consent (with Seller and its Affiliates obligated to use commercially reasonable efforts to obtain such consent, but shall not be required to incur any costs or undertake any liabilities with respect thereto), if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee) and (iii) located on the Property (the "Production Related IT Equipment"); and

(q) to the extent assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee, *provided* that, Seller and its Affiliates shall otherwise use commercially reasonable efforts to obtain such consent, but shall not be required to incur any costs or undertake any liabilities with respect thereto), all data, core and fluid samples and other of Seller's and its Affiliates' proprietary and non-proprietary engineering, geophysical, geological or other seismic and related technical data and information (but excluding Seller's and its Affiliates' interpretations of such engineering, geophysical, geological or other seismic and related technical data and information), in each case relating to the Assets; and

To the extent that any of the foregoing are used or relate to both the Assets and certain of the Excluded Assets, such as, by way of example but not limitation, ingress and egress rights and road and pipeline easements, such assets or rights shall be jointly owned by Seller, as part of the Excluded Assets, and by Buyer, as part of the Assets.

"Assignment" – the Assignment and Bill of Sale from Seller to Buyer, pertaining to the Assets, substantially in the form attached to this Agreement as Exhibit C.

"Assumed Obligations" – as defined in Section 2.06.

"Audit Firm" – as defined in Section 6.05(b)(i).

"Audited Financial Statements" – as defined in Section 3.29(a).

"Available Employee" – as defined in Section 12.02.

"Balance Sheet Date" – June 30, 2023.

"Breach" – a "Breach" of a representation, warranty, covenant, obligation or other provision of this Agreement or any certificate delivered pursuant to Section 2.04(a)(iii) or Section 2.04(b)(iii) shall be deemed to have occurred if there is or has been any inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation or other provision.

"Business Day" – any day other than a Saturday, Sunday or any other day on which commercial banks in the State of Texas are authorized or required by law or executive order to close.

"Business Employee" – current employees of Seller or its Affiliates whose job duties involve providing services to the Assets.

"Buyer" – as defined in the preamble to this Agreement.

"Buyer's Closing Documents" – as defined in Section 4.02(a).

"Buyer Common Stock" – the common stock of Buyer, $0.01 par value per share.

"Buyer Financial Statements" – as defined in Section 4.15(a).

"Buyer Group" – Buyer and its Affiliates, and their respective Representatives.

"Buyer SEC Documents" – as defined in Section 4.15(a).

"Buyer Tax Contest" – as defined in Section 13.02(g).

"Cash Purchase Price" – as defined in Section 2.02.

"Casualty Loss" – as defined in Section 11.13.

"Closing" – the closing of the Contemplated Transactions.

"Closing Date" – as defined in Section 2.03.

"Code" – the Internal Revenue Code of 1986, as amended.

"Complete Remediation" – with respect to an Environmental Defect, a remediation or cure of such Environmental Defect as required by Environmental Laws and consistent with the Lowest Cost Response.

"Confidential Information" – means (a) the terms and existence of this Agreement and each other agreement, instrument, or document executed or to be executed in connection with the Contemplated Transactions, (b) the Records, reports, title opinions, abstracts, notices and other information provided hereunder as such relate to the Assets and (c) any non-public information shared by either Party with the other Party in connection with the negotiation or consummation of this Agreement, the Contemplated Transactions or any other transaction documents.

"Confidentiality Agreement" – that certain non-disclosure agreement dated as of October 22, 2023, by and between Tall City Property Holdings III LLC and Laredo Petroleum, Inc.

"Consent" – any approval, consent, ratification, waiver or other authorization (including any Governmental Authorization) from any Person that is required to be obtained in connection with the execution or delivery of this Agreement or the consummation of the Contemplated Transactions.

"Contemplated Transactions" – all of the transactions contemplated by this Agreement, including:

(a) the sale of the Assets by Seller to Buyer;

(b) the performance by the Parties of their respective covenants and obligations under this Agreement;

(c) Buyer's acquisition, ownership and exercise of control over the Assets; and

(d) Buyer's assumption of the Assumed Obligations.

"Contract" – any written or oral contract, agreement or any other legally binding arrangement, but excluding, however, any Lease, easement, right-of-way, Permit or other instrument creating or evidencing an interest in the Assets, chain of title to the Assets or any real or immovable property related to or used in connection with the operations of any Assets.

"Contract Legend" - the following restrictive legend to be placed on the Buyer Common Stock constituting the Indemnity Holdback Amount and, to the extent applicable, the Defect Deposit Amount:

THIS SECURITY IS ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AS SET FORTH IN THE PURCHASE AND SALE AGREEMENT DATED AS OF SEPTEMBER 13, 2023, AS AMENDED FROM TIME TO TIME, BY AND BETWEEN TALL CITY PROPERTY HOLDINGS III LLC AND TALL CITY OPERATIONS III LLC AND VITAL ENERGY, INC., AND THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH.

"Credit Support" – as defined in Section 3.22.

"Cure" – as defined in Section 11.05(a)(i).

"Current Share Price" – an amount equal to the volume-weighted average of the closing sale prices per share of Buyer Common Stock as reported by Bloomberg L.P., or any successor thereto, for each of the ten (10) trading days immediately prior to the trading day that is immediately prior to the date of the execution of the applicable release instructions as to any shares held in escrow or the actual recovery date as to any shares not held in escrow, as applicable.

"Cut-off Date" – as defined in Section 2.05(f).

"Damages" – any and all claims, demands, payments, charges, judgments, assessments, losses, liabilities, damages, penalties, fines, expenses, costs, fees, settlements and deficiencies, including any attorneys' fees, legal and other costs and expenses suffered or incurred with respect to the above.

"De Minimis Environmental Defect Cost" – One Hundred Thousand Dollars ($100,000).

"De Minimis Title Defect Cost" – $100,000.

"Defect Deposit Amount" – an amount equal to the positive sum (if any) of the (a) aggregate Disputed Title Amount (after taking into account the De Minimis Title Defect Cost and the Title Defect Deductible), *plus* (b) aggregate Title Cure Amount (after taking into account the De Minimis Title Defect Cost and the Title Defect Deductible), *plus* (c) aggregate Disputed Environmental Amount (after taking into account the De Minimis Environmental Defect Cost and the Environmental Defect Deductible).

"Defect Escrow Account" – as defined in Section 11.05(c).

"Defect Notice Date" – as defined in Section 11.03.

"Defensible Title" – title of Seller to the DSUs described on Exhibit A-2 and to the Wells described in Exhibit B that, as of the Closing Date and subject to the Permitted Encumbrances, is deducible of record or title evidenced by unrecorded instruments or elections, in each case, to the extent made or delivered pursuant to joint operating agreements, pooling agreements or unitization agreements and:

(a) with respect to the applicable Target Formation, entitles Seller to receive (and, immediately following the Closing, entitles Buyer to receive) not less than the Net Revenue Interest for the applicable Target Formation set forth in Exhibit A-2 for each DSU over the productive life of such DSU or Exhibit B for each Well over the productive life of such Well (in each case, subject to any reservations, limitations or depth restrictions described in Exhibit A-2 or Exhibit B for such DSU or Well, as applicable), except for (i) decreases in connection with those operations in which Seller may from and after the Execution Date and in accordance with the terms of this Agreement elect to be a non-consenting co-owner, (ii) decreases resulting from the establishment or amendment from and after the Execution Date of pools or units in accordance with this Agreement and (iii) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under deliveries;

(b) with respect to the applicable Target Formation, obligates Seller to bear (and, immediately following the Closing, obligates Buyer to bear) not more than the Working Interest for the applicable Target Formation set forth in Exhibit A-2 for each DSU over the productive life of such DSU or Exhibit B for each Well over the productive life of such Well, except for (i) increases resulting from contribution requirements with respect to defaulting co-owners under applicable operating agreements, or (ii) increases to the extent that such increases are accompanied by a proportionate increase in Seller's Net Revenue Interest; and

(c) is free and clear of all Encumbrances.

"Deposit Amount" – as defined in Section 2.02.

"Disability Employee" – as defined in Section 12.02.

"Dispute Notice" – as defined in Section 2.05(e).

"Disputed Environmental Amount" – as defined in Section 11.10(b).

"Disputed Matter" – as defined in Section 11.14(a).

"Disputed Title Amount" – as defined in Section 11.05(c).

"$" or "Dollars" – as defined in Section 13.10.

"Drag-Along" – the right or option of Seller under any Applicable Contract, Lease or other instrument binding on Seller or the Assets to require and cause a Person to directly or indirectly sell, transfer, dispose, or assign (a) any interest in any Hydrocarbon, water, CO_2, injection, disposal or other wells located on, under or within the Target Area, or (b) any interests in Hydrocarbon leases, fee minerals, reversionary interests, non-participating royalty interests, executive rights, non-executive rights, royalties, net profits interests and any other similar interests in minerals, or any pooled, communitized or unitized acreage or rights which includes or constitutes all or part of any of the foregoing that are located within the Target Area.

"DSU" – each designated spacing unit described on Exhibit A-2.

"DTPA" – as defined in Section 4.11.

"E-mail" – as defined in Section 13.03.

"Effective Time" – July 1, 2023, at 12:01 a.m. local time at the location of the Assets.

"Employee Letter" – as defined in Section 12.02.

"Employment Date" – as defined in Section 12.02.

"Encumbrance" – any charge, equitable interest, privilege, lien, mortgage, deed of trust, production payment, option, pledge, collateral assignment, security interest or other substantially equivalent arrangement.

"Environmental Cure Date" – as defined in Section 11.10(a).

"Environmental Defect" – any condition existing on the Defect Notice Date with respect to an Asset that presently requires remediation under, represents a current violation of or otherwise gives rise to liability under any Environmental Law, other than any plugging, decommissioning and abandonment obligations of the Wells or other Assets or any condition to the extent caused by or relating to asbestos, asbestos containing materials, NORM (except to the extent any failure to perform such obligations or conditions foregoing currently require corrective action under Environmental Law or otherwise represent a current violation of Environmental Laws), or that was disclosed to Buyer on or prior to the Execution Date. For the avoidance of doubt, (a) the fact that a Well is no longer capable of producing sufficient quantities of oil or gas to continue to be classified as a "producing well" or that such Well should be temporarily abandoned or permanently plugged and abandoned, in each case, shall not form the basis of an Environmental Defect, (b) the fact that a pipe is temporarily not in use shall not form the basis of an Environmental Defect and (c) except with respect to personal property (i) that causes or has caused contamination of soil, surface water or groundwater or (ii) the use or condition of which is a violation of Environmental Law, the physical condition of any surface or subsurface personal property, including water or oil tanks, separators or other ancillary equipment, shall not form the basis of an Environmental Defect, except to the extent any of the foregoing under clauses (a) and (c) currently require corrective action under Environmental Law or otherwise represent a current violation of Environmental Law.

"Environmental Defect Deductible" – an amount equal to one and one-quarter percent (1.25%) of the unadjusted Purchase Price.

"Environmental Defect Notice" – as defined in Section 11.09.

"Environmental Defect Value" – with respect to each Environmental Defect, the amount to achieve Complete Remediation.

"Environmental Law" – any applicable Legal Requirement in effect as of the Execution Date relating to pollution or the protection of the environment or natural resources, including those Legal Requirements relating to the storage, handling and use of Hazardous Materials and those Legal Requirements relating to the generation, processing, treatment, storage, transportation, release, disposal or other management of such Hazardous Materials. The term "Environmental Law" does not include (a) prudent, good or desirable operating practices, policies, statements or standards that may be voluntarily employed or adopted by other oil and gas well operators or recommended, but not required, by a Governmental Body or (b) the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 *et seq.*, as amended, or any other Legal Requirement governing worker safety or workplace conditions (except to the extent related to exposure to Hazardous Materials).

"Environmental Liabilities" – all costs (including remedial, removal, response, clean-up, investigation or monitoring costs), Damages, expenses, liabilities, obligations, consulting fees, orphan share, prejudgment and post judgment interest, court costs and other responsibilities with respect to, relating to, or arising from or under (a) any actual or threatened release of Hazardous Materials into the environment or resulting from or attributable to exposure to Hazardous Materials; (b) the generation, manufacture, processing, distribution, use, treatment, storage, disposal, release or threatened release, transport or handling of Hazardous Materials; or (c) any other matter, condition or circumstance concerning Environmental Laws or Permits required thereunder or the violation thereof, Third Party claims relating to the environment, or relating to Hazardous Materials, and which relate to the Assets or the ownership or operation of the same.

"Equipment" as set forth in the definition of "Assets".

"Equity Purchase Price" – as defined in Section 2.02.

"ERISA" – the Employee Retirement Security Act of 1974, as amended.

"ERISA Affiliate" – with respect to a Person, any Person that would be considered a single employer with such Person under Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

"Escrow Agent" – U.S. Bank National Association.

"Escrow Agreement" – a mutually agreeable Escrow Agreement among Seller, Buyer and the Escrow Agent entered into on or prior to the Execution Date with respect to the Deposit Amount, the Indemnity Holdback Amount and, if applicable, the Defect Deposit Amount.

"Exchange Act" – the United States Securities Exchange Act of 1934, as amended.

"Excluded Assets" – with respect to Seller,

(a) (i) all corporate, personnel, financial, accounting, Income Tax and legal records of Seller that relates to the business of Seller generally (whether or not relating to the Assets) or to Seller's business, assets and properties not included as Assets in this Agreement, (ii) all books, records and files that relate to the Excluded Assets, (iii) any books, records, data, files, logs, maps, evaluations, outputs and accounting records to the extent disclosure or transfer would result in a violation of applicable Legal Requirements or is restricted by any Required Consent that is not satisfied pursuant to Section 11.02 (*provided* that, Seller and its Affiliates shall use commercially reasonable efforts to obtain such Required Consent, but shall not be required to incur any costs or undertake any liabilities with respect thereto), (iv) computer or communications software or intellectual property (including tapes, codes, data and program documentation and all tangible manifestations and technical information relating thereto), (v) all attorney-client privileged communications and work product of legal counsel of Seller or its Affiliates (other than title opinions) and all engagements and similar letters and agreements with Seller's legal advisors (including internal counsel) and all other documents and instruments of Seller that may be protected by an attorney-client privilege or any attorney work product doctrine, (vi) all records and data of Seller that cannot be disclosed to Buyer as a result of confidentiality arrangements under agreements with Third Parties, (vii) all emails and electronic correspondence, except to the extent such email constitutes a Record that only exists in email form, (viii) Seller's reserve studies and reports, estimates and evaluations, estimates and valuations of assets or unliquidated liabilities, pilot studies, engineering, production, financial or economic studies, reports or forecasts, and any and all similar forward-looking economic, evaluative, or financial information relating to the Assets, (ix) documents prepared or received by Seller or its Affiliates with respect to (A) lists of prospective purchasers for such transactions compiled by Seller, (B) bids submitted by other prospective purchasers of the Assets and (C) analyses by Seller or its Affiliates of any bids submitted by any prospective purchaser and (x) correspondence between or among Seller, its Representatives and any prospective purchaser other than Buyer and (xi) correspondence between or among Seller or any of its Representatives with respect to any of the bids, the prospective purchasers or the transactions contemplated by this Agreement (collectively, the "Excluded Records");

(b) except to the extent related to any Assumed Obligations, all trade credits, all accounts, all receivables of Seller and all other proceeds, income or revenues of Seller attributable to the Assets and attributable to any period of time prior to the Effective Time (other than the Suspense Funds);

(c) except to the extent related to any Assumed Obligations, all claims and causes of action of Seller or its Affiliates that are attributable to periods of time prior to the Effective Time (including claims for adjustments or refunds);

(d) except to the extent related to any Assumed Obligations and further subject to Section 11.13, all rights and interests of Seller (i) under any policy or agreement of insurance or indemnity, (ii) under any bond or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events or damage to or destruction of property;

(e) Seller's rights with respect to all Hydrocarbons produced and sold from the Assets with respect to all periods prior to the Effective Time (excluding Hydrocarbons produced from or allocated to the Wells in storage or existing in stock tanks, pipelines or plants (including inventory, line fill and tank bottoms) for which the Purchase Price has been adjusted pursuant to Section 2.05(c)(i)(D));

(f) all claims of Seller or any of its Affiliates for refunds of, rights to receive funds from any Governmental Body, or loss carry forwards or credits with respect to (i) Asset Taxes allocable to Seller pursuant to Section 13.02(c), (ii) Income Taxes paid by Seller or their Affiliates and (iii) any Taxes attributable to the Excluded Assets;

(g) all information technology assets, other than the Production Related IT Equipment, including all desktop computers, laptop computers, servers, networking equipment and any associated peripherals and other computer hardware, or computer software and telephone equipment;

(h) all of Seller's proprietary computer software, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property;

(i) all audit rights or obligations (and all claims, defenses, causes of action and rights to settlements, refunds and proceeds with respect to such audit rights or obligations) for which Seller or its Affiliate bears responsibility arising under any of the Applicable Contracts or otherwise with respect to any period prior to the Effective Time or to any of the Excluded Assets, except for any Imbalances assumed by Buyer;

(j) a copy of all Records;

(k) all personnel files and related records for Available Employees who do not become Transferred Employees, and all personnel files and related records for Transferred Employees that may not transfer pursuant to any Legal Requirement;

(l) all Seller Benefit Plans, and trusts or other assets attributable thereto;

(m) any Contracts that constitute master services agreements or similar contracts;

(n) any Hedge Contracts;

(o) any debt instruments;

(p) any vehicles and rolling stock; and

(q) all of Seller's rights, interests and properties that are not included in the definition of "Assets", including the assets, properties and interests specifically listed in Exhibit D.

"Excluded Records" – as set forth in the definition of "Excluded Assets".

"Execution Date" – as defined in the preamble to this Agreement.

"Expert" – as defined in Section 11.14(b).

"Expert Decision" – as defined in Section 11.14(d).

"Expert Proceeding Notice" – as defined in Section 11.14(a).

"Fee Minerals" – as set forth in the definition of "Assets".

"Final Amount" – as defined in Section 2.05(e).

"Final Settlement Date" – as defined in Section 2.05(e).

"Final Settlement Statement" – as defined in Section 2.05(e).

"Financial Statements" – as defined in Section 3.29(a).

"Financing" – as defined in Section 6.05(b)(iv).

"First Holdback Release Date" – the date that is six (6) months after the Closing Date.

"Fraud" – with respect to a Party, an actual and intentional fraud with respect to the making of the representations and warranties made by such Party in this Agreement or the Assignment, in each case, which results in another Party (acting in reasonable reliance on such representation and warranty) suffering Damages as a result of such reliance; *provided*, that such actual and intentional fraud of such Party shall only be deemed to exist if any of the individuals identified in the definition of "Knowledge" had actual knowledge (as opposed to imputed or constructive knowledge) of such actual and intentional fraud.

"Fundamental Representations" –those representations set forth in Sections 3.01, 3.02, 3.03 and 3.06.

"GAAP" – generally accepted accounting principles in the United States as interpreted as of the Execution Date.

"Governmental Authorization" – any approval, consent, license, permit, registration, variance, exemption, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" – any (a) nation, state, county, city, town, village, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal); (d) multi-national organization or body; or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

"Group" – either Buyer Group or Seller Group, as applicable.

"Hazardous Materials" – any chemical, material, pollutant, contaminant, substance or waste that is regulated by any Governmental Body or forms the basis of liability under any Environmental Law due to its hazardous, toxic, dangerous or deleterious properties or characteristics, including but not limited to petroleum, waste oil, hydrogen sulfide, per and polyfluoroalkyl substances, polychlorinated biphenyls, urea formaldehyde, Hydrocarbons, NORM, asbestos and asbestos-containing materials.

"Hedge Contract" – any Contract to which Seller or any of its Affiliates is a party with respect to any swap, forward, future or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter" or otherwise, involving or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

"H&P Rig Contract" – that certain Daywork and Drilling Contract dated June 15, 2023, by and between Seller or its Affiliates and Helmrich & Payne International Drilling Co.

"HSR Act" – The Hart–Scott–Rodino Antitrust Improvements Act of 1976.

"Hydrocarbons" – oil and gas and other hydrocarbons (including condensate) produced or processed in association with such hydrocarbons (whether or not such item is in liquid or gaseous form), or any combination of oil and gas and other hydrocarbons, and any minerals produced in association with such hydrocarbons.

"Imbalances" – over-production or under-production or over-deliveries or under-deliveries with respect to Hydrocarbons produced from or allocated to the Assets, regardless of whether such over-production or under-production or over-deliveries or under-deliveries arise at the wellhead, pipeline, gathering system, transportation system, processing plant or other location, including any imbalances under gas balancing or similar agreements, imbalances under production handling agreements, imbalances under processing agreements, imbalances under the Leases and imbalances under gathering or transportation agreements.

"Income Taxes" – (a) all Taxes based upon, measured by, or calculated with respect to gross or net income, gross or net receipts or profits (including franchise Taxes and any capital gains, alternative minimum, and net worth Taxes, but excluding ad valorem, property, excise, severance, production, sales, use, real or personal property transfer or other similar Taxes), (b) Taxes based upon, measured by, or calculated with respect to multiple bases (including corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based, measured by or calculated with respect to is included in clause (a) above, or (c) withholding Taxes measured with reference to or as a substitute for any Tax included in clauses (a) or (b) above.

"Indemnification Cap" – as defined in Section 10.05.

"Indemnity Escrow Property" as defined in Section 10.17(a).

"Indemnity Holdback Amount" – Forty-Two Million Five Hundred Thousand Dollars ($42,500,000).

"Individual Claim Threshold" – as defined in Section 10.05.

"Information" as defined in Section 3.30(b).

"Initial Reserve Reports" – as defined in Section 6.05(a)(ii).

"Interim Financial Statements" – as defined in Section 6.05(b)(ii).

"Knowledge" – an individual will be deemed to have "Knowledge" of a particular fact or other matter if such individual is actually aware of such fact or other matter, without any duty of inquiry. Seller will be deemed to have "Knowledge" of a particular fact or other matter if any of the following individual(s) has Knowledge of such fact or other matter: Michael Oestmann, Michael Marziani, Scott Stephens, Dennis Kruse or Gary Womack. Buyer will be deemed to have "Knowledge" of a particular fact or other matter if any of the following individual(s) has Knowledge of such fact or other matter: Bryan Lemmerman or Nathan Morrison.

"Lands" – as set forth in the definition of "Assets".

"Leases" – as set forth in the definition of "Assets".

"Legal Requirement" – any federal, state, local, municipal, foreign, international or multinational law, Order, constitution, ordinance or rule, including rules of common law, regulation, statute, treaty or other legally enforceable directive or requirement.

"Lowest Cost Response" – the response required or allowed under Environmental Laws that addresses and resolves (for current and future use in the same manner as currently used) the identified Environmental Defect in the most cost-effective manner (considered as a whole) as compared to any other applicable response that is required or allowed by a Governmental Body under Environmental Laws. The Lowest Cost Response shall include taking no action, leaving the condition unaddressed, periodic monitoring or the recording of notices in lieu of remediation, if such responses are allowed under Environmental Laws. The Lowest Cost Response shall not include (a) the costs of Buyer's or any of its Affiliate's employees that would ordinarily be incurred in connection with the transaction; (b) expenses for matters that are costs of doing business (e.g., those costs that would ordinarily be incurred in the day-to-day operations of the Assets, or in connection with permit renewal/amendment activities); (c) overhead costs of Buyer or its Affiliates; (d) costs and expenses that would not have been required under Environmental Laws as they exist on the Closing Date; and (e) costs or expenses incurred in connection with remedial or corrective action that is designed to achieve standards that are more stringent than those required for similar facilities or that fail to reasonably take advantage of applicable risk reduction or risk assessment principles allowed under applicable Environmental Laws.

"Material Adverse Effect" – any change, inaccuracy, effect, event, result, occurrence, condition or fact (for the purposes of this definition, each, an "event") (whether foreseeable or not) that has had or would be reasonably likely to have, individually or in the aggregate with any other event or events, a material adverse effect on the ownership, operation or financial condition of the Assets, taken as a whole, or the ability of a Party to consummate the Contemplated Transaction. The term "Material Adverse Effect" shall not include events (except in the case of clauses (a), (c), (d), (g), (h), (i) and (m), to the extent such events have a disproportionate impact on (x) Seller relative to other Persons operating in the same industry and geographic area in which Seller operates or (y) the Assets relative to similar assets within the same geographic area in which the Assets are located) that result in a material adverse effects resulting from (a) any adverse change, event or effect on the global, national or regional energy industry as a whole, including any such change to energy prices or the value of oil and gas assets and properties or other commodities, goods or services, or the availability or costs of hedges; (b) any action or omission of Seller taken in accordance with the terms of this Agreement or with the prior consent of Buyer; (c) any effect resulting from general changes in industry, economic or political conditions in the United States; (d) cyberterrorism or cyberattacks, civil unrest, any outbreak of hostilities, terrorist activities or war or any similar disorder (including the Russia-Ukraine conflict or any worsening or escalation thereof); (e) any set of facts, occurrences or conditions specified in reasonable detail in the Exhibits and Schedules to this Agreement as of the Execution Date; (f) any failure to meet internal or Third Party projections or forecasts or revenue or earnings or reserve predictions, including as a result of the failure of any Third Party operator or Working Interest owner to develop all or a portion of any Assets, or any other action taken or failed to be taken by a Third Party operator or owner of Working Interests with respect to any Assets; (g) changes or developments in financial or securities markets or the economy in general; (h) the outbreak or continuation of any disease, epidemic or pandemic (including the continuation of COVID-19 or any variation of COVID-19); (i) acts or failures to act of any Governmental Body (including any new regulations related to the upstream industry), except to the extent arising from Seller's action or inaction; (j) acts of God, including hurricanes and storms; (k) any reclassification or recalculation of reserves in the ordinary course of business; (l) natural declines in well performance; (m) general changes in (or changes in interpretation of) Legal Requirements, in regulatory policies, or in GAAP; (n) seasonal reductions in revenues or earnings of Seller in the ordinary course of its business; or (o) matters that are cured or no longer exist by the earlier of Closing and the termination of this Agreement.

"Material Contracts" – as defined in Section 3.10(a).

"Net Revenue Interest" – with respect to any DSU or Well, the interest in and to all Hydrocarbons produced, saved and sold from or allocated to such DSU or Well (in the case of each DSU, within any portion of the applicable Target Formation, and in the case of each Well, limited to the Target Formation for any such Well), and in each case subject to any reservations, limitations or depth restrictions described in Exhibit A-2 or Exhibit B, as applicable, for any such DSU or Well, after satisfaction of all other Royalties.

"Nine Month Interim Financials" – as defined in Section 6.05(b)(ii).

"No-Recourse Party" – as defined in Section 13.17.

"Non-Operated Assets" – Assets operated by any Person other than Seller or an Affiliate of Seller.

"NORM" – naturally occurring radioactive material.

"NYSE" – the New York Stock Exchange.

"Operator Tax Remittance Obligations" – any liabilities or obligations of Seller or any of its Affiliates under any applicable contract or Legal Requirement to timely remit to the applicable taxing authorities all Taxes withheld or collected (or required to be withheld or collected) by Seller or its Affiliates from revenues and proceeds attributable to interests held by Third Parties in the Leases, Fee Minerals, Units and Wells.

"Order" – any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any court, administrative agency or other Governmental Body or by any arbitrator.

"Organizational Documents" – (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the certificate of formation and limited liability company agreement or operating agreement; (c) the certificate of limited partnership and limited partnership agreement of a limited partnership; and (d) any amendment to any of the foregoing.

"Outside Date" – as defined in Section 9.01(d).

"Party" or "Parties" – as defined in the preamble to this Agreement.

"Permits" – all governmental (whether federal, state, local or tribal) certificates, approvals, consents, permits (including conditional use permits), licenses, Orders, authorizations, waivers, franchises and related instruments or rights relating to the ownership, operation or use of the Assets.

"Permitted Consent" – any Consent that is not a Required Consent.

"Permitted Encumbrance" – any of the following:

(a) the terms and conditions of all Leases and Contracts to the extent that the same do not, individually or in the aggregate, (i) materially interfere with the ownership, operation or use of any of the Assets (as currently owned, operated and used), (ii) operate to reduce the Net Revenue Interest of Seller with respect to any DSU or Well to an amount less than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B for such DSU or Well, as applicable or (iii) obligate Seller to bear a Working Interest for any DSU or Well in any amount greater than the Working Interest set forth in Exhibit A-2 for such DSU or Exhibit B for such Well, as applicable (unless the Net Revenue Interest for such DSU or Well is greater than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B, as applicable, in the same or greater proportion as any increase in such Working Interest); *provided, however*, any drilling obligations included in Leases will be considered Permitted Encumbrances so long as Seller is not in breach of such obligations;

(b) any Preferential Purchase Rights, Consents and similar agreements, in each case, to the extent set forth on Schedule 3.11(a) or Schedule 3.11(b);

(c) excepting circumstances where such rights have already been triggered prior to the Effective Time, rights of reassignment;

(d) liens for Taxes not yet due or delinquent or, if delinquent, that are being contested in good faith by appropriate Proceedings by or on behalf of Seller and if so contested, are identified on Schedule PE;

(e) all rights to consent by, required notices to, filings with or other actions by Governmental Bodies in connection with the conveyance of the Leases, if the same are customarily sought and received after the Closing;

(f) Encumbrances or defects that Buyer has expressly waived pursuant to the terms of this Agreement prior to Closing;

(g) all Legal Requirements and all rights reserved to or vested in any Governmental Body (i) to control or regulate any Asset in any manner; (ii) by the terms of any right, power, franchise, grant, license or permit or by any provision of law, to terminate such right, power, franchise, grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the Assets; (iii) to use such property in a manner which does not materially impair the use of such property for the purposes for which it is currently owned and operated; or (iv) to enforce any obligations or duties affecting the Assets to any Governmental Body with respect to any right, power, franchise, grant, license or permit;

(h) rights of a common owner of any interest currently held by Seller and such common owner as tenants in common or through common ownership, in each case, to the extent that the same does not materially impair the ownership, use or operation of the Assets as currently owned, used and operated;

(i) easements, conditions, covenants, restrictions, servitudes, permits, rights-of-way, surface leases and other rights in the Assets for the purpose of operations, facilities, roads, alleys, highways, railways, pipelines, transmission lines, transportation lines, distribution lines, power lines, telephone lines, removal of timber, grazing, logging operations, canals, ditches, reservoirs and other like purposes, or for the joint or common use of real estate, rights-of-way, facilities and equipment, which, in each case, individually or in the aggregate, do not (i) materially impair the ownership, operation or use of the Assets as currently owned, operated and used, (ii) operate to reduce the Net Revenue Interest of Seller with respect to any DSU or Well to an amount less than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B for such DSU or Well, as applicable or (iii) obligate Seller to bear a Working Interest for any DSU or Well in any amount greater than the Working Interest set forth in Exhibit A-2 for such DSU or Exhibit B for such Well, as applicable (unless the Net Revenue Interest for such DSU or Well is greater than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B, as applicable, in the same or greater proportion as any increase in such Working Interest);

(j) vendors, carriers, warehousemen's, repairmen's, mechanics', workmen's, materialmen's, construction or other like liens arising by operation of law in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations which are not yet due or which are being contested in good faith by appropriate Proceedings by or on behalf of Seller;

(k) Encumbrances created under Leases or any joint operating agreements applicable to the Assets or by operation of law in respect of obligations that are not yet due or that are being contested in good faith by appropriate Proceedings by or on behalf of Seller;

(l) with respect to any interest in the Assets acquired through compulsory pooling, failure of the records of any Governmental Body to reflect Seller as the owner of any Assets;

(m) any Encumbrance affecting the Assets that is discharged by Seller at or prior to Closing;

(n) defects based solely on assertions that Seller's files lack information (including title opinions), solely to the extent that Seller is not relying on such information to vest title to the Properties in Seller;

(o) lessor's Royalties, overriding royalties, production payments, net profits interests, reversionary interests and similar burdens to the extent that the same do not, individually or in the aggregate, (i) materially interfere with the ownership, operation or use of any of the Assets (as currently owned, operated and used), (ii) operate to reduce the Net Revenue Interest of Seller with respect to any DSU or Well to an amount less than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B for such DSU or Well, as applicable or (iii) obligate Seller to bear a Working Interest for any DSU or Well in any amount greater than the Working Interest set forth in Exhibit A-2 for such DSU or Exhibit B for such Well, as applicable (unless the Net Revenue Interest for such DSU or Well is greater than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B, as applicable, in the same or greater proportion as any increase in such Working Interest);

(p) defects or irregularities of title (i) as to which the relevant statute(s) of limitations or prescription would bar any attack or claim against Seller's title; (ii) arising out of lack of evidence of, or other defects with respect to, authorization, execution, delivery, acknowledgment or approval of any instrument in Seller's chain of title, including any affidavit of identity, absent reasonable evidence of an actual claim of competing title from a Third Party attributable to such matter; (iii) consisting of the failure to recite marital status or omissions of heirship Proceedings in documents, absent reasonable evidence of an actual claim of competing title from a Third Party attributable to such matter; (iv) resulting from lack of survey, unless a survey is expressly required by applicable Legal Requirements; (v) resulting from failure to record releases of liens, production payments, or mortgages (including mortgages on the lessor's interest under a Lease to the extent that the same is subordinate to such Lease) that have expired by their own terms, absent reasonable evidence that such instruments (A) continue in force and effect or (B) give rise to an actual claim of competing title from a Third Party attributable to such matter; or (vi) resulting from or related to probate Proceedings or the lack of probate Proceedings that have been outstanding for ten (10) years or more;

(q) Imbalances to the extent set forth on Schedule 3.09;

(r) plugging and surface restoration obligations, but only to the extent such obligations do not, individually or in the aggregate, (i) materially interfere with the ownership, operation or use of any of the Assets (as currently owned, operated and used), (ii) operate to reduce the Net Revenue Interest of Seller with respect to any DSU or Well to an amount less than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B for such DSU or Well, as applicable or (iii) obligate Seller to bear a Working Interest for any DSU or Well in any amount greater than the Working Interest set forth in Exhibit A-2 for such DSU or Exhibit B for such Well, as applicable (unless the Net Revenue Interest for such DSU or Well is greater than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B, as applicable, in the same or greater proportion as any increase in such Working Interest);

(s) calls on Hydrocarbon production under existing Contracts, in each case, to the extent set forth on Schedule 3.10(a);

(t) any defects arising from or based upon the Properties described on Exhibit B being held only insofar as necessary to produce, access, abandon or perform decommissioning obligations for the Wells (or words of similar effect);

(u) all defects or irregularities solely to the extent affecting depths, intervals, formations or strata outside of the Target Formation of a Well;

(v) all defects arising from failure of any non-participating Royalty owners to ratify a unit, but only to the extent such obligations do not, individually or in the aggregate, (i) materially interfere with the ownership, operation or use of any of the Assets (as currently owned, operated and used), (ii) operate to reduce the Net Revenue Interest of Seller with respect to any DSU or Well to an amount less than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B for such DSU or Well, as applicable or (iii) obligate Seller to bear a Working Interest for any DSU or Well in any amount greater than the Working Interest set forth in Exhibit A-2 for such DSU or Exhibit B for such Well, as applicable (unless the Net Revenue Interest for such DSU or Well is greater than the Net Revenue Interest set forth in Exhibit A-2 or Exhibit B, as applicable, in the same or greater proportion as any increase in such Working Interest);

(w) any matters referenced or set forth on Exhibit A-1, Exhibit A-2, or Exhibit B;

(x) any maintenance of uniform interest provision in an operating agreement if waived with respect to the Contemplated Transactions by the party or parties having the right to enforce such provision; or

(y) any matters set forth on Schedule PE.

"Person" – any individual, firm, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Body.

"Phase I Environmental Site Assessment" – a Phase I environmental site assessment of the Assets that satisfies the basic assessment requirements set forth under the current ASTM International Standard Practice for Environmental Site Assessments (Designation E1527-21), as of the Execution Date, and limited compliance review, or any other similar visual site assessment or review of records, reports or documents.

"Pinto Pad" – Pinto 2-11 Unit, Sections 2 & 11, Block 54, Township 7S, T&P RR Co, Reeves County, Texas.

"Post-Closing Date" – as defined in Section 2.05(e).

"Preferential Purchase Right" – any right or agreement that enables any Person to purchase or acquire any Asset or any interest in such Asset or portion of such Asset as a result of or in connection with the execution or delivery of this Agreement or the consummation of the Contemplated Transactions.

"Preliminary Amount" – the Purchase Price, adjusted as provided in Section 2.05(c), based upon the best information available at the time of the Closing.

"Preliminary Settlement Statement" – as defined in Section 2.03.

"Proceeding" – any proceeding, action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Production Related IT Equipment" – as set forth in the definition of "Assets".

"Property" or "Properties" – as set forth in the definition of "Assets".

"Property Costs" – all operating expenses (including utilities, costs of insurance, rentals and drilling site title examination) and capital expenditures, including the costs of drilling and completing wells, costs of acquiring equipment (to the extent such equipment is conveyed to Buyer pursuant to the Assignment), lease maintenance obligations and any COPAS overhead costs charged to Seller by Third Party operators, in each case, incurred in the ordinary course of business attributable to the use, operation and ownership of the Assets (without duplication), but excluding Damages or costs attributable to (a) personal injury or death, property damage, torts, breach of contract or violation of any Legal Requirement, (b) obligations relating to the abandonment or plugging of Wells, dismantling or decommissioning facilities, closing pits and restoring the surface around such Wells, facilities and pits, (c) Environmental Liabilities, (d) costs incurred to Cure, cure or remediate Title Defects or Environmental Defects under this Agreement, (e) obligations with respect to Imbalances, (f) obligations to pay Royalties or other interest owners revenues or proceeds relating to the Assets but held in suspense, including Suspense Funds or escheat obligations, (g) Asset Taxes, Income Taxes and Transfer Taxes, (h) the Specified Obligations or for which Seller has agreed hereunder or in any Seller Closing Documents to indemnify, defend or hold harmless any member of the Buyer Group, (i) satisfying or obtaining any Consent or Preferential Purchase Right with respect to the Contemplated Transactions, (j) lease bonuses, (k) other than drilling site title examination, all other title examination and curative actions, (l) any Casualty Loss (including the repair and restoration thereof), (m) the category of costs and expenses that are contemplated in connection with the Purchase Price adjustment set forth in Section 2.05(c)(i)(E) and (n) claims for indemnification or reimbursement from any Third Party with respect to costs of the types described in the preceding clauses (a) through (n), whether such claims are made pursuant to contract or otherwise.

"Purchase Price" – as defined in Section 2.02.

"Records" – as set forth in the definition of "Assets".

"Records Period" – as defined in Section 6.05(b).

"Recourse Parties" – as defined in Section 13.17.

"Registration Rights Agreement" – the Registration Rights Agreement substantially in the form attached hereto as Exhibit G to be executed and delivered by Seller and Buyer at Closing.

"Regulation S-X" – as defined in Section 6.05(b)(i).

"Release" means any discharge, emission, spilling, leaking, pumping, pouring, injecting, dumping, burying, leaching, migrating, abandoning, emptying, abandoning, discarding or disposing into or through the environment of any Hazardous Material, including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material.

"Representative" – with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.

"Required Buyer Financial Statements" – as defined in Section 6.05(c).

"Required Buyer SEC Documents" – as defined in Section 4.15(a).

"Required Consent" – any Consent with respect to which (a) there is a provision within the applicable instrument that such Consent may be withheld in the sole and absolute discretion of the holder; (b) there is provision within the applicable instrument expressly stating that an assignment in violation of such instrument (i) is void or voidable, (ii) triggers the payment of specified liquidated damages or (iii) causes termination of the applicable Assets to be assigned or (c) the holder thereof has objected in writing or expressly refused to grant such Consent prior to Closing. For the avoidance of doubt, "Required Consent" does not include (i) any Consents or approvals of Governmental Bodies that are customarily obtained after Closing or (ii) any Consents that by their terms cannot be unreasonably withheld (or contains language of similar effect), unless the same also implicates any provision and/or action contemplated in clauses (b) or (c) above.

"Reserve Engineer" – as defined in Section 6.05(a)(ii).

"Retained Assets" – any rights, titles, interests, assets and properties that are originally included in the Assets under the terms of this Agreement, but that are subsequently excluded from the Assets or sale under this Agreement pursuant to the terms of this Agreement at any time before or after the Closing; *provided, however*, if any such right, title, interest, asset or property is indefinitely excluded from the Contemplated Transactions, such right, title, interest, asset or property shall constitute an Excluded Asset.

"Right" – any option, warrant, convertible or exchangeable security or other right, however denominated, to subscribe for, purchase or otherwise acquire any interest of any class, with or without payment of additional consideration in cash or property, either immediately or upon the occurrence of a specified date or a specified event or the satisfaction or happening of any other condition or contingency.

"Rights of Way" – as set forth in the definition of "Assets".

"Royalties" – royalties, overriding royalties, production payments, carried interests, net profits interests, reversionary interests, back-in interests and other burdens upon, measured by or payable out of Hydrocarbon production.

"Schedule Supplement" – as defined in Section 3.30.

"SEC" – the United States Securities and Exchange Commission.

"Second Holdback Release Date" – the date that is twelve (12) months after the Closing Date.

"Securities Act" – the United States Securities Act of 1933, as amended.

"Seller" – as defined in the preamble to this Agreement.

"Seller Benefit Plans" – any "employee benefit plan," as defined in Section 3(3) of ERISA, and all other retirement, pension, deferred compensation, bonus, incentive, severance, executive life insurance, vacation, stock purchase, stock option, phantom stock, equity, employment, profit sharing, retention, stay bonus, change of control and other compensation or benefit plans, programs, agreements or arrangements maintained, sponsored or contributed to (or required to be contributed to) by Seller or any of its ERISA Affiliates for the benefit of any Available Employee or any current or former service provider of the Assets as of the Execution Date, or under which Seller or any of its ERISA Affiliates would reasonably be expected to have any liability, contingent or otherwise.

"Seller Closing Documents" – as defined in Section 3.02(a).

"Seller Group" – Seller and its Affiliates, and their respective Representatives.

"Seller Released Persons" – as defined in Section 10.09(a).

"Seller Taxes" – (a) all Income Taxes imposed by any applicable laws on Seller, any of its direct or indirect owners or Affiliates, or any combined, unitary, or consolidated group of which any of the foregoing is or was a member, (b) Asset Taxes allocable to Seller pursuant to Section 13.02(c) (taking into account, and without duplication of, such Asset Taxes effectively borne by Seller as a result of (i) the adjustments to the Purchase Price made pursuant to Section 2.03, Section 2.05(c) or Section 2.05(d), as applicable, and (ii) any payments made from one Party to the other in respect of Asset Taxes pursuant to Section 13.02(c)(iv)), (c) any Taxes imposed on or with respect to the ownership or operation of the Excluded Assets or that are attributable to any asset or business of Seller that is not part of the Assets and (d) any and all Taxes (other than the Taxes described in clauses (a), (b) or (c) of this definition) imposed on or with respect to the acquisition, ownership or operation of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom for any Tax period (or portion of any Straddle Period) ending before the Effective Time.

"Share Price" – Fifty-Four Dollars and Ninety-Six cents ($54.96).

"Shelf Registration Statement" – is defined in Section 2.1(a) of the Registration Rights Agreement.

"Six Month Interim Financials" – as defined in Section 3.29(a).

"Specified Obligations" – any Damages, liabilities and obligations arising out of (a) any off-site disposal or transportation prior to the Closing Date of any Hazardous Materials generated by or on behalf of Seller or otherwise produced from or attributable to any of the Assets and taken from the Assets to any location that is not on or within any of the Asset; (b) personal injury (including death) claims attributable to, or arising out of, Seller's operation of the Assets prior to the Closing Date; (c) any payment, nonpayment, mispayment or miscalculation by or on behalf of Seller of any Royalties, similar Lease burdens or other production proceeds owing to Working Interest owners and escheat obligations, in each case, in accordance with the terms of any Lease or Legal Requirement, and attributable to Seller's ownership of the Assets prior to the Effective Time; (d) any claim made by an employee or natural person independent contractor of Seller or its Affiliates to the extent relating to such employment or engagement by Seller or its Affiliates; (e) any claims attributable to any Seller Benefit Plan or benefits thereunder, including, claims for medical, dental, life insurance, health, accident or disability benefits thereunder, workers compensation claims, or brought by or in respect of any current or former employee or independent contractor of Seller or its Affiliates; (f) any Damages consisting of any civil or administrative fines (excluding any such amounts with respect to Taxes) or penalties or criminal sanctions imposed under applicable Legal Requirements (including Environmental Laws) resulting from or relating to the ownership, use or operation of the Assets prior to the Closing Date; (g) the Excluded Assets; (h) Seller Taxes; (i) the actions, suits, proceedings and other matters set forth on Schedule 3.05 (or that should have been set forth on Schedule 3.05, in order for Seller's representation in Section 3.05 to have been true and correct as of the Execution Date) and (j) any Third Party Claims arising from the fraud, gross negligence or willful misconduct of Seller in connection with the ownership or operation of the Assets prior to the Closing Date. From and after the expiration of the applicable survival period set forth in Section 10.01, all such Damages, liabilities, and obligations other than those set out in clauses (d), (e), (g), (h) and (i) above (with such Damages, liabilities, and obligations being retained by Seller subject to Section 10.01) shall be deemed Assumed Obligations.

"Specified Representations" – as defined in Section 11.03.

"Straddle Period" – any Tax period beginning before and ending after the Effective Time.

"Straddle Period Tax Contest" – as defined in Section 13.02(g).

"Suspense Funds" – proceeds of production and associated penalties and interest in respect of any of the Wells that are payable to any Third Party and are being held in suspense by Seller as the operator of such Wells.

"Tag-Along" – the right or option of any Person under any Applicable Contract, Lease or other instrument binding on Seller or the Assets to require and cause Seller or Buyer to purchase, acquire and receive an assignment of (a) any interest held by such Person in any Hydrocarbon, water, CO_2, injection, disposal or other wells located on, under or within the Target Area or (b) any interests of such Person in Hydrocarbon leases, fee minerals, reversionary interests, non-participating royalty interests, executive rights, non-executive rights, royalties, net profits interests and any other similar interests in minerals, or any pooled, communitized or unitized acreage or rights which includes or constitutes all or part of any of the foregoing that are located within the Target Area.

"Target Area" – the geographic area set forth on Exhibit A.

"Target Formation" – with respect to (a) a Well, the currently producing formation for such Well and (b) a DSU, the formation(s), depths or intervals set forth for such DSU in Exhibit A-2.

"Tax" or "Taxes" – any and all federal, state, provincial, local, foreign and other taxes, levies, fees, imposts, duties, assessments and other similar charges in the nature of a tax imposed by any Governmental Body, including all income, profits, franchise, alternative or add-on minimum, gross receipts, environmental, registration, withholding (including backup withholding), employment, social security (or similar), disability, occupation, ad valorem, value added, capital gains, sales, goods and services, use, real or personal property, capital stock, license, branch, payroll, estimated, unemployment, severance, compensation, utility, stamp, premium, windfall profits, transfer, gains, production and excise taxes and customs duties, together with any interest, penalties, fines or additions to tax imposed by a Governmental Body in connection with any item described in the foregoing.

"Tax Allocation" – as defined in Section 2.07(b).

"Tax Returns" – any and all reports, returns, declarations, claims for refund, elections, disclosures, estimates, information reports or returns or statements supplied or required to be supplied to a Governmental Body in connection with Taxes, including any schedule, attachment, or amendment to such Tax documentation.

"TCO" – as defined in the preamble to this Agreement.

"TCPH" – as defined in the preamble to this Agreement.

"Third Party" – any Person other than a Party or an Affiliate of a Party.

"Threatened" – a claim, Proceeding, dispute, action or other matter will be deemed to have been "Threatened" if any demand or statement has been made to a Party or any of its officers, directors or employees that would lead a reasonable and prudent Person to conclude that such a claim, Proceeding, dispute, action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future.

"Title Benefit" – as defined in Section 11.07(a).

"Title Benefit Amount" – as defined in Section 11.07(c).

"Title Benefit Notice(s)" – as defined in Section 11.07(a).

"Title Benefit Property" – as defined in Section 11.07(a).

"Title Benefit Value" – as defined in Section 11.07(a).

"Title Cure Amount" – as defined in Section 11.05(a)(ii).

"Title Defect" – any Encumbrance, defect or other matter that causes Seller not to have Defensible Title; *provided, however*, the following shall not be considered Title Defects:

(a) defects based upon the failure to record any federal or state Leases or any assignments of interests in such Leases in the applicable public county records, in each case, to the extent that such federal or state Leases or any assignments of interests in such Leases is reflected in the records of the applicable Governmental Body;

(b) defects arising from any change in applicable Legal Requirement after the Execution Date;

(c) defects arising from any prior oil and gas lease taken more than fifteen (15) years prior to the Effective Time relating to the Lands covered by a Lease that is expired in accordance with its own terms but is not surrendered of record;

(d) defects that affect only which non Seller Person has the right to receive Royalty payments rather than the amount or the proper payment of such Royalty payment; or

(e) defects arising from a mortgage encumbering the oil, gas or mineral estate of any lessor to the extent such mortgage has been subordinated to the Lease applicable to such Asset.

"Title Defect Cure Period" – as defined in Section 11.05(a).

"Title Defect Deductible" – an amount equal to one and one quarter percent (1.25%) of the unadjusted Purchase Price.

"Title Defect Notice(s)" – as defined in Section 11.03.

"Title Defect Property" – as defined in Section 11.03.

"Title Defect Value" – as defined in Section 11.03.

"Transfer Agent" – American Stock Transfer and Trust Company, LLC.

"Transfer Agent Documentation" – written instruction letter, a stock medallion guaranty, an incumbency certificate or any other documentation required by the procedures of the Transfer Agent to effect a contemplated transaction in the Buyer Common Stock.

"Transferred Employees" – as defined in Section 12.02.

"Transfer Legend" – the following restrictive legend to be placed on the Buyer Common Stock:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY NON-U.S. OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH.

"Transfer Tax" – all transfer, documentary, sales, use, stamp, registration and similar Taxes (but excluding Income Taxes) incurred or imposed in connection with the transactions described in this Agreement.

"Transition Services Agreement" – as defined in Section 2.04(a)(x).

"Treasury Regulations" – the final or temporary regulations promulgated by the U.S. Department of the Treasury under the Code.

"Units" – as set forth in the definition of "Assets".

"Virtual Data Room" – the site hosted by Seller through Data Site, located at: https://americas.datasite.com/platform/container/6408f1a85e6a682499c8f751/documents/content/index.

"Warburg" – Warburg Pincus LLC, a New York limited liability company.

"WARN Act" – the federal Worker Adjustment and Retraining Notification Act of 1988 or any similar Legal Requirement.

"Wells" – as set forth in the definition of "Assets".

"Working Interest" – with respect to any DSU or Well, the interest in and to such DSU or Well that is burdened with the obligation to bear and pay costs and expenses of maintenance, development and operations on or in connection with such DSU or Well (in the case of each DSU, within any portion of the applicable Target Formation, and in the case of each Well, limited to the Target Formation for such Well), and in each case subject to any reservations, limitations or depth restrictions described in Exhibit A-2 or Exhibit B, as applicable, but without regard to the effect of any Royalties or other burdens.

ARTICLE 2
SALE AND TRANSFER OF ASSETS; CLOSING

2.01 **Assets**. Subject to the terms and conditions of this Agreement, at the Closing, Seller shall sell and transfer (or shall cause to be transferred) the Assets, effective as of the Effective Time, to Buyer, and Buyer shall purchase, pay for, and accept the Assets from Seller.

2.02 **Purchase Price; Deposit Amount**. Subject to any adjustments that may be made under Section 2.05, the consideration paid by Buyer to Seller for the Assets will consist of (a) Three Hundred Million Dollars ($300,000,000) (the "Cash Purchase Price") and (b) Two Million Two Hundred Seventy-Four Thousand Three Hundred Eighty-Two (2,274,382) shares of Buyer Common Stock (such Buyer Common Stock, the "Equity Purchase Price", and, together with the Cash Purchase Price, the "Purchase Price"). Contemporaneously with the execution of this Agreement, Buyer has deposited, in book entry from as described below, into an escrow account established pursuant to the Escrow Agreement Five Hundred Seventy-Nine Thousand Nine Hundred Sixty-Eight (579,968) shares of Buyer Common Stock (together with any dividends, or distributions thereon, and any other property received in respect of or arising therefrom (including in any stock split or similar transaction), the "Deposit Amount"). The Parties agree that the shares of Buyer Common Stock comprising the Deposit Amount shall be credited to the applicable account pursuant to the Escrow Agreement, in book-entry form, free and clear of all liens and restrictions other than restrictions imposed by applicable securities laws, which Buyer Common Stock shall contain the Contract Legend and Transfer Legend on the books and records of the Transfer Agent. If the Closing timely occurs, the Deposit Amount shall be treated in accordance with Section 10.17. If this Agreement is terminated prior to the Closing in accordance with Section 9.01, then the provisions of Section 9.02 shall apply to the distribution of the Deposit Amount.

2.03 **Closing; Preliminary Settlement Statement**. Subject to Section 9.01, the Closing shall take place remotely and electronically on November 6, 2023, or if all conditions to Closing under Article 7 and Article 8 have not yet been satisfied or waived on such date, within five (5) Business Days after the date on which such conditions have been satisfied or waived, subject to the provisions of Article 9 (the "Closing Date"). Not later than five (5) Business Days prior to the Closing Date, Seller shall (a) prepare in good faith and deliver to Buyer a statement setting forth in reasonable detail Seller's reasonable determination of the Preliminary Amount based upon the best information available at that time (the "Preliminary Settlement Statement") and (b) supply to Buyer reasonable documentation in the possession of Seller to support the items and adjustments set forth in the Preliminary Settlement Statement. The Preliminary Settlement Statement may include estimates where actual amounts are not known at such time. Within three (3) Business Days after receipt of the Preliminary Settlement Statement, Buyer may, but is not obligated to, submit to Seller in writing any objections or proposed changes to the Preliminary Settlement Statement, and Seller shall consider all such objections and proposed changes in good faith. The estimate agreed to by Seller and Buyer, or, absent such agreement, delivered in the Preliminary Settlement Statement prepared by Seller in accordance with this Section 2.03, will be the Preliminary Amount to be paid by Buyer to Seller at the Closing. For the avoidance of doubt, Buyer's failure to propose any changes to the Preliminary Settlement Statement and/or Buyer's agreement to all or any portion of the Preliminary Settlement Statement proposed by Seller shall not, and shall not be deemed or construed to, prejudice any of Buyer's rights hereunder (including, for the avoidance of doubt, Buyer's right to dispute any adjustment or amount in the Final Settlement Statement in connection with the final calculations and determination of the Purchase Price pursuant to Section 2.05(d)).

2.04 **Closing Obligations**. At the Closing:

(a) Seller shall deliver (and execute and acknowledge, as appropriate), or cause to be delivered by the appropriate Person (and executed and acknowledged, as appropriate), to Buyer:

(i) the Assignment in the appropriate number for recording in the real property records where the Assets are located, in sufficient counterparts necessary to facilitate filing with the applicable Governmental Bodies;

(ii) possession of the Assets (except the Suspense Funds, which shall be conveyed to Buyer by way of one or more adjustments to the Purchase Price as provided in Section 2.05(c)(ii)(E));

(iii) a certificate, in substantially the form set forth in Exhibit E-1, executed by an officer of Seller and certifying on behalf of Seller that its conditions to Closing set forth in Sections 7.01 and 7.02 have been fulfilled;

(iv) a properly completed and executed IRS Form W-9 of each of TCO and TCPH, each dated as of the Closing Date (or, if either TCO or TCPH is treated as an entity disregarded as separate from its regarded tax owner for U.S. federal income tax purposes, the Person that is treated as the regarded tax owner of TCO or TCPH, as applicable, for such purposes);

(v) an executed counterpart of the Preliminary Settlement Statement;

(vi) for each Well operated by Seller on the Closing Date, such regulatory documentation on forms prepared by Seller (as reasonably satisfactory to Buyer) as are necessary to designate Buyer as operator of such Wells;

(vii) (A) a recordable release of any trust, mortgages, financing statements, fixture filings and security agreements, in each case, securing indebtedness for borrowed money incurred by Seller or its Affiliates affecting the Assets, in which case such releases shall be in form and substance reasonably satisfactory to Buyer and (B) authorizations to file UCC-3 termination statements releases in all applicable jurisdictions to evidence the release of all such instruments securing indebtedness for borrowed money;

(viii) an executed counterpart to the Registration Rights Agreement;

(ix) such documents as Buyer or counsel for Buyer may reasonably request, including letters-in-lieu of transfer order to purchasers of production from the Wells (which shall be prepared and provided by Seller and reasonably satisfactory to Buyer); and

(x) a transition services agreement executed by TCO in the form attached hereto as Exhibit F ("Transition Services Agreement").

(b) Buyer shall deliver (and execute and acknowledge, as appropriate) to Seller:

(i) the cash portion of the Preliminary Amount, by wire transfer to the account specified by Seller in written notice given by Seller to Buyer at least two (2) Business Days prior to the Closing Date;

(ii) the Assignment in the appropriate number for recording in the real property records where the Assets are located, in sufficient counterparts necessary to facilitate filing with the applicable Governmental Bodies;

(iii) a certificate, in substantially the form set forth in Exhibit E-2 executed by an officer of Buyer, certifying on behalf of Buyer that the conditions to Closing set forth in Sections 8.01 and 8.02 have been fulfilled;

(iv) an executed counterpart of the Preliminary Settlement Statement;

(v) for each Well operated by Seller on the Closing Date, such regulatory documentation on forms prepared by Seller (as reasonably satisfactory to Buyer) as are necessary to designate Buyer as operator of such Wells;

(vi) evidence of replacement bonds, guarantees, and other sureties pursuant to Section 6.02(a) and evidence of such other authorizations and qualifications as may be necessary for Buyer to own and operate the Assets;

(vii) the issuance by Buyer to the Escrow Agent of the number of shares of Buyer Common Stock, rounded up to the nearest whole share, equal to the difference between (a) the Indemnity Holdback Amount, *divided by* the Share Price and (b) Five Hundred Seventy-Nine Thousand Nine Hundred Sixty-Eight (579,968) (*i.e.*, the number of shares of Buyer Common Stock deposited as the Deposit Amount under Section 2.02), credited to the applicable account pursuant to the Escrow Agreement, in book-entry form, free and clear of all liens and restrictions other than restrictions imposed by applicable securities laws, which Buyer Common Stock shall contain the Contract Legend and the Transfer Legend on the books and records of the Transfer Agent;

(viii) the issuance by Buyer to the Seller of the aggregate number of shares of Buyer Common Stock equal to the number of shares of Buyer Common Stock included in the Equity Purchase Price, as allocated in the Preliminary Settlement Statement, *less* the number of shares issued by Buyer to the Escrow Agent in respect of the Indemnity Holdback Amount (including those shares comprising the Deposit Amount) and the Defect Deposit Amount (if any), credited to the Seller in book-entry form, free and clear of all liens and restrictions other than restrictions imposed by applicable securities laws, which Buyer Common Stock shall contain the Transfer Legend on the books and records of the Transfer Agent;

(ix) an executed counterpart to the Registration Rights Agreement;

(x) evidence reasonably satisfactory to Seller that the shares of Buyer Common Stock comprising the Equity Purchase Price (including any shares issued by Buyer to the Escrow Agent in respect of the Indemnity Holdback Amount (including those shares comprising the Deposit Amount) and the Defect Deposit Amount (if any)) have been approved for listing on the NYSE, subject to official notice of issuance;

(xi) to the extent applicable, the issuance by Buyer to the Escrow Agent of the number of shares of Buyer Common Stock, rounded up to the nearest whole share, equal to the Defect Deposit Amount, *divided by* the Share Price, credited to the Defect Escrow Account in book-entry form, free and clear of all liens and restrictions other than restrictions imposed by applicable securities laws, which Buyer Common Stock shall contain the Contract Legend and the Transfer Legend on the books and records of the Transfer Agent; and

(xii) the Transition Services Agreement executed by Buyer.

2.05 **Allocations and Adjustments**. If the Closing occurs:

(a) Buyer shall be entitled to all production and products from or attributable to the Assets from and after the Effective Time and the proceeds attributable to such Assets, and to all other income, proceeds, receipts and credits earned with respect to the Assets on or after the Effective Time, and shall be responsible for (and entitled to any refunds with respect to) all Property Costs attributable to the Assets and incurred from and after the Effective Time. Except for amounts for which the Purchase Price is adjusted pursuant to Section 2.05(c)(i)(E), Seller shall be entitled to all production and products from or attributable to the Assets prior to the Effective Time and the proceeds of such Assets, and shall be responsible for (and entitled to any refunds with respect to) all Property Costs attributable to the Assets incurred prior to the Effective Time. “Earned” and “incurred,” as used in this Agreement, shall be interpreted in accordance with generally accepted accounting principles and Council of Petroleum Accountants Society (COPAS) standards.

(b) For purposes of allocating revenues, production, proceeds, income, accounts receivable and products under this Section 2.05, (i) liquid Hydrocarbons produced into storage facilities will be deemed to be "from or attributable to" the Wells when they pass through the pipeline connecting into the storage facilities into which they are run, and (ii) gaseous Hydrocarbons and liquid Hydrocarbons produced into pipelines will be deemed to be "from or attributable to" the Wells when they pass through the receipt point sales meters on the pipelines through which they are transported. In order to accomplish the foregoing allocation of production, the Parties shall rely upon the gauging, metering and strapping procedures which were conducted by Seller on or about the Effective Time and, unless demonstrated to be inaccurate, shall utilize reasonable interpolating procedures to arrive at an allocation of production when exact gauging, metering, and strapping data is not available on hand as of the Effective Time. For the avoidance of doubt, Asset Taxes shall be allocated in accordance with Section 13.02(c).

(c) The Purchase Price shall be, without duplication,

(i) increased by the following amounts:

(A) the aggregate amount of (1) proceeds received by Buyer from the sale of Hydrocarbons produced from and attributable to the Assets during any period prior to the Effective Time to which Seller is entitled under Section 2.05(a) (net of any (x) Royalties, (y) gathering, processing, transportation and other midstream costs (excluding, for the avoidance of doubt, Asset Taxes, Income Taxes and Transfer Taxes) and (z) Property Costs that are deducted by the purchaser of production, if applicable, in each case, to the extent actually deducted from the proceeds received by Buyer, or otherwise economically borne by Buyer) and (2) any other proceeds received by Buyer with respect to the Assets to which Seller would otherwise be entitled under Section 2.05(a);

(B) the amount of all Asset Taxes allocable to Buyer pursuant to Section 13.02(c) but paid or otherwise economically borne by Seller;

(C) the aggregate amount of all non-reimbursed Property Costs that have been paid by Seller (excluding any amounts advanced in respect of Third Party Working Interest owners in its capacity as the "operator") that are attributable to the ownership and operation of the Assets after the Effective Time (including prepayments with respect to any period after the Effective Time);

(D) to the extent that proceeds for such volumes have not been received by Seller, the aggregate amount of merchantable Hydrocarbon inventories attributable to the Assets in storage or existing in stock tanks or plants, to the extent located above the bottom of the outlet flange (excluding, for the avoidance of doubt, tank bottoms and line fill) as of the Effective Time, *multiplied by* the Applicable Contract price therefor, or, if there is no applicable Contract, (1) in the case of gaseous Hydrocarbons, *multiplied by* $2.00 per Mcf, or (2) in the case of liquid Hydrocarbons, *multiplied by* $70 per bbl;

(E) a fixed overhead charge of Eight Hundred Twenty-Five Thousand Dollars ($825,000) per month (prorated for any partial month) from the Effective Time through the Closing Date;

(F) if applicable, the amount, if any, of Imbalances in favor of Seller, *multiplied by* $2.00 per Mcf or $70 per bbl, as applicable, or, to the extent that the Applicable Contracts provide for cash balancing, the actual cash balance amount determined to be due to Seller as of the Effective Time;

(G) any costs, penalties, expenses or other Damages incurred by Seller or its Affiliates arising out of the H&P Rig Contract or the cancellation or termination thereof, solely to the extent arising from (whether directly or indirectly) or in connection with the Pinto Pad; and

(H) the amount of any other upward adjustment specifically described in this Agreement or mutually agreed upon by the Parties;

(ii) decreased by the following amounts:

(A) the aggregate amount of (1) proceeds received by Seller from the sale of Hydrocarbons produced from and attributable to the Assets from and after the Effective Time to which Buyer is entitled under Section 2.05(a) (net of any (x) Royalties, (y) gathering, processing, transportation and other midstream costs (excluding, for the avoidance of doubt, Asset Taxes, Income Taxes and Transfer Taxes) and (z) Property Costs that are deducted by the purchaser of production, if applicable, in each case, to the extent actually deducted from the proceeds received by Seller, or otherwise economically borne by Seller) and (2) other proceeds received by Seller with respect to the Assets (without duplication) for which Buyer would otherwise be entitled under Section 2.05(a);

(B) the amount of all Asset Taxes allocable to Seller pursuant to Section 13.02(c) but paid or otherwise economically borne by Buyer;

(C) the aggregate amount of all downward adjustments pursuant to Article 11;

(D) the aggregate amount of all non-reimbursed Property Costs that are attributable to the ownership or operation of the Assets prior to the Effective Time (excluding prepayments or advances of Property Costs (or portions of such Property Costs) with respect to any period after the Effective Time) and paid by Buyer;

(E) the amount of the Suspense Funds;

(F) if applicable, the amount, if any, of Imbalances owing by Seller, *multiplied by* $2.00 per Mcf or $70 per bbl, as applicable, or, to the extent that the Applicable Contracts provide for cash balancing, the actual cash balance amount determined to be owed by Seller as of the Effective Time; and

(G) the amount of any other downward adjustment specifically described for in this Agreement or mutually agreed upon by the Parties.

(d) Notwithstanding anything to the contrary herein, all adjustments to the Purchase Price made at Closing shall be made (i) seventy percent (70%) to the Equity Purchase Price, by adding or subtracting a number of shares thereto or therefrom, as applicable, equal to the amount of seventy percent (70%) of such adjustment, *divided by* the Share Price and (ii) thirty percent (30%) to the Cash Purchase Price, dollar for dollar equal to the amount of thirty percent (30%) of such adjustment. For purposes of any adjustment to the unadjusted Purchase Price made after Closing (including any amount included in the Final Settlement Statement), any such adjustment will be made in the same proportions as described in with the preceding sentence. With respect to adjustments made to the Equity Purchase Price, if the calculated number thereof includes a fractional share, such number shall be rounded up to the next whole share. The Equity Purchase Price, as adjusted at Closing pursuant to this Section 2.05(d), is referred to as the "Adjusted Equity Purchase Price". In no case shall the Adjusted Equity Purchase Price exceed nineteen and nine-tenths percent (19.9%) of the issued and outstanding shares of Buyer Common Stock listed on the NYSE as of the Closing Date (the "Adjusted Equity Purchase Price Threshold"), and it is acknowledged and agreed that any adjustments above the Adjusted Equity Purchase Price Threshold that would otherwise be made in shares of Buyer Common Stock will be payable solely in cash (as adjusted pursuant to this Section 2.05(d), the "Adjusted Cash Purchase Price").

(e) As soon as practicable after the Closing, but no later than one hundred twenty (120) days following the Closing Date, Seller shall prepare in good faith and submit to Buyer a statement (the "Final Settlement Statement") setting forth each adjustment to the Purchase Price and showing the values used to determine such adjustments to reflect the final Adjusted Purchase Price. Seller shall make all adjustments based on the most recent, actual figures and shall supply to Buyer all reasonable documentation in the possession or control of Seller to support such items and adjustments set forth in the Final Settlement Statement. Buyer shall reasonably cooperate with Seller and provide reasonable access to any books, records and data as may be reasonably requested by Seller in connection with the preparation of the Final Settlement Statement. On or before thirty (30) days after receipt of the Final Settlement Statement, Buyer may, but is not obligated to, deliver to Seller a written report containing any changes that Buyer proposes be made to the Final Settlement Statement and a reasonable explanation of any such changes and the reasons therefor together with any supporting information (the "Dispute Notice"). During such thirty (30)-day period, Buyer shall be given reasonable access to Seller's books and records (except any such books and records or other data that are Excluded Assets) relating to the matters required to be accounted for in the Final Settlement Statement. Any changes not included in the Dispute Notice are deemed waived. If Buyer fails to timely deliver a Dispute Notice to Seller containing changes Buyer proposes to be made to the Final Settlement Statement, the Final Settlement Statement as delivered by Seller will be deemed to be mutually agreed upon by the Parties and will be final and binding on the Parties (without limiting Section 13.02(c)(iv) or Buyer's right to indemnity under Section 10.02(c) for Seller Taxes). Upon delivery of the Dispute Notice, the Parties shall undertake in good faith to agree with respect to any disputed amounts identified in the Dispute Notice by the date that is one hundred sixty (160) days after the Closing Date (the "Post-Closing Date"). Except for Title Defect and Environmental Defect adjustments pursuant to Section 2.05(c)(ii)(C), which shall be subject to the arbitration provisions of Section 11.14, if the Parties are still unable to agree regarding any item set forth in the Dispute Notice as of the Post-Closing Date, then the Parties shall submit the dispute to KPMG International Limited or, if KPMG International Limited is not available, to an independent, nationally recognized accounting firm mutually agreed upon by the Parties (the "Accounting Expert") with a written notice of such dispute along with reasonable supporting detail for the position of Buyer, on the one hand, and Seller, on the other hand, and the Accounting Expert shall finally determine such disputed item in accordance with the terms of this Agreement. The Accounting Expert shall conduct the arbitration proceedings in accordance with the Commercial Arbitration Rules of the AAA, as supplemented to the extent necessary to determine any procedural appeal questions by the Federal Arbitration Act (Title 9 of the United States Code) to the extent such rules do not conflict with the terms of this provision. The Accounting Expert shall act as an expert and not an arbitrator. In determining the proper amount of any adjustment to the Purchase Price related to the disputed item, the Accounting Expert shall not increase the Purchase Price more than the increase proposed by Seller nor decrease the Purchase Price more than the decrease proposed by Buyer, as applicable. The decision of such Accounting Expert shall be binding on the Parties, and the fees and expenses of such Accounting Expert shall be borne one-half (1/2) by Seller and one-half (1/2) by Buyer. The date upon which all adjustments and amounts in the Final Settlement Statement are agreed to (or deemed agreed to) or fully and finally determined by the Accounting Expert as set forth in this Section 2.05(d) shall be called the "Final Settlement Date," and the final Adjusted Purchase Price shall be called the "Final Amount." If (y) the Final Amount is more than the Preliminary Amount, Buyer shall pay to Seller an amount equal to the Final Amount, *minus* the Preliminary Amount; or (z) the Final Amount is less than the Preliminary Amount, Seller shall pay to Buyer an amount equal to the Preliminary Amount, *minus* the Final Amount. Such payment shall be made within five (5) Business Days after the Final Settlement Date, the Party responsible for the payment of such Final Amount shall deliver or cause to be delivered (i) a number of shares of Buyer Common Stock (based on the Current Share Price) equal to seventy percent (70%) of the Final Amount, *divided by* the Current Share Price, credited to such other Party in book-entry form, free and clear of all liens and restrictions imposed by applicable securities laws, which Buyer Common Stock shall contain the Contract Legend and the Transfer Legend on the books and records of the Transfer Agent and (ii) an amount of cash equal to thirty percent (30%) of the Final Amount.

(f) Notwithstanding anything to the contrary in this Agreement, except to the extent such amounts are, or are attributable to, the Excluded Assets, Seller shall have no further entitlement to amounts earned from the sale of Hydrocarbons produced from or attributable to the Assets, and no further responsibility for Property Costs incurred with respect to the Assets following the date that is twelve (12) months after the Closing Date (the "Cut-off Date"). After the occurrence of the Final Settlement Date, within thirty (30) days after the end of each calendar month from and after the Final Settlement Date until the Cut-off Date (including the calendar months in which the Final Settlement Date and the Cut-off Date occur), and without duplication of any such amounts that were accounted for in the Preliminary Settlement Statement or the Final Settlement Statement, as applicable, Seller and Buyer shall (i) determine in good faith the aggregate net amount of (A) all income, proceeds, receipts and credits received by each Party during such calendar month to which the other Party is entitled under Section 2.05(a), and (B) all Property Costs for which each Party is responsible under Section 2.05(a) but were paid by the other Party during such calendar month and (ii) true-up such aggregate net amount between the Seller, on the one hand, and Buyer on the other hand, as follows: (A) if such netting and true-up results in a net amount payable by Buyer to Seller, then Buyer shall pay to Seller such amount, and (B) if such netting and true-up results in a net amount payable by Seller to Buyer, then Seller shall pay to Buyer such amount. Prior to the Cut-off Date, if either Party receives any income, proceeds, receipts and credits that the other Party is otherwise entitled to pursuant to the terms set forth in Section 2.05(a), then, within thirty (30) days following the receipt thereof, such Party shall pay such amounts to the other Party.

2.06 **Assumption**. Subject to Seller's indemnity obligations under Section 10.02 and without limiting Buyer's rights under the special warranty of Defensible Title set forth in the Assignments, if the Closing occurs, from and after the Closing Date, Buyer shall assume, fulfill, perform, pay and discharge all liabilities arising from, based upon, related to, or associated with the Assets, except for and excluding the Operator Tax Remittance Obligations and Specified Obligations (with Seller retaining all Damages, liabilities and obligations with respect to all Specified Obligations until the expiration of the same pursuant to Section 10.02(c) and, provided further, with Seller retaining all Damages, liabilities and obligation with respect to the Specified Obligations set out in clauses (d), (e), (g), (h) and (i) of such definition subject to Section 10.01) (collectively, the "Assumed Obligations"), any and all Damages and obligations, in each case, known or unknown, allocable to the Assets prior to, at or after the Effective Time, including any and all Damages and obligations:

(a) attributable to or resulting from the use, maintenance, ownership or operation of the Assets, regardless whether arising before, at or after the Effective Time;

(b) imposed by any Legal Requirement or Governmental Body relating to the Assets;

(c) for plugging, abandonment, decommissioning and surface restoration of the Assets, including oil, gas, injection, water or other Wells and all surface facilities;

(d) subject to Buyer's rights and remedies set forth in Article 11 and the special warranty of Defensible Title set forth in the Assignment, attributable to or resulting from lack of Defensible Title to the Assets;

(e) attributable to the Suspense Funds, to the extent actually received by Buyer (or for which a reduction to the Purchase Price was made);

(f) attributable to the Imbalances;

(g) subject to Buyer's rights and remedies set forth in Article 10 and Article 11 (further subject to the limitations and restrictions in Article 10 and Article 11) attributable to or resulting from all Environmental Liabilities relating to the Assets (including the ownership or operation thereof);

(h) related to the conveyance of the Assets to Buyer at Closing;

(i) attributable to or resulting from Asset Taxes allocated to Buyer pursuant to Section 13.02(c); or

(j) attributable to the Leases and the Applicable Contracts;

Buyer acknowledges that:

(a) the Assets have been used in connection with the exploration for, and the development, production, treatment and transportation of, Hydrocarbons;

(b) spills of wastes, Hydrocarbons, produced water, Hazardous Materials and other materials and substances may have occurred in the past or in connection with the Assets;

(c) there is a possibility that there are currently unknown, abandoned wells, plugged wells, pipelines and other equipment on or underneath the property underlying the Assets;

(d) it is the intent of the Parties that all liability associated with the above matters as well as any responsibility and liability to decommission, plug or replug such wells (including the Wells) in accordance with all Legal Requirements and requirements of Governmental Bodies be passed to Buyer whether arising prior to, at, or after the Effective Time, and that Buyer shall assume all responsibility and liability for such matters and all related claims and demands;

(e) the Assets may contain asbestos, Hazardous Materials or NORM;

(f) NORM may affix or attach itself to the inside of Wells, materials and equipment as scale or in other forms;

(g) wells, materials and equipment located on the Assets may contain NORM; and

(h) special procedures may be required for remediating, removing, transporting and disposing of asbestos, NORM, Hazardous Materials and other materials from the Assets.

2.07 **Allocation of Purchase Price**.

(a) For the purposes of Article 11 and the special warranty of Defensible Title set forth in the Assignment, the Purchase Price shall be allocated among the Seller's interests in the Wells and DSUs as set forth in Schedule 2.07. Seller and Buyer agree to be bound by the Allocated Values set forth in Schedule 2.07 for purposes of Article 11 and the special warranty of Defensible Title set forth in the Assignment.

(b) As soon as reasonably practicable following the Final Settlement Date, Seller shall deliver to Buyer for its review an allocation of the Final Amount and any items that are treated as consideration for U.S. federal Income Tax purposes among the six (6) categories of assets specified in Part II of IRS Form 8594 (Asset Acquisition Statement under Section 1060) in accordance with Section 1060 of the Code, and the Treasury Regulations promulgated thereunder, and to the extent permitted by applicable Legal Requirements, the amount allocated among the Assets shall be in a manner consistent with the Allocated Values set forth on Schedule 2.07 (the "Tax Allocation"). Buyer shall provide Seller with any comments to the Tax Allocation within thirty (30) days after the date of receipt by Buyer, and Buyer and Seller shall use commercially reasonable efforts to agree to the Tax Allocation. If Buyer and Seller are able to agree to the Tax Allocation, (i) any subsequent adjustments to the Purchase Price for U.S. federal Income Tax purposes shall be allocated in a manner consistent with the Tax Allocation as finally determined under this Agreement, and (ii) Seller and Buyer each agree to report, and to cause their respective Affiliates to report, the federal, state and local income and other Tax consequences of the Contemplated Transactions, and in particular to report the information required by Section 1060(b) of the Code, and to jointly prepare Form 8594 (Asset Acquisition Statement under Section 1060 of the Code) as promptly as possible following the Final Settlement Date, in a manner consistent with the Tax Allocation as revised to take into account subsequent adjustments to the Purchase Price for U.S. federal Income Tax purposes, and shall not take any position inconsistent with the Tax Allocation upon examination of any Tax Return, in any refund claim, litigation, investigation or otherwise, unless required to do so pursuant to a "determination" within the meaning of Section 1313(a) of the Code (or any similar provision of applicable state, local or foreign law) or with the prior consent of the other Party or Parties. Notwithstanding the foregoing, no Party shall be unreasonably impeded in its ability and discretion to negotiate, compromise or settle any Tax audit, claim or similar Proceedings in connection with the Tax Allocation.

2.08 **Withholding**. Buyer shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to Seller such amounts as are required to be withheld and paid over to the applicable Governmental Body under the Code, or any applicable provision of Tax law; *provided*, that other than with respect to withholding Taxes owed as a result of the failure of Seller to deliver the forms described in Section 2.04(a)(iv), Buyer will, prior to any deduction or withholding, use commercially reasonable efforts to notify Seller of any anticipated deduction or withholding reasonably in advance of such deduction or withholding, and reasonably cooperate with Seller to minimize the amount of any applicable withholding to such affected Person. To the extent that amounts are so withheld and paid over to the applicable Governmental Body, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to Seller in respect of which such deduction or withholding was made.

2.09 **Adjustments to Prevent Dilution**. Notwithstanding anything in this Agreement to the contrary, if, prior to the Closing, the issued and outstanding shares of Buyer Common Stock or securities convertible or exchangeable into or exercisable for shares of Buyer Common Stock shall have been changed into a different number of shares or securities or a different class by reason of any reclassification, stock split (including a reverse stock split), stock dividend or distribution, recapitalization, merger, issuer tender or exchange offer, or other similar transaction, or a stock dividend or rights offering with a record date within such period shall have been declared, then (a) the Equity Purchase Price, (b) share amounts calculated based on the Deposit Amount, the Indemnity Holdback Amount or the Defect Deposit Amount, and (c) any provisions of this Agreement relating thereto or to other amounts or calculations relating to Buyer Common Stock shall be equitably adjusted to provide Seller the same economic effect at Closing as contemplated by this Agreement prior to such event. Nothing in this Section 2.09 shall be construed to permit the Parties to take any action except to the extent consistent with, and not otherwise prohibited by, the terms of this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER

Each Seller jointly and severally represents and warrants to Buyer as of the Execution Date and the Closing Date, the following:

3.01 **Organization and Good Standing**. Each Seller is a limited liability company and is duly organized, validly existing and in good standing under the laws of the State of Delaware and, where required, each is duly qualified to do business and is in good standing in each jurisdiction in which the Assets are located, with full limited liability company or limited partnership, as applicable, power and authority to conduct its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use.

3.02 **Authority; No Conflict**.

(a) The execution, delivery and performance of this Agreement and the Seller Closing Documents (defined below), and the consummation of the Contemplated Transactions have been duly and validly authorized by all necessary limited liability company, as applicable, action on the part of Seller. This Agreement has been duly executed and delivered by Seller and at the Closing, all instruments executed and delivered by Seller at or in connection with the Closing (including the Seller Closing Documents) shall have been duly executed and delivered by Seller. This Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a Proceeding in equity or at law). Upon execution and delivery by Seller of the Assignment at the Closing, such Assignment and delivery shall constitute legal, valid and binding transfers and conveyances of the Assets owned by it. Upon the execution and delivery by Seller of any other documents at the Closing (collectively with the Assignment, the "Seller Closing Documents"), the Seller Closing Documents shall constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a Proceeding in equity or at law). Seller has the absolute and unrestricted right, power, authority and capacity to execute and deliver this Agreement and the Seller Closing Documents, and to perform its obligations under this Agreement and the Seller Closing Documents.

(b) Assuming the receipt of all Consents and the waiver of all Preferential Purchase Rights (in each case) applicable to the Contemplated Transactions, except for compliance with the HSR Act, if applicable, neither the execution, delivery and performance of this Agreement and the Seller Closing Documents by Seller nor the consummation or performance of any of the Contemplated Transactions by Seller shall, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with or result in a violation of (A) any provision of Seller's Organizational Documents or (B) any resolution adopted by the Seller's board of directors, managers or officers;

(ii) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right (A) to challenge any of the Contemplated Transactions, or (B) to terminate, accelerate or modify any terms of, or to exercise any remedy or obtain any relief under, any Contract or agreement or any Legal Requirement or Order to which Seller, or any of the Assets, may be subject;

(iii) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that relates to the Assets; or

(iv) result in the imposition or creation of any Encumbrance upon or with respect to any of the Assets, except for Permitted Encumbrances.

3.03 **Bankruptcy**. There are no bankruptcy, reorganization, receivership or arrangement Proceedings pending or being contemplated by Seller or, to Seller's Knowledge, Threatened against Seller (whether by Seller or a Third Party). Seller is not insolvent and shall not be rendered insolvent by the Contemplated Transactions. Seller is not entering into this Agreement with the actual intent to hinder, delay or defraud either present or future creditors.

3.04 **Taxes**. All material Tax Returns required to be filed by Seller with respect to Asset Taxes have been timely filed. All material Asset Taxes that are or have become due have been timely paid in full. There is not currently in effect any extension or waiver of any statute of limitations of any jurisdiction regarding the assessment or collection of any Asset Taxes. There are no administrative or judicial Proceedings by any taxing authority pending, or to Seller's Knowledge Threatened, against Seller relating to any Asset Taxes and Seller has not received written notice of any pending claim against it (which remains outstanding) from any applicable Governmental Body for assessment of Asset Taxes. All Tax withholding and deposit requirements imposed by applicable Legal Requirements with respect to any of the Assets have been satisfied in all respects. No Asset is subject to any Tax partnership agreement or is otherwise treated, or required to be treated, as held in an arrangement requiring a partnership Income Tax return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute other than Seller's Income Tax return. There are no outstanding liens for Taxes on any of the Assets other than Permitted Encumbrances.

3.05 **Legal Proceedings**. Except for any Proceeding filed by any Governmental Body after the Execution Date in connection with the Contemplated Transactions with respect to the HSR Act, if applicable, other than as set forth on Schedule 3.05 and other than Proceedings that have been dismissed or nonsuited, Seller has not been served with any Proceeding, and there is no pending, or, to Seller's Knowledge, Threatened Proceeding against Seller, in each case, that (a) relates to Seller's ownership or operation of any of the Assets, or (b) may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To Seller's Knowledge, there are no pending or Threatened Proceedings relating to the ownership or operation of the Assets to which Seller is not a party thereto. Neither Seller nor the Assets are subject to any material outstanding Orders; *provided* that Seller makes no representation or warranty in this sentence as to any Orders which are, or contain issues, of broad applicability to, or which broadly affect, the Hydrocarbon exploration and production industry.

3.06 **Brokers**. Seller has not incurred any obligation or liability, contingent or otherwise, for broker's fees, finder's fees, agent's commissions or other similar forms of compensation with respect to the Contemplated Transactions, other than obligations and liabilities that are and will remain the sole responsibility of Seller.

3.07 **Compliance with Legal Requirements**. Except with respect to any representations and warranties regarding (a) Taxes, which are exclusively provided in Section 3.04 and Section 3.26 and (b) environmental matters, which are exclusively provided in Section 3.14, and except as set forth in Schedule 3.07, Seller's ownership and operation of the Assets (and, to Seller's Knowledge, the ownership and operation of the Assets by any applicable Third Party during Seller's period of ownership) is and has been in material compliance with all applicable Legal Requirements, other than with respect to violations or instances of non-compliance that have been fully and finally resolved.

3.08 **Prepayments for Production**. Except for any Imbalances or as set forth on Schedule 3.08, Seller is not obligated to deliver Hydrocarbons, or proceeds from the sale thereof, attributable to Seller's interest in the Assets without receiving full payment therefor at or after the time of delivery, in each case, whether by virtue of a take or pay payment, advance payment, production payment or other similar payment or commitment.

3.09 **Imbalances**. Except as set forth on Schedule 3.09, and to Seller's Knowledge, as of the date set forth on Schedule 3.09, the Assets are not subject to any material Imbalances.

3.10 **Material Contracts**.

(a) Schedule 3.10(a) sets forth all Applicable Contracts of the type described below as of the Execution Date (collectively, the "Material Contracts"):

(i) any Applicable Contract that is a Hydrocarbon purchase and sale, transportation, storage, gathering, treating, processing, or similar Applicable Contract that is not terminable without penalty on ninety (90) days' or less notice;

(ii) any Applicable Contract that can reasonably be expected to result in aggregate payments by Seller or gross revenues to Seller of more than Two Hundred Fifty Thousand Dollars ($250,000) (net to Seller's interest) during the current or any subsequent fiscal year or more than One Million Dollars ($1,000,000) in the aggregate (net to Seller's interest) over the term of such Applicable Contract (based on the terms of such contract and contracted (or if none, current) quantities where applicable);

(iii) any Applicable Contract that is an indenture, mortgage, loan, credit agreement, sale-leaseback, guaranty of any obligation, bond, letter of credit or similar financial Contract;

(iv) any Applicable Contract between or among Seller, on the one hand, and any Affiliate of Seller or any director, officer, member, partner or equityholder of Seller or any Affiliate of Seller, on the other hand, that will remain binding upon the Assets or the Buyer after Closing;

(v) any Applicable Contract that constitutes a partnership agreement, participation agreement, exploration agreement, pooling agreement, joint venture agreement, joint operating agreement, or joint development agreement, or similar Contract, including any Contract with any remaining drilling or development obligations to the extent the same have not been completed prior to the Effective Time (in each case, excluding any tax partnership);

(vi) to the extent currently pending, any Applicable Contract to assign, sell, lease, farmout, exchange or otherwise dispose of all or any part of the Assets, but excluding right of reassignment upon intent to abandon any such Asset;

(vii) any Applicable Contract containing any area of mutual interest agreements, maintenance of uniform interest provision, or similar provisions;

(viii) any Applicable Contract that is a seismic agreement or commitment to acquire, generate, share, license or develop seismic, or similar agreement;

(ix) any Applicable Contract for the lease or rental to Seller of Equipment or other personal property that is not terminable without penalty on ninety (90) days' or less notice;

(x) any Applicable Contract that remains binding on Buyer or the Assets after Closing that contains a non-compete agreement, non-solicitation agreement, or that otherwise purports to limit or prohibit the manner in which, or the locations in which, Seller (or, after Closing, Buyer) may conduct its business;

(xi) any Applicable Contract where the primary purpose of which is to indemnify another Person;

(xii) any Applicable Contract providing for any call upon, option to purchase or similar rights with respect to the Assets or to the production therefrom or the processing thereof; and

(xiii) any Applicable Contract containing an acreage dedication or similar provision.

(b) Neither Seller, nor to the Knowledge of Seller, any other party is in material default or material breach under any Material Contract, except as set forth in Schedule 3.10(b). All Material Contracts constitute legal and binding obligations of Seller, and, to the Knowledge of Seller, each other party thereto. Except as disclosed on Schedule 3.10(b), no written notice of default or breach has been received or delivered by Seller under any Material Contract, the resolution of which is outstanding as of the Execution Date, and there are no current notices that have been received by Seller of the exercise of any premature termination, price redetermination, market-out, or curtailment of any Material Contract. Seller has provided or made available to Buyer complete and accurate copies of all Material Contracts (including any and all currently applicable amendments, and supplements thereto (and all currently applicable written waivers of any of the terms thereof)) prior to the Execution Date.

(c) No Applicable Contract contains a minimum throughput requirement, or other similar obligation or required minimum volume commitment for the delivery of Hydrocarbons (including any constituents or byproducts (including water (fresh, produced or otherwise) thereof) produced from the Assets.

3.11 **Consents and Preferential Purchase Rights**(a).

(a) Except as set forth in Schedule 3.11(a), none of the Assets are subject to any Consents required to be obtained by Seller which may be applicable to the Contemplated Transactions, except for (i) Consents and approvals of Governmental Bodies that are customarily obtained after Closing, (ii) Permitted Consents and (iii) Consents in compliance with the HSR Act.

(b) Except as set forth in Schedule 3.11(b), none of the Assets are subject to any Preferential Purchase Rights, rights of first offer, rights of first refusal, Tag-Along rights, Drag-Along rights or similar rights which may be applicable to the Contemplated Transactions.

3.12 **Current Commitments**. Schedule 3.12 sets forth, as of the Execution Date, all approved authorizations for expenditures and other approved capital commitments that individually have an amount remaining equal to or greater than Two Hundred Fifty Thousand Dollars ($250,000) (net to Seller's interest) (the "AFEs") relating to the Assets to drill, rework or conduct other operations as to any Wells or for other capital expenditures pursuant to any of the Material Contracts for which all of the activities anticipated in such AFEs have not been completed by the Execution Date.

3.13 **Non-Consent Operations**. Except as set forth on Schedule 3.13, no operations are being conducted or have been conducted on the Assets with respect to which Seller has elected (or failed to elect, the result of which to cause Seller) to be a nonconsenting party under the applicable operating agreement and with respect to which Seller's rights have not yet reverted to it.

3.14 **Environmental Laws**. Except as disclosed on Schedule 3.14, (a) there are no Proceedings pending, or to Seller's Knowledge, Threatened before any Governmental Body with respect to the Assets alleging material violations of Environmental Laws, in each case that remain unresolved, (b) Seller has, and is in material compliance with, all required Permits necessary or appropriate to conduct its operations pursuant to applicable Environmental Laws, with all such Permits in full force and effect, and no Proceeding is pending or, to Seller's Knowledge, Threatened to suspend, revoke or terminate any such Permit or declare such Permit invalid, (c) Seller has received no written notice from any Governmental Body of any material violation of or liability under any Environmental Law, arising from, based upon, associated with or related to the ownership or operation of the Assets, in each case that remain unresolved and (d) except for (i) *de minimis* quantities of Hazardous Materials generated in the ordinary course of Seller's business or (ii) as permitted under applicable Environmental Laws, Seller has not disposed of any Hazardous Materials on or at any property owned or operated by Seller, or, to Seller's Knowledge, at any other property, in each case, in a manner that could reasonably be expected to result in material Environmental Liabilities under Environmental Law. Seller has provided to Buyer all material environmental audits, assessments, investigations, studies and other similar material written analyses regarding Environmental Laws, Hazardous Materials, or environmental Permits relating to the ownership or operation of the Assets that have been prepared in the past three (3) years and that are in the possession or reasonable control of Seller. The representations and warranties in this Section 3.14 are the sole and exclusive representations of Seller with respect to matters arising under Environmental Law or relating to Hazardous Materials.

3.15 **Wells**.

(a) Except as disclosed on Schedule 3.15(a), (i) no Well operated by Seller (or to Seller's Knowledge, operated by a Third Party operator) is subject to material penalties on allowable production after the Effective Time because of any overproduction, (ii) there are no Wells operated by Seller that are located on the Properties that Seller is currently obligated by applicable Legal Requirements or contract to plug or abandon or that are currently subject to exceptions to a requirement to plug or abandon issued by a Governmental Body and (iii) there is no Well included in the Assets that has been drilled and completed in a manner by Seller (and to Seller's Knowledge, by any Third Party operator) that is not within the limits permitted by all applicable Permits, Leases, or other instruments governing the Assets, contracts and pooling or Unit agreements in any material respect.

(b) As of the Execution Date, Schedule 3.15(b) sets forth the payout balances (net to the Working Interest of Seller) as of the date set forth on such Schedule for each Well that is subject to a reversion or other adjustment at some level of cost recovery or payout.

(c) To Seller's Knowledge, Schedule 3.15(c) sets forth all abandoned or plugged and abandoned Wells during Seller's period of ownership located in the Target Area.

(d) To Seller's Knowledge, all currently producing Wells (and related Equipment) are in all material respects in an operable state of repair adequate to maintain normal operations in accordance with past practices, ordinary wear and tear excepted.

3.16 **Leases**.

(a) Seller has not received from any other party to a Lease any written notice, of termination, the intention to terminate or of any breach or default of, any Lease and, to the Knowledge of Seller, no event has occurred which (with notice or lapse of time, or both) would constitute a default under any Lease in any material respect or give Seller or any other party to any Lease the right to terminate or modify any Lease, in each case, that remains unresolved. Seller is not and, to the Knowledge of Seller, no other party to any Lease is, in material breach of the terms, provisions or conditions of the Leases. As of the Execution Date, Seller has paid its share of all costs payable by it under each Lease in all material respects.

(b) Except as set forth on Schedule 3.16(b), none of the Leases operated by Seller (or to Seller's Knowledge, operated by a Third Party operator) are subject to a drilling commitment, continuous drilling obligation or condition, or other material obligation or condition to drill a well or wells within the six (6) month period immediately following Closing in order to continue such Lease in force and effect after the primary term thereof.

(c) Schedule 3.16(c) sets forth those Leases (i) that are being maintained in full force and effect by the payment of shut-in royalties, delay rentals or other payments in lieu of operations or production, or (ii) except for Leases either held by production or set forth on Schedule 3.16(c) pursuant to clause (i), have a primary term that expires prior to November 6, 2023 or in the six (6) month period immediately following such date.

3.17 **Equipment and Personal Property**. To Seller's Knowledge, Seller has defensible title to, or a valid leasehold interest in, all Equipment and other personal property included in the Assets that are material to the ownership and operation of the Assets (as currently owned, operated and used) free and clear of any liens, encumbrances, obligations or defects except for Permitted Encumbrances.

3.18 **Rights-of-Way**. Except as set forth on Schedule 3.18, (a) to Seller's Knowledge, each of the Rights-of-Way owned or held by Seller is legal, valid, binding, enforceable and in full force and effect, (b) to Seller's Knowledge, Seller is not in material breach of or default under any Rights-of-Way and (c) the Rights-of-Way are sufficient in all material respects for the ownership and operation of the Assets as currently conducted by Seller.

3.19 **Royalties**. Except (a) for the Suspense Funds and (b) as set forth in Schedule 3.19, Seller, or to Seller's Knowledge, each Third Party operator of the Assets, has duly and properly paid (or caused to be duly and properly paid) in all material respects all Royalties due by Seller, or to Seller's Knowledge, each Third Party operator of the Assets (as applicable) during the period of such Seller's ownership of the Assets.

3.20 **Suspense Funds.** Schedule 3.20 sets forth a true, complete and accurate list of all Suspense Funds held by Seller as of the date indicated in Schedule 3.20, which includes, to Seller's Knowledge, with respect to all such Suspense Funds, (a) the amount of such Suspense Funds, and (b) the name or the names of the Person(s) to whom such funds are owed. As of the Execution Date and except as set forth on Schedule 3.20, no share of Hydrocarbon proceeds attributable to the Assets to which Seller is entitled is currently being held in suspense by the applicable Third Party operator or payee.

3.21 **Permits**. Except (i) as set forth in Schedule 3.21; and (ii) Permits under Environmental Laws which are addressed in Article 11 and Section 3.14, each material Permit with respect to Assets operated by Seller (or to Seller's Knowledge, operated by a Third Party) necessary or appropriate for such Person's ownership and/or operation of such Assets as currently owned and operated has been obtained and is in full force and effect (and to the extent applicable, applications to renew such Permit have been timely filed) and no Proceeding is pending or, to Seller's Knowledge, Threatened to suspend, revoke or terminate any such Permit or declare any such Permit invalid. Seller has not received a written notice from a Governmental Body of any failure to comply with any such Permits, the resolution of which is outstanding as of the Execution Date. The Assets operated by Seller do not include any Federal Communications Commission licenses.

3.22 **Credit Support Obligations**. Schedule 3.22 is a complete and accurate list of all cash deposits, guarantees, letters of credit, treasury securities, surety bonds and other forms of credit assurances or credit support provided by or on behalf of any member of the Seller Group in support of the obligations of a member of Seller Group to any Governmental Body, contract counterparty or other Person by such member of the Seller Group related to the ownership or operation of the Assets (collectively, the "Credit Support").

3.23 **No Other Assets**. Neither Seller, nor any of Seller's Affiliates who are not a Seller hereto, owns any assets, interest (including Royalties) or properties (whenever acquired) that, if held by Seller as of the Execution Date, would constitute an Asset.

3.24 **Operatorship**. Seller has not received written notice of any pending vote to have Seller removed as the "operator" under the applicable joint operating agreement, unit agreement or pipeline agreement or operator of record (as registered with the applicable regulatory agency) of any of the Properties for which Seller is currently designated as the "operator" under the applicable joint operating agreement, unit agreement, or pipeline agreement or operator of record (as registered with the applicable regulatory agency).

3.25 **Labor and Employment**. With respect to the Business Employees and former employees of Seller or its Affiliates whose job duties involved providing services to the Assets, (a) Seller is not, nor has been in the past three (3) years, a party to any collective bargaining agreement, (b) no union election is pending or, to Seller's Knowledge, threatened with respect to the Business Employees and (c) there are no strikes, concerted slowdowns, work stoppages or similar material labor disputes pending or, to Seller's Knowledge, threatened with respect to any Business Employees. With respect to the ownership and operation of the Assets, Seller is, and for the past three (3) years has been, in material compliance with all applicable Legal Requirements relating to labor or employment. In the past three (3) years, all individuals characterized and treated by Seller or its Affiliates as independent contractors providing services to the Assets are and have been properly treated as independent contractors in all material respects under all applicable Legal Requirements. With respect to the ownership and operation of the Assets, in the past three (3) years, Seller has not received written notice from any Governmental Body that it is not in compliance in any material respects with any applicable labor or employment law. Except as would not result in material liability to the Seller or its applicable Affiliates, all wages, compensation and other sums due and payable to all present and former employees and natural person independent contractors who have provided services with respect to the Assets have been timely paid in full. As of the Execution Date, Seller has not been served with any Proceeding, and, to Seller's Knowledge, there is no pending or Threatened Proceeding against Seller or its Affiliates that relates to employees or other natural person service providers who serviced the Assets.

3.26 **Benefit Plans**. Schedule 3.26 contains a true and complete list of each material Seller Benefit Plan that covers Business Employees. Each material Seller Benefit Plan and any related trust has been established, administered and maintained in all material respects in accordance with its terms and in material compliance with all applicable Legal Requirements and each Seller Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code and has received a favorable determination letter from the Internal Revenue Service or can rely on an opinion letter from the Internal Revenue Service. Except for coverage that is provided for a period no longer than the period in which continuation coverage may be provided pursuant to Section 4980B of the Code or any similar Legal Requirement, none of the Seller Benefit Plans provide for any post-retirement or post-termination health care benefits. Seller does not sponsor, maintain, contribute to or have any current or contingent liability (including on account of an ERISA Affiliate) with respect to any "employee pension benefit plan" as defined in Section 3(2) of ERISA that is subject to Title IV or Section 302 of ERISA or Section 412 or 430 of the Code, including any Multiemployer Plan.

3.27 **Investment Intent; Accredited Investor**. Seller is acquiring the Buyer Common Stock, if any, issued to it at Closing comprising part of the Equity Purchase Price for its own account for investment purposes and not with a view to its sale or distribution in violation of the Securities Act, any applicable state blue sky laws or any other applicable securities laws. Seller has made, independently and without reliance on Buyer (except to the extent that Seller has relied on the representations and warranties in this Agreement), its own analysis of the Buyer Common Stock comprising part of the Equity Purchase Price and Seller has had reasonable and sufficient access to documents, other information and materials, and reasonable and sufficient opportunity to ask questions of Buyer, as it considers appropriate to make its evaluations. Seller acknowledges that (a) the Buyer Common Stock comprising part of the Equity Purchase Price is not registered pursuant to the Securities Act, and (b) the Buyer Common Stock comprising part of the Equity Purchase Price will, upon its acquisition by Seller (or, if applicable, its transferees), be characterized as "restricted securities" under state and federal securities laws and may not be sold, transferred, offered for sale, pledged, hypothecated, or otherwise disposed of, except pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from registration under the Securities Act, and in compliance with applicable state blue sky laws and any other applicable securities laws. Seller understands that the Buyer Common Stock comprising the Equity Purchase Price shall contain the Transfer Legend. Seller is an "accredited investor" as defined under Rule 501 promulgated under the Securities Act.

3.28 **Independent Evaluation**. Seller is a sophisticated, experienced and knowledgeable investor. In entering into this Agreement, Seller has relied solely upon Seller's own expertise in legal, tax and other professional counsel concerning this transaction, the Buyer Common Stock, if any, issued to Seller at Closing and the value thereof. Seller acknowledges and affirms that (a) it has completed such independent investigation, verification, analysis and evaluation of the Buyer Common Stock, if any, issued to Seller at Closing as it has deemed necessary or appropriate to enter into this Agreement, and (b) at Closing, Seller shall have completed, or caused to be completed, its independent investigation, verification, analysis and evaluation of the Buyer Common Stock, if any, issued to Seller at Closing as Seller has deemed necessary or appropriate to consummate the Contemplated Transactions.

3.29 **Financial Statements; No Liabilities**.

(a) Seller has made available to Buyer true and complete copies of (i) audited consolidated balance sheets of each of TCPH and TCO and the related audited consolidated statements of income, cash flows and members' equity as of and for the twelve (12)-month periods ended December 31, 2022, together with all related notes thereto and the reports accompanied thereon of the Audit Firm (collectively, the "Audited Financial Statements"), and (ii) unaudited (reviewed by Audit Firm) consolidated balance sheets of each of TCPH and TCO and the related unaudited consolidated statements of operations, cash flows and members' equity as of and for the period ended the Balance Sheet Date (the "Six Month Interim Financials," and, collectively with the Audited Financial Statements and the Interim Financial Statements as defined herein, the "Financial Statements").

(b) Except as set forth on Schedule 3.29(b), the Financial Statements (i) have been prepared in accordance with GAAP consistently applied during the periods covered thereby, and (ii) present fairly, in all material respects, the consolidated financial position and operating results, cash flows and members' equity of each of TCPH and TCO as of, and for the periods ended on, the respective dates thereof, subject, however, in the case of the unaudited Financial Statements, to the absence of notes and other textual disclosures and to normal year-end adjustments and accruals, in each case, which are not material, individually or in the aggregate. The Seller maintains internal accounting controls relevant to the preparation and fair presentation of financial statements designed to provide reasonable assurances that, in all material respects, the financial statements and underlying transactions in connection therewith are recorded as necessary to permit the preparation of the financial statements in conformity with GAAP and free from material misstatement, whether due to fraud or error.

(c) Except as set forth on Schedule 3.29(c) or as would not reasonably be expected to be material to Seller taken as a whole, neither TCPH nor TCO has any liability or obligation of any nature whatsoever, whether accrued, contingent, absolute or otherwise, that would be required to be reflected specifically (and adequately reserved against on a financial statement of TCPH or TCO, respectively, or in the notes thereto prepared in accordance with GAAP) except for (i) liabilities reflected or reserved against in the Financial Statements dated as of the Balance Sheet Date; (ii) liabilities that have arisen since the Balance Sheet Date in the ordinary course of business consistent with past practice (including any liabilities arising in connection with the H&P Rig Contract); and (iii) incurred but not paid expenses and costs of Seller relating to the Contemplated Transactions.

3.30 **Disclosures with Multiple Applicability; Materiality; Schedule Supplements; Seller's Acknowledgement**.

(a) If any fact, condition or matter disclosed in Seller's disclosure Schedules applies to more than one Section of this Article 3, a single disclosure of such fact, condition or matter on such disclosure Schedules shall constitute disclosure with respect to all Sections of this Article 3 to which such fact, condition or other matter applies, regardless of the section of such disclosure Schedules in which such fact, condition or other matter is described, but only to the extent such application is reasonably apparent based on the face of the disclosure in which such fact, condition or other matter is disclosed in Seller's disclosure Schedules. Inclusion of a matter on Seller's disclosure Schedules with respect to a representation or warranty that is qualified by "material" or "Material Adverse Effect" or any variant of such terms shall not necessarily be deemed an indication that such matter does, or may, be material or have a Material Adverse Effect. Matters may be disclosed on a Schedule to this Agreement for purposes of information only. No later than three (3) Business Days prior to the Closing Date, Seller shall have the right (but not the obligation) to supplement or amend the Schedules hereto to correct any matter that arose after the Execution Date that would otherwise constitute a breach of any representation or warranty of Seller contained herein (each a "Schedule Supplement"); *provided*, *however*, that any such Schedule Supplement shall be disregarded for purposes of, and shall not affect Buyer's conditions to Closing set forth in, Section 7.01. Notwithstanding the foregoing, if as a result of any matter that is the subject of a Schedule Supplement the conditions set forth in Section 7.01 are not satisfied or fulfilled as of the Closing Date, and nonetheless Buyer elects to waive such conditions and proceed with Closing, and Closing occurs, then, for purposes of Article 10, all matters giving rise to Buyer's termination right shall be deemed waived and Buyer shall not be entitled to make a claim thereon under this Agreement or otherwise with respect to such matters.

(b) Seller acknowledges and understands that Buyer and its Affiliates and Representatives possess material nonpublic information relating to the potential transactions described by Buyer on Schedule 3.30(b) not known to Seller that may impact the share price of the Buyer Common Stock (the "Information"), and that Buyer is not disclosing the Information to Seller. Seller understands, based on its experience, the disadvantages to which Seller is subject due to the disparity of information between the Buyer and its Representatives, on the one hand, and Seller and its Representatives, on the other hand. Notwithstanding such disparity, Seller has deemed it appropriate to enter into this Agreement and to consummate the Contemplated Transaction. Seller agrees that neither Buyer nor any member of the Buyer Group shall have any liability to Seller or any member of the Seller Group whatsoever due to or in connection with Buyer's use or non-disclosure of the Information, and Seller, on behalf of itself and the members of the Seller Group, hereby waives any claim that it might have based on the failure of Buyer to disclose the Information.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller, as of the Execution Date and the Closing Date, the following:

4.01 **Organization and Good Standing**. Buyer is a corporation and duly organized, validly existing and in good standing under the laws of Delaware and is duly qualified to do business and is in good standing in each jurisdiction in which the Assets are located.

4.02 **Authority; No Conflict**.

(a) This Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a Proceeding in equity or at law). Upon the execution and delivery by Buyer of the Assignment and any other documents executed and delivered by Buyer at the Closing (collectively, "Buyer's Closing Documents"), Buyer's Closing Documents shall constitute the legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a Proceeding in equity or at law). Buyer has the absolute and unrestricted right, power, authority and capacity to execute and deliver this Agreement and Buyer's Closing Documents, and to perform its obligations under this Agreement and Buyer's Closing Documents.

(b) Except for compliance with the HSR Act, if applicable, neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer shall give any Person the right to prevent, delay or otherwise interfere with any of the Contemplated Transactions.

(c) Except for compliance with the HSR Act, if applicable, neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer shall (i) contravene, conflict with, or result in a violation of any provision of the Organizational Documents of Buyer, (ii) contravene, conflict with or result in a violation of any resolution adopted by the board of managers or members of Buyer or (iii) contravene, conflict with, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions, to terminate, accelerate or modify any terms of, or to exercise any remedy or obtain any relief under, any agreement or any Legal Requirement or Order to which Buyer may be subject.

(d) Except for compliance with the HSR Act, if applicable, Buyer is not and shall not be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

4.03 **Certain Proceedings**. Except for any Proceeding filed by any Governmental Body after the Execution Date with respect to the HSR Act, if applicable, there is no Proceeding pending against Buyer that challenges, or may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions. To Buyer's Knowledge, no such Proceeding has been Threatened.

4.04 **Knowledgeable Investor**. Buyer is an experienced and knowledgeable investor in the oil and gas business. Prior to entering into this Agreement, Buyer was advised by its own legal, tax and other professional counsel concerning this Agreement, the Contemplated Transactions, and the Assets and their value, and it has relied solely on such advice and on the representations and obligations of Seller in this Agreement and the documents to be executed by Seller in connection with this Agreement at the Closing. Buyer is acquiring the Assets for its own account and not for sale or distribution in violation of the Securities Act, the rules and regulations under such act, any applicable state blue sky laws or any other applicable Legal Requirements.

4.05 **Qualification**. Buyer is an "accredited investor," as such term is defined in Regulation D of the Securities Act. Buyer is not acquiring the Assets in connection with a distribution or resale in violation of federal or state securities laws or any related rules and regulations. Buyer is, or as of the Closing will be, qualified under applicable Legal Requirements to hold leases, rights-of-way and other rights issued or controlled by (or on behalf of) any applicable Governmental Body and will be qualified under applicable Legal Requirements to own and operate the Assets. Buyer has, or as of the Closing will have, posted such bonds as may be required for the ownership or, where applicable, operatorship by Buyer of the Assets. Except with respect to the HSR Act, if applicable, to Buyer's Knowledge, no fact or condition exists with respect to Buyer or the Assets which may cause any Governmental Body to withhold its approval of the Contemplated Transactions.

4.06 **Brokers**. Neither Buyer nor its Affiliates have incurred any obligation or liability, contingent or otherwise, for broker's fees, finder's fees, agent's commissions or other similar forms of compensation with respect to the Contemplated Transactions other than obligations and liabilities that are or will remain the sole responsibility of Buyer and its Affiliates.

4.07 **Financial Ability**. Buyer will have on the Closing Date sufficient cash, authorized but unissued shares of Buyer Common Stock, available lines of credit or other sources of immediately available funds to enable it to (a) deliver the consideration due at Closing and (b) timely pay and perform Buyer's obligations under this Agreement and pursuant to the Contemplated Transactions. Buyer expressly acknowledges that the failure to have sufficient funds shall in no event be a condition to the performance of its obligations under this Agreement, and in no event shall the Buyer's failure to perform its obligations under this Agreement be excused by failure to receive funds from any source.

4.08 **Securities Laws**. The solicitation of offers and the sale of the Assets by Seller have not been registered under any securities laws. At no time has Buyer been presented with or solicited by or through any public promotion or any form of advertising in connection with the Contemplated Transactions. Buyer is not acquiring the Assets with the intent of distributing fractional, undivided interests that would be subject to regulation by federal or state securities laws, and if it sells, transfers or otherwise disposes of the Assets or fractional undivided interests in such Assets, it shall do so in compliance with applicable federal and state securities laws.

4.09 **Due Diligence**. Without limiting or impairing any representation, warranty, covenant or agreement of Seller contained in this Agreement and the Seller Closing Documents, or Buyer's right to rely on such representation, warranty, covenant or agreement, as of the Closing Date, (a) Buyer and its Representatives have (i) been permitted access to all materials relating to the Assets, (ii) been afforded the opportunity to ask all questions of Seller concerning the Assets, (iii) been afforded the opportunity to investigate the condition of the Assets and (iv) had the opportunity to take such other actions and make such other independent investigations as Buyer deems necessary to evaluate the Assets, understand the merits and risks of an investment in the Assets and to verify the truth, accuracy and completeness of the materials, documents and other information provided or made available to Buyer (whether by Seller or otherwise) and (b), except for instances of Fraud, **BUYER WAIVES ANY CLAIMS ARISING OUT OF ANY MATERIALS, DOCUMENTS OR OTHER INFORMATION PROVIDED OR MADE AVAILABLE TO BUYER (WHETHER BY SELLER OR OTHERWISE), WHETHER UNDER THIS AGREEMENT, AT COMMON LAW, BY STATUTE OR OTHERWISE.**

4.10 **Basis of Buyer's Decision**. By reason of Buyer's knowledge and experience in the evaluation, acquisition and operation of oil and gas properties, Buyer has evaluated the merits and the risks of purchasing the Assets from Seller and has formed an opinion based solely on Buyer's knowledge and experience, Buyer's due diligence, and Seller's representations, warranties, covenants and agreements contained in this Agreement and the Seller Closing Documents, and not on any other representations or warranties by Seller. Buyer has not relied and shall not rely on any statements by Seller or Seller's Representatives (other than those representations, warranties, covenants and agreements of Seller contained in this Agreement and the Seller Closing Documents) in making its decision to enter into this Agreement or to close the Contemplated Transactions. **BUYER UNDERSTANDS AND ACKNOWLEDGES THAT NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER GOVERNMENTAL BODY HAS PASSED UPON THE ASSETS OR MADE ANY FINDING OR DETERMINATION AS TO THE FAIRNESS OF AN INVESTMENT IN THE ASSETS OR THE ACCURACY OR ADEQUACY OF THE DISCLOSURES MADE TO BUYER, AND, EXCEPT AS SET FORTH IN ARTICLE 9, BUYER IS NOT ENTITLED TO CANCEL, TERMINATE OR REVOKE THIS AGREEMENT, WHETHER DUE TO THE INABILITY OF BUYER TO OBTAIN FINANCING OR PAY THE PURCHASE PRICE, OR OTHERWISE.**

4.11 **Business Use, Bargaining Position**. Buyer is purchasing the Assets for commercial or business use. Buyer has sufficient knowledge and experience in financial and business matters that enables it to evaluate the merits and the risks of transactions such as the Contemplated Transactions, and Buyer is not in a significantly disparate bargaining position with Seller. Buyer expressly acknowledges and recognizes that the price for which Seller has agreed to sell the Assets and perform its obligations under the terms of this Agreement has been predicated upon the inapplicability of the Texas Deceptive Trade Practices - Consumer Protection Act, V.C.T.A. BUS & COMM ANN. § 17.41 et seq. (the "DTPA"), to the extent applicable, or any similar Legal Requirement, and the waiver of the DTPA, and any similar Legal Requirement, by Buyer contained in Section 13.04. **BUYER FURTHER RECOGNIZES THAT SELLER, IN DETERMINING TO PROCEED WITH ENTERING INTO THIS AGREEMENT, HAS EXPRESSLY RELIED ON THE PROVISIONS OF THIS ARTICLE 4.**

4.12 **Bankruptcy**. There are no bankruptcy, reorganization, receivership or arrangement Proceedings pending or being contemplated by Buyer or, to Buyer's Knowledge, Threatened against Buyer. Buyer is, and will be immediately after giving effect to the Contemplated Transactions, solvent.

4.13 **Capitalization**.

(a) The authorized capital of Buyer consists solely of (i) forty million (40,000,000) shares of Buyer Common Stock and (ii) fifty million (50,000,000) shares of preferred stock of Buyer, $0.01 par value per share. As of the Execution Date, the only issued and outstanding capital shares of Buyer are 18,596,884 shares of Buyer Common Stock. Buyer has, and at the Closing will have, sufficient authorized but unissued shares of Buyer Common Stock to enable it to issue (A) the portion of the Equity Purchase Price as determined pursuant to Section 2.04(b)(viii), (B) the shares of Buyer Common Stock issuable in respect of the Indemnity Holdback Amount as determined pursuant to Section 2.04(b)(vii) and (C) to the extent applicable, the shares of Buyer Common Stock issuable in respect of the Defect Deposit Amount as determined pursuant to Section 2.04(b)(xi), in each case, at the Closing. Buyer is not in default or violation (and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation) of any term, condition or provision of any Organizational Document of Buyer.

(b) All of the issued and outstanding shares of Buyer Common Stock are duly authorized and validly issued in accordance with the Organizational Documents of Buyer, are fully paid and non-assessable and were not issued in violation of any Right.

(c) Except as set forth in the Buyer SEC Documents filed prior to the Execution Date and set forth on Schedule 4.13(c), there are no preemptive rights or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, subscription agreements, commitments or rights of any kind that obligate Buyer to issue or sell any equity interests of Buyer or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquired, any equity interest in Buyer, and no securities or obligations evidencing such rights authorized, issued or outstanding.

(d) Buyer does not have any outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or convertible into or exercisable for securities of Buyer providing a right to vote) with the holders of equity interests of Buyer on any matter pursuant to such outstanding bonds, debentures, notes or other obligations.

4.14 **Valid Issuance**. The shares of Buyer Common Stock comprising (a) the Equity Purchase Price, (b) the portion of the Indemnity Holdback Amount (including the Deposit Amount) comprising Buyer Common Stock and (c) to the extent applicable, the portion of the Defect Deposit Amount comprising Buyer Common Stock when and if issued pursuant to the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable, will have the rights, preferences and privileges specified in Buyer's Organizational Documents, will be free of any Encumbrances, other than restrictions on transfer pursuant to applicable securities laws and will not be issued in violation of any Rights or applicable Legal Requirements.

4.15 **SEC Documents; Financial Statements; No Liabilities**.

(a) Buyer has timely filed or furnished with the SEC all reports, schedules, forms, statements, and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it since January 1, 2022. All such documents, including any audited or unaudited financial statements and any notes thereto or schedules included therein (the "Buyer Financial Statements") and that Buyer may file after the Execution Date and prior to the Closing Date, are referred to herein as the "Required Buyer SEC Documents", and such Required Buyer SEC Documents, together with any voluntarily filed reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) filed by Buyer with the SEC on or since January 1, 2022 (excluding, in each case, information explicitly deemed "furnished" rather than "filed"), are referred to herein as the "Buyer SEC Documents". The Buyer SEC Documents, at the time filed or furnished, (i) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as applicable, and (ii) complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto. The Buyer SEC Documents, at the time filed or furnished (except to the extent corrected or superseded by a subsequent Buyer SEC Document filed prior to the Execution Date), did not (A) in the case of any registration statement, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (B), in the case of Buyer SEC Documents other than registration statements, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Buyer Financial Statements were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or the omission of notes to the extent permitted by Regulation S-K promulgated under the Securities Act or, in the case of unaudited financial statements, as permitted by Form 10-Q of the SEC) and subject, in the case of interim financial statements, to normal year-end adjustments, and in the case of the Buyer Financial Statements, fairly present in all material respects the consolidated financial condition, results of operations, and cash flows of Buyer as of the dates and for the periods indicated therein.

(b) There are no liabilities of or with respect to Buyer that would be required by GAAP to be reserved, reflected or otherwise disclosed on a consolidated balance sheet of Buyer other than (i) liabilities reserved, reflected or otherwise disclosed in the consolidated balance sheet of Buyer as of June 30, 2023 (including the notes thereto) included in the Buyer Financial Statements, (ii) liabilities incurred in the ordinary course of business since June 30, 2023, (iii) fees, expenses, indebtedness and liabilities incurred in connection with the transactions contemplated by this Agreement or (iv) liabilities that would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

4.16 **Investment Company**(a). Buyer is not now, and immediately after the consummation of the Contemplated Transactions, will not be, required to register as an "investment company" or a company "controlled by" an entity required to register as an "investment company" within the meaning of the Investment Company Act of 1940.

4.17 **Internal Controls; Listing Exchange**.

(a) Buyer has established and maintains disclosure controls and procedures (as defined in Rule 13a-15 under the Exchange Act and including, without limitation, controls and procedures designed to ensure that information required to be disclosed by Buyer in the reports that it files or submits under the Exchange Act is accumulated and communicated to Buyer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure) as required by Rule 13a-15 of the Exchange Act, which such disclosure controls and procedures are designed to ensure that information required to be disclosed by Buyer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and Buyer has carried out evaluations of the effectiveness of its disclosure controls and procedures as required by Rule 13a-15 of the Exchange Act and such disclosure controls and procedures were effective as of the end of Buyer's most recently completed fiscal quarter. Buyer has established and maintains a system of internal controls over financial reporting (as defined in Rule 13a-15 under the Exchange Act) designed by, or under the supervision of, Buyer's principal executive and principal financial officers, or persons performing similar functions, and effected by Buyer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and that includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Buyer; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of Buyer are being made only in accordance with authorizations of management and directors of Buyer; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Buyer's assets that could have a material effect on the financial statements.

(b) Since January 1, 2023, Buyer has not become aware of, or been advised by its independent auditors of, any significant deficiency or material weakness (each as defined in Rule 12b-2 of the Exchange Act) in the design or operation of internal controls that has been required to be disclosed in Buyer's filings with the SEC that has not been so disclosed. Since January 1, 2023, (i) Buyer has not been advised by its independent auditors of any significant deficiency or material weakness in the design or operation of internal controls that could adversely affect Buyer's internal controls, (ii) Buyer has no Knowledge of any fraud that involves management or other employees who have a significant role in Buyer's internal controls and (iii) there have been no changes in internal controls or, to the Knowledge of Buyer, in other factors that could reasonably be expected to materially affect internal controls, including any corrective actions with regard to any significant deficiency or material weakness.

(c) The Buyer Common Stock is registered under Section 12(b) of the Exchange Act and is listed on the NYSE, and Buyer has not received any notification that the SEC is contemplating terminating such registration or any notice of delisting. Buyer has not, in the twelve (12) months preceding the Execution Date, received notice from the NYSE (or any other national securities exchange on which the Buyer Common Stock is then listed) to the effect that Buyer is not in compliance with the listing or maintenance requirements of such market or exchange (or any other notice of delisting). No judgment, Order, ruling, regulation, decree, injunction, or award of any securities commission or similar securities regulatory authority or any other Governmental Body, or of the NYSE, preventing or suspending trading in any securities of Buyer has been issued, and no proceedings for such purpose are, to the Knowledge of Buyer, pending, contemplated or threatened.

4.18 **No Stockholder Approval**(a). The Contemplated Transactions hereby do not require any vote of the equityholders of Buyer under applicable Legal Requirements, the rules and regulations of the NYSE (or any other national securities exchange on which the Buyer Common Stock is then listed) or the Organizational Documents of Buyer.

4.19 **Form S-3**(a). As of the Execution Date, Buyer is eligible to register the shares of Buyer Common Stock constituting the Equity Purchase Price for resale by Seller under Form S-3 promulgated under the Securities Act.

ARTICLE 5
COVENANTS OF SELLER

5.01 **Access and Investigation**.

(a) Between the Execution Date and the Closing Date (to the extent doing so would not violate applicable Legal Requirements, Seller's obligations to any Third Party or other restrictions on Seller, or result in a waiver of any legal privilege of Seller (*provided* that Seller shall use its commercially reasonable efforts to obtain waivers of any such obligations or other restrictions, but shall not be required to incur any costs or undertake any liabilities with respect thereto)), Seller shall provide Buyer and its Representatives reasonable access, and, if desired by Seller, escorted by a Representative of Seller, during Seller's regular hours of business, to the Seller-operated Assets, and access to and the right to copy, contracts, books and Records, and other documents and data related to the Assets, except to the extent that any such contracts, books and records or other documents and data are subject to attorney-client privilege or constitute Excluded Assets. Seller shall use commercially reasonable efforts to obtain the consent of each Third Party operator to provide Buyer and its Representatives reasonable access to the Non-Operated Assets, and similar access to Records and other similar information with respect to the Non-Operated Assets in such Third Party operator's possession or control; *provided* that Seller shall not be obligated to make payments to, or undertake obligations in favor of, any Third Parties in order to obtain such consent. Subject to the limitations expressly set forth in this Section 5.01, Seller shall also make available to Buyer and its Representatives, by appointment only and during Seller's regular hours of business, Seller's and its Affiliates' personnel knowledgeable with respect to the Assets in order that Buyer and its Representatives may make such diligence investigation as Buyer or its Representatives consider necessary or appropriate. **EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT OR IN THE ASSIGNMENT, SELLER MAKES NO REPRESENTATION OR WARRANTY, AND EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE DOCUMENTS, INFORMATION, BOOKS, RECORDS, FILES AND OTHER DATA THAT IT MAY PROVIDE OR DISCLOSE TO BUYER.**

(b) Subject to the limitations described in Section 5.01(a), from the first (1st) Business Day following the Execution Date until 5:00 p.m. Central Time on the Defect Notice Date, Buyer shall have the right, at its sole cost, risk, liability and expense, to conduct (or cause any of its Representatives to conduct) a Phase I Environmental Site Assessment of the Assets by giving not less than three (3) Business Days advance written notice to Seller. With respect to any Non-Operated Assets, Seller shall use commercially reasonable efforts to obtain the permission of each Third Party operator of such Non-Operated Assets for Buyer and/or its Representatives to conduct a Phase I Environmental Site Assessment with respect to such Non-Operated Assets; *provided* that Seller shall not be obligated to make payments to or undertake obligations in favor of any Third Parties in order to obtain such permission. In connection with any Phase I Environmental Site Assessment, Buyer and its Representatives shall be permitted to enter upon the Assets (and, if desired by Seller, be escorted by a Representative of Seller), visually inspect the Assets, review Seller's files and Records related to the Assets' environmental conditions (excluding those not required to be provided pursuant to Section 5.01(a)), and generally conduct visual, non-invasive tests, examinations and investigations. Notwithstanding anything in this Section 5.01 to the contrary, (i) Buyer's investigation shall be conducted in a manner that minimizes interference with the operation of the business of Seller and any applicable Third Parties and (ii) Buyer's right of access shall not entitle Buyer to operate equipment or conduct subsurface or other invasive testing or sampling (except as expressly contemplated in the subsequent sentence). Buyer's environmental review shall not exceed the review contemplated by a Phase I Environmental Site Assessment of the Assets without Seller's prior written permission, which may be withheld in Seller's sole discretion; *provided*, *however*, that if Buyer's Phase I Environmental Site Assessment reasonably recommends that invasive testing or sampling of the Assets should be conducted to verify the existence of an Environmental Defect and Seller withholds its consent to conduct such invasive testing or sampling, Buyer may elect to deliver an Environmental Defect Notice with respect to the Assets based on information available to Buyer and subject to the requirements of Section 11.09 and the failure to perform invasive testing or sampling shall not in and of itself be a basis for invalidating such Environmental Defect Notice.

(c) Buyer acknowledges that, pursuant to its right of access to the Records and the Assets, Buyer will become privy to confidential and other information of Seller and its Affiliates and the Assets, and that such confidential information shall be held confidential by Buyer and Buyer's Representatives in accordance with the terms of the Confidentiality Agreement. If the Closing occurs, such confidentiality restriction on Buyer, including the Confidentiality Agreement, shall terminate (except as to the Excluded Assets). Notwithstanding anything contained in this Agreement to the contrary, such termination of the Confidentiality Agreement shall not relieve any party to such Confidentiality Agreement from any liability under such agreement for the Breach of such agreement prior to the Execution Date.

(d) Upon completion of Buyer's due diligence under this Section 5.01, Buyer shall at its sole cost and expense and without any cost or expense to Seller Group (i) repair all damages done to any Assets resulting from Buyer's or any of Buyer's Representatives' due diligence (including due diligence conducted by Buyer's environmental consulting or engineering firm, if applicable), (ii) if applicable, restore the Assets to substantially the same condition as they were prior to commencement of any such due diligence; and (iii) remove all equipment, tools and other property brought onto the Assets by Buyer or any of Buyer's Representatives in connection with such due diligence. Any material disturbance to the Assets (including the leasehold associated therewith) resulting from such due diligence will be promptly corrected by Buyer at Buyer's sole cost and expense.

(e) During all periods that Buyer or its Representatives or environmental contractors are on the Assets, Buyer and its Representatives or environmental contractors shall maintain, at their sole expense, policies of insurance of the types and in the amounts as maintained by Buyer as of the Execution Date, and with respect to Buyer's Representatives or environmental contractors, of the types and in the amounts as customary for the industry. In the event Buyer receives notice of its insurers intent to cancel any of the insurance required pursuant to this Section 5.01(e), Buyer shall provide notice to Seller as soon as reasonably practicable. Upon request by Seller, Buyer shall provide a certificate of insurance reflecting evidence of such insurance prior to entering onto the Assets.

(f) Buyer agrees to indemnify, defend and hold harmless each member of the Seller Group from and against any and all Damages attributable to, arising out of or relating to access to the Records, any offices of Seller, or the Assets prior to the Closing by Buyer or any of Buyer's Representatives pursuant to Section 5.01(a) and Section 5.01(b), **EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY MEMBER OF THE SELLER GROUP, BUT EXCLUDING (I) THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT ON THE PART OF SELLER OR ANY MEMBER OF THE SELLER GROUP AND (II) ANY LIABILITIES ATTRIBUTABLE TO ANY PREVIOUSLY EXISTING CONDITION OF THE ASSETS UNCOVERED OR DISCOVERED BY BUYER OR ANY OF ITS REPRESENTATIVES DURING THE COURSE OF ANY SUCH INSPECTION OF THE ASSETS, EXCEPT TO THE EXTENT ANY SUCH LIABILITIES ARE EXACERBATED DUE TO BUYER'S OR BUYER'S REPRESENTATIVES' PHYSICAL ACTIONS ON THE ASSETS.**

5.02 **Conduct of Business**. Except (x) as set forth on Schedule 5.02, or (y) as required by applicable Legal Requirements, between the Execution Date and the Closing, Seller shall operate its business with respect to its ownership and operation of the Assets owned by it as a reasonably prudent operator, in compliance with all applicable Legal Requirements and otherwise in the ordinary course consistent with past practice, and, without limiting the generality of the preceding, shall:

(a) not transfer, sell, hypothecate, encumber or otherwise dispose of any of the Assets, except as required under any Leases or Contracts to the extent that the same has been set forth on Schedule 5.02, and except for (i) sales of Hydrocarbons in the ordinary course of business and (ii) sales of equipment and inventory that are surplus, obsolete or replaced;

(b) not voluntarily relinquish its position as operator to anyone other than Buyer (or an Affiliate of Buyer) with respect to any of the Assets operated by Seller, or voluntarily abandon any Asset (except as required pursuant to the terms of a Lease or applicable Legal Requirement);

(c) not commence, propose or agree to participate in any single operation (or series of related operations) with respect to the Properties with an anticipated cost in excess of Two Hundred Fifty Thousand Dollars ($250,000) (net to Seller's interest), except for any emergency operations;

(d) not execute, terminate, novate, cancel, extend or materially amend or modify any Material Contract or Lease (or document which upon execution would be an Material Contract or Lease) other than the execution or extension of a Contract for the sale, exchange, transportation, gathering, treating or processing of Hydrocarbons terminable without penalty on ninety (90) days' or shorter notice;

(e) to keep Buyer reasonably apprised of any drilling, re-drilling or completion operations proposed or conducted by Seller with respect to the Assets;

(f) not, and cause its Affiliate to not (i) terminate the employment of any Available Employee, other than for cause and (ii) except for the granting of any bonus or other payment in connection with the transactions contemplated by this Agreement, increase the compensation or benefits of any Available Employee other than in the ordinary course of business consistent with past practice and in accordance with applicable Seller Benefits Plans;

(g) use commercially reasonable efforts to maintain existing insurance coverage on the Assets presently furnished by nonaffiliated Third Parties;

(h) maintain the books of account and Records relating to the Assets in Seller's ordinary course of business;

(i) not take (or permit or authorize any Representative or other Person retained by, acting for or on behalf of Seller), directly or indirectly, any action to solicit, or negotiate, any offer from any Person concerning the direct or indirect acquisition of the Assets by any Person other than Buyer;

(j) use commercially reasonable efforts to maintain (i) all material Permits that are held by Seller or any of its Affiliates with respect to the Assets as of the Execution Date and (ii) all Credit Support held by Seller as of the Execution Date, in each case, in the Seller's ordinary course of business;

(k) make all filings that Seller is required to make under applicable Legal Requirement with respect to the Assets;

(l) without limitation of Section 6.01, give written notice to Buyer as soon as practicable of any written notice received or given by Seller or its Affiliates with respect to any (i) alleged breach by Seller or any Third Party of any Material Contract, Lease, or Right of Way, (ii) alleged material violation of Legal Requirement by Seller or a Third Party operator with respect to any of the Assets or (iii) material Proceeding with respect to any Asset;

(m) subject to the limitations set forth in Section 5.02(c), not elect (or fail to make an election, the result of which is) to go non-consent as to any proposed operation on any of the Leases or Wells;

(n) subject to the limitations set forth in Section 5.02(c), maintain in full force and effect all Leases that are presently producing in paying quantities or otherwise held by shut-in payments, delay rentals or other payments in lieu of production or drilling operations;

(o) not incur any indebtedness secured by an Encumbrance on any Assets, take any action that would cause an Encumbrance to arise or exist on any Assets or otherwise allow an Encumbrance to attach to or encumber the Assets (in each case other than a Permitted Encumbrance);

(p) not waive, compromise or settle any material right or claim, other than waivers, compromises or settlements (i) that would not reasonably be expected to result in any material adverse effect or liability to the Buyer with respect to the Asset from and after Closing and (ii) for which the amount in controversy is reasonably expected to be less than Two Hundred Fifty Thousand Dollars ($250,000), net to Seller's interest with respect to any of the Assets;

(q) subject to the limitations set forth in Section 5.02(c) and except for any emergency operations, not plug or abandon any well located on the Assets unless required by applicable Legal Requirements, Applicable Contract or Lease; and

(r) not commit or enter into any agreement with respect to any matter that is prohibited by the foregoing.

Buyer acknowledges that Seller owns undivided interests in certain of the Properties comprising the Assets, and Buyer agrees that the acts or omissions of the other working interest owners who are not Seller or an Affiliate of Seller shall not constitute a Breach of the provisions of this Section 5.02, nor shall any action required by a vote of working interest owners constitute such a Breach so long as Seller or its Affiliate has voted its interest in a manner that complies with the provisions of this Section 5.02. Further, no action or inaction of any Third Party operator with respect to any Asset shall constitute a Breach of this Section 5.02 to the extent Seller uses commercially reasonable efforts to cause such Third Party operator to operate such applicable Asset in a manner consistent with this Section 5.02. Seller may seek Buyer's approval to perform any action that would otherwise be restricted by this Section 5.02, and Buyer's approval shall not be unreasonably withheld, conditioned or delayed, and, shall be considered granted ten (10) days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Seller's notice) after delivery of notice from Seller to Buyer requesting such consent, unless Buyer notifies Seller to the contrary during such ten (10)-day period. Requests for approval of any action restricted by this Section 5.02 shall be delivered to the person designated in Section 13.03 to receive notices on behalf of Buyer whom shall have full authority to grant or deny such requests for approval on behalf of Buyer. Notwithstanding the foregoing provisions of this Section 5.02, in the event of an emergency, Seller may take such action as reasonably necessary and shall notify Buyer of such action reasonably promptly thereafter. If any specific action or inaction approved (or deemed approved) by Buyer pursuant to this Section 5.02 would otherwise constitute a Breach of one of Seller's representations and warranties in Article 3 the taking of such action or inaction by Seller shall not, in and of itself, constitute a breach of such representations and warranties for which it is relevant.

5.03 **Consent and Waiver**. No later than five (5) Business Days following the Execution Date, Seller shall prepare and send, or cause to be prepared and sent, on forms reasonably satisfactory and approved by Buyer, (a) notices to the holders of any Consents (other than Consents and approvals of Governmental Bodies that are customarily obtained after Closing), including those Required Consents set forth on Schedule 3.11(a) requesting consent to the Contemplated Transactions, and (b) notice to the holders of any applicable Preferential Purchase Right or any other similar rights, including those set forth on Schedule 3.11(b), in compliance with the terms of such rights and requesting waivers of such rights. Seller shall use commercially reasonable efforts to cause such Consent required to be obtained and delivered prior to Closing and cause all such Preferential Purchase Rights or similar rights to be waived prior to Closing. If, prior to Closing, Seller or Buyer discovers any Consents, Preferential Purchase Rights or any other similar rights that are not set forth on Schedule 3.11(a) or Schedule 3.11(b) and which are applicable to the Assets, Seller or Buyer, as applicable, shall provide written notice to the other Party of the same, whereupon Seller shall promptly thereafter comply with this Section 5.03 with respect to such right. Notwithstanding anything contained in this Agreement to the contrary, Seller shall not be required to make any payments to, or undertake any obligations for the benefit of, the holders of such rights in order to obtain the waiver of any Preferential Purchase Right or any Consents. Buyer shall use commercially reasonable efforts to cooperate with Seller in seeking to obtain such waivers of Preferential Purchase Rights and Consents.

5.04 **Successor Operator**. While Buyer acknowledges that it desires to succeed Seller (or Seller's operating Affiliate) as operator of those Assets or portions of such Assets that Seller (or its applicable operating Affiliate) may presently operate, Buyer acknowledges and agrees that Seller cannot and does not covenant or warrant that Buyer shall become successor operator of such Assets because such Assets (or portions of such Assets) may be subject to operating or other agreements that control the appointment of a successor operator. Seller agrees, however, that as to the Assets that Seller or its Affiliate operates, Seller shall use commercially reasonable efforts to support Buyer's efforts to become successor operator of such Assets (to the extent permitted under any applicable operating agreement) effective as of the Closing (at Buyer's sole cost and expense) and to designate or appoint, to the extent legally possible and permitted under any applicable operating agreement, Buyer as successor operator of such Assets effective as of Closing. Seller shall use commercially reasonable efforts to assist Buyer to obtain all necessary Permits (at Buyer's sole cost and expense) in connection with Buyer's designation as operator as to the Assets Seller presently operates at Closing.

ARTICLE 6
OTHER COVENANTS

6.01 **Notification and Cure**. Between the Execution Date and the Closing Date, Buyer shall promptly notify Seller in writing and Seller shall promptly notify Buyer in writing if Seller or Buyer, as applicable, obtain Knowledge of any Breach, in any material respect, of the other Party's representations and warranties or covenants as of the Execution Date, or of an occurrence after the Execution Date that would cause or constitute a Breach, in any material respect, of any such representation and warranty or covenant had such representation and warranty or covenants been made as of the time of occurrence or discovery of such fact or condition. If any of Buyer's or Seller's representations or warranties are untrue or shall become untrue in any material respect between the Execution Date and the Closing Date, or if any of Buyer's or Seller's covenants or agreements to be performed or observed prior to or on the Closing Date shall not have been so performed or observed in any material respect, and if such Breach of representation, warranty, covenant or agreement shall (if curable) be cured by the Closing (or, if the Closing does not occur, by the date set forth in Section 9.01(d)) without liability or Damage to the Party curing such breach, then such Breach shall be considered not to have occurred for all purposes of this Agreement.

6.02 **Replacement of Insurance, Bonds, Letters of Credit and Guaranties**.

(a) The Parties understand that none of the insurance currently maintained by Seller or its Affiliates covering the Assets, nor any of the Credit Support, if any, posted by Seller or any of Seller's Affiliates with Governmental Bodies, co-owners or other Persons and relating to the Assets will be transferred to Buyer. On or before the Closing Date, Buyer shall obtain, and deliver to Seller evidence of (i) all governmental bonds and governmental authorizations necessary for Buyer to own and, with respect to Assets currently operated by Seller or an Affiliate of Seller, operate such Assets and (ii) all other replacement Credit Support described on Schedule 6.02(a) (to the extent and up to the amounts set forth on such schedule) to the extent that the same is necessary for Seller or its Affiliates to own and, with respect to Assets currently operated by Seller or an Affiliate of Seller, operate such Assets. Promptly following the Closing, Buyer shall obtain, or cause to be obtained, in the name of Buyer, such insurance covering the Assets as would be obtained by a reasonably prudent operator in a similar situation.

(b) Promptly (but in no event later than thirty (30) days) after Closing, Buyer shall, at its sole cost and expense, make all filings with Governmental Bodies necessary to assign and transfer the Assets and title to such Assets and to comply with applicable Legal Requirements related thereto, and Seller shall use commercially reasonable efforts to assist Buyer with such filings.

6.03 **Governmental Reviews**. Seller and Buyer shall (and shall cause their respective Affiliates to), in a timely manner, make all other required filings (if any) with, prepare applications to, and conduct negotiations with Governmental Bodies as required to consummate the Contemplated Transactions. Each Party shall, to the extent permitted pursuant to applicable Legal Requirements, cooperate with and use all reasonable best efforts to assist the other Party(ies) with respect to such filings, applications and negotiations. The cost of all filing or application fees payable to any Governmental Body with respect to the Contemplated Transactions, regardless of whether Buyer, Seller or any Affiliate of any of them is required to make the payment shall be borne one-half (1/2) by Buyer and one-half (1/2) by Seller.

(a) In furtherance and not limitation of the foregoing, each party shall, and shall cause its Affiliates to, use its reasonable best efforts to (i) file, if applicable, a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby (including the issuance of the Buyer Common Stock included in the Equity Purchase Price) as soon as reasonably practicable following the date hereof, but no later than ten (10) Business Days after the date hereof and (ii) supply as promptly as practicable any additional information and documentary material that may be requested or required pursuant to any Antitrust Law, including the HSR Act, and (iii) request early termination of the initial waiting period under the HSR Act, and otherwise cause the expiration or termination of the applicable waiting periods under the HSR Act or any other Antitrust Law as soon as practicable. All filing fees required under the HSR Act or any other Antitrust Law shall be borne one-half (1/2) by Buyer and one-half (1/2) by Seller.

(b) In connection with the efforts referenced in this Section to obtain all requisite approvals and authorizations for the transactions contemplated by this agreement under the HSR Act or any other Antitrust Law, each of the Parties shall use reasonable best efforts to (i) cooperate with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, (ii) keep the other Parties informed in all material respects of any material communication received by such party from any Governmental Body, provide each other with advance copies and a reasonable opportunity to comment on all material proposed notices, submissions, filings, applications, undertakings, and information and correspondence proposed to be supplied to or filed with any Governmental Body, except the parties' HSR filings, and keep the other parties informed in all material respects of any material communication received or given in connection with any proceeding by a private party, in each case, regarding any of the transactions contemplated hereby and (iii) to the extent permitted by law, permit the other parties a reasonable opportunity to attend and participate in any substantive meetings, discussions, telephone conversations, or correspondence with, any Governmental Body, including in connection with any proceeding by a private party; *provided* that materials required to be provided pursuant to this section may be redacted (A) to remove references concerning the valuation of the Assets, (B) as necessary to comply with contractual arrangements, (C) as necessary to comply with applicable law and (D) as necessary to address reasonable privilege or confidentiality concerns; *provided*, *further*, that a party may reasonably designate any competitively sensitive material provided to another party under this Section as "Outside Counsel Only." The foregoing obligations in this Section 6.03 shall be subject to the Confidentiality Agreement and any attorney-client, work product or other privilege.

6.04 **Satisfaction of Conditions**. Between the Execution Date and the Closing Date (a) Seller shall use commercially reasonable efforts to cause the conditions in Article 7 to be satisfied, and (b) Buyer shall use commercially reasonable efforts to cause the conditions in Article 8 to be satisfied.

6.05 **Financial Information**.

(a) On or prior to the signing of this Agreement, Seller has provided Buyer with the following:

(i) the Audited Financial Statements;

(ii) a reserve report of Seller as of December 31, 2022 covering all or substantially all of the Properties and utilizing SEC pricing that, with respect to the report delivered as of December 31, 2022, has been audited by a nationally recognized petroleum engineering consultant of Seller (the "Reserve Engineer" and such report, the "Initial Reserve Reports"); and

(iii) the Six Month Interim Financials.

(b) After the date of this Agreement until the date on which Buyer files on EDGAR its Annual Report on Form 10-K for the year ended December 31, 2024 (the "Records Period"), Seller shall use:

(i) commercially reasonable efforts to cause the external audit firm that audits the Audited Financial Statements (the "Audit Firm") to cooperate with Buyer and its Representatives to cause the Audited Financial Statements to comply with Regulation S-X promulgated by the SEC ("Regulation S-X") and other rules and regulations of the SEC with respect to reporting obligations of Buyer and its Affiliates under the Exchange Act or any registration of securities under the Securities Act; *provided*, *however*, that, upon reasonable request by Buyer, Seller shall use commercially reasonable efforts to provide or cause to be provided information not included in the Audited Financial Statements that may be necessary for the preparation by Buyer of any pro forma financial information;

(ii) commercially reasonable efforts (A) to prepare or cause to be prepared unaudited (reviewed by Audit Firm) consolidated balance sheets of each of TCPH and TCO and the related unaudited consolidated statements of operations, cash flows and members' equity as of and for the period ended September 30, 2023 (the "Nine Month Interim Financials" and, together with the Six Month Interim Financials, the "Interim Financial Statements") and (B) in causing the Audit Firm to cooperate with Buyer and its Representatives to cause the Interim Financial Statements to comply with Regulation S-X and other rules and regulations of the SEC with respect to reporting obligations of Buyer and its Affiliates under the Exchange Act or any registration of securities under the Securities Act;

(iii) commercially reasonable efforts as soon as reasonably practicable after the Execution Date and in any event no later than twenty (20) days after the Closing Date, to deliver the Nine Month Interim Financials to Buyer;

(iv) prior to Closing (or until the earlier termination of this Agreement in accordance with the terms hereof), commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause its Affiliates and their respective officers, directors, managers, employees, agents and representatives, on a commercially reasonable basis to provide, in each case at Buyer's sole cost and expense, such assistance as is reasonably requested by Buyer in connection with the arrangement, marketing, syndication and consummation of any financing that may be arranged by Buyer to the extent reasonably deemed necessary or advisable by Buyer to fund any portion of the Purchase Price (the "Financing"); *provided* (A) such requested assistance does not, in Seller's reasonable judgment, require Seller or its Affiliates or any of their respective representatives to take any action that will conflict with or violate such Persons' organizational documents, as applicable, or any applicable laws or result in a violation or breach of, or default under, any material Contract with a non-Affiliate to which such Person, as applicable, is a party, or result in any officer or director of any such Person incurring any personal liability with respect to any matters relating to the Financing, (B) that such requested assistance does not unreasonably interfere with operations of Seller or its Affiliates or its or their respective assets and (C) any information requested by Buyer is reasonably available to Seller or any of its Affiliates or its or their Representatives. Notwithstanding anything contained in this Agreement to the contrary, Buyer expressly acknowledges and agrees that obtaining Financing is not a condition to Closing and, if the Financing has not been obtained, Buyer shall continue to be obligated to complete the Contemplated Transactions; and

(v) commercially reasonable efforts to deliver to Buyer, as soon as reasonably practicable after the Closing Date, an unaudited consolidated statement of operations of each of TCPH and TCO for the period of October 1, 2023, through the Closing Date prepared in accordance with GAAP.

(c) At Buyer's request, during the Records Period, Seller agrees to use commercially reasonable efforts to make available to Buyer and its Affiliates and their Representatives any and all Records to the extent in Seller's or its Affiliates' possession or control and to which Seller and its Affiliates' personnel have reasonable access, in each case as reasonably required by Buyer, its Affiliates and their Representatives in order to prepare financial statements in connection with Buyer's or its Affiliates' debt or equity securities offerings or filings, if any, that are required by the SEC, under securities laws applicable to Buyer and its Affiliates, or financial statements meeting the requirements of Regulation S-X under the Securities Act, in connection with the transactions contemplated by this Agreement (the "Required Buyer Financial Statements").

(d) During the Records Period, Seller shall use commercially reasonable efforts to cause its accountants, counsel, agents and other Persons to cooperate with Buyer and its Representatives in connection with the preparation by Buyer of the Required Buyer Financial Statements that are required to be included in any filing by Buyer or its Affiliates with the SEC, including to use their commercially reasonable efforts to cause the Audit Firm and the Reserve Engineer to (i) provide its consent to be named as an expert in (A) any filings that may be made by Buyer under the Securities Act or required by the SEC under securities laws applicable to Buyer or any report required to be filed by Buyer under the Exchange Act in connection with the transactions contemplated by this Agreement or in connection with the Financing or (B) any prospectus or offering memorandum or (ii) to provide customary "comfort letters" to any underwriter or initial purchaser in connection with any debt or equity securities offering during the Records Period. If reasonably requested, Seller shall use commercially reasonable efforts to execute and deliver, or shall use commercially reasonable efforts to cause its Affiliates to execute and deliver, to the Audit Firm such representation letters, in form and substance customary for representation letters provided to external audit firms by management of the company whose financial statements are the subject of an audit, as may be reasonably requested by the Audit Firm, with respect to the Required Buyer Financial Statements, including, as requested, representations regarding internal accounting controls and disclosure controls.

(e) In no event shall Seller or any of its Affiliates or Representatives be required to bear any cost or expense or pay any fee (other than reasonable out-of-pocket costs and expenses for which they are promptly reimbursed or indemnified) in connection with any action taken pursuant to Section 6.05(a) through (d), including, without limitation, all costs, expenses and fees relating to the preparation of the Interim Financial Statements and any costs and expenses relating to the incorporation of supplemental oil and gas disclosures in the Audited Financial Statements, in each case, whether incurred on, prior to or after the Execution Date. Buyer shall be responsible for all such costs, expenses, and fees related to the actions contemplated by Section 6.05(a) through (d), including the compensation of any contractor or advisor of Seller or any of its Affiliates or Representatives. Accordingly, notwithstanding anything to the contrary herein, Buyer shall promptly, upon written request by Seller, reimburse Seller for all reasonable and documented out-of-pocket costs and expenses (including reasonable and documented compensation or other fees of any contractor or advisor of Seller or any of its Affiliates or Representatives) incurred in connection with the cooperation of Seller as contemplated by this Section 6.05. Further, Buyer shall indemnify and hold harmless Seller and its Affiliates and Representatives from and against any and all losses or damages actually incurred or suffered by them in connection with the obligations of Seller and its Affiliates and Representatives under Section 6.05(a) through (d) (other than to the extent resulting from the fraud, gross negligence, bad faith or willful and intentional misconduct of Seller or any of its Affiliates or Representatives as determined in a final, non-appealable judgment of a court of competent jurisdiction).

6.06 **NYSE Listing**. Buyer shall use its reasonable best efforts to cause the shares of Buyer Common Stock constituting the Equity Purchase Price to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing.

6.07 **Conduct of Buyer**. From the Execution Date until the Closing, except (w) as reasonably necessary or required in order for the Buyer to perform its obligations and covenants set forth herein, (x) as expressly contemplated by this Agreement or (y) as expressly consented to by Sellers (which consent shall not be unreasonably delayed, withheld or conditioned), Buyer shall not:

(a) except as disclosed in Schedule 6.07(a)(i), amend or adopt any change to any Organizational Documents of Buyer if such amendment or change would reasonably be expected to adversely affect (i) the rights, preferences, privileges and terms of the Buyer Common Stock comprising the Equity Purchase Price in a manner that materially and disproportionately adversely impacts Seller as compared to the other holders of Buyer Common Stock or (ii) the consummation of the transactions contemplated by this Agreement;

(b) declare, issue, pay or make, or set a record date prior to the Closing with respect to, any dividend or distribution to holders of Buyer Common Stock;

(c) adopt any plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, or other reorganization of Buyer; or

(d) agree or commit to do any of the foregoing.

6.08 **Certain Taxes**. Seller shall use commercially reasonable efforts to pay the tax matters described on Schedule PE on or before the Closing Date.

ARTICLE 7
CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

Buyer's obligation to consummate the Contemplated Transactions (except for the obligations of Buyer to be performed prior to the Closing and obligations that survive termination of this Agreement) is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Buyer, in whole or in part):

7.01 **Accuracy of Representations**. The (a) Fundamental Representations of Seller shall be true and correct in all material respects as of the Execution Date and the Closing Date, other than any such representation and warranty that refers to a specified date, which need only be true and correct in all respects on and as of such specified date, and (b) the representations and warranties of Seller set forth in Article 3 (other than the Fundamental Representations) shall be true and correct in all respects (without regard to any materiality qualifier) as of the Execution Date and as of the Closing Date, other than any such representation and warranty that refers to a specified date, which need only be true and correct on and as of such specified date, except, in the case of this clause (b), for those Breaches, if any, of such representations and warranties that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

7.02 **Seller's Performance**. All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

7.03 **No Orders**. On the Closing Date, no Legal Requirement shall be in effect that restrains, enjoins or otherwise prohibits the consummation of the Contemplated Transactions.

7.04 **HSR**. All approvals from Governmental Bodies required for the Contemplated Transactions under the HSR Act shall have been granted, or the necessary waiting period shall have expired, or early termination of the waiting period shall have been granted.

7.05 **Title and Environmental Defects; Consents; Preferential Purchase Rights; Excluded Assets and Casualty Loss**. The net sum of the aggregate downward Purchase Price adjustments (a) for Title Defect Values and Environmental Defect Values agreed on by the Parties or finally determined pursuant to Article 11 or reasonably alleged in good faith by Buyer (and in the case of Title Defect Values, *less* the sum of all Title Benefit Values), without duplication, *plus* (b) under Section 11.01, *plus* (c) under Section 11.02, *plus* (d) under Section 11.13 shall be less than or equal to twenty percent (20%) of the unadjusted Purchase Price.

7.06 **Closing Deliverables**. Seller shall have delivered (or be ready, willing and able to deliver at the Closing) to Buyer the documents and other items required to be delivered by Seller under Section 2.04(a).

ARTICLE 8
CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligation to consummate the Contemplated Transactions (except for the obligations of Seller to be performed prior to the Closing and obligations that survive termination of this Agreement) is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller, in whole or in part):

8.01 **Accuracy of Representations**. The representations and warranties of Buyer set forth in Article 4 shall be true and correct in all material respects (without regard to any materiality qualifier) as of the Execution Date and as of the Closing Date, other than any such representation and warranty that refers to a specified date, which need only be true and correct on and as of such specified date.

8.02 **Buyer's Performance**. All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

8.03 **No Orders**. On the Closing Date, no Legal Requirement shall be in effect that restrains, enjoins or otherwise prohibits the consummation of the Contemplated Transactions.

8.04 **HSR**. All approvals from Governmental Bodies required for the Contemplated Transactions under the HSR Act shall have been granted, or the necessary waiting period shall have expired, or early termination of the waiting period shall have been granted.

8.05 **Title and Environmental Defects; Consents; Preferential Purchase Rights; Excluded Assets and Casualty Loss**. The net sum of the aggregate downward Purchase Price adjustments (a) for Title Defect Values and Environmental Defect Values agreed on by the Parties or finally determined pursuant to Article 11 or reasonably alleged in good faith by Buyer (and in the case of Title Defect Values, *less* the sum of all Title Benefit Values), without duplication, *plus* (b) under Section 11.01, *plus* (c) under Section 11.02, *plus* (d) under Section 11.13 shall be less than or equal to twenty percent (20%) of the unadjusted Purchase Price.

8.06 **Closing Deliverables**. Buyer shall have delivered (or be ready, willing and able to deliver at the Closing) to Seller the documents and other items required to be delivered by Buyer under Section 2.04(b).

ARTICLE 9
TERMINATION

9.01 **Termination Events**. This Agreement may, by written notice given at any time prior to the Closing, be terminated:

(a) by mutual written consent of Seller and Buyer;

(b) by Buyer, if Seller has committed a material Breach of this Agreement and such Breach causes any of the conditions to Closing set forth in Article 7 not to be satisfied (or, if prior to Closing, such Breach is of such a magnitude or effect that it will not be possible for such condition to be satisfied); *provided* that in the case of a Breach that is capable of being cured, Seller shall have a period of ten (10) Business Days following receipt of such notice to attempt to cure the Breach and the termination under this Section 9.01(b) shall not become effective unless Seller fails to cure such Breach prior to the end of such ten (10) Business Day period; *provided*, *further*, that if (i) Seller's conditions to Closing have been satisfied or waived in full, (ii) Buyer is not in material Breach of the terms of this Agreement and (iii) all of Buyer's conditions to Closing have been satisfied or waived, then the refusal or willful or negligent delay by Seller to timely close the Contemplated Transactions shall constitute a material Breach of this Agreement to which no cure period shall apply. In no event shall Buyer be entitled to terminate this Agreement pursuant to this Section 9.01(b) if Buyer is in material Breach of this Agreement;

(c) by Seller, if Buyer has committed a material Breach of this Agreement and such Breach causes any of the conditions to Closing set forth in Article 8 not to be satisfied (or, if prior to Closing, such Breach is of such a magnitude or effect that it will not be possible for such condition to be satisfied); *provided* that, in the case of a Breach that is capable of being cured, Buyer shall have a period of ten (10) Business Days following receipt of such notice to attempt to cure the Breach and the termination under this Section 9.01(c) shall not become effective unless Buyer fails to cure such Breach prior to the end of such ten (10) Business Day period; *provided, further*, that if (i) Buyer's conditions to Closing have been satisfied or waived in full, (ii) Seller is not in material Breach of the terms of this Agreement and (iii) all of Seller's conditions to Closing have been satisfied or waived, then the refusal or willful or negligent delay by Buyer to timely close the Contemplated Transactions shall constitute a material Breach of this Agreement to which no cure period shall apply. In no event shall Seller be entitled to terminate this Agreement pursuant to this Section 9.01(c) if Seller is in material Breach of this Agreement;

(d) by Seller or Buyer, if the Closing has not occurred on or before December 4, 2023 (the "Outside Date"), or such later date as the Parties may agree upon in writing; *provided*, *however*, that if the applicable waiting period (and any extensions thereof) under the HSR Act has not expired or otherwise been terminated on or prior to such date, but all other conditions precedent to Closing set forth in Article 7 and Article 8 have been satisfied or waived (except for any such conditions that by their nature may only be satisfied at or in connection with the occurrence of Closing), then the Outside Date will automatically be extended to the date that is One Hundred Twenty (120) days after the Execution Date; *provided*, *further*, no Party shall be entitled to terminate this Agreement pursuant to this Section 9.01(d) if such Party is in material Breach of this Agreement; and

(e) by Seller or Buyer, if a Governmental Body has issued an Order permanently restraining, enjoining, or otherwise prohibiting the consummation of the Contemplated Transactions, and such Order has become final and nonappealable;

provided, *that*, if either Party notifies the other Party of its intention to terminate this Agreement pursuant to a failure of the conditions in Section 7.05 or Section 8.05, the non-terminating Party may, prior to giving effect to such termination, elect by written notice to submit any or all asserted Title Defects or Environmental Defects as a Disputed Matter in accordance with Section 11.14, for the sole purpose of determining whether the Title Defect Values and Environmental Defect Values are finally determined to be (when aggregated with all other matters under Section 7.05 or Section 8.05 (as applicable)) equal to or greater than twenty percent (20%) of the unadjusted Purchase Price (such notice, an "Arbitration Notice"). In such case, the Parties shall select an Expert within five (5) Business Days of the delivery of such written notice, each Party shall submit such Party's position to the Expert within five (5) Business Days of the selection of such Expert, and each Party shall instruct the Expert to deliver its determination of any Disputed Matters within forty-five (45) days after the appointment of such Person. If an Arbitration Notice is delivered, unless otherwise agreed by the Parties, no termination in accordance with a failure of the conditions in Section 7.05 or Section 8.05 (as applicable) shall be effective (and the Outside Date shall be tolled) until the final resolution of such arbitration; *provided* that the final resolution must occur on or before the first (1^{st}) Business Day that is the date that is one hundred twenty (120) days after the Target Closing Date.

9.02 **Effect of Termination; Distribution of the Deposit Amount**.

(a) If this Agreement is terminated pursuant to Section 9.01, then (i) except as set forth in this sentence, all obligations of the Parties under this Agreement shall terminate, (ii) such termination shall not impair nor restrict the rights of a Party against the other Party(ies) with respect to the Deposit Amount pursuant to Section 9.02(b) and Section 9.02(d), (iii) except for such rights with respect to the Deposit Amount pursuant to Section 9.02(b) and Section 9.02(d) and for any and all liability in respect of those provisions surviving termination of this Agreement set forth in the following clause (iv) (whether accruing prior to, at or after termination), the termination of this Agreement shall relieve each Party from liability for any failure to perform or observe in any respect of, or any breach of, its representations, warranties, agreements or covenants contained in this Agreement, and (iv) the following provisions shall survive the termination: Sections 5.01(f), 6.05, 9.02, 9.03, 10.06, 10.07, 10.10, 10.11, 10.12, Article 1, Article 13 (other than Section 13.01), and any such terms as set forth in this Agreement that are necessary to give context to any of the foregoing surviving Sections.

(b) Notwithstanding anything to the contrary in Section 9.02(a):

(i) If Seller has the right to terminate this Agreement (A) pursuant to Section 9.01(c) or (B) pursuant to Section 9.01(d), if at such time Seller could have terminated this Agreement pursuant to Section 9.01(c) (without regard to any cure periods contemplated in such provision), then, in either case, Seller shall have the right, at Seller's sole discretion, to either (1) enforce specific performance by Buyer of this Agreement, without posting any bond or the necessity of proving the inadequacy as a remedy of monetary damages, in which event the Deposit Amount will be applied as called for in Section 2.04(b)(i), or (2) if Seller does not elect to seek and enforce specific performance (or does not successfully seek and enforce specific performance), to terminate this Agreement and retain the Deposit Amount as liquidated damages (and not as a penalty) free and clear of any claims by Buyer under this Agreement. If Seller terminates this Agreement pursuant to this Section 9.02(b)(i) and retains the Deposit Amount as liquidated damages, then (1) the Parties shall, within two (2) Business Days of Seller's election, execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount to Seller and (2) Seller shall be free to enjoy immediately all rights of ownership of the Assets and to sell, transfer, encumber, or otherwise dispose of the Assets to any Person without any restriction under this Agreement.

(ii) If Buyer has the right to terminate this Agreement (A) pursuant to Section 9.01(b) or (B) pursuant to Section 9.01(d), if at such time Buyer could have terminated this Agreement pursuant to Section 9.01(b) (without regard to any cure periods contemplated in such provision), then, in either case, Buyer shall have the right, at its sole discretion and as its sole and exclusive remedy, to either (1) enforce specific performance by Seller of this Agreement, without posting any bond or the necessity of proving the inadequacy as a remedy of monetary damages, in which event the Deposit Amount will be applied as called for in Section 2.04(b)(i), or (2) if Buyer does not elect to seek and enforce specific performance (or does not successfully seek and enforce specific performance), terminate this Agreement, in which case, Buyer shall be entitled to (x) receive a return of the Deposit Amount and (y) recover an amount equal to Buyer's actual damages, up to an amount not to exceed Three Million Dollars ($3,000,000). If Buyer elects to terminate this Agreement pursuant to this Section 9.02(b)(ii) and seek the return of the Deposit Amount, then the Parties shall, within two (2) Business Days of Buyer's election, execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount to Buyer. Upon the termination of this Agreement, Seller shall be free to enjoy immediately all rights of ownership of the Assets and to sell, transfer, encumber, or otherwise dispose of the Assets to any Person without any restriction under this Agreement.

(c) The Parties recognize that the actual Damages for Buyer's material Breach of this Agreement would be difficult or impossible to ascertain with reasonable certainty and agree that the Deposit Amount would be a reasonable liquidated damages amount for such material Breach.

(d) If this Agreement is terminated by either Buyer or Seller pursuant to Section 9.01 for any reason other than as described in Section 9.02(b), then (i) within two (2) Business Days of such termination, the Parties shall execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount to Buyer (free and clear of any claims by Seller) and (ii) Seller shall be free to enjoy immediately all rights of ownership of the Assets and to sell, transfer, encumber, or otherwise dispose of the Assets to any Person without any restriction under this Agreement.

(e) Without limiting the other provisions of this Section 9.02, to the extent necessary to release the Deposit Amount to either Party entitled to receive the Deposit Amount under this Section 9.02, Buyer and Seller shall promptly (but in no event more than two (2) Business Days of the applicable election or termination) take such reasonable actions as necessary to cause the release of such amount(s) from the custody of the Escrow Agent to the applicable Party or Parties, including (i) executing and delivering joint written instructions to the Escrow Agent for the release of any shares of Buyer Common Stock comprising the Deposit Amount, (ii) executing and delivering joint written instructions to the Transfer Agent to remove any Contract Legends on any shares of Buyer Common Stock comprising such amount and (iii) providing the Transfer Agent with the applicable Transfer Agent Documentation.

9.03 **Return of Records Upon Termination**. Upon termination of this Agreement, (a) Buyer shall promptly return to Seller or destroy (at Seller's option) all title, engineering, geological and geophysical data, environmental assessments and reports, maps, documents and other information furnished by Seller to Buyer in connection with its due diligence investigation of the Assets and (b) if requested by Seller, an officer of Buyer shall certify Buyer's compliance with the preceding clause (a) to Seller in writing.

ARTICLE 10
INDEMNIFICATION; REMEDIES

10.01 **Survival**. The survival periods for the various representations, warranties, covenants and agreements contained in this Agreement shall be as follows: (a) Fundamental Representations of Seller shall survive for the applicable statute of limitations, (b) the representations and warranties in Section 3.04 and the covenants and agreements in Section 2.07(b) and Section 13.02(b)-(g) shall survive for the applicable statute of limitations *plus* sixty (60) days, (c) the special warranty of Defensible Title set forth in the Assignment shall survive for thirty-six (36) months after Closing, (d) the covenants and other agreements of Seller set forth in this Agreement (other than those set forth in Section 13.02(b)-(g)) to be performed on or before Closing shall expire twelve (12) months after Closing, (e) the covenants and other agreements of Seller set forth in this Agreement (other than those set forth in Section 13.02(b)-(g)) to be performed after Closing shall survive until fully performed, (f) all other representations and warranties of Seller shall survive for twelve (12) months after Closing and (g) all representations and warranties, covenants, and agreements of Buyer shall survive indefinitely. Representations, warranties, covenants and agreements shall be of no further force and effect after the date of their expiration. Notwithstanding the foregoing, there shall be no termination of any bona fide claim asserted pursuant to this Agreement with respect to such a representation, warranty, covenant or agreement prior to its expiration date. The indemnities in Sections 10.02(a), 10.02(b), 10.03(a) and 10.03(b) shall terminate as of the termination date of each respective representation, warranty, covenant or agreement that is subject to indemnification with respect to such indemnity, except in each case as to matters for which a specific written claim for indemnity has been delivered to the indemnifying Person on or before such termination date. The indemnities in Section 10.02(c) shall survive with respect to the Specified Obligations set forth in clause (b) until the date that is twenty-four (24) months after Closing. The indemnities in Section 10.02(c) shall survive with respect to the Specified Obligations set forth in clauses (a), (c) (f) and (j) until the date that is thirty-six (36) months after Closing. The indemnities in Section 10.02(c) shall survive with respect to the Specified Obligations set forth in clauses (d), (e) and (g), until the expiration of the applicable statute of limitations. The indemnities in Section 10.02(c) with respect to the Specified Obligations set forth in clause (h) of such definition shall survive for the applicable statute of limitations *plus* sixty (60) days. The indemnities in Section 10.02(c) with respect to the Specified Obligations set forth in clause (i) of such definition shall survive indefinitely. All other indemnities of Buyer and all other provisions of this Agreement, shall survive the Closing without time limit except as may otherwise be expressly provided in this Agreement.

10.02 **Indemnification and Payment of Damages by Seller**. Except as otherwise limited in this Article 10, from and after the Closing, each Seller jointly and severally shall defend, release, indemnify and hold harmless Buyer Group from and against, and shall pay to the Buyer Group the amount of, any and all Damages, whether or not involving a Third Party claim or incurred in the investigation or defense of any of the same or in asserting, preserving or enforcing any of their respective rights under this Agreement arising from, based upon, related to or associated with:

(a) any Breach of any representation or warranty made by Seller in this Agreement, or in any certificate delivered by Seller pursuant to this Agreement;

(b) any Breach by Seller of any covenant, obligation or agreement of Seller in this Agreement; and

(c) the Specified Obligations.

Notwithstanding anything to the contrary contained in this Agreement, after the Closing, the remedies provided in this Article 10 and Article 11, the right to specific performance and other equitable remedies available under applicable Legal Requirements for the failure of Seller to perform its obligations that are required to be performed hereunder after Closing and the special warranty of Defensible Title set forth in the Assignment, and except for instances of Fraud, are Buyer Group's exclusive legal remedies against Seller with respect to this Agreement and the Contemplated Transactions and any Damages arising from, based upon, related to or associated therewith, including Breaches of the representations, warranties, covenants, obligations and agreements of the Parties contained in this Agreement or the affirmations of such representations, warranties, covenants, obligations and agreements contained in the certificates delivered by Seller at Closing pursuant to Section 2.04. **BUYER RELEASES SELLER GROUP FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, PROCEEDINGS OR OTHER LEGAL RIGHTS AND REMEDIES OF BUYER GROUP, KNOWN OR UNKNOWN, WHICH BUYER MIGHT NOW OR SUBSEQUENTLY HAVE, BASED ON, RELATING TO OR IN ANY WAY ARISING OUT OF THIS AGREEMENT, THE CONTEMPLATED TRANSACTIONS, THE OWNERSHIP, USE OR OPERATION OF THE ASSETS PRIOR TO THE CLOSING OR THE CONDITION, QUALITY, STATUS OR NATURE OF THE ASSETS PRIOR TO THE CLOSING (INCLUDING ANY AND ALL CLAIMS RELATED TO ENVIRONMENTAL MATTERS OR LIABILITY OR VIOLATIONS OF ENVIRONMENTAL LAWS AND INCLUDING RIGHTS TO CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, AS AMENDED, OR ANY OTHER ENVIRONMENTAL LAW, BREACHES OF STATUTORY OR IMPLIED WARRANTIES, NUISANCE OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION AND RIGHTS UNDER INSURANCE MAINTAINED BY SELLER OR ANY OF SELLER'S AFFILIATES)**.

10.03 **Indemnification and Payment of Damages by Buyer**. Except as otherwise limited in this Article 10 and Article 11, from and after the Closing, Buyer shall defend, release, indemnify and hold harmless Seller Group from and against, and shall pay to Seller Group the amount of any and all Damages, whether or not involving a Third Party claim or incurred in the investigation or defense of any of the same or in asserting, preserving or enforcing any of their respective rights under this Agreement arising from, based upon, related to or associated with:

(a) any Breach of any representation or warranty made by Buyer in this Agreement or in any certificate delivered by Buyer pursuant to this Agreement;

(b) any Breach by Buyer of any covenant, obligation or agreement of Buyer in this Agreement; and

(c) the Assumed Obligations.

Notwithstanding anything to the contrary contained in this Agreement, after the Closing, the remedies provided in this Article 10 and the right to specific performance and other equitable remedies available under applicable Legal Requirements for the failure of Buyer to perform its obligations that are required to be performed hereunder after Closing are Seller Group's exclusive legal remedies against Buyer with respect to this Agreement and the Contemplated Transactions and any Damages arising from, based upon, related to or associated therewith, including Breaches of the representations, warranties, covenants, obligations and agreements of the Parties contained in this Agreement or the affirmations of such representations, warranties, covenants, obligations and agreements contained in the certificates delivered by Buyer at Closing pursuant to Section 2.03. Buyer shall have no obligation to indemnify any member of the Seller Group for any Damages for which Seller is obligated to indemnify Buyer Group pursuant to Section 10.02(c).

10.04 **Indemnity Net of Insurance; Subrogation**. The amount of any Damages for which an indemnified Party is entitled to indemnity under this Article 10 shall be reduced by the amount of insurance or indemnification proceeds realized by the indemnified Party or its Affiliates with respect to such Damages (net of any collection costs, and excluding the proceeds of any insurance policy issued or underwritten, or indemnity granted, by the indemnified Party or its Affiliates). To the extent of the indemnification obligations in this Agreement, Buyer and Seller hereby waive for themselves and their respective successors and assigns, including any insurers, any rights to subrogation for Damages for which such Party is liable or against which such Party indemnifies any other Person under this Agreement. If required by applicable insurance policies, each Party shall obtain a waiver of such subrogation from its insurers.

10.05 **Limitations on Liability**. Except with respect to the Fundamental Representations of Seller and the representations and warranties set forth in Section 3.04, if the Closing occurs, Seller shall have no liability for any indemnification under Section 10.02(a): (a) for Damages with respect to any occurrence, claim, award or judgment that do not individually exceed One Hundred Thousand Dollars ($100,000) (net to Seller's interest) (the "Individual Claim Threshold"); or (b) unless and until the aggregate Damages for which claim notices for claims meeting the Individual Claim Threshold are delivered by Buyer exceed one and one-half percent (1.5%) of the unadjusted Purchase Price, in the aggregate, and then only to the extent such aggregate Damages exceed one and one-half percent (1.5%) of the unadjusted Purchase Price. Except with respect to the Fundamental Representations of Seller and the representations and warranties set forth in Section 3.04, in no event will Seller be liable for Damages indemnified under Section 10.02(a) to the extent such Damages exceed ten percent (10%) of the unadjusted Purchase Price (the "Indemnification Cap"). Notwithstanding anything in this Agreement to the contrary, except for instances of Fraud, in no event will Seller's aggregate liability under this Agreement exceed one hundred percent (100%) of the greater of the unadjusted Purchase Price and the Final Amount.

10.06 **Procedure for Indemnification – Third Party Claims**.

(a) Promptly after receipt by an indemnified party under Section 10.02 or 10.03 of a Third Party claim for Damages or notice of the commencement of any Proceeding against it, such indemnified party shall, if a claim is to be made against an indemnifying Party under such Section, give notice to the indemnifying Party of the commencement of such claim or Proceeding, together with a claim for indemnification pursuant to this Article 10. The failure of any indemnified party to give notice of a Third Party claim or Proceeding as provided in this Section 10.06 shall not relieve the indemnifying Party of its obligations under this Article 10, except to the extent such failure results in insufficient time being available to permit the indemnifying Party to effectively defend against the Third Party claim or participate in the Proceeding or otherwise materially prejudices the indemnifying Party's ability to defend against the Third Party claim or participate in the Proceeding.

(b) If any Proceeding referred to in Section 10.06(a) is brought against an indemnified party and the indemnified party gives notice to the indemnifying Party of the commencement of such Proceeding, the indemnifying Party shall be entitled to participate in such Proceeding and:

(i) to the extent that the indemnifying Party wishes (unless the indemnifying Party is also a party to such Proceeding and the indemnified party determines in good faith that joint representation would be inappropriate), to assume the defense of such Proceeding with counsel reasonably satisfactory to the indemnified party, and, after notice from the indemnifying Party to the indemnified party of the indemnifying Party's election to assume the defense of such Proceeding, the indemnifying Party shall not, as long as it diligently conducts such defense, be liable to the indemnified party under this Article 10 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the indemnified party in connection with the defense of such Proceeding.

(c) If reasonably requested by the indemnifying Party, the indemnified Party agrees to use commercially reasonable efforts to cooperate in contesting any Proceeding which the indemnifying Party elects to contest (at the expense of the indemnifying Party); however, the indemnified Party shall not be required to pursue any cross-claim or counter-claim. Notwithstanding anything to the contrary in this Agreement, the indemnifying Party shall not be entitled to assume or continue control of the defense of any such Proceeding if:

(i) such Proceeding relates to or arises in connection with any criminal proceeding;

(ii) such Proceeding seeks an injunction or equitable relief against any indemnified Party;

(iii) such Proceeding has or would reasonably be expected to result in Damages indemnifiable under Section 10.02(a) in excess of the Indemnification Cap; or

(iv) the indemnifying Party has failed or is failing to defend in good faith such Proceeding.

(d) If the indemnifying Party assumes the defense of a Proceeding, no compromise or settlement of such Third Party claims or Proceedings may be effected by the indemnifying Party without the indemnified party's prior written consent (which may be withheld in the indemnified party's sole discretion) unless:

(i) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any Person; and

(ii) the sole relief provided is monetary damages that are paid in full by the indemnifying Party.

(e) To the extent the provisions of this Section 10.06 are inconsistent with Section 13.02(g), Section 13.02(g) shall control with respect to any Pre-Effective Time Tax Contest or any Straddle Period Tax Contest, as applicable.

10.07 **Procedure for Indemnification – Other Claims**. A claim for indemnification for any matter not involving a Third Party claim may be asserted by notice to the Party from whom indemnification is sought; *provided* that such claim must be provided within thirty (30) days after such claim is discovered.

10.08 **Indemnification of Group Members**. The indemnities in favor of Buyer and Seller provided in Section 10.02 and Section 10.03, respectively, shall be for the benefit of and extend to Buyer's and Seller's (as applicable) respective present and former Group members. Any claim for indemnity under this Article 10 by any Group member other than Buyer or Seller must be brought and administered by the relevant Party to this Agreement. No indemnified party other than Buyer and Seller shall have any rights against the other Party(ies) under the terms of this Article 10 except as may be exercised on its behalf by Buyer or Seller, as applicable, pursuant to this Section 10.08. Each of Seller and Buyer may elect to exercise or not exercise indemnification rights under this Section on behalf of the other indemnified party affiliated with it in its sole discretion and shall have no liability to any such other indemnified party for any action or inaction under this Section.

10.09 **Extent of Representations and Warranties**.

(a) **EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE ASSIGNMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, AND DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO BUYER (INCLUDING ANY OPINION, INFORMATION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER OR ITS AFFILIATES OR REPRESENTATIVES BY ANY AFFILIATES OR REPRESENTATIVES OF SELLER OR WARBURG OR BY ANY INVESTMENT BANK OR INVESTMENT BANKING FIRM, ANY PETROLEUM ENGINEER OR ENGINEERING FIRM, SELLER'S COUNSEL OR ANY OTHER AGENT, CONSULTANT OR REPRESENTATIVE OF SELLER OR WARBURG (COLLECTIVELY, THE "SELLER RELEASED PERSONS")). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE ASSIGNMENT, SELLER EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE, RELATING TO (I) THE TITLE TO ANY OF THE ASSETS, (II) THE CONDITION OF THE ASSETS (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING DISTINCTLY UNDERSTOOD THAT THE ASSETS ARE BEING SOLD "AS IS," "WHERE IS," AND "WITH ALL FAULTS AS TO ALL MATTERS," (III) ANY INFRINGEMENT BY SELLER OF ANY PATENT OR PROPRIETARY RIGHT OF ANY THIRD PARTY, (IV) ANY INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED TO BUYER BY OR ON BEHALF OF SELLER (INCLUDING THE EXISTENCE OR EXTENT OF HYDROCARBONS OR THE MINERAL RESERVES, THE RECOVERABILITY OF SUCH RESERVES, ANY PRODUCT PRICING ASSUMPTIONS AND THE ABILITY TO SELL HYDROCARBON PRODUCTION AFTER THE CLOSING), (V) THE ENVIRONMENTAL CONDITION AND OTHER CONDITION OF EACH OF THE ASSETS AND ANY POTENTIAL LIABILITY ARISING FROM OR RELATED TO THE ASSETS AND (VI) THE PRESENCE OR ABSENCE OF ASBESTOS, NORM, OR OTHER WASTES OR HAZARDOUS MATERIALS IN OR ON THE ASSETS.**

(b) Buyer acknowledges and affirms that it has made its own independent investigation, analysis and evaluation of the Contemplated Transactions and the Assets (including Buyer's own estimate and appraisal of the extent and value of Seller's Hydrocarbon reserves attributable to the Assets and an independent assessment and appraisal of the environmental risks associated with the acquisition of the Assets). Buyer acknowledges that in entering into this Agreement, it has relied on the aforementioned investigation and only on the express representations and warranties of Seller contained in this Agreement and the Seller Closing Documents. Buyer irrevocably covenants to refrain from, directly or indirectly, asserting any claim, or commencing, instituting or causing to be commenced, any Proceeding of any kind against Seller or any other Seller Released Person, alleging facts contrary to the foregoing acknowledgment and affirmation, or the disclaimers set forth in Section 10.09(a) or the representations and warranties set forth in Sections 4.09 and 4.10.

10.10 **Compliance With Express Negligence Test**. **THE PARTIES AGREE THAT ANY INDEMNITY, DEFENSE OR RELEASE OBLIGATION ARISING UNDER THIS AGREEMENT SHALL APPLY WITHOUT REGARD TO THE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OF THE INDEMNIFIED PARTY, WHETHER ACTIVE, PASSIVE, JOINT, CONCURRENT, COMPARATIVE, CONTRIBUTORY OR SOLE, OR ANY PRE-EXISTING CONDITION, ANY BREACH OF CONTRACT OR BREACH OF WARRANTY, OR VIOLATION OF ANY LEGAL REQUIREMENT, EXCEPT TO THE EXTENT SUCH DAMAGES WERE OCCASIONED BY GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY OR ANY APPLICABLE GROUP MEMBER OF SUCH INDEMNIFIED PARTY, IT BEING THE PARTIES' INTENTION THAT DAMAGES TO THE EXTENT ARISING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY OR ANY APPLICABLE GROUP MEMBER OF SUCH INDEMNIFIED PARTY NOT BE COVERED BY THE RELEASE, DEFENSE OR INDEMNITY OBLIGATIONS OF THIS AGREEMENT. THE FOREGOING IS A SPECIFICALLY BARGAINED FOR ALLOCATION OF RISK AMONG THE PARTIES, WHICH THE PARTIES AGREE AND ACKNOWLEDGE, SATISFIES THE EXPRESS NEGLIGENCE RULE AND CONSPICUOUSNESS REQUIREMENT UNDER TEXAS LAW.**

10.11 **Limitations of Liability**. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IN NO EVENT SHALL SELLER OR BUYER EVER BE LIABLE FOR, AND SELLER AND BUYER RELEASE THE OTHER FROM, ANY CONSEQUENTIAL, SPECIAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES OR CLAIMS RELATING TO OR ARISING OUT OF THE CONTEMPLATED TRANSACTIONS OR THIS AGREEMENT AND ANY DAMAGES OR CLAIMS RELATING TO OR ARISING OUT OF THE CONTEMPLATED TRANSACTIONS OR THIS AGREEMENT CALCULATED BASED ON OR OTHERWISE DERIVED FROM A MULTIPLE OF EBITDA, EXCLUDING, IN EACH CASE AND FOR THE AVOIDANCE OF DOUBT, ANY DIRECT DAMAGES TO THE EXTENT CONSTITUTING DIRECT DAMAGES UNDER TEXAS LAW. NOTWITHSTANDING THE FOREGOING, ANY CONSEQUENTIAL, SPECIAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES RECOVERED BY A THIRD PARTY (INCLUDING A GOVERNMENTAL BODY, BUT EXCLUDING ANY AFFILIATE OF ANY GROUP MEMBER) AGAINST A PERSON ENTITLED TO INDEMNITY PURSUANT TO THIS ARTICLE 10 SHALL BE INCLUDED IN THE DAMAGES RECOVERABLE UNDER SUCH INDEMNITY.**

10.12 **No Duplication**. Any liability for indemnification under this Agreement shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a Breach of more than one representation, warranty, covenant, obligation or agreement in this Agreement. Neither Buyer nor Seller shall be liable for indemnification with respect to any Damages based on any sets of facts to the extent the Purchase Price is being or has been adjusted pursuant to Section 2.05 by reason of the same set of facts.

10.13 **Disclaimer of Application of Anti-Indemnity Statutes**. Seller and Buyer acknowledge and agree that the provisions of any anti-indemnity statute relating to oilfield services and associated activities shall not be applicable to this Agreement or the Contemplated Transactions.

10.14 **Waiver of Right to Rescission or Modify**. Without limiting each Party's right to specific performance and other equitable remedies available under applicable Legal Requirements for the failure of the other Party to perform its obligations that are required to be performed by such other Party hereunder after Closing, Seller and Buyer acknowledge that, following the Closing, the payment of money, as limited by the terms of this Agreement, shall be adequate compensation for Breach of any representation, warranty, covenant or agreement contained in this Agreement or for any other claim arising in connection with or with respect to the Contemplated Transactions. As the payment of money shall be adequate compensation, following Closing, Seller and Buyer waive any right to rescind, reform, cancel, terminate, revoke or void this Agreement or any of the Contemplated Transactions.

10.15 **Disclaimer of Reliance on Seller's Methodologies**. For the avoidance of doubt, Buyer acknowledges and agrees that Buyer cannot rely on or form any conclusions from Seller's methodologies or prior practices for the determination and reporting of any Asset Taxes that were utilized on any Tax Return filed prior to the Closing Date for purposes of calculating and reporting Asset Taxes that are (x) attributable to any Tax period ending after the Effective Time and (y) not due prior to the Closing Date, it being understood that Buyer must make its own determination as to the proper methodologies and practices that can or should be used for purposes of calculating and reporting such Asset Taxes. For the avoidance of doubt, nothing in this Section 10.15 shall alter the application of Section 13.02(c) or cause any Asset Taxes, including any penalties or interest thereon, that are allocated to Seller pursuant to Section 13.02(c) to be economically borne by Buyer.

10.16 **Seller Materiality Scrape**. Notwithstanding anything herein to the contrary, for purposes of determining the indemnity obligations set forth in Section 10.02, when calculating the amount of Damages incurred, arising out of or relating to any such breach or inaccuracy of any such representation or warranty by Seller, in each case, all references to materiality and Material Adverse Effect contained in such representation or warranty shall be disregarded.

10.17 **Indemnity Holdback**. Notwithstanding anything in this Agreement or the Escrow Agreement to the contrary, the terms and provisions set forth in this Section 10.17 shall control as to the Parties.

(a) At Closing, the Deposit Amount shall remain in the Escrow Account and Buyer shall cause the issuance of the number of shares of Buyer Common Stock issuable pursuant to Section 2.04(b)(vii) to be delivered to the Escrow Agent for deposit in the Escrow Account. The shares of Buyer Common Stock described in the immediately preceding sentence, together with any dividends, or distributions thereon, and any other property received in respect of or arising therefrom (including any stock split transaction), that as of any time of determination, have not been paid out or disbursed to a Party or its designee pursuant to this Section 10.17 are collectively referred to as the "Indemnity Escrow Property". The Indemnity Escrow Property shall be held by the Escrow Agent in accordance with the Escrow Agreement and paid out in accordance with the provisions of this Section 10.17 and the Escrow Agreement, as security against, and to support the satisfaction of the obligation to defend and indemnify or otherwise pay any amounts to any of the Buyer Group pursuant to Section 10.02.

(b) If, at any time on or prior to the Second Holdback Release Date, Buyer delivers to Seller and the Escrow Agent a claim notice that any member of Buyer Group is entitled under Section 10.02 to indemnity, payment and reimbursement for any alleged Damages, Seller shall, within thirty (30) days after the receipt of any such claim notice, deliver to Buyer and the Escrow Agent (i) written instructions instructing the Escrow Agent to disburse to Buyer from the Indemnity Escrow Property an amount equal to all or a stipulated amount of such alleged Damages set forth in such claim notice to such account(s) as Buyer designates in such claim notice, which amount shall first be disbursed in shares of Buyer Common Stock (valued on the Current Share Price), and then to the extent such disbursement of Buyer Common Stock was not sufficient to satisfy such amount, in any cash comprising part of the Indemnity Escrow Property and then in any other property comprising part of the Indemnity Escrow Property (valued on a basis mutually agreed by the Parties acting in good faith), (ii) a written notice that Seller disputes that Buyer Group is entitled to indemnity, payment and reimbursement of all or any portion (which shall be stipulated in Seller's notice) of the amount of the alleged Damages in Buyer's claim notice or (iii) any combination of the foregoing. Timely delivery of Seller's written notice stipulating that Seller disputes any portion of the amount of damages to which Buyer claims the Buyer Group is entitled shall constitute notice that such amount in dispute shall not be released by the Escrow Agent to Buyer and that the Escrow Agent shall continue to hold such amount in accordance with the Escrow Agreement until the dispute has been fully resolved by final non-appealable court order, arbitrator's decision, settlement or otherwise. The failure of Seller to deliver a written notice that Seller disputes any portion of the amount of Damages to which Buyer claims the Buyer Group is entitled shall constitute notice that Seller accepts such indemnity obligations hereunder with respect to such claim notice and all such amounts asserted by Buyer Group in such claim notice shall be retained in the Escrow Account by the Escrow Agent.

(c) If Seller (i) timely delivers to Buyer and Escrow Agent a notice that Seller does not dispute any of the alleged Damages specified in Buyer's claim notice, (ii) timely delivers a notice to Buyer and the Escrow Agent that it disputes only a portion of the Damages alleged in Buyer's claim notice or (iii) fails to deliver a written notice that Seller disputes any portion of the amount of Damages to which Buyer claims the Buyer Group is entitled, then Buyer and Seller shall promptly (but in no event later than two (2) Business Days after such occurrence) execute and deliver to the Escrow Agent joint written instructions authorizing the Escrow Agent to disburse to Buyer (A) in the case of Section 10.17(c)(i) and Section 10.17(c)(iii), the entire amount of the alleged Damages specified in the applicable claim notice and (B) in the case of Section 10.17(c)(ii), the amount of the alleged Damages specified in Seller's notice that are not in dispute, in each case, which amount shall first be disbursed in shares of Buyer Common Stock (valued on the Current Share Price) and then to the extent such disbursement of Buyer Common Stock was not sufficient to satisfy such amount, in any cash comprising part of the Indemnity Escrow Property, and then in any other property comprising part of the Indemnity Escrow Property (valued on a basis mutually agreed by the Parties acting in good faith).

(d) On the First Holdback Release Date, the Parties shall deliver joint written instructions to the Escrow Agent to disburse to Seller or its designee from the Indemnity Escrow Property an amount equal to the positive remainder (if any) of (i) Twenty-One Million Two Hundred Fifty Thousand Dollars ($21,250,000) *minus* (ii) the aggregate amount of all undisbursed or unpaid alleged Damages asserted by Buyer in any and all applicable unresolved claim notices delivered to Escrow Agent by Buyer on or prior to the First Holdback Release Date, which amount shall first be disbursed in shares of Buyer Common Stock (valued on the Current Share Price) and then to the extent such disbursement of Buyer Common Stock was not sufficient to satisfy such amount, in any cash comprising part of the Indemnity Escrow Property, and then in any other property comprising part of the Indemnity Escrow Property (valued on a basis mutually agreed by the Parties acting in good faith).

(e) On the Second Holdback Release Date, the Parties shall deliver joint written instructions to the Escrow Agent to disburse to Seller or its designee from the Indemnity Escrow Property an amount equal to the positive remainder (if any) of (i) the remaining Indemnity Escrow Property *minus* (ii) the aggregate amount of all undisbursed or unpaid alleged Damages asserted by Buyer in any and all applicable unresolved claim notices delivered to Escrow Agent by Buyer on or prior to the Second Holdback Release Date, which amount shall first be disbursed in shares of Buyer Common Stock (valued on the Current Share Price) and then to the extent such disbursement of Buyer Common Stock was not sufficient to satisfy such amount, in any cash comprising part of the Indemnity Escrow Property, and then in any other property comprising part of the Indemnity Escrow Property (valued on a basis mutually agreed by the Parties acting in good faith).

(f) From and after the Second Holdback Release Date, upon resolution of each dispute of the Buyer Group's entitlement to such Damages from the Indemnity Escrow Property in accordance with the terms hereof, Buyer and Seller shall promptly (but in no event more than two (2) Business Days after such resolution) execute and deliver joint written instructions to the Escrow Agent for the release from the Indemnity Escrow Property (i) to Buyer any amounts to which Buyer Group is entitled upon resolution of such dispute and (ii) to Seller or its designee any amounts to which Seller is entitled upon resolution of such dispute, in each case, if applicable, which amounts shall first be released in shares of Buyer Common Stock (valued on the Current Share Price) and then to the extent such disbursement of Buyer Common Stock was not sufficient to satisfy such amount, in any cash comprising part of the Indemnity Escrow Property, and then in any other property comprising part of the Indemnity Escrow Property (valued on a basis mutually agreed by the Parties acting in good faith).

(g) To the extent necessary to release any portion of the Indemnity Escrow Property to any Party (or its designee) entitled to receive any portion of the Indemnity Escrow Property hereunder, Buyer and Seller shall promptly (but in no event more than two (2) Business Days) take such reasonable actions as necessary to cause the release such amount(s) from the Indemnity Escrow Property to the applicable Party or Parties, including (i) executing and delivering joint written instructions to the Escrow Agent for the release of such amount(s) from the Indemnity Escrow Property, (ii) executing and delivering joint written instructions to the Transfer Agent to remove any Contract Legends on any shares of Buyer Common Stock comprising such amount and (iii) providing the Transfer Agent with the applicable Transfer Agent Documentation.

10.18 **Tax Treatment of Indemnification Payments**. The Parties shall treat any amounts paid under this Article 10 as an adjustment to the Purchase Price for U.S. federal and applicable state income Tax purposes, unless otherwise required by applicable law.

ARTICLE 11
TITLE MATTERS AND ENVIRONMENTAL MATTERS; PREFERENTIAL PURCHASE RIGHTS; CONSENTS

11.01 **Preferential Purchase Rights**.

(a) Seller shall provide all notices necessary to comply with or obtain the waiver of all Preferential Purchase Rights which are applicable to the Contemplated Transactions prior to the Closing Date and in accordance with Section 5.03.

(b) If any such Preferential Purchase Rights are exercised or, if on the Closing Date, the time period for exercising any Preferential Purchase Right has not expired and no notice of waiver or exercise of such Preferential Purchase Right has been received from the holder of such Preferential Purchase Right, then the Asset(s) subject to such Preferential Purchase Rights shall not be sold to Buyer and shall be excluded from the Assets and sale under this Agreement and shall be considered Retained Assets (except as otherwise contemplated pursuant to Section 11.01(c)), unless and until conveyed to Buyer in accordance with Section 11.01(c) or Section 11.01(e) and the Purchase Price shall be adjusted downward by the Allocated Value of the Asset(s) so retained.

(c) After the Closing, if the holder of such Preferential Purchase Right exercises the Preferential Purchase Right, then Seller shall convey the affected Asset(s) to such party, and shall receive the consideration for such affected Asset(s) directly from such party and such Retained Assets shall constitute Excluded Assets for all purposes of this Agreement.

(d) If any holder of a Preferential Purchase Right initially elects to exercise that Preferential Purchase Right, but after the Closing Date, refuses to consummate the purchase of the affected Asset(s) or in the event that, after the Closing Date, a holder of a Preferential Purchase Right with respect to an Asset not conveyed to Buyer at Closing waives such right in writing or the time for exercising such right has expired pursuant to its terms without exercise by the holder thereof, then, subject to the Parties' respective rights and remedies as to the obligation to consummate the Contemplated Transactions, Buyer shall purchase such Asset(s) for the amount in which the Purchase Price was previously reduced as a result of such Preferential Purchase Right (subject to the adjustments pursuant to Section 2.05), and the closing of such transaction shall take place on a date designated by Seller not more than one hundred eighty (180) days after the Closing Date.

(e) If such holder's refusal to consummate the purchase of the affected Asset(s) occurs prior to the Closing Date, then, subject to the Parties' respective rights and remedies as to the obligation to consummate the Contemplated Transactions, Buyer shall purchase the affected Asset(s) at the Closing in accordance with the terms of this Agreement.

11.02 **Consents**. Seller shall initiate all procedures required to comply with or obtain all Consents required for the transfer of the Assets in accordance with Section 5.03.

(a) If Seller fails to obtain any Consent necessary for the transfer of any Asset to Buyer, Seller's failure shall be handled as follows:

(i) If the Consent is not a Required Consent, then the affected Assets shall nevertheless be conveyed at the Closing. Any Damages that arise due to the failure to obtain such Consent shall be borne by Buyer, and Buyer shall defend, release, indemnify and hold harmless Seller Group from and against the same.

(ii) If the Asset subject to an unobtained Required Consent is an Asset other than a Property and the Buyer is assigned the Properties to which such Asset relates at Closing, but such Asset is not transferred to Buyer at Closing due to the unwaived Required Consent requirement, such Asset shall be treated as a Retained Asset unless and until conveyed to Buyer in accordance with this Agreement, Seller shall continue after Closing to use commercially reasonable efforts to obtain the Required Consent so that such Asset can be transferred to Buyer upon the receipt of the same, and, if permitted pursuant to applicable Legal Requirements and agreements, such Asset shall be held by Seller for the benefit of Buyer, Buyer shall pay all amounts due thereunder or with respect thereto, and Buyer shall be responsible for the performance and obligations under or with respect to such Asset to the extent that Buyer has been transferred the Assets necessary for such performance until the applicable Required Consent is obtained.

(iii) If the Asset subject to an unobtained Required Consent is a Property and the Required Consent is not obtained by Closing, then the Purchase Price shall be adjusted downward by the Allocated Value of the affected Property burdened by such Required Consents, such affected Property shall not be conveyed to Buyer at Closing and shall be treated as Retained Assets unless and until conveyed to Buyer in accordance with this Agreement. For a period of one hundred eighty (180) days after Closing, Seller shall continue to use commercially reasonable efforts to obtain the Required Consent so that such Property can be transferred to Buyer upon the receipt of the same.

(b) Notwithstanding the provisions of Section 11.02(a), if Seller obtains a Required Consent described in Section 11.02(a)(ii) or Section 11.02(a)(iii) within one hundred eighty (180) days after the Closing, then Seller, shall promptly deliver conveyances of the affected Asset(s) to Buyer and Buyer shall pay to Seller the amount in which the Purchase Price was previously reduced as a result of such unobtained Required Consent (subject to the adjustments pursuant to Section 2.05) in accordance with wire transfer instructions provided by Seller in writing.

11.03 **Title Defects**. Buyer shall have the right, but not the obligation, to notify Seller of Title Defects ("Title Defect Notice(s)") after the discovery thereof on or before 5:00 p.m. Central Time on October 30, 2023 (the "Defect Notice Date"). To be effective, each Title Defect Notice shall be in writing and include (a) a reasonable description of the alleged Title Defect and Well or DSU affected by such alleged Title Defect (each such Well or DSU, individually, a "Title Defect Property"), (b) the Allocated Value of the Title Defect Property, (c) to the extent available, supporting documents reasonably necessary for Seller to identify and investigate the alleged Title Defect, (d) Buyer's preferred manner of curing such Title Defect and (e) the amount by which Buyer reasonably believes the Allocated Value of the Title Defect Property is reduced by such alleged Title Defect and the computations upon which Buyer's belief is based (the "Title Defect Value"). To give Seller an opportunity to commence reviewing and curing Title Defects, Buyer agrees to use commercially reasonable efforts to give Seller, on a weekly basis prior to the Defect Notice Date, written notice of all alleged Title Defects discovered by Buyer during the preceding week; *provided, however*, that Buyer's failure to provide such preliminary notice with respect to any Title Defect shall not prejudice or restrict in any respect Buyer's right to subsequently assert such Title Defect in a Title Defect Notice on or before the Defect Notice Date, nor shall such failure be deemed a breach of this Agreement. Subject to, and without limitation of, Seller's representations and warranties set forth in Sections 3.05, 3.10, 3.11, 3.13, 3.15(b), 3.16, and 3.19 (collectively, the "Specified Representations"), the conditions to closing set forth in Article 7 and the right to indemnification pursuant to Section 10.02(a) (solely with respect to the Specified Representations) and Section 10.02(c), Buyer forever waives, and Seller shall have no liability for, title defects (including Title Defects) not asserted by a Title Defect Notice meeting all of the requirements set forth in the preceding sentence on or before 5:00 p.m. Central Time on the Defect Notice Date.

11.04 **Title Defect Value**. The Title Defect Value shall be determined pursuant to the following guidelines, where applicable:

(a) if the Parties agree on the Title Defect Value, then that amount shall be the Title Defect Value;

(b) if the Title Defect is an Encumbrance that is undisputed and liquidated in amount, then the Title Defect Value shall be the amount necessary to be paid to remove the Title Defect from the Title Defect Property;

(c) if the Title Defect represents a discrepancy between (i) Seller's Net Revenue Interest for any DSU or any Well and (ii) the Net Revenue Interest set forth for such DSU or Well in Exhibit A-2 or Exhibit B, as applicable, and Seller's Working Interest in such DSU or Well is decreased in the same proportion, then the Title Defect Value shall be the product of the Allocated Value of such Title Defect Property, *multiplied by* a fraction, the numerator of which is the Net Revenue Interest decrease and the denominator of which is the Net Revenue Interest set forth for such Title Defect Property in Exhibit A-2 or Exhibit B, as applicable; and

(d) if the Title Defect represents an obligation or Encumbrance upon or other defect in title to the Title Defect Property of a type not described above, then the Title Defect Value shall be determined by taking into account (i) the Allocated Value of the Title Defect Property, (ii) the portion of the Title Defect Property affected by the Title Defect, (iii) the legal effect of the Title Defect, (iv) the potential economic effect of the Title Defect over the life of the Title Defect Property, (v) the values placed upon the Title Defect by Buyer and Seller and (vi) such other reasonable factors as are necessary to make a proper evaluation.

Except for Title Defects described in Section 11.04(b), in no event, however, shall the total of the Title Defect Values related to a particular Title Defect Property exceed the Allocated Value of such Title Defect Property.

11.05 **Seller's Cure or Contest of Title Defects**. Seller, in its sole discretion, (x) may elect to exclude at Closing any DSU or Well, as applicable, affected by an asserted Title Defect(s) if the aggregate of any or all Title Defect Values with respect to such DSU or Well, as applicable, equals or exceeds seventy-five percent (75%) of its Allocated Value, and reduce the Purchase Price by the Allocated Value of such DSU or Well, as applicable, (y) may contest any asserted Title Defect or Buyer's good faith estimate of the Title Defect Value as described in Section 11.05(b) or (z) may seek to cure any asserted Title Defect as described in Section 11.05(a).

(a) Seller shall have the right to cure any Title Defect on or before the date that is ninety (90) days after the Closing Date (the "Title Defect Cure Period"), in each case by giving written notice to Buyer of its election to cure the same prior to the Closing Date. During the period of time from Closing to the expiration of the Title Defect Cure Period, Buyer agrees to reasonably cooperate with Seller, including by giving Seller reasonable access during normal business hours to all Records in Buyer's or its Affiliates' possession or control, to the extent necessary to facilitate Seller's attempt to cure any such Title Defects. An election by Seller to attempt to cure a Title Defect shall be without prejudice to the rights of Seller under this Section 11.05 or Section 11.14, and shall not constitute an admission against interest or a waiver of Seller's right to dispute the existence, nature or value of, or cost to Cure, the alleged Title Defect. If Seller elects to cure and:

(i) actually cures the Title Defect ("Cure"), prior to the Closing, then the Asset(s) affected by such Title Defect shall be conveyed to Buyer at the Closing, and no Purchase Price adjustment will be made for such Title Defect; or

(ii) does not Cure the Title Defect prior to the Closing, then Seller shall convey the affected Asset to Buyer and an amount equal to the Title Defect Value for such Title Defect Property (after taking into account the De Minimis Title Defect Cost and the Title Defect Deductible) shall be placed into the Defect Escrow Account at Closing (the "Title Cure Amount"); *provided* that within two (2) Business Days after Seller Cures the Title Defect, Seller and Buyer shall execute and deliver (A) a joint written instruction to the Escrow Agent to release such Title Cure Amount to Seller, which Title Cure Amount shall be released in shares of Buyer Common Stock (based on the Current Share Price), (B) a joint written instruction to the Transfer Agent to remove any Contract Legends on any shares of Buyer Common Stock comprising such amount and (C) the applicable Transfer Agent Documentation to the Transfer Agent; *provided, however*, if Seller is unable to Cure the Title Defect within the Title Defect Cure Period, then, within two (2) Business Days after the expiration of the Title Defect Cure Period, Seller and Buyer shall execute and deliver (1) a joint written instruction to the Escrow Agent to release such Title Cure Amount to Buyer, which Title Cure Amount shall be released in shares of Buyer Common Stock (based on the Current Share Price), (2) a joint written instruction to the Transfer Agent to remove any Contract Legends on any shares of Buyer Common Stock comprising such amount and (3) the applicable Transfer Agent Documentation to the Transfer Agent.

(b) If Seller does not elect to Cure the Title Defect, subject to Seller's continuing right to dispute the Title Defect, Seller shall convey the affected Asset to Buyer at the Closing and the Purchase Price shall be adjusted downward by the applicable Title Defect Value for such Asset.

(c) Seller and Buyer shall attempt in good faith to agree on the existence and Title Defect Value for all Title Defects. Representatives of the Parties, knowledgeable in title matters, shall meet during the Title Defect Cure Period for this purpose; *provided, however,* either Seller, on the one hand, or Buyer, on the other hand, may, at any time prior to the final resolution of the applicable Title Defect, submit any disputed Title Defect or the Title Defect Value to arbitration in accordance with the procedures set forth in Section 11.14. If a contested Title Defect cannot be resolved prior to Closing, except as otherwise provided under this Agreement, (i) the Asset affected by such Title Defect shall nevertheless be conveyed to Buyer at the Closing; (ii) subject to Section 11.06, the Purchase Price shall be adjusted downward in an amount equal to the Title Defect Value set forth in the Title Defect Notice for such contested Title Defect for such Asset (the "Disputed Title Amount"), which Disputed Title Amount (after taking into account the De Minimis Title Defect Cost and the Title Defect Deductible) shall be deposited by Buyer into the defect escrow sub-account established pursuant to the Escrow Agreement (the "Defect Escrow Account") at Closing in accordance with Sections 2.04(b)(xi) pending final resolution of such contested Title Defect; and (iii) within two (2) Business Days following final resolution of such contested Title Defect in accordance with Section 11.14, Seller and Buyer shall execute and deliver (A) a joint written instruction to the Escrow Agent to release the Disputed Title Amount to Seller or Buyer, as applicable, which such Disputed Title Amount shall be released in shares of Buyer Common Stock (based on the Current Share Price), (B) a joint written instruction to the Transfer Agent to remove any Contract Legends on any shares of Buyer Common Stock comprising such amount and (C) the applicable Transfer Agent Documentation to the Transfer Agent.

11.06 **Limitations on Adjustments for Title Defects**. Notwithstanding the provisions of Sections 11.03, 11.04 and 11.05, Seller shall not be obligated to adjust the Purchase Price to account for uncured Title Defects unless and until the sum of the aggregate Title Defect Values of all individual uncured Title Defects (after taking into account any offsetting Title Benefit Values) (the "Aggregate Title Defect Value") exceeds the Title Defect Deductible and then only by such amount that exceeds the Title Defect Deductible. In addition, Buyer shall have no recourse for any individual Title Defect if the Title Defect Value for such Title Defect is less than the De Minimis Title Defect Cost (which value shall not be considered in calculating the Aggregate Title Defect Value), it being understood that if a single Title Defect affects or burdens multiple Leases or Wells, such Title Defect shall be subject to a single De Minimis Title Defect Cost as to all Title Defect Properties burdened by such Title Defect. For the avoidance of doubt, if Seller retains any Asset(s) related to any Title Defect pursuant to Section 11.05, then (x) the Purchase Price shall be reduced by the Allocated Value of such Retained Asset(s) and (y) the Title Defect Value for the Title Defect relating to such Retained Asset(s) will not be counted towards the Aggregate Title Defect Value. Notwithstanding anything to the contrary set forth in this Agreement, for purposes of determining whether the conditions to closing are satisfied in Section 7.05 and Section 8.05, if Seller elects to retain any Asset(s) related to any Title Defect pursuant to Section 11.05, the Allocated Value of such Asset(s) so excluded from the Contemplated Transactions will be used and will be counted towards the calculation of clause (a) of Section 7.05 and Section 8.05.

11.07 **Title Benefits**.

(a) If Seller discovers any right, circumstance or condition that operates (i) to increase the Net Revenue Interest for any DSU or any Well above that shown in Exhibit A-2 for such DSU or Exhibit B for such Well, as applicable (to the extent the same does not cause a greater than proportionate increase in Seller's Working Interest above that shown in Exhibit A-2 or Exhibit B, as applicable, for such DSU or Well, as applicable) or (ii) to decrease the Working Interest of Seller in any Well or DSU to the extent the same causes a decrease in Seller's Working Interest for such Well or DSU that is proportionately greater than the decrease in Seller's Net Revenue Interest below that shown in Exhibit A-2 or Exhibit B, as applicable (each, a "Title Benefit"), then Seller shall, from time to time and without limitation, have the right, but not the obligation, to give Buyer written notice (a "Title Benefit Notice(s)") of any such Title Benefits, as soon as practicable but not later than 5:00 p.m. Central Time on the Defect Notice Date, setting forth (A) a description of the alleged Title Benefit and Well or DSU impacted by such alleged Title Benefit (each such Well or DSU, individually, a "Title Benefit Property"), (B) the Allocated Value of the Title Benefit Property, (C) to the extent available, supporting documents reasonably necessary for Buyer to identify and investigate the alleged Title Benefit and (D) the amount by which Seller reasonably believes the Allocated Value of the Title Benefit Property is increased by such alleged Title Benefit and the computations upon which Seller's belief is based (the "Title Benefit Value"). Seller forever waives any Title Benefit not asserted by a Title Benefit Notice meeting all of the requirements set forth in the preceding sentence in all material respects on or before 5:00 p.m. Central Time on the Defect Notice Date.

(b) The Title Benefit Value of any Title Benefit shall be determined by the following methodology, terms and conditions (without duplication):

(i) if the Parties agree on the Title Benefit Value, then that amount shall be the Title Benefit Value;

(ii) if the Title Benefit represents a discrepancy between:

(A) Seller's Net Revenue Interest for any DSU or Well; and

(B) the Net Revenue Interest set forth for such Title Benefit Property in Exhibit A-2 or Exhibit B, as applicable, then the Title Benefit Value shall be the product of the Allocated Value of such Title Benefit Property, *multiplied by* a fraction, the numerator of which is the Net Revenue Interest increase and the denominator of which is the Net Revenue Interest set forth for such Title Benefit Property in Exhibit A-2 or Exhibit B, as applicable; and

(iii) if the Title Benefit is of a type not described above, then the Title Benefit Value shall be determined by taking into account the Allocated Value of the Title Benefit Property, the portion of such Title Benefit Property affected by such Title Benefit, the legal effect of the Title Benefit, the potential economic effect of the Title Benefit over the life of such Title Benefit Property, the values placed upon the Title Benefit by Buyer and Seller and such other reasonable factors as are necessary to make a proper evaluation.

(iv) Notwithstanding anything to the contrary set forth in this Section 11.07(b), if a Title Benefit does not affect a DSU or Well throughout the entire productive life of the DSU or Well, the Title Benefit Amount shall be reduced to take in account the applicable time period only.

(c) Seller and Buyer shall attempt to agree on the existence and Title Benefit Value for all Title Benefits on or before the end of the Title Defect Cure Period. If Buyer agrees with the existence of the Title Benefit and Seller's good faith estimate of the Title Benefit Value, then, subject to the limitations set forth in Section 11.07(d), the sole and exclusive remedy of Seller with respect to the aggregate amount of all such Title Benefit Values (such amount, the "Title Benefit Amount") shall be used to offset such amount from all finally determined or agreed Title Defect Values for the purpose of calculating the downward adjustment to the Purchase Price in Section 2.05(c)(ii)(C). If the Parties cannot reach agreement by the end of the Title Defect Cure Period, the Title Benefit or the Title Benefit Value in dispute shall be submitted to arbitration in accordance with the procedures set forth in Section 11.14. If a contested Title Benefit cannot be resolved prior to the Closing, Seller shall convey the affected Asset to Buyer and Buyer shall pay for the Asset at the Closing in accordance with this Agreement as though there were no Title Benefits. However, if the Title Benefit contest results in a determination that a Title Benefit exists, then, subject to Section 11.07(d), the downward adjustment to the Purchase Price in Section 2.05(c)(ii)(C) shall take into account the applicable Title Benefit Amount as determined in such consent as an offset to any finally determined or agreed Title Defect Values (which adjustment shall be made on the Final Settlement Statement).

(d) Notwithstanding anything to the contrary in this Agreement, an individual claim for a Title Benefit shall only serve to offset any finally determined or agreed Title Defect Values and shall not result in a separate adjustment to the unadjusted Purchase Price.

11.08 **Exclusive Remedies**. Except for the special warranty of Defensible Title in the Assignment and the Specified Representations, and without limiting Buyer's remedies for Title Defects set forth in this Article 11, Seller makes no warranty or representation, express, implied, statutory or otherwise with respect to Seller's title to any of the Assets, and Buyer acknowledges and agrees that Buyer's sole remedy for any defect of title, including any Title Defect, with respect to any of the Assets (a) before Closing, shall be as set forth in Section 11.05 and (b) after Closing, shall be pursuant to the special warranty of Defensible Title in the Assignment and the right to indemnification pursuant to Section 10.02(a) (solely with respect to the Specified Representations) and Section 10.02(c), in each case, without duplication.

11.09 **Environmental Defect Notice**. Buyer shall have the right, but not the obligation, to notify Seller in writing of any Environmental Defect (an "Environmental Defect Notice") after the discovery of such Environmental Defect no later than 5:00 p.m. Central Time on the Defect Notice Date. To give Seller an opportunity to commence reviewing and remediating or curing alleged Environmental Defects asserted by Buyer, Buyer agrees to use commercially reasonable efforts to give Seller, on a weekly basis prior to the Defect Notice Date, written notice of all alleged Environmental Defects discovered by Buyer during the preceding week; *provided*, *however*, that Buyer's failure to provide such preliminary notice with respect to any Environmental Defect shall not prejudice or restrict in any respect Buyer's right to subsequently assert such Environmental Defect in an Environmental Defect Notice on or before the Defect Notice Date, nor shall such failure be deemed a breach of this Agreement. To be effective, an Environmental Defect Notice shall include: (a) the Asset(s) affected, in each case by the alleged Environmental Defect, including the Allocated Value, if any, of such Asset; (b) a reasonable description of the alleged Environmental Defect and the basis for such assertion under the terms of this Agreement, including reference to the Environmental Laws that Buyer asserts have been violated in connection with such alleged Environmental Defect; (c) Buyer's good faith estimate of the Environmental Defect Value with respect to such Environmental Defect and a reasonable description of the method used to calculate the Environmental Defect Values, including all material assumptions used by Buyer in calculating the Lowest Cost Response amount and the standards that Buyer asserts must be met in order to comply with Environmental Laws; and (d) to the extent available, support documentation reasonably necessary for Seller to investigate Buyer's claim and calculation of the Environmental Defect Value. Subject to, and without limitation of, the conditions to closing set forth in Article 7 and rights and remedies set forth in Article 10 for Seller's representations and warranties set forth in Section 3.14 and clauses (a) and (f) of the Specified Obligations, Buyer forever waives any Environmental Defects not asserted by an Environmental Defect Notice meeting all of the requirements set forth in this Section 11.09 on or before 5:00 p.m. Central Time on the Defect Notice Date.

11.10 **Seller's Exclusion, Cure or Contest of Environmental Defects**. With respect to any Environmental Defect asserted by Buyer in an Environmental Defect Notice, Seller, in its sole discretion, may (x) elect to exclude at Closing any Asset affected by an asserted Environmental Defect if the Environmental Defect Value with respect to such Environmental Defect (i) equals or exceeds one hundred percent (100%) of the Allocated Value of the affected Asset, or (ii) equals or exceeds Seventy-Five Thousand Dollars ($75,000) if there is no associated Allocated Value, and, in either case, reduce the Purchase Price by such Allocated Value or Environmental Defect Value, as applicable, (y) contest any asserted Environmental Defect or Buyer's good faith estimate of the Environmental Defect Value as described in Section 11.10(b) or (z) seek to remediate or cure any asserted Environmental Defect to the extent of the Lowest Cost Response as described in Section 11.10(a).

(a) Seller shall have the right, but not the obligation, to remediate or cure an Environmental Defect consistent with the Lowest Cost Response on or before the Closing Date (the "Environmental Cure Date"). If Seller elects to pursue remediation or cure and:

(i) completes a Complete Remediation of an Environmental Defect prior to the Environmental Cure Date, the affected Asset(s) shall be included in the Assets conveyed at Closing, and no Purchase Price adjustment will be made for such Environmental Defect; or

(ii) does not complete a Complete Remediation prior to the Environmental Cure Date, unless Seller elects to exclude such affected Assets in accordance with this Section 11.10, then Seller shall convey the affected Asset(s) to Buyer and subject to Section 11.11, reduce the Purchase Price by an amount equal to the remaining Environmental Defect Value for such Asset(s) (taking into account any partial remediation or Cure of such Environmental Defect, if any, and taking into account the De Minimis Environmental Defect Cost and the Environmental Defect Deductible).

(b) Seller and Buyer shall use reasonable efforts to resolve all Environmental Defects prior to Closing. Representatives of the Parties, knowledgeable in environmental matters, shall meet for this purpose; *provided*, *however*, a Party may at any time prior to the final resolution of the applicable Environmental Defect elect to submit any disputed item to arbitration in accordance with the procedures set forth in Section 11.14. If a contested Environmental Defect cannot be resolved prior to the Closing, (i) the affected Asset(s) shall be included with the Assets conveyed to Buyer at Closing; (ii) subject to Section 11.11, the Purchase Price shall be reduced by the good faith estimated Environmental Defect Value set forth in the Environmental Defect Notice for such contested Environmental Defect (the "Disputed Environmental Amount"), which Disputed Environmental Amount (after taking into account the De Minimis Environmental Defect Cost and the Environmental Defect Deductible) shall be deposited by Buyer into the Defect Escrow Account at Closing in accordance with Section 2.04(b)(xi) pending final resolution of such contested Environmental Defect and (iii) within two (2) Business Days following final resolution of such contested Environmental Defect in accordance with Section 11.14, Seller and Buyer shall execute and deliver (A) a joint written instruction to the Escrow Agent to release the Disputed Environmental Amount to Seller or Buyer, as applicable, which such Disputed Environmental Amount shall be released in shares of Buyer Common Stock (based on the Current Share Price), (B) a joint written instruction to the Transfer Agent to remove any Contract Legends on any shares of Buyer Common Stock comprising such amount and (C) the applicable Transfer Agent Documentation to the Transfer Agent.

11.11 **Limitations**. Notwithstanding the provisions of Sections 11.09 and 11.10, Buyer shall have no recourse under this Agreement for Environmental Defects and no adjustment to the Purchase Price for Environmental Defect Values shall be made unless and until the sum of the aggregate value of all Environmental Defect Values (the "Aggregate Environmental Defect Value") exceeds the Environmental Defect Deductible, and then only by such amount that exceeds the Environmental Defect Deductible. In addition, Buyer shall have no recourse under this Agreement for any individual Environmental Defect if the Environmental Defect Value for such Environmental Defect is less than the De Minimis Environmental Defect Cost (which value shall not be considered in calculating the Aggregate Environmental Defect Value); *provided*, *however*, that Buyer may be permitted to aggregate the Environmental Defect Values of Environmental Defects for the purpose of meeting the De Minimis Environmental Defect Value if the individual Environmental Defects affecting multiple assets arise from the same facts, circumstances, or conditions and are not a physical condition (e.g., failure to obtain the same type of permit required under applicable Environmental Laws or preparation and filing of the same type of plans (for example, spill, prevention, control and countermeasure plans and reports) as required by Environmental Laws) For the avoidance of doubt, if Seller retains any Asset(s) related to any Environmental Defect pursuant to Section 11.10, then (a) the Purchase Price shall be reduced by the Allocated Value such Retained Asset(s) and (b) the Environmental Defect Value for the Environmental Defect relating to such Retained Asset(s) will not be counted towards the Aggregate Environmental Defect Value. Notwithstanding anything to the contrary set forth in this Agreement, for purposes of determining whether the conditions to closing are satisfied in Section 7.05 and Section 8.05, if Seller elects to retain any Asset(s) related to any Environmental Defect pursuant to Section 11.10, the Allocated Value of such Asset(s) so excluded from the Contemplated Transactions will be used and will be counted towards the calculation of clause (a) of Section 7.05 and Section 8.05.

11.12 **Exclusive Remedies**. The rights and remedies granted to Buyer in this Article 11 and Buyer's right to indemnification in Section 10.02(a) (solely with respect to Seller's representations and warranties set forth in Section 3.14) and in Section 10.02(c) (solely with respect to clauses (a) and (f) of the definition of Specified Obligations), in each case, without duplication, are the exclusive rights and remedies against Seller related to any environmental matter, Environmental Liability or Environmental Defect. **SUBJECT TO BUYER'S RIGHTS AND REMEDIES GRANTED TO BUYER IN THIS ARTICLE 11 AND BUYER'S RIGHT TO INDEMNIFICATION IN SECTION 10.02(A) (SOLELY WITH RESPECT TO SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 3.14) AND SECTION 10.02(C) (SOLELY WITH RESPECT TO CLAUSES (A) AND (F) OF THE DEFINITION OF SPECIFIED OBLIGATIONS), BUYER EXPRESSLY WAIVES, AND RELEASES SELLER GROUP FROM, ANY AND ALL OTHER RIGHTS AND REMEDIES IT MAY HAVE (INCLUDING UNDER ENVIRONMENTAL LAWS) AGAINST SELLER REGARDING ENVIRONMENTAL MATTERS, ENVIRONMENTAL LIABILITIES AND ENVIRONMENTAL DEFECTS, WHETHER FOR CONTRIBUTION, INDEMNITY OR OTHERWISE**. The foregoing is a specifically bargained for allocation of risk among the Parties, which the Parties agree and acknowledge satisfies the express negligence rule and conspicuousness requirement under Texas law.

11.13 **Casualty Loss and Condemnation**.

(a) If, after the Execution Date but prior to Closing Date, any portion of the Assets is destroyed by fire or other casualty (not including normal wear and tear, downhole mechanical failure or reservoir changes) (a "Casualty Loss"), this Agreement shall remain in full force and effect, Seller shall use commercially reasonable efforts to mitigate all Damages caused by such Casualty Loss, Buyer shall nevertheless be required to close the Contemplated Transactions and, at Closing, Seller shall (a) assign the Assets affected by such Casualty Loss to Buyer in their condition after such Casualty Loss, (b) pay to Buyer all sums actually credit or paid to Seller by Third Parties by reason of any Casualty Loss insofar as with respect to the Assets and (c) there shall be no reduction of the unadjusted Purchase Price in respect of such Casualty Loss unless the Damages to the Assets as a result of such Casualty Losses equals or exceeds Five Hundred Thousand Dollars ($500,000) (in which case the unadjusted Purchase Price shall be adjusted downward by the amount of the costs and expenses reasonably estimated for repairing or restoring the Assets affected by such Casualty Losses (net of any insurance proceeds paid by Seller to Buyer), and Buyer shall assume all risk and loss associated with such Casualty Losses as an Assumed Obligation). Without limiting Buyer's rights and remedies set forth in this Agreement, without duplication, Seller shall have no other liability or responsibility to Buyer with respect to a Casualty Loss, even if such Casualty Loss shall have resulted from or shall have arisen out of the sole or concurrent negligence, fault or violation of a Legal Requirement of Seller or any member of Seller Group. Except as otherwise contemplated in clause (b) above, Seller shall reserve and retain all right, title and interest and claims against Third Parties for (x) the recovery of Seller's costs and expenses incurred prior to Closing in repairing such Casualty Loss or (y) pursuing or asserting any insurance claims, unpaid awards, and/or other rights.

(b) If, after the Execution Date but prior to the Closing Date, any portion of the Assets are taken by condemnation or under the right of eminent domain, this Agreement shall remain in full force and effect, Buyer shall nevertheless be required to close the Contemplated Transaction and, at Closing, the Purchase Price shall be reduced by an amount equal to the Allocated Value of the Assets take.

11.14 **Expert Proceedings**.

(a) Each Title Defect dispute, Title Benefit dispute or Environmental Defect dispute referred to this Section 11.14 (each, a "Disputed Matter") shall be conducted in accordance with the Commercial Arbitration Rules of the AAA as supplemented to the extent necessary to determine any procedural appeal questions by the Federal Arbitration Act (Title 9 of the United States Code), but only to the extent that such rules do not conflict with the terms of this Section 11.14. Any notice from one Party to the other referring a dispute to this Section 11.14 shall be referred to as an "Expert Proceeding Notice".

(b) The arbitration shall be held before a one-member arbitration panel (the "Expert"), mutually agreed upon by the Parties. The Expert must (i) be a neutral party who has never been an officer, director or employee of or performed work for a Party or any Party's Affiliate within the preceding ten (10)-year period nor have any financial interest in the dispute and (ii) agree in writing to keep strictly confidential the specifics and existence of the dispute as well as all proprietary records of the Parties reviewed by the Expert in the process of resolving such dispute. The Expert must have not less than ten (10) years' experience as a lawyer in the State where the Assets giving rise to the Disputed Matter are located with experience in exploration and production issues; *provided*, *however*, with respect to any Environmental Defect dispute, the Expert may be a nationally recognized independent environmental consulting firm (as opposed to a lawyer). If disputes exist with respect to both title and environmental matters, the Parties may mutually agree to conduct separate arbitration Proceedings with the title disputes and environmental disputes being submitted to separate Experts. If, within five (5) Business Days after delivery of an Expert Proceeding Notice, the Parties cannot mutually agree on an Expert, then within seven (7) Business Days after delivery of such Expert Proceeding Notice, each Party shall provide the other with a list of three (3) acceptable, qualified experts, and within ten (10) Business Days after delivery of such Expert Proceeding Notice, the Parties shall each separately rank from one through six in order of preference each proposed expert on the combined lists, with a rank of one being the most preferred expert and the rank of six being the least preferred expert, and provide their respective rankings to the local office of the AAA where the Assets giving rise to the Disputed Matter are located. Based on those rankings, the AAA will appoint the expert with the combined lowest numerical ranking to serve as the Expert for the Disputed Matters. If the rankings result in a tie or the AAA is otherwise unable to determine an Expert using the Parties' rankings, the AAA will appoint an arbitrator from one of the Parties' lists as soon as practicable upon receiving the Parties' rankings. Each Party will be responsible for paying one-half (1/2) of the fees charged by the AAA for the services provided in connection with this Section 11.14(b).

(c) Within five (5) Business Days following the receipt by either Party of the Expert Proceeding Notice, the Parties will exchange their written description of the proposed resolution of the Disputed Matters. If no resolution has been reached, within five (5) Business Days following the selection of the Expert, the Parties shall submit to the Expert the following: (i) this Agreement, with specific reference to this Section 11.14 and the other applicable provisions of this Article 11, (ii) Buyer's written description of the proposed resolution of the Disputed Matters, together with any relevant supporting materials, (iii) Seller's written description of the proposed resolution of the Disputed Matters, together with any relevant supporting materials and (iv) the Expert Proceeding Notice.

(d) The Expert shall make its determination by written decision within fifteen (15) days following receipt of the materials described in Section 11.14(c) above (the "Expert Decision"). The Expert Decision with respect to the Disputed Matters shall be limited to the selection of the single proposal for the resolution of the aggregate Disputed Matters proposed by a Party that best reflects the terms and provisions of this Agreement; *i.e.*, the Expert must select either Buyer's proposal or Seller's proposal for resolution of the aggregate Disputed Matters.

(e) The Expert Decision shall be final and binding upon the Parties, without right of appeal, absent manifest error. In making its determination, the Expert shall be bound by the rules set forth in this Article 11. The Expert may consult with and engage disinterested Third Parties to advise the Expert, but shall disclose to the Parties the identities of such consultants. Any such consultant shall not have worked as an employee or consultant for either Party or its Affiliates during the ten (10)-year period preceding the arbitration nor have any financial interest in the dispute.

(f) The Expert shall act as an expert for the limited purpose of determining the specific matters submitted for resolution and shall not be empowered to award Damages, interest or penalties to either Party with respect to any matter. Each Party shall bear its own legal fees and other costs of preparing and presenting its case. All costs and expenses of the Expert shall be borne by the non-prevailing Party in any such arbitration Proceeding.

ARTICLE 12
EMPLOYEE MATTERS

12.01 **Seller Compensation and Benefit Plans**. Effective as of the Closing Date, Seller or its Affiliates shall retain all of the Seller Benefit Plans and all liabilities accrued thereunder. As of and following the Closing Date, Buyer shall be responsible for any obligations arising under Section 4980B of the Code with respect to any "M&A qualified beneficiaries" as defined in Treasury Regulations Section 54.4980B-9 who become Transferred Employees. Seller shall be solely responsible for any obligations arising under Section 4980B of the Code with respect to the "M&A qualified beneficiaries" as defined in Treasury Regulations Section 54.4980B-9 who do not become Transferred Employees, regardless of whether Buyer is deemed a successor employer under Treasury Regulation Section 54.4980B-9, Q/A-8.

12.02 **Available Employees' Offers and Post-Closing Date Employment**. Within five (5) Business Days following the Execution Date, Seller shall deliver to Buyer a schedule (the "Employee Letter") that includes a list of all employees of Seller or its Affiliates who are primarily engaged in the operation or management of the Assets (each, an "Available Employee"), which Employee Letter shall include the name, job title, active/leave status, hire date, base annual salary or hourly wage rate, as applicable, and target bonus and incentive opportunity, if any, of each such Available Employee. From the date mutually agreed upon by Buyer and Seller (with Seller's agreement not to be unreasonably withheld), Seller shall use commercially reasonable efforts to permit Buyer or its Affiliate to interview any Available Employees. At least ten (10) days prior to the Closing Date, Buyer in its sole discretion, may make, or cause its Affiliate to make, offers of employment in compliance with applicable Legal Requirements, which offers will be contingent upon and for employment commencing as of the Closing Date ("Employment Date"), and otherwise on terms and conditions determined in Buyer's sole discretion, to one or more of the Available Employees identified in the Employee Letter. Available Employees who commence employment with Buyer or an Affiliate of Buyer on the Employment Date are referred to individually and collectively as "Transferred Employees"; *provided*, *however*, if an Available Employee is receiving short-term or long-term disability benefits as of the Closing Date (each, a "Disability Employee"), Buyer or Buyer's Affiliate's employment offer to such Available Employee shall be for employment commencing as of the date on which the applicable Available Employee returns from such leave of absence, *provided* that such date is not more than one hundred eighty (180) days after the Closing Date (or such longer period as may be required by applicable Legal Requirements). With respect to each such Disability Employee who commences employment with Buyer or an Affiliate of Buyer, such Disability Employee shall be deemed a Transferred Employee and references to the Employment Date in this Article 12 shall be deemed to refer to the date that such Disability Employee commences employment with Buyer or its Affiliate. Seller shall not, and shall cause its Affiliates not to, interfere with any employment offer or negotiations by Buyer or its Affiliates to employ any Available Employee or discourage any Available Employee from accepting employment with Buyer or its Affiliate. Seller agrees that, notwithstanding the terms of any non-competition, non-solicitation, non-disclosure or other restrictive covenant obligation between Seller or its Affiliates and any Transferred Employee, such Transferred Employee shall be permitted to become employed by and provide services to Buyer or its Affiliate following the Closing Date, and Seller will not, and shall cause its Affiliates to not, seek to enforce the terms of any such restrictive covenant following the Closing Date with respect to such Transferred Employee's services, if any, to Buyer or its Affiliate. For purposes of eligibility to participate, vesting, and with respect to severance and vacation benefits only, determining level of benefits under the employee benefit plans of Buyer providing benefits to any Transferred Employees after the Closing (including any Seller Benefit Plan), each Transferred Employee shall be credited with his or her years of service with Seller and its Affiliates prior to the Closing except to the extent such service crediting would result in a duplication of benefits or compensation. Buyer shall comply with all applicable Legal Requirements with respect to the employment offer process and the hiring of (or decision not to hire) Available Employees. From and after the Closing, Buyer shall bear all liabilities and costs relating to, and shall indemnify and hold harmless Seller and its Affiliates with respect to all claims and Damages relating to or arising out of Buyer's employment offer process described in this Article 12 (including any claim of discrimination or other illegality in such offer process and including any decision not to make an offer of employment to an Available Employee).

12.03 **Post-Closing Date Employment Claims**. Other than as specifically set forth within this Agreement, Buyer shall bear all liabilities and costs relating to, and shall indemnify, defend and hold Seller and its Affiliates harmless from and against any and all liability of any kind or nature involving or related to the hiring, employment or termination of employment of the Transferred Employees by Buyer, including (but not limited to) (a) any liability related to any employee benefit plan sponsored or maintained by Buyer or its ERISA Affiliates after the Closing Date, (b) Buyer's breach of its obligations under this Article 12, and (c) any claims for severance or other separation payments or other benefits in connection with the termination of employment by Buyer or its Affiliates of any Transferred Employee on or after the Closing Date.

12.04 **WARN Act**. Seller shall be solely responsible for, and shall indemnify, defend and hold Buyer and its Affiliates harmless from and against, any Damages under the WARN Act with respect to the Available Employees who do not become Transferred Employees and any other employees of Seller and its Affiliates. Buyer shall be solely responsible for any liabilities and obligations arising under the WARN Act for any actions taken by the Buyer or any of its Affiliates with respect to Transferred Employees on or after the Closing. For a period of ninety (90) days after the Closing Date, Buyer and its Affiliates shall not engage in any conduct that would result in an employment loss or layoff or similar action for a sufficient number of Transferred Employees which, if aggregated with any such conduct on the part of Seller or its Affiliates, would trigger obligations or liabilities under the WARN Act, *provided* that Seller shall cooperate with Buyer to provide Buyer all information requested by Buyer to permit it to comply with such obligation.

12.05 **OSHA Records**. Following the Closing, Seller shall, or shall cause its Affiliate to, cooperate with Buyer, in accordance with applicable Legal Requirements, to provide any records maintained pursuant to the Occupational Safety and Health Act related to Transferred Employees that Buyer or its Affiliate is obligated to maintain as a successor employer.

12.06 **No Third Party Beneficiary Rights**. Nothing in this Agreement, expressed or implied, shall confer upon any Available Employees (or any of their beneficiaries or alternate payees) any rights or remedies (including any right to employment or continued employment, or any right to compensation or benefits for any period) of any nature or kind whatsoever, under or by reason of this Agreement or otherwise. In addition, the provisions of this Article 12 are for the sole benefit of the Parties and are not for the benefit of any Third Party. Nothing contained in this Article 12 shall be considered or deemed to establish, amend or modify any benefit or compensation plan, program, policy, agreement, arrangement or contract.

ARTICLE 13
GENERAL PROVISIONS

13.01 **Records**. As soon as reasonably practicable after Closing, but in any event no later than the later of (a) thirty (30) days following the Closing Date and (b) the expiration of the transition period under the Transition Services Agreement, Seller, shall deliver or cause to be delivered originals of all Records (which may be delivered in electronic format, if originals are maintained in such format by Seller) to Buyer. With respect to any original Records delivered to Buyer, (i) Seller shall be entitled to retain copies of such Records, and (ii) Buyer shall retain any such original Records for at least seven (7) years beyond the Closing Date, during which seven (7)-year period Seller shall be entitled to obtain access to such Records, at reasonable business hours and upon prior notice to Buyer, so that Seller may make copies of such originals, at its own expense, as may be reasonable or necessary for Tax purposes or in connection with any Proceeding or Threatened Proceeding against Seller or its Affiliate. Notwithstanding anything to the contrary herein, Seller shall use commercially reasonable efforts (based on the personnel and resources available to Seller at such time) to cooperate with Buyer (at Buyer's sole cost and expense) to cause the Records to be delivered to Buyer in the format or formats that are reasonably requested by Buyer.

13.02 **Expenses**.

(a) Except as otherwise expressly provided in this Agreement, each Party to this Agreement shall bear its respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of agents, Representatives, counsel and accountants. However, the prevailing Party in any Proceeding brought under or to enforce this Agreement, excluding any expert proceeding pursuant to Section 11.14 or Section 2.05(d), shall be entitled to recover court costs and arbitration costs, as applicable, and reasonable attorneys' fees from the non-prevailing Party or Parties, in addition to any other relief to which such Party is entitled.

(b) All (i) Transfer Taxes, if any, shall be borne equally by Buyer and Seller, and (ii) all required documentary, filing and recording fees and expenses in connection with the filing and recording of the Assignment, conveyances or other instruments required to convey title to the Assets to Buyer shall be borne by Buyer.

(c) Seller shall be allocated and bear all Asset Taxes attributable to (1) any Tax period ending prior to the Effective Time and (2) the portion of any Straddle Period ending immediately prior to the Effective Time and Buyer shall be allocated and bear all Asset Taxes attributable to (x) any Tax period beginning at or after the Effective Time and (y) the portion of any Straddle Period beginning at the Effective Time; *provided*, *however*, that Seller (not Buyer) shall be allocated and bear the portion, if any, of any such Asset Taxes that consist of penalties, interest or additions to tax to the extent attributable to the failure by Seller (or an Affiliate of Seller) to timely pay any such Asset Taxes that were or became due and payable prior to Closing. For purposes of determining such allocations:

(i) Asset Taxes that are attributable to the severance or production of Hydrocarbons (other than, for the avoidance of doubt, Asset Taxes that are ad valorem, property and similar Asset Taxes imposed on a periodic basis) shall be allocated to the period in which the severance or production giving rise to such Asset Taxes occurred;

(ii) Asset Taxes that are based upon or related to sales or receipts or imposed on a transactional basis (other than such Asset Taxes described in clause (i) above or that are ad valorem, property and similar Asset Taxes imposed on a periodic basis), shall be allocated to the period in which the transaction giving rise to such Asset Taxes occurred; and

(iii) Asset Taxes that are ad valorem, property or similar Asset Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending immediately prior to the Effective Time and the portion of such Straddle Period beginning at the Effective Time by prorating each such Asset Tax based on the number of days in the applicable Straddle Period that occur before the date on which the Effective Time occurs, on the one hand, and the number of days in such Straddle Period that occur on or after the date on which the Effective Time occurs, on the other hand. For purposes of applying Sections 13.02(c)(i)-(iii) to Asset Taxes that are ad valorem, property and similar Asset Taxes imposed on a periodic basis, the period for such Asset Taxes shall begin on the date on which ownership of the applicable Assets gives rise to liability for the particular Asset Tax and shall end on the day before the next such date.

(iv) To the extent the actual amount of an Asset Tax is not known at the time an adjustment is to be made with respect to such Asset Tax pursuant to Section 2.03, Section 2.05(c) or Section 2.05(d), as applicable, the Parties shall utilize the most recent information available in estimating the amount of such Asset Tax for purposes of such adjustment. To the extent the actual amount of an Asset Tax (or the amount thereof paid or economically borne by a Party) is ultimately determined to be different than the amount (if any) that was taken into account in the Final Settlement Statement as finally determined pursuant to Section 2.05(d), timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under this Section 13.02(c).

(d) After the Closing Date, subject to the provisions of the Transition Services Agreement and excluding any Tax Returns and Asset Taxes required to be filed and/or paid by a Third Party operator, Buyer shall (i) be responsible for paying any Asset Taxes for any (A) Tax period that ends before the Closing Date or (B) Straddle Period, in each case, that become due and payable after the Closing Date and shall file with the appropriate Governmental Body any and all Tax Returns required to be filed after the Closing Date with respect to such Asset Taxes, (ii) submit each such Tax Return to Seller for its review and comment reasonably in advance of the due date therefor and (iii) timely file any such Tax Return, incorporating any reasonable comments received from Seller prior to the due date therefor. The Parties agree that (x) this Section 13.02(d) is intended to solely address the timing and manner in which certain Tax Returns relating to Asset Taxes are filed and the Asset Taxes shown thereon are paid to the applicable taxing authority, and (y) nothing in this Section 13.02(d) shall be interpreted as altering the manner in which Asset Taxes are allocated to and economically borne by the Parties (except for any penalties, interest or additions to Tax imposed as a result of a failure by Buyer to timely file Tax Returns pursuant to this Section 13.02(d) and timely pay or cause to be paid all Asset Taxes shown thereon, which such penalties, interest or additions to Tax, if any, shall be borne by Buyer).

(e) Buyer and Seller agree to furnish or cause to be furnished to the other, upon reasonable request, as promptly as practicable, such relevant information and reasonable assistance relating to Taxes attributable to the Assets, including access to books and records, as is reasonably necessary for the filing of all Tax Returns by Buyer or Seller, the making of any election relating to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, litigation, suit or Proceeding relating to any Tax attributable to the Assets, to make employees available on a mutually convenient basis to provide additional information and explanation of any material provided under this Agreement, and to otherwise cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation, or other proceeding with respect to Taxes relating to the Assets. The Parties agree to retain all books and records with respect to Tax matters pertinent to the Assets relating to any Tax period beginning before the Closing Date until sixty (60) days after the expiration of the statute of limitations of the respective Tax periods (taking into account any extensions of the applicable statute of limitations of the respective Tax period) and to abide by all record retention agreements entered into with any taxing authority.

(f) Seller shall be entitled to any and all refunds, claims and credits with respect to Asset Taxes allocated to Seller pursuant to Section 13.02(c), and Buyer shall be entitled to any and all refunds, claims or credits with respect to Asset Taxes allocated to Buyer pursuant to Section 13.02(c). If a Party receives a refund or credit for Asset Taxes to which the other Party is entitled pursuant to this Section 13.02(f), the recipient Party shall promptly pay such amount to the other Party, net of any reasonable costs or expenses (including Taxes) incurred by such recipient Party in procuring such refund.

(g) If, after the Closing Date, Buyer receives notice of an audit or administrative or judicial proceeding with respect to any Asset Tax or Tax Return with respect to Asset Taxes related to any taxable period ending prior to the Effective Time (a "Pre-Effective Time Tax Contest"), Buyer shall notify Seller within ten (10) days of receipt of such notice; *provided*, that the failure of Buyer to provide such notice will not relieve Seller of its obligations under this Agreement except to the extent that Seller shall have been actually and materially prejudiced as a result of such failure. Seller shall have the option, at its sole cost and expense, to control any such Pre-Effective Time Tax Contest and may exercise such option by providing written notice to Buyer within fifteen (15) days of receiving notice of such Pre-Effective Time Tax Contest from Buyer; *provided* that if Seller exercises such option, Seller shall (i) keep Buyer reasonably informed of the progress of such Pre-Effective Time Tax Contest, (ii) permit Buyer (or Buyer's counsel) to participate, at Buyer's sole cost and expense, in such Pre-Effective Time Tax Contest, including in meetings with the applicable Governmental Body to the extent permitted by applicable law and (iii) not settle, compromise and/or concede any portion of such Pre-Effective Time Tax Contest without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed. If, after the Closing Date, Buyer receives notice of an audit or administrative or judicial proceeding with respect to any Asset Tax or Tax Return with respect to Asset Taxes related to a Straddle Period (a "Straddle Period Tax Contest"), Buyer shall notify Seller within ten (10) days of receipt of such notice; *provided*, that the failure of Buyer to provide such notice will not relieve Seller of its obligations under this Agreement except to the extent that Seller shall have been actually and materially prejudiced as a result of such failure. Buyer shall control any Straddle Period Tax Contest and any Pre-Effective Time Tax Contest that Seller does not exercise its option to control (each a "Buyer Tax Contest") at its sole cost and expense; *provided* that Buyer shall (x) keep Seller reasonably informed of the progress of such Buyer Tax Contest, (y) permit Seller (or Seller's counsel) to participate, at Seller's sole cost and expense, in such Buyer Tax Contest, including in meetings with the applicable Governmental Body to the extent permitted by applicable law and (z) not settle, compromise and/or concede any portion of such Buyer Tax Contest for which Seller would reasonably be expected to have an indemnification obligation hereunder, or in connection with which Seller otherwise could be adversely affected, without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed.

13.03 **Notices**. All notices, consents, waivers and other communications under this Agreement must be in writing and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by electronic mail ("E-mail") with receipt acknowledged, with the receiving Party affirmatively obligated to promptly acknowledge receipt or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate recipients, addresses and e-mail addresses set forth below (or to such other recipients or addresses as a Party may from time to time designate by notice to the other Party):

NOTICES TO BUYER:

Vital Energy, Inc.
Santa Fe Plaza Building
521 E. 2nd Street, Suite 1000
Tulsa, OK 74120
Attention: Mark Denny, Senior Vice President – General Counsel & Secretary
E-mail: Mark.Denny@vitalenergy.com

With copies (which shall not constitute notice) to:

Vinson & Elkins LLP
845 Texas Avenue, Suite 4700
Houston, Texas 77002
Attn: Bryan Edward Loocke
Attn: Thomas G. Zentner III
Email: bloocke@velaw.com
Email: tzentner@velaw.com

NOTICES TO SELLER:

Tall City Operations III LLC
Tall City Property Holdings III LLC
203 W Wall St, Ste. 600
Midland, TX 79701
Attention: Mike Marziani
Email: mike.marziani@tallcityexp.com

With copies (which shall not constitute notice) to:

Kirkland & Ellis LLP
609 Main Street, Suite 4700
Houston, TX 77002
Attention: Adam D. Larson, P.C.
Alia Y. Heintz
E-mail: adam.larson@kirkland.com
alia.heintz@kirkland.com

Kirkland & Ellis LLP
401 Congress Avenue, 25th Floor
Austin, TX 78701
Attention: Christopher S.C. Heasley, P.C.
E-mail: christopher.heasley@kirkland.com

13.04 **Governing Law; Jurisdiction; Service of Process; Jury Waiver**. This Agreement and any claim, controversy or dispute arising under or related to this Agreement or the transactions contemplated by this Agreement or the rights, duties and the legal relations among the Parties shall be governed and construed in accordance with the laws of the State of Texas, excluding any conflicts of law rule or principle that might refer construction of such provisions to the laws of another jurisdiction, except for, (a) any matters related to real property which shall be governed by the laws of the state where such real property is located, and (b) any matters related to Environmental Defects or other environmental matters, the laws of the United States of America and the state where the applicable assets are located shall govern and control such determination. Without limiting the Parties' agreement to arbitrate in Section 11.14 or the dispute resolution procedures provided in Section 2.05(d) and Section 11.14, with respect to disputes arising under or properly subject to this Agreement, the Parties consent to the exercise of jurisdiction in personam by the federal courts of the United States located in Houston, Texas or the state courts located in Montgomery County, Texas for any action arising out of this Agreement, Contemplated Transaction or any transaction documents. All actions or Proceedings with respect to, arising directly or indirectly in connection with, out of, related to, or from this Agreement, any Contemplated Transaction or any transaction documents shall be exclusively litigated in such courts described above having sites in Houston, Texas or Montgomery County, Texas, as applicable, and each Party irrevocably submits to the jurisdiction of such courts solely in respect of any Proceeding arising out of or related to this Agreement. Each Party waives any objection which it may have pertaining to improper venue or forum non-conveniens to the conduct of any Proceeding in the foregoing courts. Each Party agrees that any and all process directed to it in any such Proceeding may be served upon it outside of the State of Texas in and for Houston, Texas or Montgomery County, Texas, as applicable, or the federal courts located in Houston, Texas or the state courts located in Montgomery County, Texas with the same force and effect as if such service had been made within the State of Texas in and for Houston, Texas or Montgomery County, Texas, as applicable, or the federal courts located in Houston, Texas or state courts located in Montgomery County, Texas. **EACH PARTY VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY CONTEMPLATED TRANSACTION OR ANY TRANSACTION DOCUMENT**. The Parties further agree, to the extent permitted by law, that a final and nonappealable judgment against a Party in any action or Proceeding contemplated above shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and amount of such judgment. To the extent that a Party or any of its Affiliates has acquired, or hereafter may acquire, any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, such Party (on its own behalf and on behalf of its Affiliates) irrevocably (i) waives such immunity in respect of its obligations with respect to this Agreement and (ii) submits to the personal jurisdiction of any court described in this Section 13.04.

13.05 **Further Assurances**. After Closing, the Parties agree (a) to furnish upon request to each other such further information, (b) to execute, acknowledge and deliver to each other such other documents and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

13.06 **Waiver**. The rights and remedies of the Parties are cumulative and not alternative. Neither the failure nor any delay by either Party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No course of dealing on the part of any Party or their respective officers, employees, agents, or representatives shall operate as a waiver thereof or affect in any way the right of such Party at a later time to enforce the performance of such provision. To the maximum extent permitted by applicable Legal Requirement, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other Party, (b) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given and (c) no notice to or demand on one Party shall be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

13.07 **Entire Agreement and Modification**. This Agreement supersedes all prior discussions, communications and agreements (whether oral or written) between the Parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement, including the Confidentiality Agreement (as modified and provided in this Agreement)) a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended or otherwise modified except by a written agreement executed by both Parties. No representation, promise, inducement or statement of intention with respect to the subject matter of this Agreement has been made by either Party that is not embodied in this Agreement together with the documents, instruments and writings that are delivered pursuant to this Agreement, and neither Party shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not so set forth. **IN THE EVENT OF A CONFLICT BETWEEN THE TERMS AND PROVISIONS OF THIS AGREEMENT AND THE TERMS AND PROVISIONS OF ANY SCHEDULE OR EXHIBIT TO THIS AGREEMENT, THE TERMS AND PROVISIONS OF THIS AGREEMENT SHALL GOVERN, CONTROL AND PREVAIL; *PROVIDED, HOWEVER,* THAT THE INCLUSION IN ANY OF THE SCHEDULES AND EXHIBITS HERETO OF TERMS AND PROVISIONS NOT ADDRESSED IN THIS AGREEMENT SHALL NOT BE DEEMED A CONFLICT, AND ALL SUCH ADDITIONAL PROVISIONS SHALL BE GIVEN FULL FORCE AND EFFECT, SUBJECT TO THE PROVISIONS OF THIS SECTION 13.07**.

13.08 **Assignments, Successors and No Third Party Rights**. Neither Party may assign any of its rights, liabilities, covenants or obligations under this Agreement without the prior written consent of the other Party (which consent may be granted or denied at the sole discretion of the other Party), and any assignment made without such consent shall be void; *provided* that Buyer may, without consent of Seller but with prior written notice to Seller and subject to the immediately succeeding sentence, assign to one or more of its wholly-owned subsidiaries its rights hereunder to receive assignment and transfer of the Assets. In the event of any assignment of this Agreement permitted by this Section 13.08, such assignment nevertheless shall not relieve such assigning Party of any of its obligations under this Agreement without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement shall apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the Parties. Except for the No-Recourse Parties solely with respect to the terms of Section 13.17, nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties or any other agreement contemplated in this Agreement (and Buyer Group and Seller Group who are entitled to indemnification under Article 10), any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement subject to the preceding sentence, this Agreement, any other agreement contemplated in this Agreement, and all provisions and conditions in this agreement or any other agreement contemplated in this Agreement, are for the sole and exclusive benefit of the Parties and such other agreements (and Buyer Group and Seller Group who are entitled to indemnification under Article 10), and their respective successors and permitted assigns.

13.09 **Severability**. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable. Upon such determination that any term or provision is invalid or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the Contemplated Transactions hereby are fulfilled to the extent possible.

13.10 **Article and Section Headings, Construction**. The headings of Sections, Articles, Exhibits and Schedules in this Agreement are provided for convenience only and shall not affect its construction or interpretation. All references to "Section," "Article," "Exhibit," or "Schedule" refer to the corresponding Section, Article, Exhibit or Schedule of this Agreement. Each definition of a defined term in this Agreement shall be equally applicable both to the singular and the plural forms of the term so defined. All words used in this Agreement shall be construed to be of such gender or number, as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms and (in its various forms) means including without limitation. Unless expressly provided to the contrary, "hereunder", "hereof", "herein", and words of similar import are references to this Agreement as a whole and not any particular Section or other provision of this Agreement. References to "$" or "Dollars" means United States Dollars. The term "Seller" shall be deemed and construed to refer to the various individual Persons that collectively constitute Seller. The word "or" shall not be exclusive. Time is of the essence in this Agreement. If a date specified for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date which is not a Business Day), then the date for giving such notice or taking such action (and the expiration date of such period during which notice is required to be given or action taken) shall be the next day which is a Business Day. Each Party is sophisticated, has had substantial input into the drafting and preparation of this Agreement, has had the opportunity to exercise business discretion in relation to the negotiation of the details of the Contemplated Transactions and to retain counsel to represent its interests and to otherwise negotiate the provisions of this Agreement. This Agreement is the result of arm's-length negotiations from equal bargaining positions. This Agreement shall not be construed against either Party, and no consideration shall be given or presumption made on the basis of who drafted this Agreement or any particular provision in this Agreement or who supplied the form of Agreement.

13.11 **Counterparts**. This Agreement may be executed and delivered (including by e-mail transmission) in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement. Facsimile, .pdf or other electronic transmission of copies of signatures shall constitute original signatures for all purposes of this Agreement and any enforcement hereof.

13.12 **Press Release, News Media and External Statements**. Except as required by applicable Legal Requirements (including any standards or rules of any stock exchange to which a Party or any of its Affiliates is subject), neither Party shall issue or make any press release or any other public announcement or statement, in any form of media concerning this Agreement (or otherwise publicly disclose the terms of this Agreement) or the Contemplated Transactions without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Buyer may provide information about this Agreement and the Contemplated Transactions to its member companies and their respective officers, employees, agents or Representatives. At least three (3) Business Days prior to issuing or making any press release or any other public announcement or statement, in any form of media concerning this Agreement (or otherwise disclosing the terms of this Agreement) or the Contemplated Transactions, in each case, in accordance with this Section 13.12, the publishing Party shall provide the non-publishing Party with such release, announcement or disclosure and shall consider in good faith any comments requested by the non-publishing Party. Notwithstanding anything in this Agreement to the contrary, neither Buyer nor Seller shall disclose the name of the other Party or Parties, or the names of any of such other Party's Affiliates in any public release or announcement without the prior written consent of the other Party (which consent may be withheld for any reason or without reason). Seller and Buyer shall each be liable for the compliance of their respective Affiliates with the terms of this Section 13.12. The Parties agree that neither Buyer nor Seller may have an adequate remedy at law if any of the foregoing Persons violate (or threaten to violate) any of the terms of this Section 13.12. In such event, Buyer or Seller, as applicable, shall have the right, in addition to any other it may have, to seek injunctive relief to restrain any breach or threatened breach of the terms of this Section 13.12.

13.13 **Confidentiality**. Except as to the Excluded Assets, the Confidentiality Agreement shall terminate on the Closing Date and will thereafter, except as to the Excluded Assets, be of no further force or effect. Each Party shall keep confidential, and cause its Affiliates and instruct its Representatives to keep confidential, the Confidential Information, except (a) as required by Legal Requirements or any standards or rules of any stock exchange to which such Party or any of its Affiliates is subject, (b) for information that is available to the public prior to or on the Closing Date, or thereafter becomes available to the public other than as a result of a breach of this Section 13.13, (c) to the extent required to be disclosed in connection with complying with or obtaining a waiver of any Preferential Purchase Right or Consent, (d) to the extent that such Party must disclose the same in any Proceeding brought by it to enforce its rights under this Agreement or (e) for information which is obtained by such Party or any of its Affiliates from a source that is not known to it to be prohibited from disclosing such information to such Person by an obligation of confidentiality to another Party. This Section 13.13 shall not prevent either Party from recording the Assignment delivered at the Closing or from complying with any disclosure requirements of Governmental Bodies that are applicable to the transfer of the Assets. The covenant set forth in this Section shall terminate two (2) years after the Closing Date; *provided* that Buyer's confidentiality obligations with respect to this Section 13.13 shall not apply with respect to clauses (b) and (c) of the definition of "Confidential Information". Notwithstanding anything to the contrary in Section 13.12 or this Section 13.13, nothing herein shall restrict the ability of either Party or Warburg to disclose the Contemplated Transactions (including the identity of the Parties or confidential information related to the Contemplated Transactions) to its direct or indirect investors, limited partners or other financing sources.

13.14 **Name Change**. As promptly as practicable, but in any event within sixty (60) days after the Closing Date, Buyer shall eliminate, remove or paint over the use of the names "Tall City Exploration", "Tall City Operations", "Tall City Property" and variants of such names from the Assets and change all emergency phone numbers, and, except with respect to such grace period for eliminating the existing usage, shall have no right to use any logos, trademarks, trade names or emergency phone numbers belonging to Seller or any of their Affiliates. Buyer shall be solely responsible for any direct or indirect costs or expenses resulting from the change in use of names and any resulting notification or approval requirements.

13.15 **Preparation of Agreement**. Seller and Buyer and each of their respective counsel participated in the preparation of this Agreement. In the event of any ambiguity in this Agreement, no presumption shall arise based on the identity of the draftsman of this Agreement.

13.16 **Appendices, Exhibits and Schedules**. All of the Appendices, Exhibits and Schedules referred to in this Agreement are incorporated into this Agreement by reference and constitute a part of this Agreement. Each Party to this Agreement and its counsel has received a complete set of Appendices, Exhibits and Schedules prior to and as of the execution of this Agreement.

13.17 **No Recourse**. Notwithstanding anything that may be expressed or implied in this Agreement or any document, agreement, or instrument delivered contemporaneously with this Agreement, and notwithstanding the fact that Seller or Buyer, as applicable, may be a partnership or limited liability company, each Party, by its acceptance of the benefits of this Agreement, covenants, agrees and acknowledges that no Persons other than the named Parties to this Agreement (and each such Party's respective successors and assigns, collectively, the "Recourse Parties") shall have any obligation under this Agreement and that it has no rights of recovery under this Agreement against, and no recourse under this Agreement or under any documents, agreements, or instruments delivered contemporaneously with this Agreement or in respect of any oral representations made or alleged to be made in connection with this Agreement or any documents, agreements, or instruments delivered contemporaneously with this Agreement against (a) any former, current or future director, officer, agent, Affiliate, manager, incorporator, controlling Person, fiduciary, Representative or employee of the other Party (or any of the foregoing Persons' successors or permitted assignees), (b) any former, current, or future general or limited partner, owner, manager, stockholder or member of the other Party (or any of the foregoing Persons' successors or permitted assignees) or any Affiliate of the other Party, (c) any former, current or future director, owner, officer, agent, employee, Affiliate, manager, incorporator, controlling Person, fiduciary, Representative, general or limited partner, stockholder, manager or member of any of the foregoing, but in each case not including the other Party or (d) the financing sources of the other Party (each, but excluding for the avoidance of doubt, the Recourse Parties, a "No-Recourse Party"), whether by or through attempted piercing of the corporate veil, by or through a claim (whether in tort, contract or otherwise) by or on behalf of such Party against the No-Recourse Parties, by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other Legal Requirement, or otherwise; it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on, or otherwise be incurred by any No-Recourse Party, as such, for any obligations of a Party under this Agreement or the transactions contemplated under this Agreement, under any documents or instruments delivered contemporaneously with this Agreement, in respect of any oral representations made or alleged to be made in connection with this Agreement or any transactions contemplated under this Agreement, or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, such obligations or their creation. Each No-Recourse Party is expressly intended as a third-party beneficiary of this Section 13.17.

13.18 **Specific Performance**. The Parties acknowledge and agree that the Parties will be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise Breached and that any non-performance or Breach of this Agreement by any Party could not be adequately compensated by monetary Damages alone and that the Parties would not have any adequate remedy at Law. Accordingly, in addition to any other right or remedy to which any Party may be entitled, at Law or in equity (including monetary Damages), either Party shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to seek temporary, preliminary, and permanent injunctive relief to prevent Breaches or Threatened Breaches of any of the provisions of this Agreement without posting any bond or other undertaking. Without limiting the generality of the foregoing, the Parties agree that either Party shall be entitled to enforce specifically the other Party's obligation to consummate the Contemplated Transactions (including the obligation to consummate the Closing), if the conditions set forth in Article 7 or Article 8, as applicable, have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing) or waived. The Parties agree that they will not contest the appropriateness of specific performance as a remedy.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

SELLER:

TALL CITY PROPERTY HOLDINGS III LLC

BY: /s/ Michael A. Oestmann,

NAME: Michael A. Oestmann

TITLE: President and Chief Executive Officer

TALL CITY OPERATIONS III LLC

BY: /s/ Michael A. Oestmann,

NAME: Michael A. Oestmann

TITLE: President and Chief Executive Officer

BUYER:

VITAL ENERGY, INC.

By: /s/ Jason Pigott

Name: Jason Pigott

Title: President and Chief Executive Officer

[*Signature Page to Purchase and Sale Agreement*]

EXHIBIT G

Attached to and made a part of that certain Purchase and Sale Agreement dated effective July 1, 2023, by and between Tall City Property Holdings III LLC and Tall City Operations III LLC, collectively as Seller, and Vital Energy, Inc., as Buyer

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of [__], 2023 (the "Closing Date"), is entered into by and among Vital Energy, Inc., a Delaware corporation (the "Company"), Tall City Property Holdings III LLC, a Delaware limited liability company, and Tall City Operations III LLC, a Delaware limited liability company (each, an "Investor" and, collectively, the "Investors"), and the other Holders (as defined below) from time to time parties hereto.

RECITALS

WHEREAS, this Agreement is being entered into pursuant to, and in connection with the closing of the transactions contemplated by, that certain Purchase and Sale Agreement, dated as of September 13, 2023, by and between the Company, as purchaser, and the Investors, as sellers (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement");

WHEREAS, on the Closing Date, in connection with the closing of the transactions contemplated by the Purchase Agreement, the Company has issued to the Investor [___] shares (the "Issued Shares") of Common Stock (as defined herein) in accordance with the terms of the Purchase Agreement;

WHEREAS, resales by the Holders of the Issued Shares may be required to be registered under the Securities Act (as defined herein) and applicable state securities laws, depending on the status of the Holders or the intended method of distribution of the Issued Shares; and

WHEREAS, the Company and the Holders have agreed to enter into this Agreement pursuant to which the Company hereby grants the Holders certain registration rights under the Securities Act and other rights with respect to the Registrable Securities (as defined herein) in furtherance of the foregoing.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS AND REFERENCES

Section 1.1 As used herein, the following terms shall have the following respective meanings:

"Adoption Agreement" means an Adoption Agreement substantially in the form attached hereto as Exhibit A.

"Affiliate" means (a) as to any Person, other than an individual Holder, any other Person who directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person and (b) as to any individual, (i) any Relative of such individual, (ii) any trust whose primary beneficiaries are one or more of such individual and such individual's Relatives, (iii) the legal representative or guardian of such individual or any of such individual's Relatives if one has been appointed and (iv) any Person controlled by any one or more of such individual and the Persons referred to in clauses (i), (ii) or (iii) above; provided, that, for the avoidance of doubt, no Holders shall be an Affiliate of the Company for purposes of this Agreement. As used in this Agreement, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such Person (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise).

"Agreement" has the meaning set forth in the introductory paragraph.

"Block Trade" has the meaning set forth in Section 2.5.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday, Sunday, any federal holiday or any other day on which banking institutions in the State of Texas or the State of New York are authorized or required to be closed by law or governmental action.

"Closing Date" has the meaning set forth in the introductory paragraph.

"Commission" means the Securities and Exchange Commission or any successor governmental agency.

"Common Stock" means the common stock of the Company, par value $0.01 per share.

"Company" has the meaning set forth in the introductory paragraph.

"Company Securities" means, with respect to any Shelf Underwritten Offering or Piggyback Underwritten Offering, the shares of Common Stock that the Company proposes to include in such Underwritten Offering for its own account.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Henry Registration Rights Agreement" means that certain registration rights agreement, dated as of [__], 2023, by and among the Company and Henry Resources LLC, Henry Energy LP and Moriah Henry Partners LLC.

"Holder" means any record holder of Registrable Securities.

"Holder Securities" means (a) with respect to any Shelf Underwritten Offering, the Registrable Securities requested to be included in such Shelf Underwritten Offering by the Requesting Holders and the Shelf Piggybacking Holders and (b) with respect to any Piggyback Underwritten Offering, the Registrable Securities requested to be included in such Piggyback Underwritten Offering by the Piggybacking Holders.

"Indemnified Party" has the meaning set forth in Section 3.3.

"Indemnifying Party" has the meaning set forth in Section 3.3.

"Investor" has the meaning set forth in the introductory paragraph.

"Issued Shares" has the meaning set forth in the recitals.

"Losses" has the meaning set forth in Section 3.1.

"Majority Holders" means, at any time, the Holder or Holders of more than fifty percent (50%) of the Registrable Securities at such time.

"Managing Underwriter" means, with respect to any Underwritten Offering, the lead book-running manager(s) of such Underwritten Offering.

"Maple Registration Rights Agreement" means that certain registration rights agreement, dated as of [____], 2023, by and between the Company and Maple Energy Holdings, LLC.

"Opt-Out Holder" means a Holder that has delivered to the Company an Opt-Out Notice, and has not revoked such Opt-Out Notice, pursuant to Section 2.11.

"Opt-Out Notice" has the meaning set forth in Section 2.11.

"Other Coordinated Offering" has the meaning set forth in Section 2.5.

"Other Holder Securities" means the "Holder Securities" as defined in each of the Henry Registration Rights Agreement and the Maple Registration Rights Agreement, as applicable.

"Other Holders" means the "Holders" as defined in each of the Henry Registration Rights Agreement and the Maple Registration Rights Agreement, as applicable.

"Permitted Transferee" means (a) with respect to the Investor or any other Person described in this clause (a) that becomes a Holder, (i) any of the direct or indirect partners, stockholders or members of the Investor or (ii) any trust, family partnership or family limited liability company, the sole beneficiaries, partners or members of which are a Person described in the foregoing clause (i) or Relatives of such a Person, and (b) with respect to any Holder, any Affiliate of such Holder.

"Person" means any individual, corporation, partnership, limited liability company, firm, association, trust, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

"Piggyback Underwritten Offering" has the meaning set forth in Section 2.4(a).

"Piggybacking Holder" has the meaning set forth in Section 2.4(a).

"Proceeding" means an action, claim, suit, arbitration, or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Registrable Securities" means (a) the Issued Shares and (b) any securities issued or issuable with respect to the Issued Shares by way of distribution or in connection with any reorganization or other recapitalization, merger, consolidation or otherwise; *provided*, *however*, that a Registrable Security shall cease to be a Registrable Security when (i) such Registrable Security has been disposed of pursuant to an effective Registration Statement, (ii) such Registrable Security has been disposed of under Rule 144 or any other exemption from the registration requirements of the Securities Act as a result of which the Transferee thereof does not receive "restricted securities" as defined in Rule 144 or (iii) such Registrable Security and all other Registrable Securities held by the Holder of such Registrable Security are freely tradeable by such Holder without volume or other limitations or requirements under Rule 144.

"Registration Expenses" means all expenses incurred by the Company in complying with Article II, including, without limitation, all registration and filing fees, printing expenses, road show expenses, fees and disbursements of counsel and independent public accountants and independent reserve engineers for the Company, fees and expenses (including counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the Financial Industry Regulatory Authority, fees of transfer agents and registrars, and the reasonable fees and disbursements of one special legal counsel to represent all Holders in an applicable Shelf Underwritten Offering, Piggyback Underwritten Offering, Block Trade or Other Coordinated Offering not to exceed $25,000 per Shelf Underwritten Offering, Piggyback Underwritten Offering, Block Trade or Other Coordinated Offering but excluding any Selling Expenses.

"Registration Statement" means any registration statement of the Company filed or to be filed with the Commission under the Securities Act, including the related prospectus, amendments, and supplements to such registration statement, and including pre- and post-effective amendments and all exhibits and all material incorporated by reference in such registration statement.

"Relative" means, with respect to any individual: (a) such individual's spouse, (b) any lineal descendant, parent, grandparent, great grandparent or sibling of such individual or any lineal descendant of any such sibling (in each case whether by blood or legal adoption), and (c) the spouse of an individual person described in clause (b) of this definition.

"Requesting Holders" has the meaning set forth in Section 2.2(a).

"Required Shelf Filing Date" means the fifth (5^{th}) Business Day after the Closing Date, or such other date as may be agreed to by the parties hereto in writing.

"Section 2.2 Maximum Number of Shares" has the meaning set forth in Section 2.2(c).

"Section 2.4 Maximum Number of Shares" has the meaning set forth in Section 2.4(c).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder.

"Selling Expenses" means all (a) underwriting fees, discounts and selling commissions allocable to the sale of Registrable Securities and (b) transfer taxes allocable to the sale of the Registrable Securities.

"Selling Holder" means a Holder selling Registrable Securities pursuant to a Registration Statement.

"Shelf Piggybacking Holder" has the meaning set forth in Section 2.2(b).

"Shelf Registration Statement" has the meaning set forth in Section 2.1(a).

"Shelf Underwritten Offering" has the meaning set forth in Section 2.2(a).

"Shelf Underwritten Offering Request" has the meaning set forth in Section 2.2(a).

"Suspension Period" has the meaning set forth in Section 2.3.

"Transfer" means any offer, sale, pledge, encumbrance, hypothecation, entry into any contract to sell, grant of an option to purchase, short sale, assignment, transfer, exchange, gift, bequest or other disposition, direct or indirect, in whole or in part, by operation of law or otherwise. "Transfer," when used as a verb, and "Transferee" and "Transferor" have correlative meanings.

"Underwritten Offering" means an offering (including an offering pursuant to a Shelf Registration Statement) in which shares of Common Stock are sold to an underwriter for reoffer.

"Underwritten Offering Filing" means (a) with respect to a Shelf Underwritten Offering, a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to the Shelf Registration Statement relating to such Shelf Underwritten Offering, and (b) with respect to a Piggyback Underwritten Offering, (i) a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to an effective shelf Registration Statement (other than the Shelf Registration Statement) or (ii) a Registration Statement, in each case relating to such Piggyback Underwritten Offering.

"WKSI" means a "well-known seasoned issuer" as such term is defined in Rule 405.

Section 1.2 **References**. In this Agreement, unless otherwise expressly indicated, (a) each reference to an Article or Section is to the applicable Article or Section of this Agreement; (b) the terms "herein", "hereunder", "hereof" or terms of similar import refer to this Agreement as a whole and not to any particular Article, Section or other part of this Agreement; (c) references to any Rule are to the applicable rule promulgated under the Securities Act; and (d) references to any statute, rule or regulation (or to any particular section or other part of any of the foregoing) include (i) such statute, rule or regulation (or part thereof) as amended and in effect from time to time and (ii) any successor statute, rule or regulation (or part thereof) to such statute, rule or regulation (or part thereof).

ARTICLE II
REGISTRATION RIGHTS

Section 2.1 Shelf Registration.

(a) As soon as practicable after the Closing Date, and in any event on or prior to the Required Shelf Filing Date, the Company shall prepare and file a "shelf" registration statement under the Securities Act to permit the resale of all of the Registrable Securities by the Holders from time to time as permitted by Rule 415 (such Registration Statement and any other Registration Statement contemplated by Section 2.1(b) or Section 2.1(c), the "Shelf Registration Statement"). The Company shall use its commercially reasonable efforts to cause the Shelf Registration Statement to become or be declared effective as soon as practicable after the filing thereof; *provided, however*, that, if the Company is a WKSI at time of filing of the Shelf Registration Statement, the Shelf Registration Statement shall be an automatic shelf registration statement that becomes effective upon filing with the Commission pursuant to Rule 462(e). The Company shall notify the Holders of the effectiveness of the Shelf Registration Statement no later than one (1) Business Day after the Shelf Registration Statement becomes or is declared effective.

(b) The Shelf Registration Statement shall be on Form S-3 or, if Form S-3 is not then available to the Company, on Form S-1 or such other form of registration statement as is then available to effect a registration for resale of the Registrable Securities pursuant to Rule 415; *provided, however*, that if the Company has filed the Shelf Registration Statement on Form S-1 and subsequently becomes eligible to use Form S-3 or any equivalent or successor form, the Company shall (i) file a post-effective amendment to the Shelf Registration Statement converting such Registration Statement on Form S-1 to a Registration Statement on Form S-3 or any equivalent or successor form or (ii) file a new Shelf Registration Statement on Form S-3 or any equivalent or successor form, upon the effectiveness of which the Company may withdraw the Shelf Registration Statement on Form S-1. The Shelf Registration Statement shall contain a prospectus in such form as to permit any Holder to sell such Registrable Securities pursuant to Rule 415 at any time beginning on the effective date for such Registration Statement. The Shelf Registration Statement shall provide for the distribution or resale pursuant to any method or combination of methods legally available to the Holders.

(c) The Company shall use its commercially reasonable efforts to cause the Shelf Registration Statement to remain effective, and to be supplemented and amended as promptly as practicable to the extent necessary to ensure that the Shelf Registration Statement is available or, if not available, that another Registration Statement is available, for the resale of all of the Registrable Securities by the Holders from time to time as permitted by Rule 415 until all of the Registrable Securities have ceased to be Registrable Securities or the earlier termination of this Agreement as to all Holders pursuant to Section 6.1.

(d) When effective, the Shelf Registration Statement (including the documents incorporated therein by reference) will comply as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained in the Shelf Registration Statement, in the light of the circumstances under which such statements are made).

Section 2.2 Underwritten Shelf Offering Requests.

(a) In the event that any Holder or group of Holders elects to dispose of Registrable Securities under a Registration Statement pursuant to an Underwritten Offering and reasonably expects gross proceeds of at least $25 million from such Underwritten Offering (including proceeds attributable to any Registrable Securities included in such Underwritten Offering by any Shelf Piggybacking Holders), the Company shall, at the request (a "Shelf Underwritten Offering Request") of such Holder or Holders (in such capacity, the "Requesting Holders"), enter into an underwriting agreement in a form as is customary in Underwritten Offerings of securities by the Company with the underwriter or underwriters selected by the Company (*provided* that each such underwriter shall be a nationally recognized investment banking firm reasonably acceptable to the Requesting Holders holding a majority of the shares of Common Stock requested to be included in such Underwritten Offering by the Requesting Holders) and shall take all such other reasonable actions as are requested by the Managing Underwriter of such Underwritten Offering and/or the Requesting Holders in order to expedite or facilitate the disposition of such Registrable Securities and, subject to Section 2.2(c), the Registrable Securities requested to be included by any Shelf Piggybacking Holder (a "Shelf Underwritten Offering"); *provided, however*, that the Company shall have no obligation to facilitate or participate in more than two (2) Shelf Underwritten Offerings during any 12-month period (and no more than one (1) Shelf Underwritten Offering in any 90-day period).

(b) If the Company receives a Shelf Underwritten Offering Request, it will give written notice of such proposed Shelf Underwritten Offering to each Holder (other than the Requesting Holders and any Opt-Out Holder), which notice shall include the anticipated filing date of the related Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Shelf Underwritten Offering, and of such Holders' rights under this Section 2.2(b). Such notice shall be given promptly (and in any event at least five (5) Business Days before the filing of the Underwritten Offering Filing or two (2) Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering); *provided*, that if the Shelf Underwritten Offering is a bought or overnight Underwritten Offering and the Managing Underwriter advises the Company and the Requesting Holder in writing that the giving of notice pursuant to this Section 2.2(b) would adversely affect the offering, no such notice shall be required (and such Holders (other than the Requesting Holders) shall have no right to include Registrable Securities in such bought or overnight Underwritten Offering). If such notice is delivered pursuant to this Section 2.2(b), each such Holder shall then have two (2) Business Days (or one (1) Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.2(b) to request inclusion of Registrable Securities in the Shelf Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and such other information as is reasonably required to effect the inclusion of such Registrable Securities) (any such Holder making such request, a "Shelf Piggybacking Holder"). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Shelf Underwritten Offering.

(c) If the Managing Underwriter of the Shelf Underwritten Offering shall inform the Requesting Holders in writing of its belief that the number of Registrable Securities requested to be included in such Shelf Underwritten Offering by the Holders (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering) would materially and adversely affect such offering, then the Company shall include in the applicable Underwritten Offering Filing, to the extent of the total number of shares of Common Stock that the Requesting Holders are so advised can be sold in such Shelf Underwritten Offering without so materially adversely affecting such offering (the "Section 2.2 Maximum Number of Shares"), Registrable Securities in the following priority:

(i) first, the Holder Securities, *pro rata* among the Holders based on the number of Registrable Securities each requested to be included, and

(ii) second, to the extent that the number of Holder Securities is less than the Section 2.2 Maximum Number of Shares, the shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Shelf Underwritten Offering).

(d) The Requesting Holders shall determine the pricing of the Registrable Securities offered pursuant to any Shelf Underwritten Offering and the applicable underwriting discounts and commissions and determine the timing of any such Shelf Underwritten Offering, subject to Section 2.3.

(e) Each Holder shall have the right to withdraw its Registrable Securities from the Shelf Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

Section 2.3 **Delay and Suspension Rights**. Notwithstanding any other provision of this Agreement, the Company may (a) delay filing or initial effectiveness of the Shelf Registration Statement or any amendment thereto (without regard to the Required Shelf Filing Date) (b) delay effecting a Shelf Underwritten Offering or (c) suspend the Holders' use of any prospectus that is a part of a Shelf Registration Statement upon written notice to each Holder whose Registrable Securities are included in such Shelf Registration Statement (*provided* that in no event shall such notice contain any material non-public information regarding the Company) (in which event such Holder shall discontinue sales of Registrable Securities pursuant to such Registration Statement but may settle any then-contracted sales of Registrable Securities), in each case for a period of up to sixty (60) consecutive days, if the Board determines (i) that such delay or suspension is in the best interest of the Company and its stockholders generally due to a pending financing or other transaction involving the Company and that the disclosure of such pending financing or other transaction in any such prospectus would materially and adversely affect the Company's ability to consummate such pending financing or other transaction, (ii) that such registration or offering would render the Company unable to comply with applicable securities laws or (iii) that such registration or offering would require disclosure of material information that the Company has a *bona fide* business purpose for preserving as confidential (any such period, a "Suspension Period"); *provided, however*, that in no event shall any Suspension Periods collectively exceed an aggregate of ninety (90) days in any 180-day period or exceed an aggregate of one hundred twenty (120) days in any 12-month period; *provided, further*, that (1) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in the 180-day period and 12-month period immediately following the Closing Date shall be reduced by the number of days after the Required Shelf Filing Date that the Shelf Registration Statement is declared or otherwise becomes effective, and (2) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in any 180-day period or 12-month period shall be reduced by the number of days in such period during which the Holders were obligated to discontinue their disposition of Registrable Securities pursuant to Section 2.6(b). For the avoidance of doubt, this Section 2.3 shall not permit the Company to enter into any agreement that would violate the proviso to the first sentence of Section 2.1(a).

Section 2.4 Piggyback Registration Rights.

(a) Subject to Section 2.4(c), if the Company at any time proposes to file an Underwritten Offering Filing for an Underwritten Offering of shares of Common Stock for its own account or for the account of any other Persons who have or have been granted registration rights, other than the Holders (a "Piggyback Underwritten Offering"), it will give written notice of such Piggyback Underwritten Offering to each Holder (other than any Opt-Out Holder), which notice shall include the anticipated filing date of the Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Piggyback Underwritten Offering, and of such Holders' rights under this Section 2.4(a). Such notice shall be given promptly (and in any event at least five (5) Business Days before the filing of the Underwritten Offering Filing or two (2) Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering). If such notice is delivered to the Holder pursuant to this Section 2.4(a), each such Holder shall then have four (4) Business Days (or one (1) Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.4(a) to request inclusion of Registrable Securities in the Piggyback Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and such other information as is reasonably required to effect the inclusion of such Registrable Securities) (any such Holder making such request, a "Piggybacking Holder"). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Piggyback Underwritten Offering. Subject to Section 2.4(c), the Company shall use its commercially reasonable efforts to include in the Piggyback Underwritten Offering all Registrable Securities that the Company has been so requested to include by the Piggybacking Holders; *provided*, *however*, that if, at any time after giving written notice of a proposed Piggyback Underwritten Offering pursuant to this Section 2.4(a) and prior to the execution of an underwriting agreement with respect thereto, the Company or such other Persons who have or have been granted registration rights, as applicable, shall determine for any reason not to proceed with or to delay such Piggyback Underwritten Offering, the Company shall give written notice of such determination to the Piggybacking Holders and (i) in the case of a determination not to proceed, shall be relieved of its obligation to include any Registrable Securities in such Piggyback Underwritten Offering (but not from any obligation of the Company to pay the Registration Expenses in connection therewith), and (ii) in the case of a determination to delay, shall be permitted to delay inclusion of any Registrable Securities for the same period as the delay in including the shares of Common Stock to be sold for the Company's account or for the account of such other Persons who have or have been granted registration rights, as applicable.

(b) Each Piggybacking Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Piggyback Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

(c) If the Managing Underwriter of the Piggyback Underwritten Offering shall inform the Company in writing of its belief that the number of Registrable Securities requested to be included in such Piggyback Underwritten Offering, when added to the number of shares of Common Stock proposed to be offered by the Company or such other Persons who have or have been granted registration rights (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering), would materially and adversely affect such offering, then the Company shall include in such Piggyback Underwritten Offering, to the extent of the total number of securities which the Company is so advised can be sold in such offering without so materially adversely affecting such offering (the "Section 2.4 Maximum Number of Shares"), shares of Common Stock in the following priority:

(i) if the Piggyback Underwritten Offering is initiated for the account of the Company:

(1) first, the Company Securities,

(2) second, to the extent that the number of Company Securities is less than the Section 2.4 Maximum Number of Shares, the Holder Securities and the Other Holder Securities proposed to be included, pro rata among the Holders and the Other Holders based on the number of shares of Common Stock each requested to be included, and

(3) third, to the extent that the number of Company Securities plus the number of Holder Securities and Other Holder Securities proposed to be included is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, pro rata among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering);

(ii) if the Piggyback Underwritten Offering is initiated on or before the third (3rd) anniversary of the Closing Date for the account of any Other Holder(s):

(1) first, the Other Holder Securities for whose account the Piggyback Underwritten Offering is initiated, pro rata among such Other Holders based on the number of shares of Common Stock each requested to be included,

(2) second, to the extent that the number of securities of the Other Holders covered in Section 2.4(c)(ii)(1) is less than the Section 2.4 Maximum Number of Shares, the Holder Securities and any Other Holder Securities for whose account the Piggyback Underwritten Offering was not initiated, *pro rata* among such Holders and Other Holders based on the number of shares of Common Stock each requested to be included,

(3) third, to the extent that the number of securities of the Other Holders covered in Section 2.4(c)(ii)(1) and the Holders and Other Holders covered in Section 2.4(c)(ii)(2) is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(4) fourth, to the extent that the number of Other Holder Securities covered in Section 2.4(c)(ii)(1), Holder Securities and Other Holder Securities covered in Section 2.4(c)(ii)(2) and the shares of Common Stock that such other Persons covered in Section 2.4(c)(ii)(3) is less than the Section 2.4 Maximum Number of Shares, any Company Securities;

(iii) if the Piggyback Underwritten Offering is initiated on or before the third (3rd) anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights (excluding the Other Holders):

(1) first, the Holder Securities and Other Holder Securities, *pro rata* among such Holders or Other Holders based on the number of shares of Common Stock each requested to be included,

(2) second, to the extent that the number of securities of such Holders or Other Holders covered in Section 2.4(c)(iii)(1) is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(3) third, to the extent that the number of Holder Securities, Other Holder Securities and the shares of Common Stock that such other Persons covered in Section 2.4(c)(iii)(2) is less than the Section 2.4 Maximum Number of Shares, any Company Securities; or

(iv) if the Piggyback Underwritten Offering is initiated after the third (3rd) anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights (including the Other Holders):

(1) first, the shares of Common Stock that such other Persons propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering),

(2) second, to the extent that the number of shares of Common Stock proposed to be included by such other Persons is less than the Section 2.4 Maximum Number of Shares, the Holder Securities and the Other Holder Securities proposed to be included (to the extent not covered in Section 2.4(c)(iv)(1)), *pro rata* among the Holders and Other Holders based on the number of shares of Common Stock each requested to be included,

(3) third, to the extent that the number of shares of Common Stock proposed to be included by such other Persons plus the number of Holder Securities and Other Holder Securities proposed to be included is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include (to the extent not covered by Section 2.4(c)(iv)(1)), *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(4) fourth, to the extent that the number of shares of Common Stock proposed to be included by such other Persons plus the number of Holder Securities and Other Holder Securities and the shares of Common Stock covered in Section 2.4(c)(iv)(3) proposed to be included is less than the Section 2.4 Maximum Number of Shares, any Company Securities.

Section 2.5 Block Trades; Other Coordinated Offerings.

(a) Notwithstanding any other provision of this Agreement, at any time and from time to time when an effective Shelf Registration Statement is on file with the Commission, if a Requesting Holder wishes to engage in (a) an underwritten registered offering with the assistance of the Company not involving a "roadshow," an offer commonly known as a "block trade" (a "Block Trade"), or (b) an "at the market" or similar registered offering with the assistance of the Company through a broker, sales agent, distribution agent or placement agent, whether as agent or principal (an "Other Coordinated Offering"), in each case, (x) with a total offering price reasonably expected to exceed $10 million in the aggregate or (y) with respect to all remaining Registrable Securities held by the Requesting Holder, then such Requesting Holder only needs to notify the Company of the Block Trade or Other Coordinated Offering at least three (3) Business Days prior to the day such offering is to commence and the Company shall use its commercially reasonable efforts to facilitate such Block Trade or Other Coordinated Offering; *provided* that the Requesting Holders representing a majority of the Registrable Securities wishing to engage in the Block Trade or Other Coordinated Offering shall use commercially reasonable efforts to coordinate with the Company and any underwriters, brokers, sales agents, distribution agents or placement agents prior to making such request in order to facilitate preparation of the prospectus and other offering documentation related to the Block Trade or Other Coordinated Offering.

(b) Prior to the filing of any applicable "red herring" prospectus or prospectus supplement used in connection with a Block Trade or Other Coordinated Offering, a majority-in-interest of the Requesting Holders initiating such Block Trade or Other Coordinated Offering shall have the right to withdraw upon written notification to the Company, the underwriter or underwriters (if any) and any brokers, sales agents, distribution agents or placement agents (if any) of their intention to withdraw from such Block Trade or Other Coordinated Offering.

(c) Notwithstanding anything to the contrary in this Agreement, Section 2.4 shall not apply to a Block Trade or Other Coordinated Offering initiated by a Requesting Holder pursuant to this Agreement.

(d) The Requesting Holder in a Block Trade or Other Coordinated Offering shall have the right to select the underwriters and any brokers, sales agents or placement agents (if any) for such Block Trade or Other Coordinated Offering (in each case, which shall consist of one or more reputable nationally recognized investment banks).

(e) A Requesting Holder in the aggregate may demand no more than two (2) Block Trades or Other Coordinated Offerings pursuant to this Section 2.5 in any twelve (12) month period (and no more than one Block Trade or Other Coordinated Offering in any 90-day period). For the avoidance of doubt, any Block Trade or Other Coordinated Offering effected pursuant to this Section 2.5 shall not be counted as a demand for a Shelf Underwritten Offering pursuant to Section 2.2 hereof.

Section 2.6 Participation in Underwritten Offerings.

(a) In connection with any Underwritten Offering or Block Trade or Other Coordinated Offering contemplated by Section 2.2, Section 2.4 or Section 2.5, the underwriting agreement or distribution or sales agreement (or similar agreement), as applicable, into which each Selling Holder and the Company shall enter into shall contain such representations, covenants, indemnities (subject to Article III) and other rights and obligations as are customary in Underwritten Offerings or Block Trades or Other Coordinated Offerings of securities by the Company, as applicable, and the Company shall be entitled to designate counsel for the underwriters. No Selling Holder shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Selling Holder's authority to enter into such underwriting agreement and to sell, and its ownership of, the securities being registered on its behalf, its intended method of distribution and any other representation required by law.

(b) Any participation by the Piggybacking Holders in a Piggyback Underwritten Offering shall be in accordance with the plan of distribution of the Company or the other Persons who have registration rights, as applicable.

(c) In connection with any Piggyback Underwritten Offering in which any Piggybacking Holder includes (and does not subsequently withdraw) Registrable Securities pursuant to Section 2.4, such Piggybacking Holder agrees (i) to supply any information reasonably requested by the Company in connection with the preparation of any Underwritten Offering Filing for such Piggyback Underwritten Offering and (ii) to execute and deliver any agreements and instruments being executed by all Holders on substantially the same terms reasonably requested by the Company or the Managing Underwriter, as applicable, to effectuate such Piggyback Underwritten Offering, including, without limitation, underwriting agreements (subject to Section 2.6(a)), custody agreements, powers of attorney, questionnaires, and lock-ups or "hold back" agreements pursuant to which such Piggybacking Holder agrees with the Managing Underwriter not to sell or purchase any securities of the Company for the shorter of (i) the same period of time following the registered offering as is agreed to by the Company and the other participating Holders (not to exceed the shortest number of days that any director of the Company, "executive officer" (as defined under Section 16 of the Exchange Act) of the Company or any stockholder of the Company (other than a Holder or director or employee of, or consultant to, the Company) who owns ten percent (10%) or more of the outstanding shares contractually agrees with the underwriters of such Piggyback Underwritten Offering not to sell any securities of the Company following such Piggyback Underwritten Offering) and (ii) sixty (60) days from the date of the execution of the underwriting agreement with respect to such Piggyback Underwritten Offering.

Section 2.7 Registration Procedures.

(a) In connection with its obligations under this Article II, the Company will take all reasonably necessary action to facilitate and effect the transactions contemplated thereby, including, but not limited to, the following:

(i) promptly prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the Selling Holder or Selling Holders thereof set forth in such Registration Statement;

(ii) furnish to each Selling Holder, without charge, such number of conformed copies of such Registration Statement and of each such amendment and supplement thereto (in each case including without limitation all exhibits), such number of copies of the prospectus contained in such Registration Statement (including without limitation each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424, in conformity with the requirements of the Securities Act, and such other documents, as such Selling Holder may reasonably request;

(iii) if applicable, use its commercially reasonable efforts to register or qualify all Registrable Securities and other securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as each Selling Holder thereof shall reasonably request, to keep such registration or qualification in effect for so long as such Registration Statement remains in effect, and to take any other action which may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition in such jurisdictions of the securities owned by such Selling Holder, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (iii) be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(iv) use its commercially reasonable efforts to provide to each Selling Holder and any underwriters a copy of any (i) customary auditor "comfort" letters from (A) the accountants for the Company and (B) the accountants for any Person or business whose financial statements are required, pursuant to Rule 3-05 of Regulation S-X, (ii) customary legal opinions from counsel to the Company and its subsidiaries or (iii) reports of the independent reserve engineers of the Company relating to the oil and gas reserves of the Company;

(v) promptly notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of any such Selling Holder promptly prepare and file or furnish to such Selling Holder a reasonable number of copies of a supplement or post-effective amendment to the Registration Statement or a supplement to the related prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(vi) otherwise comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act, and furnish to each such Selling Holder at least the Business Day prior to the filing thereof a copy of any amendment or supplement to such Registration Statement or prospectus;

(vii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement;

(viii) in connection with the preparation and filing of any Registration Statement or any sale of Registrable Securities in connection therewith, give the Holders offering and selling thereunder, any underwriters and their respective counsels the opportunity to review and provide comments on such Registration Statement, each Prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto (other than amendments or supplements that do not make any material change in the information related to the Company) (*provided* that the Company shall not file any such Registration Statement including Registrable Securities or an amendment thereto or any related prospectus or any supplement thereto to which such Holders or any underwriter shall reasonably object in writing), and give each of them, together with any underwriter, broker, dealer or sales agent involved therewith, such access to its books and records and such opportunities to discuss the business of the Company and its subsidiaries with its officers, its counsel, the independent public accountants who have certified its financial statements, and the independent reserve engineers of the Company as shall be necessary, in the opinion of the Holder's and such underwriters' (or broker's, dealer's or sales agent's, as the case may be) respective counsel, to conduct a reasonable due diligence investigation within the meaning of the Securities Act;

(ix) use its commercially reasonable efforts to prevent the issuance of any order suspending the effectiveness of the Registration Statement, and, if any such order suspending the effectiveness of such Registration Statement is issued, promptly use its commercially reasonable efforts to obtain the withdrawal of such order at the earliest possible moment;

(x) promptly notify the Holders (i) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation or threat of any proceedings for that purpose, (ii) of any delisting or pending delisting of the Common Stock by any national securities exchange or market on which the Common Stock are then listed or quoted, and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose;

(xi) cause all Registrable Securities covered by such Registration Statement to be listed on any securities exchange on which the Common Stock is then listed;

(xii) enter into such customary agreements, including but not limited to lock-up agreements by the Company (and, if reasonably requested by the Managing Underwriter(s), the Company's directors and "executive officers" (as defined under Section 16 of the Exchange Act)) that extend through thirty (30) days following the entrance into the corresponding underwriting agreement, and to take such other actions as the Holder or Holders shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities; and

(xiii) cause its officers to use their commercially reasonable efforts to support the marketing of the Registrable Securities covered by the Registration Statement (including, without limitation, participation in electronic or telephonic "road shows").

(b) Each Holder agrees by acquisition of Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.7(a)(v), such Holder will forthwith discontinue such Holder's disposition of Registrable Securities pursuant to the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.7(a)(v) as filed with the Commission or until it is advised in writing by the Company that the use of such Registration Statement may be resumed, and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. The Company may provide appropriate stop orders to enforce the provisions of this Section 2.7(b).

Section 2.8 **Cooperation by Holders**. The Company shall have no obligation to include Registrable Securities of a Holder in any Registration Statement or Underwritten Offering if such Holder has failed to timely furnish such information as the Company may, from time to time, reasonably request in writing regarding such Holder and the distribution of such Registrable Securities that the Company determines, after consultation with its counsel, is reasonably required in order for any registration statement or prospectus supplement, as applicable, to comply with the Securities Act.

Section 2.9 **Expenses**. The Company shall be responsible for all Registration Expenses incident to its performance of or compliance with its obligations under this Article II. Each Selling Holder shall pay its pro rata share of all Selling Expenses in connection with any sale of its Registrable Securities hereunder.

Section 2.10 **No Inconsistent Agreements; Additional Rights**. The Company is not currently a party to and shall not hereafter enter into any agreement with respect to its securities that is inconsistent with or that in any way violates or subordinates rights granted to the Holders by this Agreement without the prior written consent of the Majority Holders.

Section 2.11 **Opt-Out Notices**. Any Holder may deliver notice (an "Opt-Out Notice") to the Company requesting that such Holder not receive notice from the Company of any proposed Shelf Underwritten Offering or Piggyback Underwritten Offering; *provided*, *however*, that such Holder may later revoke any such Opt-Out Notice by giving notice to the Company of such revocation. Following receipt of an Opt-Out Notice from a Holder (unless subsequently revoked), the Company shall not deliver any notice to such Opt-Out Holder pursuant to Section 2.2 or Section 2.4, as applicable, and such Opt-Out Holder shall no longer be entitled to the rights associated with any such notice.

ARTICLE III
INDEMNIFICATION AND CONTRIBUTION

Section 3.1 **Indemnification by the Company**. The Company will indemnify and hold harmless each Holder, its officers and directors and each Person (if any) that controls such Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities, costs and expenses (including attorneys' fees) ("Losses") caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact (a) contained in any Registration Statement relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (b) included in any prospectus relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, *provided*, *however*, that such indemnity shall not apply to that portion of such Losses caused by, or arising out of, any untrue statement, or alleged untrue statement or any such omission or alleged omission, to the extent such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of such Holder expressly for use therein.

Section 3.2 **Indemnification by the Holders**. Each Holder agrees to indemnify and hold harmless the Company, its officers and directors and each Person (if any) that controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Losses caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or prospectus relating to Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus, in the light of the circumstances under which such statement is made), only to the extent such statement or omission was made in reliance upon and in conformity with information furnished in writing by or on behalf of such Holder expressly for use therein.

Section 3.3 **Indemnification Procedures**. In case any Proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to Section 3.1 or Section 3.2, such Person (the "Indemnified Party") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Party") in writing (*provided* that the failure of the Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article III, except to the extent the Indemnifying Party is actually and materially prejudiced by such failure to give notice), and the Indemnifying Party shall be entitled to participate in such Proceeding and, unless in the reasonable opinion of outside counsel to the Indemnified Party a conflict of interest between the Indemnified Party and Indemnifying Party may exist in respect of such claim, to assume the defense thereof jointly with any other Indemnifying Party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party that it so chooses, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; *provided*, *however*, that (a) if the Indemnifying Party fails to assume the defense or employ counsel reasonably satisfactory to the Indemnified Party, (b) if such Indemnified Party who is a defendant in any action or Proceeding that is also brought against the Indemnifying Party reasonably shall have concluded that there may be one or more legal defenses available to such Indemnified Party that are not available to the Indemnifying Party or (c) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the Indemnified Party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all Indemnified Parties in each jurisdiction, except to the extent any Indemnified Party or Parties reasonably shall have concluded that there may be legal defenses available to such party or parties that are not available to the other Indemnified Parties or to the extent representation of all Indemnified Parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct) and the Indemnifying Party shall be liable for any expenses therefor. No Indemnifying Party shall, without the written consent of the Indemnified Party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the Indemnified Party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (a) includes an unconditional release of the Indemnified Party from all liability arising out of such action or claim and (b) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any Indemnified Party.

Section 3.4 **Contribution**.

(a) If the indemnification provided for in this Article III is unavailable to an Indemnified Party in respect of any Losses in respect of which indemnity is to be provided hereunder, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall to the fullest extent permitted by law contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of such party in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Company (on the one hand) and a Holder (on the other hand) shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(b) The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Article III were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 3.4(a). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in Section 3.4(a) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Article III, no Holder shall be liable for indemnification or contribution pursuant to this Article III for any amount in excess of the net proceeds of the offering received by such Holder, less the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

ARTICLE IV
RULE 144; ASSISTANCE WITH TRANSFERS

Section 4.1 **Rule 144**.

(a) With a view to making available the benefits of certain rules and regulations of the Commission that may permit the resale of the Registrable Securities without registration, the Company agrees to use its commercially reasonable efforts to:

(i) make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144, at all times from and after the date hereof;

(ii) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at all times from and after the date hereof; and

(iii) so long as a Holder owns any Registrable Securities, furnish (i) to the extent accurate, forthwith upon request, a written statement of the Company that it has complied with the reporting requirements of Rule 144 and (ii) unless otherwise available via the Commission's EDGAR filing system, to such Holder forthwith upon request a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration.

Section 4.2 **Assistance with Transfers**. In connection with any sale or transfer of Registrable Securities by any Holder, including any sale or transfer pursuant to Rule 144 and other rules and regulations of the Commission that may at any time permit a Holder of Registrable Securities to sell securities of the Company to the public without registration, the Company shall, to the extent allowed by law, take any and all action necessary or reasonably requested by such Holder in order to permit or facilitate such sale or transfer, including, without limitation, at the sole expense of the Company, by (a) issuing such directions to any transfer agent, registrar or depositary, as applicable, (b) delivering such opinions to the transfer agent, registrar or depositary as are customary for the transaction of this type and are reasonably requested by the same, and (c) taking or causing to be taken such other actions as are reasonably necessary (in each case on a timely basis) in order to cause any legends, notations or similar designations restricting transferability of the Registrable Securities held by such Holder to be removed and to rescind any transfer restrictions with respect to such Registrable Securities; *provided, however*, that such Holder shall deliver to the Company, in form and substance reasonably satisfactory to the Company, representation letters regarding such Holder's compliance with such rules and regulations, as may be applicable. In addition, the Company, at its sole expense, shall use commercially reasonable efforts to remove any restrictive legend on any shares of Common Stock that are Registrable Securities upon request by the Holder if (a) such shares of Common Stock are sold pursuant to an effective registration statement or (b) a registration statement covering the resale of such shares of Common Stock is effective under the Securities Act and the applicable Holder delivers to the Company a representation letter agreeing that such shares of Common Stock will be sold under such effective registration statement. Furthermore, if any Holder and its Affiliates collectively beneficially own at least ten percent (10%) of the outstanding shares of Common Stock following the third (3^{rd}) anniversary of the Closing Date, at the request of such Holder, the Company shall use its commercially reasonable efforts to assist such Holders with respect to any potential private transfer of any Common Stock held by such Holder and its Affiliates, including (a) entering into customary confidentiality agreements with any prospective transferees, (b) affording to such Holders, its Affiliates and any prospective transferees and their respective counsel, accountants, lenders and other representatives, reasonable access during normal business hours to the properties, books, contracts and records of the Company and (c) providing reasonable availability of appropriate members of senior management of the Company to provide customary due diligence assistance in connection with any such transfer; *provided, however*, that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the Company's business and operations.

ARTICLE V
TRANSFER OR ASSIGNMENT OF RIGHTS

The rights to cause the Company to register Registrable Securities and other rights under this Agreement may be transferred or assigned by each Holder to one or more Transferees or assignees of Registrable Securities if (a) such Transferee is (i) a Permitted Transferee of such Holder or (ii) acquiring at least $25 million of Registrable Securities as determined by reference to the volume weighted average price for such Registrable Securities on any securities exchange or market on which the Common Stock is then listed or quoted for the five trading days immediately preceding the applicable determination date, and (b) such Transferee has delivered to the Company a duly executed Adoption Agreement. For the avoidance of doubt, any Transferee to whom rights are transferred or assigned in accordance with the immediately preceding sentence shall become a Holder under this Agreement.

ARTICLE VI
MISCELLANEOUS

Section 6.1 **Termination**. This Agreement shall terminate as to any Holder, when such Holder no longer owns any shares of Common Stock that constitute Registrable Securities; *provided, however*, that Article III, Section 4.2 and this Article VI (other than Section 6.6) shall survive any termination hereof.

Section 6.2 **Severability**. If any provision of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the parties, to such law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

Section 6.3 **Captions**. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

Section 6.4 **Remedies**. In the event of actual or potential breach by the Company of any of its obligations under this Agreement, each Holder, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

Section 6.5 **Governing Law; Waiver of Jury Trial**.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws that would direct the application of the laws of another jurisdiction.

(b) THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF, IN RELATION TO, OR IN CONNECTION WITH, THIS AGREEMENT.

Section 6.6 **Adjustments Affecting Registrable Securities**. The provisions of this Agreement shall apply to any and all shares of capital stock of the Company or any successor or assignee of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution for the Registrable Securities, by reason of any stock dividend, split, reverse split, combination, recapitalization, reclassification, merger, consolidation or otherwise in such a manner and with such appropriate adjustments as to reflect the intent and meaning of the provisions hereof and so that the rights, privileges, duties and obligations hereunder shall continue with respect to the capital stock of the Company as so changed.

Section 6.7 **Binding Effects; Benefits of Agreement**. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and each Holder and its successors and assigns. Except as provided in Article V, neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned or transferred, by operation of law or otherwise, by any Holder without the prior written consent of the Company.

Section 6.8 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving party charged with notice, when received except that if received after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices shall be addressed as follows:

(a) If to the Company, to:

Vital Energy, Inc.
521 E. 2nd Street, Suite 1000
Tulsa, Oklahoma 74120
Attention: Mark Denny
Email: mark.denny@vitalenergy.com

with copies to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana Street, 44th Floor
Houston, Texas 77002
Attention: Christopher Centrich
Email: ccentrich@akingump.com

(b) If to the Investor, to

Tall City Operations III LLC
Tall City Property Holdings III LLC
203 W Wall St, Ste. 600
Midland, TX 79701
Attention: Mike Marziani
Email: mike.marziani@tallcityexp.com

with a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
609 Main Street, Suite 4700
Houston, TX 77002
Attention: Adam D. Larson, P.C.
Julian Seiguer, P.C.
Alia Y. Heintz
E-mail: adam.larson@kirkland.com
julian.seiguer@kirkland.com
alia.heintz@kirkland.com

Kirkland & Ellis LLP
401 Congress Avenue, 25th Floor
Austin, TX 78701
Attention: Christopher S.C. Heasley, P.C.
E-mail: christopher.heasley@kirkland.com

(c) If to any other Holders, to their respective addresses set forth on the applicable Adoption Agreement;

Any party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the party to which such notice is addressed.

Section 6.9 **Modification; Waiver**. This Agreement may be amended, modified or supplemented only by a written instrument duly executed by the Company and the Majority Holders. No course of dealing between the Company and the Holders (or any of them) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

Section 6.10 **Entire Agreement**. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

Section 6.11 **Third Party Beneficiaries**. Except as otherwise expressly provided herein, this Agreement shall not confer any rights or remedies upon any Person other than the parties hereto and their respective successors and permitted assigns and other Persons expressly named herein.

Section 6.12 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its undersigned duly authorized representative as of the date first written above.

VITAL ENERGY, INC.
a Delaware corporation

By: _____
Name: Jason Pigott
Title: President and Chief Executive Officer

Tall City Property Holdings III LLC
a Delaware limited liability company

By: _____
Name: [●]
Title: [●]

Tall City Operations III LLC
a Delaware limited liability company

By: _____
Name: [●]
Title:[●]

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee ("Transferee") pursuant to the terms of that certain Registration Rights Agreement, dated as of [____], 2023, by and among Vital Energy, Inc., a Delaware corporation (the "Company"), Tall City Property Holdings III LLC, a Delaware limited liability company, and Tall City Operations III LLC, a Delaware limited liability company, and the Holders from time to time party thereto (as amended, supplemented, or otherwise modified from time to time, the "Registration Rights Agreement"). Terms used and not otherwise defined in this Adoption Agreement have the meanings set forth in the Registration Rights Agreement.

By the execution of this Adoption Agreement, the Transferee agrees as follows:

1. Acknowledgement. Transferee acknowledges that Transferee is acquiring certain shares of Common Stock of the Company, subject to the terms and conditions of Registration Rights Agreement, among the Company and the Holders party thereto.

2. Agreement. Transferee (i) agrees that the shares of Common Stock of the Company acquired by Transferee shall be bound by and subject to the terms of the Registration Rights Agreement, pursuant to the terms thereof, and (ii) hereby adopts the Registration Rights Agreement with the same force and effect as if he, she, or it were originally a party thereto.

3. Notice. Any notice required as permitted by the Registration Rights Agreement shall be given to Transferee at the address listed beside Transferee's signature below.

4. Joinder. The spouse of the undersigned Transferee, if applicable, executes this Adoption Agreement to acknowledge its fairness and that it is in such spouse's best interest, and to bind such spouse's community interest, if any, in the shares of Common Stock and other securities referred to above and in the Registration Rights Agreement, to the terms of the Registration Rights Agreement.

Signature:

_____

Address:
Contact Person:
Telephone No:
Email:

Exhibit 10.1

Execution Version

LIMITED CONSENT AND ELEVENTH AMENDMENT

to

FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

among

VITAL ENERGY, INC.,
as Borrower,

WELLS FARGO BANK, N.A.,
as Administrative Agent,

the Guarantors Signatory Hereto,

and

the Banks Signatory Hereto

LIMITED CONSENT AND ELEVENTH AMENDMENT TO
FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

This Limited Consent and Eleventh Amendment to Fifth Amended and Restated Credit Agreement (this "Eleventh Amendment"), dated as of September 13, 2023 (the "Eleventh Amendment Effective Date"), is among Vital Energy, Inc., a corporation formed under the laws of the State of Delaware (the "Borrower"); each of the undersigned guarantors (the "Guarantors", and together with Borrower, the "Credit Parties"); each of the Banks party hereto (including the New Banks referred to below); and Wells Fargo Bank, N.A., as administrative agent for the Banks (in such capacity, together with its successors, the "Administrative Agent").

Recitals

A. The Borrower, the Administrative Agent and the financial institutions party thereto as lenders (the "Existing Banks") are parties to that certain Fifth Amended and Restated Credit Agreement dated as of May 2, 2017 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"; and the Existing Credit Agreement, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time, including by and after giving effect to this Eleventh Amendment (including the amendments set forth in Section 3 hereof and Section 4 hereof), is referred to herein as the "Credit Agreement"), pursuant to which the Existing Banks have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of Borrower.

B. The Borrower has informed the Administrative Agent and the Banks that the Borrower has entered into:

(i) that certain Purchase and Sale Agreement dated as of September 13, 2023 (as executed, without giving effect to any subsequent amendment or modification thereto except to the extent approved by the Administrative Agent, the "Henry Acquisition Agreement"), among Henry Energy LP, a Texas limited partnership, Henry Resources LLC, a Texas limited liability company, and Moriah Henry Partners LLC, a Texas limited liability company, as sellers (collectively, the "Henry Seller"), and the Borrower, as purchaser, pursuant to which the Borrower is acquiring certain of the Oil and Gas Properties and Equity Interests in subsidiaries of the Henry Seller (the "Henry Acquisition");

(ii) that certain Purchase and Sale Agreement dated as of September 13, 2023 (as executed, without giving effect to any subsequent amendment or modification thereto except to the extent approved by the Administrative Agent, the "Maple Acquisition Agreement"), between Maple Energy Holdings, LLC, a Delaware limited liability company, as seller (the "Maple Seller"), and the Borrower, as purchaser, pursuant to which the Borrower is acquiring certain of the Oil and Gas Properties of the Maple Seller (the "Maple Acquisition"); and

(iii) that certain Purchase and Sale Agreement dated as of September 13, 2023 (as executed, without giving effect to any subsequent amendment or modification thereto except to the extent approved by the Administrative Agent, the "TCE Acquisition Agreement"), among Tall City Property Holdings III LLC, a Delaware limited liability company, and Tall City Operations III LLC, a Delaware limited liability company, as sellers (collectively, the "TCE Seller"), and the Borrower, as purchaser, pursuant to which the Borrower is acquiring certain of the Oil and Gas Properties of the TCE Seller (the "TCE Acquisition" and, together with the Henry Acquisition and the Maple Acquisition, the "Fall 2023 Acquisitions").

C. The Borrower has requested the consent of the Banks to issue to the Henry Seller 4,997,273 shares of convertible preferred Equity Interests of the Borrower, designated as the "2.0% Cumulative Mandatorily Convertible Series A Preferred Stock," par value $0.01 per share (the "Preferred Equity Interests"), as a portion of the purchase price for the Henry Acquisition.

D. In connection with the contemplated TCE Acquisition, the Borrower has requested that the Banks amend the Existing Credit Agreement to provide term loan commitments thereunder in an aggregate amount of up to $250,000,000, all or any portion of which, if incurred, will be used by the Borrower to fund a portion of the purchase price for the TCE Acquisition and related fees and expenses.

E. The Borrower has requested that certain increases to the Borrowing Base and/or the Aggregate Elected Revolving Commitment Amount become effective upon the closing of each Fall 2023 Acquisition.

F. The Borrower has further requested that each of BOKF, NA dba Bank of Oklahoma and U.S. Bank National Association (collectively, the "New Banks" and each, a "New Bank") become a Bank under the Credit Agreement as of the Eleventh Amendment Effective Date with a Maximum Credit Amount and Elected Revolving Commitment of $0.00, which amounts will, subject to the terms and conditions in Section 7, increase as of the Initial Fall 2023 Acquisition Closing Date to the amounts shown on Schedule 1 to the Credit Agreement (as deemed amended hereby) in the form of Schedule 1-B hereto.

G. The Borrower has advised the Administrative Agent that Texas Capital Bank, a Texas state bank (the "Exiting Bank") no longer wishes to be a Bank under the Credit Agreement from and after the Initial Fall 2023 Acquisition Closing Date and has requested that the Exiting Bank's Maximum Credit Amount and Elected Revolving Commitment under the Credit Agreement be reduced to $0.00 and cancelled as of the Initial Fall 2023 Acquisition Closing Date.

H. The parties hereto desire to enter into this Eleventh Amendment to, among other things:

(i) provide the joinder of each New Bank to the Credit Agreement as a Bank as of the Eleventh Amendment Effective Date;

(ii) provide for the Exiting Bank to exit the Credit Agreement and have all of its commitments thereunder reduced to $0.00 and cancelled on the Initial Fall 2023 Acquisition Closing Date;

(iii) evidence the Banks' consent, in each case, effective as of the Eleventh Amendment Effective Date, to (A) the issuance of the Preferred Equity Interests to the Henry Seller as, or for which the Net Cash Proceeds of which constitute, a portion of the consideration for the Henry Acquisition and (B) the consummation of the Fall 2023 Acquisitions;

(iv) amend the Existing Credit Agreement as set forth in Section 3 hereof effective as of the Eleventh Amendment Effective Date;

(v) amend the Existing Credit Agreement as set forth in Section 4 hereof;

(vi) evidence the reallocation of the Aggregate Elected Revolving Commitment Amount as set forth in Section 5 hereof; and

(vii) provide for consent to (x) the increases in the Borrowing Base provided by the Credit Agreement and (y) the increases in the Maximum Credit Amounts and the Aggregate Elected Revolving Commitment Amount as set forth in Section 5 hereof, in each case, as set forth herein and, in the case of the foregoing clause (v), clause (vi) and this clause (vii), to be effective as of the Initial Fall 2023 Acquisition Closing Date.

I. The Administrative Agent, the Borrower and the Banks party hereto (including the Exiting Bank and the New Banks) have agreed, subject to the terms and conditions set forth herein, to enter into this Eleventh Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term used herein and not otherwise defined herein has the meaning assigned to such term in the Credit Agreement. Unless otherwise indicated, all section references in this Eleventh Amendment refer to sections of the Credit Agreement.

Section 2. Consents to Preferred Equity Interests Issuance and Fall 2023 Acquisitions.

2.1 Limited Consent. In reliance on the representations, warranties, covenants and agreements contained in this Eleventh Amendment, the receipt and sufficiency of which are hereby acknowledged and confessed, and notwithstanding anything to the contrary set forth in Section 9.1 or Section 9.7 of the Existing Credit Agreement, and subject to the satisfaction of the conditions precedent in Section 6 hereof, the Banks party hereto hereby consent to the (a) the issuance of the Preferred Equity Interests to the Henry Seller and (b) the consummation of each of the Fall 2023 Acquisitions (the "Limited Consent") so long as:

(a) all of the Preferred Equity Interests issued (or the Net Cash Proceeds therefrom paid) to the Henry Seller constitute a portion of the consideration for the Henry Acquisition;

(b) with respect to each Fall 2023 Acquisition, determined independently for each acquisition, (i) such Fall 2023 Acquisition is consummated on or prior to the applicable Fall 2023 Acquisition Outside Date, (ii) such Fall 2023 Acquisition is consummated substantially in accordance with the terms of the applicable Fall 2023 Acquisition Documents (without waiver or amendment of any material term or condition thereof not otherwise reasonably acceptable to the Administrative Agent) and results in the acquisition by the Borrower of not less than (A) if such Fall 2023 Acquisition is the Maple Acquisition or the TCE Acquisition, 95% of the PV-9 value of the proved developed producing Fall 2023 Acquisition Assets in respect of such Fall 2023 Acquisition or (B) if such Fall 2023 Acquisition is the Henry Acquisition, (1) 92.5% of the PV-9 value of the proved developed producing Fall 2023 Acquisition Assets in respect of such Fall 2023 Acquisition and (2) one-hundred percent (100%) of the Equity Interests in the Henry Acquired Companies, (iii) (A) if such Fall 2023 Acquisition is the Henry Acquisition, the final purchase price for such acquisition consists solely of common Equity Interests and Preferred Equity Interests (or the Net Cash Proceeds from a substantially concurrent issuance of such Equity Interests) and (B) if such Fall 2023 Acquisition is the Maple Acquisition, the final purchase price for such acquisition consists solely of common Equity Interests (or the Net Cash Proceeds from a substantially concurrent issuance of such Equity Interests), and (iv) after giving pro forma effect to such Fall 2023 Acquisition, the sum of the aggregate cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries (other than Excluded Cash) and Revolving Availability shall not be less than the Minimum Liquidity Threshold; and

(c) immediately after giving effect to each Fall 2023 Acquisition pursuant to the requirements of the foregoing clause (b), determined independently for each acquisition, no Event of Default has occurred and is continuing.

2.2 Limitations on Limited Consent. The Limited Consent granted pursuant to this Eleventh Amendment is limited solely to the Fall 2023 Acquisitions and the issuance of the Preferred Equity Interests (or payment of the Net Cash Proceeds from such Preferred Equity Interests) to the Henry Seller as a portion of the consideration for the Henry Acquisition. Nothing contained herein shall constitute or be deemed to constitute a consent to, extension of, or waiver of, any other action or inaction of the Borrower or any of the other Credit Parties which constitutes (or would constitute) a violation of any provision of the Credit Agreement or any other Loan Paper, or which results (or would result) in a Default or Event of Default under the Credit Agreement or any other Loan Paper, nor shall this Eleventh Amendment constitute a course of conduct or dealing among the parties. The Administrative Agent and the Banks shall have no obligation to grant any future extensions, waivers, consents or amendments with respect to the Credit Agreement or any other Loan Papers, and the parties hereto agree that this Eleventh Amendment shall not waive, affect or diminish any right of the Administrative Agent and the Banks to hereafter demand strict compliance with the Credit Agreement and the other Loan Papers.

Section 3. Amendments to Existing Credit Agreement (Eleventh Amendment Effective Date). In reliance on the representations, warranties, covenants and agreements contained in this Eleventh Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 6 hereof, the Existing Credit Agreement shall be amended effective as of the Eleventh Amendment Effective Date in the manner provided in this Section 3.

3.1 Additional Definitions. Section 1.2 of the Existing Credit Agreement is hereby amended to add thereto in alphabetical order the following definitions which shall read in full as follows:

"**Bank Price Deck**" means the Administrative Agent's forward curve for each of oil, natural gas and other Hydrocarbons, as applicable, furnished to the Borrower by the Administrative Agent from time to time and consistent with the bank price deck used at such time by the Administrative Agent with respect to similar oil and gas reserve-based credits for similarly situated borrowers.

"**Eleventh Amendment**" means that certain Limited Consent and Eleventh Amendment to Fifth Amended and Restated Credit Agreement dated as of the Eleventh Amendment Effective Date, among the Borrower, the Guarantors party thereto, the Administrative Agent and the Banks party thereto.

"**Eleventh Amendment Effective Date**" means September 13, 2023.

"**Henry Acquired Companies**" means the "Acquired Companies" as defined in the Henry Acquisition Agreement as in effect on the Eleventh Amendment Effective Date.

"**Henry Acquisition**" means the acquisition by the Borrower of not less than (a) 92.5% of the PV-9 value of the proved developed producing Henry Assets and (b) 100% of the Equity of the Henry Acquired Companies for a total purchase price consisting solely of common Equity and Preferred Equity, pursuant to, and in accordance with the requirements of, the Henry Acquisition Agreement.

"**Henry Acquisition Agreement**" means that certain Purchase and Sale Agreement dated as of September 13, 2023, among Henry Energy LP, a Texas limited partnership, Henry Resources LLC, a Texas limited liability company, and Moriah Henry Partners LLC, a Texas limited liability company, as Seller under and as defined therein, and the Borrower, as Purchaser under and as defined therein (as executed, without waiver or amendment of any material term or condition thereof not otherwise reasonably acceptable to the Administrative Agent).

"**Henry Assets**" means the "Assets" as defined in the Henry Acquisition Agreement as in effect on the Eleventh Amendment Effective Date.

"**Preferred Equity**" means 4,997,273 shares of preferred Equity of the Borrower, designated as the "2.0% Cumulative Mandatorily Convertible Series A Preferred Stock," par value $0.01 per share, issued by the Borrower on or about the Eleventh Amendment Effective Date substantially in accordance with the terms of the Preferred Equity Documents (without waiver or amendment of any material term or condition thereof not otherwise reasonably acceptable to the Administrative Agent).

"**Preferred Equity Certificate of Designation**" means that certain Certificate of Designations of 2.0% Cumulative Mandatorily Convertible Series A Convertible Preferred Stock of the Borrower issued by the Borrower on or about the Eleventh Amendment Effective Date pursuant to Section 151 of the General Corporation Law of the State of Delaware.

"**Preferred Equity Documents**" means all material transaction documents with respect to the issuance of the Preferred Equity, including, without limitation, the Preferred Equity Certificate of Designation.

"**PV-9**" means, with respect to any Proved Mineral Interests expected to be produced from any Mineral Interests, the net present value, discounted at 9% per annum, of the future net revenues expected to accrue to the Borrower's and the other Credit Parties' collective interests in such reserves during the remaining expected economic lives of such reserves, calculated in accordance with the most recent Bank Price Deck.

3.2 Amendment to Section 2.15 of Existing Credit Agreement (Automatic Debt Issuance Borrowing Base Adjustments). Section 2.15 of the Existing Credit Agreement is hereby amended to add the following sentence at the end thereof:

Notwithstanding anything herein to the contrary, in no event will there be an automatic reduction of the Borrowing Base pursuant to this Section 2.15 for any Senior Notes issued after the Eleventh Amendment Effective Date but on or prior to December 19, 2023 to the extent the aggregate principal amount of such Senior Notes does not exceed the sum of (a) the aggregate principal amount of January 2025 Notes refinanced with such Senior Notes (plus the amount of any premiums and accrued interest paid and fees and expenses incurred in connection therewith) plus (b) $450,000,000.

3.3 Amendment to Section 9.1(d) of Existing Credit Agreement (Debt). Clause (v) of the proviso to Section 9.1(d) of the Existing Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

(v) such Senior Notes do not have any mandatory prepayment or redemption provisions (other than customary change of control or asset sale tender offer provisions and other than a customary mandatory redemption provision that requires the redemption of such Debt in the event that the Henry Acquisition does not close prior to a specified date) which would require a mandatory prepayment or redemption in priority to the Obligations,

3.4 Replacement of Schedule 1 to Credit Agreement. Schedule 1 to the Existing Credit Agreement is hereby replaced in its entirety with Schedule 1-A hereto and Schedule 1-A hereto shall be deemed to be attached as Schedule 1 to the Existing Credit Agreement and each Bank (including each New Bank and the Exiting Bank) shall have the Maximum Credit Amount, Elected Revolving Commitment and Applicable Revolving Commitment Percentage set forth on Schedule 1-A hereto.

Section 4. Amendments to Credit Agreement (Initial Fall 2023 Acquisition Closing Date). In reliance on the representations, warranties, covenants and agreements contained in this Eleventh Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 6 hereof and Section 7 hereof, the Credit Agreement shall be amended effective as of the Initial Fall 2023 Acquisition Closing Date in the manner provided in this Section 4.

4.1 Amendments to Credit Agreement. The Credit Agreement (including each Exhibit and Schedule to the Credit Agreement other than Schedule 1 to the Credit Agreement) is hereby, effective as of the Initial Fall 2023 Acquisition Closing Date, amended in its entirety as set forth in the conformed copy of the Credit Agreement attached as Annex I hereto (it being agreed, for the avoidance of doubt, that nothing in this Eleventh Amendment amends or modifies Schedule 1 to the Credit Agreement except as expressly set forth in Section 3.1 and Section 4.2 of this Eleventh Amendment). All Obligations under the Credit Agreement and the Loan Papers shall continue to be outstanding and shall be governed in all respects by this Credit Agreement, as amended hereby, and the other Loan Papers, it being understood that neither this Eleventh Amendment nor the amendments to the Credit Agreement effectuated by this Eleventh Amendment constitute a novation, satisfaction or re-borrowing of any Obligations under Credit Agreement or any other Loan Paper.

4.2 Replacement of Schedule 1 to Credit Agreement. Schedule 1 to the Credit Agreement is hereby, effective as of the Initial Fall 2023 Acquisition Closing Date, replaced in its entirety with Schedule 1-B hereto and Schedule 1-B hereto shall be deemed to be attached as Schedule 1 to the Credit Agreement and each Bank (including each New Bank and excluding the Exiting Bank) shall have the Maximum Credit Amount, Elected Revolving Commitment, Applicable Revolving Commitment Percentage and Initial Term Commitment, if any, set forth on Schedule 1-B hereto; provided that, in the event the Initial Fall 2023 Acquisition Closing Date occurs in respect of the Henry Acquisition or the Maple Acquisition, the Aggregate Elected Revolving Commitment Amount of the Banks (as reflected on Schedule 1-B hereto) shall be automatically increased (ratably among the Revolving Banks in accordance with each Revolving Bank's Applicable Revolving Commitment Percentage (as reflected on Schedule 1-B hereto)) by the amount of the Aggregate Elected Revolving Commitment Amount increase provided for in Section 2.06(d)(i) or Section 2.06(d)(ii), as applicable, of the Credit Agreement and the Administrative Agent shall post an amended Schedule 1 to the Credit Agreement reflecting the Elected Revolving Commitment of each Revolving Bank as thereby increased, which amended Schedule 1 shall (i) replace in its entirety Schedule 1-B hereto and (ii) be deemed to be attached as Schedule 1 to the Credit Agreement.

After giving effect to this Eleventh Amendment and any Borrowings made on the Initial Fall 2023 Acquisition Closing Date, (a) each Bank (excluding the Exiting Bank) who holds Revolving Loans in an aggregate amount less than its Applicable Revolving Commitment Percentage of all Revolving Loans shall advance new Revolving Loans which shall be disbursed to the Administrative Agent and used to repay Revolving Loans outstanding to each Bank who holds Revolving Loans in an aggregate amount greater than its Applicable Revolving Commitment Percentage of all Revolving Loans, (b) each Bank's participation in each Letter of Credit, if any, shall be automatically adjusted to equal its Applicable Revolving Commitment Percentage, (c) such other adjustments shall be made as the Administrative Agent shall specify so that the Revolving Credit Exposure applicable to each Bank equals its Applicable Revolving Commitment Percentage of the Aggregate Revolving Credit Exposures of all Banks and (d) upon request by each applicable Bank, the Borrower shall be required to make any break funding payments owing to such Bank that are required under Section 5.02 of the Credit Agreement as a result of the Revolving Loans and adjustments described in this Section 4.2. On the Initial Fall 2023 Acquisition Closing Date, the Exiting Bank's Elected Revolving Commitment and Maximum Credit Amount shall each be reduced to $0.00 and canceled pursuant to Section 11.11 hereof.

Section 5. Maximum Credit Amount, Aggregate Elected Revolving Commitment Amount; Initial Term Commitment. In reliance on the representations, warranties, covenants and agreements contained in this Eleventh Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 6 hereof and Section 7 hereof, each Bank (including each New Bank) and the Borrower agree that (a) effective as of the Initial Fall 2023 Acquisition Closing Date, the Maximum Credit Amounts in effect immediately prior to the Initial Fall 2023 Acquisition Closing Date shall be increased from $2,000,000,000 to $3,000,000,000 and each Bank shall have a Maximum Credit Amount in the amount set forth on Schedule 1-B hereto; provided that concurrently therewith the Exiting Bank's Elected Revolving Commitment and Maximum Credit Amount shall each be reduced to $0.00 and canceled, (b) in the event the Initial Fall 2023 Acquisition Closing Date occurs in respect of the Henry Acquisition or the Maple Acquisition, effective as of the Initial Fall 2023 Acquisition Closing Date, the Aggregate Elected Revolving Commitment Amount shall be increased as described in the proviso to Section 4.2 and (c) effective as of the Initial Fall 2023 Acquisition Closing Date, the Term Banks shall have Initial Term Commitments in the aggregate amount of $250,000,000 (less the aggregate amount of any adjustments or reductions made pursuant to Section 2.06(e) of the Credit Agreement) and each Term Bank shall have an Initial Term Commitment in the amount equal to its Applicable Term Commitment Percentage of the aggregate amount of the Initial Term Commitments, if any, as of the Initial Fall 2023 Acquisition Closing Date, as set forth on Schedule 1-B hereto.

Section 6. Conditions Precedent (Eleventh Amendment). The effectiveness of this Eleventh Amendment (including the Limited Consent set forth in Section 2 hereof and the amendments set forth in Section 3 hereof, but, for purposes of clarity, not the amendments contained in Section 4 hereof and Section 5 hereof) is subject to the following:

6.1 Counterparts. The Administrative Agent shall have received counterparts of this Eleventh Amendment from (a) each of the Credit Parties, and (b) each Bank (including the Exiting Bank and each New Bank).

6.2 Fees and Expenses. The Administrative Agent shall have received, to the extent invoiced, all fees and other amounts due and payable on or prior to the Eleventh Amendment Effective Date (including all fees and other amounts due and payable to the Administrative Agent on account of the Banks (including the New Banks)).

6.3 Fall 2023 Acquisition and Preferred Equity Interests Documents. The Administrative Agent shall have received a true and complete copy of each of the Fall 2023 Acquisition Documents, the Fall 2023 Reserve Reports and the Preferred Equity Interests Documents, in each case, certified as being true and complete in all material respects by a Responsible Officer of the Borrower.

Section 7. Conditions Precedent to Section 4 and Section 5. The amendments to the Credit Agreement set forth in Section 4 of this Eleventh Amendment and the increase in the Maximum Credit Amounts and the Aggregate Elected Revolving Commitment Amount set forth in Section 5 of this Eleventh Amendment shall become effective on the date (the "Initial Fall 2023 Acquisition Closing Date") on which the conditions set forth in Section 6 of this Eleventh Amendment and this Section 7 have been satisfied:

7.1 Fees and Expenses. The Administrative Agent shall have received, to the extent invoiced, all fees and other amounts due and payable on or prior to the Initial Fall 2023 Acquisition Closing Date (including all fees and other amounts due and payable to the Administrative Agent on account of the Banks (including the New Banks)).

7.2 Secretary's Certificate. The Administrative Agent shall have received a certificate of the Secretary, an Assistant Secretary or a Responsible Officer of each Credit Party setting forth (i) resolutions duly adopted by such Credit Party's board of directors (or other governing body) with respect to the authorization of such Credit Party to execute and deliver the Loan Papers to which it is a party and to enter into the transactions contemplated in those documents, (ii) the officers of such Credit Party (y) who are authorized to sign the Loan Papers to which such Credit Party is a party and (z) who will, until replaced by another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with the Credit Agreement and the transactions contemplated hereby, (iii) specimen signatures of such authorized officers, and (iv) articles or certificate of incorporation or formation of each Credit Party and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation or formation, and the bylaws or other governing document of such Person as in effect on the Eleventh Amendment Effective Date. The Administrative Agent and the Banks may conclusively rely on such certificate until the Administrative Agent receives notice in writing from the Borrower to the contrary.

7.3 Good Standing Certificates. The Administrative Agent shall have received certificates as of a recent date of the good standing, existence or its equivalent of each Credit Party under the laws of its jurisdiction of organization and, to the extent requested by the Administrative Agent, each other jurisdiction where such Person is qualified to do business.

7.4 Notes. The Administrative Agent shall have received duly executed Notes (or any amendment or restatement thereof, as the case may be) payable to each requesting Bank (including any requesting New Bank) and its registered assigns in a principal amount equal to, in the case of a requesting Revolving Bank, such requesting Bank's Maximum Credit Amount, and, in the case of a requesting Term Bank, such requesting Bank's Initial Term Commitment, in each case, as of the Initial Fall 2023 Acquisition Closing Date.

7.5 Mortgages. The Administrative Agent shall be reasonably satisfied that the Security Instruments (A) creating Liens on the Oil and Gas Properties create first-priority, perfected Liens (subject only to Permitted Encumbrances but subject to the provisos at the end of such definition) on at least 85% of the PV-9 value of the Oil and Gas Properties evaluated in the Eleventh Amendment Reserve Report and (B) creating Liens on all other Property purported to be pledged as collateral pursuant to the Security Instruments create first-priority, perfected Liens (subject only to Liens permitted by Section 9.03) on such Property; and

7.6 Security Instruments. The Administrative Agent shall have received such amendments or other modifications to the Security Instruments as the Administrative Agent may reasonably request, in each case, in form and substance reasonably acceptable to the Administrative Agent and its counsel.

7.7 Legal Opinion. The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Banks) of Akin Gump Strauss Hauer & Feld, LLP, special counsel to the Borrower and the Guarantors, covering such matters relating to the Borrower and the Guarantors, this Eleventh Amendment, the other Loan Papers and the transactions contemplated hereby and thereby as the Administrative Agent shall reasonably request, and such other legal opinions, including opinions of local counsel, certificates, notes, documents and other instruments as the Administrative Agent may reasonably request, in each case, in form and substance reasonably acceptable to the Administrative Agent and its counsel.

7.8 Insurance Certificates. The Administrative Agent shall have received a certificate of insurance coverage of the Credit Parties evidencing that the Credit Parties are carrying insurance in accordance with Section 7.12.

7.9 Consents. The Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower certifying that the Borrower has received all consents and approvals required by Section 7.03.

7.10 No Default; No Material Adverse Effect. The Administrative Agent shall have received a certificate from Responsible Officer of the Borrower to the effect that (i) all representations and warranties of the Credit Parties contained in the Credit Agreement and the other Loan Papers are true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects); (ii) none of the Credit Parties is in violation of any of the covenants contained in the Credit Agreement and the other Loan Papers; (iii) after giving effect to the transactions occurring on the Initial Fall 2023 Acquisition Closing Date, no Default has occurred and is continuing; and (iv) since December 31, 2022, no event has occurred or condition arisen, either individually or in the aggregate, that would reasonably be expected to have a Material Adverse Effect.

7.11 KYC. The requesting Banks shall have received at least three (3) Business Days prior to the Initial Fall 2023 Acquisition Closing Date, to the extent requested in writing at least five (5) Business Days prior to the Initial Fall 2023 Acquisition Closing Date, all documentation and other information required by Governmental Authorities under applicable "know your customer" requirements pursuant to Anti-Terrorism Laws, including the Act.

7.12 Beneficial Ownership. If any Credit Party qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, each Bank that so requests shall have received a Beneficial Ownership Certification in relation to such Credit Party at least three (3) Business Days prior to the Initial Fall 2023 Acquisition Closing Date.

7.13 Satisfactory Title. The Administrative Agent shall have received (i) title information reasonably satisfactory to the Administrative Agent setting forth the status of title to at least 85% of the PV-9 value of the Oil and Gas Properties evaluated in the Eleventh Amendment Reserve Report and (ii) the Eleventh Amendment Reserve Report accompanied by a certificate covering the matters described in Section 8.12(c).

7.14 UCC Searches. The Administrative Agent shall have received appropriate UCC search certificates in such jurisdictions and reflecting such names as the Administrative Agent requests reflecting no prior Liens encumbering the Properties of the Borrower and the Restricted Subsidiaries (other than Liens permitted by Section 9.03).

7.15 Fall 2023 Acquisition Closing. All of the conditions precedent to the effectiveness of at least one of the Fall 2023 Acquisition Agreements shall have been satisfied prior to or will be satisfied substantially concurrently with the Initial Fall 2023 Acquisition Closing Date; provided that, in each case, (i) such Fall 2023 Acquisition is consummated on or prior to the applicable Fall 2023 Acquisition Outside Date, (ii) such Fall 2023 Acquisition is consummated substantially in accordance with the terms of the applicable Fall 2023 Acquisition Documents (without waiver or amendment of any material term or condition thereof not otherwise reasonably acceptable to the Administrative Agent) and the Borrower is acquiring not less than (A) if such Fall 2023 Acquisition is the Maple Acquisition or the TCE Acquisition, 95% of the PV-9 value of the proved developed producing Fall 2023 Acquisition Assets in respect of such Fall 2023 Acquisition or (B) if such Fall 2023 Acquisition is the Henry Acquisition, (1) 92.5% of the PV-9 value of the proved developed producing Fall 2023 Acquisition Assets in respect of such Fall 2023 Acquisition and (2) one-hundred percent (100%) of the Equity Interests in the Henry Acquired Companies, (iii) (A) if such Fall 2023 Acquisition is the Henry Acquisition, the final purchase price for such acquisition consists solely of common Equity Interests and Preferred Equity Interests (or the Net Cash Proceeds from a substantially concurrent issuance of such Equity Interests) and (B) and if such Fall 2023 Acquisition is the Maple Acquisition, the final purchase price for such acquisition consists solely of common Equity Interests (or the Net Cash Proceeds from a substantially concurrent issuance of such Equity Interests), (iv) after giving pro forma effect to the such Fall 2023 Acquisition, the sum of the aggregate cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries (other than Excluded Cash) and Revolving Availability shall not be less than the Minimum Liquidity Threshold, (v) concurrently with the Initial Fall 2023 Acquisition Closing Date, the Credit Parties shall have entered into Swap Agreements with prices reasonably satisfactory to the Administrative Agent to hedge notional volumes not less than on a monthly basis, when taken together with Swap Agreements previously entered into and in effect at such time, for each calendar month during the period from the closing date of the applicable Fall 2023 Acquisition through December 31, 2024, 75% of the reasonably anticipated projected production of crude oil from the Credit Parties' Oil and Gas Properties that constitute "proved developed producing reserves" as reflected in the Applicable Reserve Report for each such month during such period; (vi) with respect to each Restricted Subsidiary acquired, if any, pursuant to such Fall 2023 Acquisition the Borrower shall, concurrently with the consummation of such Fall 2023 Acquisition, (A) cause such Restricted Subsidiary to execute and deliver a joinder to the Security Instruments to become a Guarantor and a Grantor (as defined in the Security Agreement), respectively, thereunder and grant a first-priority security interest (subject only to Liens permitted by Section 9.03) in substantially all of its personal property, (B) cause each owner of Equity Interests in such Restricted Subsidiary to execute and deliver a Security Instrument pledging all of its Equity Interests in such Restricted Subsidiary (including, without limitation, delivery of original stock certificates (if any) evidencing the Equity Interests of such Restricted Subsidiary, together with appropriate undated stock powers (or the equivalent for any Subsidiary that is not a corporation) for each certificate duly executed in blank by the registered owner thereof) and (C) cause such Restricted Subsidiary or such pledgor to execute and deliver such other additional closing documents, certificates and legal opinions as shall reasonably be requested by the Administrative Agent; and (vii) the Borrower shall have delivered to the Administrative Agent the Fall 2023 Acquisition Certificate in respect of such Fall 2023 Acquisition.

Section 8. New Banks. Effective as of the Eleventh Amendment Effective Date, each New Bank hereby joins in, becomes a party to, and agrees to comply with and be bound by the terms and conditions of the Credit Agreement as a Bank thereunder and under each and every other Loan Paper to which any Bank is required to be bound by the Credit Agreement, to the same extent as if such New Bank were an original signatory thereto. Each New Bank hereby appoints and authorizes the Administrative Agent to take such action as the Administrative Agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto. Each New Bank represents and warrants that (a) it has full power and authority, and has taken all action necessary, to execute and deliver this Eleventh Amendment, to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (b) it has received a copy of the Credit Agreement and copies of the most recent financial statements delivered pursuant to Section 8.01 thereof, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Eleventh Amendment and to become a Bank on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Bank, and (c) from and after the Eleventh Amendment Effective Date, it shall be a party to and be bound by the provisions of the Credit Agreement and the other Loan Papers and have the rights and obligations of a Bank thereunder. Subject to Section 9 hereof, from the Eleventh Amendment Effective Date until the Initial Fall 2023 Acquisition Closing Date, each New Bank's Revolving Commitment, Elected Revolving Commitment and Maximum Credit Amount shall be $0.00.

Section 9. Termination. If, for any reason, none of the Fall 2023 Acquisitions achieves "Closing" as defined in the applicable Fall 2023 Acquisition Documents on or prior to December 19, 2023 (the "Termination Time"), then this Eleventh Amendment shall be deemed to have terminated effective as of the Termination Time, each New Bank shall automatically cease to be a Bank for all purposes, and this Eleventh Amendment shall become void and of no further force or effect without any further action by or liability to any party hereto or its respective Indemnitees, and following such termination, the Credit Agreement and the Loan Papers shall continue in full force and effect without giving any effect to this Eleventh Amendment; provided that the consents provided by Section 2.1 shall survive termination of this Eleventh Amendment. The Administrative Agent, the Borrower and the Banks (including the New Banks but excluding the Exiting Bank) hereby agree that, upon the occurrence of the Initial Fall 2023 Acquisition Closing Date prior to the Termination Time, the Borrowing Base effectuated pursuant to Section 2.07(a) of the Credit Agreement on the Initial Fall 2023 Acquisition Closing Date shall constitute the Scheduled Redetermination of the Borrowing Base scheduled to occur on or about November 1, 2023. The Administrative Agent, the Borrower and the Banks (including the New Banks and the Exiting Bank) hereby agree that, if the Initial Fall 2023 Acquisition Closing Date fails to occur prior to the Termination Time, the Administrative Agent and the Banks will effectuate the Scheduled Redetermination of the Borrowing Base scheduled to occur on or about November 1, 2023 promptly thereafter.

Section 10. Representations and Warranties; Etc. Each Credit Party hereby affirms: (a) that as of the date hereof, all of the representations and warranties contained in each Loan Paper to which such Credit Party is a party are true and correct in all material respects as though made on and as of the date hereof except (i) to the extent any such representation and warranty is expressly made as of a specific earlier date, in which case, such representation and warranty was true as of such date and (ii) to the extent that any such representation and warranty is expressly qualified by materiality or by reference to Material Adverse Effect, such representation and warranty (as so qualified) is true and correct in all respects, (b) no Default or Event of Default exists under the Loan Papers or will, after giving effect to this Eleventh Amendment, exist under the Loan Papers and (c) no Material Adverse Change has occurred.

Section 11. Miscellaneous.

11.1 Confirmation and Effect. The provisions of the Existing Credit Agreement (as amended by this Eleventh Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this Eleventh Amendment. Each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

11.2 Ratification and Affirmation of Credit Parties. Each of the Credit Parties hereby expressly (a) acknowledges the terms of this Eleventh Amendment, (b) ratifies and affirms its obligations under the Credit Agreement, the Facility Guaranty and the other Loan Papers to which it is a party, (c) acknowledges, renews and extends its continued liability under the Facility Guaranty and the other Loan Papers to which it is a party (in each case, as amended hereby), (d) in the case of each Guarantor, agrees that its guarantee under the Facility Guaranty and the other Loan Papers (in each case, as amended hereby) to which it is a party remains in full force and effect with respect to the Obligations, as amended hereby, (e) represents and warrants that (i) the execution, delivery and performance of this Eleventh Amendment has been duly authorized by all necessary corporate or company action of such Credit Party, (ii) this Eleventh Amendment constitutes a valid and binding agreement of such Credit Party, and (iii) this Eleventh Amendment is enforceable against such Credit Party in accordance with its terms except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar Laws affecting creditors' rights generally, and (B) the availability of equitable remedies may be limited by equitable principles of general applicability, and (f) acknowledges and confirms that the amendments contemplated hereby shall not limit or impair any Liens securing the Obligations, each of which are hereby ratified, affirmed and extended to secure the Obligations after giving effect to this Eleventh Amendment.

11.3 Counterparts. This Eleventh Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Eleventh Amendment by facsimile or electronic (e.g. pdf) transmission shall be effective as delivery of a manually executed original counterpart hereof.

11.4 No Oral Agreement. This written Eleventh Amendment, the Credit Agreement and the other Loan Papers executed in connection herewith and therewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or unwritten oral agreements of the parties. There are no subsequent oral agreements between the parties.

11.5 Governing Law. This Eleventh Amendment (including, but not limited to, the validity and enforceability hereof) shall be governed by, and construed in accordance with, the laws of the State of New York.

11.6 Payment of Expenses. Borrower agrees to pay or reimburse Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this Eleventh Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to Administrative Agent.

11.7 Severability. Any provision of this Eleventh Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.8 Successors and Assigns. This Eleventh Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11.9 Loan Paper. This Eleventh Amendment shall constitute a "Loan Paper" for all purposes under the other Loan Papers.

11.10 Waiver of Jury Trial. Section 14.13 of the Credit Agreement is hereby incorporated by reference, *mutatis mutandis*.

11.11 Exiting Bank. Each of the parties hereto hereby agrees and confirms that, effective as of the Initial Fall 2023 Acquisition Closing Date, the Exiting Bank's Elected Revolving Commitment and Maximum Credit Amount shall be reduced to $0.00 and canceled, the Exiting Bank's commitments to lend, all other obligations of the Exiting Bank under the Credit Agreement shall be terminated, and the Exiting Bank shall cease to be a Bank for all purposes under the Loan Papers.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Eleventh Amendment to be duly executed effective as of the date first written above.

BORROWER: **VITAL ENERGY, INC.**

By: /s/ Bryan Lemmerman
Name: Bryan Lemmerman
Title: Senior Vice President and Chief Financial Officer

GUARANTORS: **VITAL MIDSTREAM SERVICES, LLC**

By: /s/ Bryan Lemmerman
Name: Bryan Lemmerman
Title: Senior Vice President and Chief Financial Officer

WELLS FARGO BANK, N.A.,
as Administrative Agent and as a Bank

By: /s/ Muhammad A. Dhamani
Name: Muhammad A. Dhamani
Title: Managing Director

BANK OF AMERICA, N.A.,
as a Bank

By: /s/ Ajay Prakash
Name: Ajay Prakash
Title: Director

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Bank

By: /s/ Jason Groll
Name: Jason Groll
Title: Vice President

CITIBANK, N.A.,
as a Bank

By: /s/ Cliff Vaz
Name: Cliff Vaz
Title: Vice President

KEYBANK NATIONAL ASSOCIATION,
as a Bank

By: /s/ George E. McKean
Name: George E. McKean
Title: Senior Vice President

MIZUHO BANK, LTD.,
as a Bank

By: /s/ Edward Sacks
Name: Edward Sacks
Title: Executive Director

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Robert Downey
Name: Robert Downey
Title: Vice President

TRUIST BANK,
as a Bank

By: /s/ Greg Krablin
Name: Greg Krablin
Title: Director

TEXAS CAPITAL BANK
as a Existing Bank

By: /s/ Gabriel X. Garcia
Name: Gabriel X. Garcia
Title: Executive Director

COMERICA BANK,
as a Bank

By: /s/ Britney P. Geidel
Name: Britney P. Geidel
Title: Vice President

ZIONS BANCORPORATION, N.A. dba AMEGY BANK,
as a Bank

By: /s/ Matt Lang
Name: Matt Lang
Title: Senior Vice President – Amegy Division

BOKF, NA DBA BANK OF OKLAHOMA,
as a New Bank

By: /s/ Tyler Thalken
Name: Tyler Thalken
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as a New Bank

By: /s/ Matthew A. Turner
Name: Matthew A. Turner
Title: Senior Vice President

ANNEX A

Amended Credit Agreement

[*See Attached*]

Execution Version

Annex A
to
Limited Consent and Eleventh Amendment to Fifth Amended and Restated Credit Agreement

This copy of the Fifth Amended and Restated Credit Amendment has been conformed to show changes made pursuant to the Limited Consent and Eleventh Amendment to Fifth Amended and Restated Credit Amendment dated as of September 13, 2023.

FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF
MAY 2, 2017

AMONG

VITAL ENERGY, INC.,
AS BORROWER

THE FINANCIAL INSTITUTIONS LISTED ON SCHEDULE 1 HERETO,
AS BANKS,

WELLS FARGO BANK, N.A., AS ADMINISTRATIVE AGENT,

BANK OF AMERICA, N.A., AS SYNDICATION AGENT,

PNC BANK, NATIONAL ASSOCIATION, CAPITAL ONE, NATIONAL ASSOCIATION, CITIBANK, N.A., KEYBANK NATIONAL ASSOCIATION, MIZUHO BANK, LTD., TEXAS CAPITAL BANK, N.A., AND TRUIST BANK,
AS CO-DOCUMENTATION AGENTS

AND

WELLS FARGO SECURITIES, LLC, BOFA SECURITIES, INC., PNC CAPITAL MARKETS LLC, CAPITAL ONE, NATIONAL ASSOCIATION, CITIBANK, N.A., KEYBANK NATIONAL ASSOCIATION, MIZUHO BANK, LTD., TEXAS CAPITAL BANK, N.A., AND TRUIST SECURITIES, INC.,
AS JOINT LEAD ARRANGERS AND JOINT BOOKRUNNERS

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FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIFTH AMENDED AND RESTATED CREDIT AGREEMENT is entered into effective as of May 2, 2017, among Vital Energy, Inc., a Delaware corporation ("Borrower"), Wells Fargo Bank, N.A., a national banking association, as administrative agent for the Banks (in such capacity, together with its successors in such capacity, "Administrative Agent"), Bank of America, N.A., BMO Harris Financing, Inc. and Capital One, National Association, as Co-Syndication Agents and Societe Generale and The Bank of Nova Scotia, as Co-Documentation Agents, and each of the Banks (as defined below) from time to time party hereto.

RECITALS:

WHEREAS, Borrower, Administrative Agent and the financial institutions party thereto as Banks are party to that certain Fourth Amended and Restated Credit Agreement dated as of December 31, 2013 (as amended, supplemented or otherwise modified prior to the Closing Date, the "Existing Credit Agreement") pursuant to which the banks thereunder provided Borrower with a revolving credit facility;

WHEREAS, the parties hereto desire to amend and restate in its entirety the Existing Credit Agreement in the form of this Agreement to (a) renew and rearrange the indebtedness outstanding under the Existing Credit Agreement (but not to repay or pay off any such indebtedness) and (b) amend certain other terms of the Existing Credit Agreement in certain respects as provided in this Agreement.

NOW, THEREFORE, in consideration of the premises, the representations, warranties, covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Administrative Agent, and Banks hereby agree as follows, amending and restating the Existing Credit Agreement in its entirety:

ARTICLE I
DEFINITIONS AND ACCOUNTING MATTERS

Section 1.01 Terms Defined Above. As used in this Agreement, each capitalized term defined above has the meaning indicated above.

Section 1.02 Certain Defined Terms. As used in this Agreement, the following capitalized terms have the meanings specified below:

"2025 Senior Notes" means those certain 9.500% senior unsecured notes of the Borrower due January 15, 2025 issued by the Borrower pursuant to the 2025 Senior Notes Documents.

"2025 Senior Notes Documents" means that certain indenture dated as of March 18, 2015 among the Borrower, Computershare Trust Company, National Association (as successor to Wells Fargo), as trustee (the "2025 Senior Notes Trustee"), and the Subsidiaries of the Borrower party thereto as guarantors, as supplemented by that certain Third Supplemental Indenture dated as of January 24, 2020 (the "Third Supplemental Indenture") by and among the Borrower, the 2025 Senior Notes Trustee, and the Subsidiaries of the Borrower party thereto as guarantors, and all related documentation entered into in connection therewith pursuant to which the 2025 Senior Notes were issued, as the same may be amended, restated, modified or supplemented from time to time in accordance with the terms hereof.

"2025 Senior Notes Trustee" has the meaning assigned to such term in the definition of "2025 Senior Notes Documents".

"2028 Senior Notes" means those certain 10.125% senior unsecured notes of the Borrower due January 15, 2028 issued by the Borrower pursuant to the 2028 Senior Notes Documents.

"2028 Senior Notes Documents" means that certain indenture dated as of March 18, 2015 among the Borrower, Computershare Trust Company, National Association (as successor to Wells Fargo), as trustee, and the Subsidiaries of the Borrower party thereto as guarantors, as supplemented by that certain Fourth Supplemental Indenture dated as of January 24, 2020 by and among the Borrower, Computershare Trust Company (as successor to Wells Fargo), as trustee, and the Subsidiaries of the Borrower party thereto as guarantors, and all related documentation entered into in connection therewith pursuant to which the 2028 Senior Notes were issued, as the same may be amended, restated, modified or supplemented from time to time in accordance with the terms hereof.

"2029 Senior Notes" means those certain 7.75% senior unsecured notes of the Borrower due July 31, 2029 issued by the Borrower pursuant to the 2029 Senior Notes Documents.

"2029 Senior Notes Documents" means that certain Indenture dated as of July 16, 2021 by and among the Borrower, as issuer, Computershare Trust Company, National Association (as successor to Wells Fargo), as trustee, and the Subsidiaries of the Borrower party thereto as guarantors, and all related documentation entered into in connection therewith pursuant to which the 2029 Senior Notes were issued, as the same may be amended, restated, modified or supplemented from time to time in accordance with the terms hereof.

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Account Control Agreement" means a control agreement, in form and substance reasonably satisfactory to the Administrative Agent, which grants the Administrative Agent "control" as defined in the Uniform Commercial Code in effect in the applicable jurisdiction over any Deposit Account, Securities Account or Commodity Account maintained by any Credit Party, in each case, among the Administrative Agent, the applicable Credit Party and the applicable financial institution at which such Deposit Account, Securities Account or Commodity Account is maintained.

"Act" has the meaning assigned to such term in Section 12.16.

"Additional Revolving Bank" has the meaning assigned to such term in Section 2.06(c)(i).

"Additional Revolving Bank Certificate" has the meaning assigned to such term in Section 2.06(c)(ii)(F).

"Additional Term Bank" has the meaning assigned to such term in Section 2.11(c).

"Adjusted Term SOFR" means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that, if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

"Administrative Agent" has the meaning assigned to such term in the initial paragraph hereof.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Advance Payment Contract" means any contract whereby any Credit Party receives or becomes entitled to receive (either directly or indirectly) any payment (an "Advance Payment") as consideration for either (a) Hydrocarbons produced or to be produced from Oil and Gas Properties owned by any Credit Party and which Advance Payment is, or is to be, paid in advance of actual delivery of such production to or for the account of the purchaser regardless of whether such Hydrocarbons are actually produced or actual delivery is required, or (b) an option or right of refusal to the purchaser to take delivery of such Hydrocarbons in lieu of payment, and, in either of the foregoing instances, the Advance Payment is, or is to be, applied as payment in full for such Hydrocarbons when sold and delivered or is, or is to be, applied as payment for a portion only of the purchase price thereof or of a percentage or share of such Hydrocarbons; provided that inclusion of the standard "take or pay" provisions in any gas sales or purchase contract or any other similar contract shall not, in and of itself, cause such contract to constitute an Advance Payment Contract for the purposes hereof.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affected Loans" has the meaning assigned to such term in Section 3.03(b).

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Commitment Percentage" means, with respect to any Bank at any time, the quotient, expressed as a percentage, of (a) the sum of (i) the unused Revolving Commitment of such Bank, (ii) such Bank's Revolving Credit Exposure and (iii) such Bank's Term Loan Exposures divided by (b) the Total Credit Exposures.

"Aggregate Credit Exposures" means, at any time, the sum of (a) the Aggregate Revolving Credit Exposures at such time and (b) the Aggregate Term Loan Exposures at such time.

"Aggregate Elected Revolving Commitment Amount" at any time means the sum of the Elected Revolving Commitments, as the same may be increased, reduced or terminated from time to time pursuant to Section 2.06. As of Initial Fall 2023 Acquisition Closing Date, the Aggregate Elected Revolving Commitment Amount is $1,000,000,000 plus, in the event the Initial Fall 2023 Acquisition Closing Date occurs in respect of the Henry Acquisition or the Maple Acquisition, the amount of the Aggregate Elected Revolving Commitment Amount increase provided for in Section 2.06(d)(i) or Section 2.06(d)(ii), as applicable.

"Aggregate Maximum Credit Amounts" at any time means the sum of the Maximum Credit Amounts, as the same may be increased, reduced or terminated pursuant to Section 2.06. As of the Initial Fall 2023 Acquisition Closing Date, the Aggregate Maximum Credit Amounts are $3,000,000,000.

"Aggregate Revolving Credit Exposures" means, at any time, the aggregate amount of the Revolving Credit Exposures of all of the Revolving Banks.

"Aggregate Term Loan Exposures" means, at any time, the aggregate amount of the Term Loan Exposures of all of the Term Banks.

"Agreement" means this Sixth Amended and Restated Credit Agreement, as the same may from time to time be amended, modified, supplemented or restated.

"Alternate Base Rate" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%, and (c) the Adjusted Term SOFR for a one-month Interest Period beginning on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus one percent (1.00%); provided that clause (c) of this definition shall not be applicable during any period in which Adjusted Term SOFR is unavailable or unascertainable. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or Adjusted Term SOFR shall be effective from and including the effective date of such change in the Prime Rate, Federal Funds Effective Rate or Adjusted Term SOFR, respectively. For the avoidance of doubt, if the Alternate Base Rate shall be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

"Amount of Capped Distributions and Investments" means, as of any time, the amount of Capped Distributions and Investments through and including such time; provided that, the amount of Investments made pursuant to Section 9.06(p) shall be determined as of the date such Investment is made.

"Anti-Corruption Laws" means all laws, rules, and regulations of the United States of America that are applicable to Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Anti-Terrorism Laws" has the meaning assigned to such term in Section 7.23.

"Applicable Margin" means with respect to:

(a) each ABR Revolving Loan or SOFR Revolving Loan, or with respect to the commitment fee rate set forth in the grid below for any commitment fees payable hereunder (the "Commitment Fee Rate"), as the case may be, for any day, the rate per annum set forth in the Borrowing Base Utilization Grid below based upon the Borrowing Base Utilization Percentage then in effect:

Borrowing Base Utilization Grid					
Borrowing Base Utilization Percentage	<25%	≥25% but <50%	≥50% but <75%	≥75% but <90%	≥90%
SOFR Revolving Loans	2.250%	2.500%	2.750%	3.000%	3.250%
ABR Revolving Loans	1.250%	1.500%	1.750%	2.000%	2.250%
Commitment Fee Rate	0.375%	0.375%	0.500%	0.500%	0.500%

Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change, provided, however, that if at any time the Borrower fails to deliver a Reserve Report pursuant to Section 8.12(a), then until such time as the Reserve Report is delivered the "Applicable Margin" means the rate per annum set forth on the grid above when the Borrowing Base Utilization Percentage is at its highest level;

(b) (i) for any day during the period from the Eleventh Amendment Effective Date to December 31, 2023, (A) with respect to Initial Term Loans which are ABR Loans hereunder, 2.25% per annum and (B) with respect to Initial Term Loans which are SOFR Loans hereunder, 3.25% per annum and (ii) for any day during any subsequent fiscal quarter, commencing with the fiscal quarter ending March 31, 2024, (A) with respect to Initial Term Loans which are ABR Loans hereunder, a rate per annum equal to the Applicable Margin that was in effect for such Initial Term Loans in the immediately prior fiscal quarter plus 25 basis points (0.25%) and (B) with respect to Initial Term Loans which are SOFR Loans hereunder, a rate per annum equal to the Applicable Margin that was in effect for such Initial Term Loans in the immediately prior fiscal quarter plus 25 basis points (0.25%); and

(c) any Term Loan other than an Initial Term Loan, the rate per annum as set forth in the applicable Term Loan Amendment.

"Applicable Maturity Date" means, when used in reference to any Loan, the Maturity Date applicable to such Loan.

"Applicable Reserve Report" means, as of any date of determination, (a) the Eleventh Amendment Reserve Report and (b) the Fall 2023 Reserve Report in respect of each Fall 2023 Acquisition that has closed on or prior to such date of determination.

"Applicable Revolving Commitment Percentage" means, with respect to any Revolving Bank at any time, the percentage of the Aggregate Elected Revolving Commitment Amount represented by such Revolving Bank's Elected Revolving Commitment, as such percentage is set forth on Schedule 1 as of Initial Fall 2023 Acquisition Closing Date (as may be (a) modified from time to time pursuant to Section 2.06 and (b) modified from time to time pursuant to assignments by or to such Revolving Bank pursuant to Section 12.04(b)).

"Applicable Term Commitment Percentage" means, with respect to any Term Bank at any time with respect to any Class of Term Loans, the percentage of the Total Term Commitment in respect of such Class of Term Loans represented by such Term Bank's Term Commitment in respect of such Class of Term Loans (or, if such Term Commitments have terminated or expired, the percentage of the Term Loan Exposures in respect of such Class of Term Loans represented by such Term Bank's Term Loan Exposure in respect of such Class of Term Loans at such time).

"Approved Counterparty" means (a) any Bank or any Affiliate of a Bank and (b) any other Person if such Person or its credit support provider with respect to its Swap Agreements with Credit Parties has a long term senior unsecured debt rating is BBB+/Baa1 by S&P or Moody's (or their equivalent) or higher.

"Approved Fund" means any Person (other than a natural person (or holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural person)) that is (or will be) engaged in making, purchasing, holding or investing in commercial bank revolving loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Bank, (b) an Affiliate of a Bank or (c) an entity or an Affiliate of an entity that administers or manages a Bank.

"Approved Petroleum Engineers" means (a) Ryder Scott Company, L.P. and (b) any other reputable firm of independent petroleum engineers selected by the Borrower and approved by the Majority Bank, such approval not to be unreasonably withheld or delayed.

"Assignment and Assumption" means an assignment and assumption entered into by a Bank and an assignee (with the consent of any party whose consent is required by Section 12.04(b)), and accepted by the Administrative Agent, in the form of Exhibit D or any other form approved by the Administrative Agent.

"Available Borrowing Base" means, at any time, the Borrowing Base then in effect *minus* the Aggregate Term Loan Exposures at such time.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 3.03(c)(iv).

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bank Price Deck" means the Administrative Agent's forward curve for each of oil, natural gas and other Hydrocarbons, as applicable, furnished to the Borrower by the Administrative Agent from time to time and consistent with the bank price deck used at such time by the Administrative Agent with respect to similar oil and gas reserve-based credits for similarly situated borrowers.

"Bank Products" means any of the following bank services: (a) commercial and corporate credit cards, including purchase cards, (b) stored value cards, and (c) treasury management services (including, without limitation, sweep, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Bank Products Provider" means any Bank or Affiliate of a Bank that provides Bank Products to the Borrower or any Restricted Subsidiary.

"Bankruptcy Code" means the United States Bankruptcy Code, Title 11 of the United States Code, as amended.

"Banks" means (a) the Revolving Banks and (b) the Term Banks.

"Base Rate Term SOFR Determination Day" has the meaning assigned to such term in the definition of "Term SOFR".

"Benchmark" means, initially, the Term SOFR Reference Rate; provided that, if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.03(c)(i).

"Benchmark Replacement" means, with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for dollar-denominated syndicated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Papers.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for dollar-denominated syndicated credit facilities.

"Benchmark Replacement Date" means the earlier to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or clause (b) of the definition of "Benchmark Transition Event", the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event", the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or non-compliant with or non-aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; provided that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or clause (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Start Date" means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than ninety (90) days after such statement or publication, the date of such statement or publication).

"Benchmark Unavailability Period" means the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Paper in accordance with Section 3.03(c)(i) and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Paper in accordance with Section 3.03(c)(i).

"Beneficial Ownership Certification" means a certification regarding beneficial ownership of a Credit Party required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America or any successor Governmental Authority.

"Borrower" has the meaning assigned to such term in the initial paragraph hereof.

"Borrowing" means Loans of the same Type, made, converted or continued on the same date and, in the case of SOFR Loans, as to which a single Interest Period is in effect.

"Borrowing Base" means at any time an amount equal to the amount determined in accordance with Section 2.07, as the same may be adjusted from time to time pursuant to Section 2.07 or Section 8.13(c). As of the Initial Fall 2023 Acquisition Closing Date, the Borrowing Base is in the amount set forth in the Initial Fall 2023 Acquisition Closing Date Borrowing Base Notice.

"Borrowing Base Deficiency" means, at any time, the amount by which the Aggregate Credit Exposures on such date exceeds the Borrowing Base then in effect, provided that, for purposes of determining the existence and amount of any Borrowing Base Deficiency, obligations under any Letter of Credit will not be deemed to be outstanding on any date to the extent such obligations are Cash Collateralized on such date.

"Borrowing Base Deficiency Determination Date" means the date on which the Administrative Agent shall have notified the Borrower that a Borrowing Base Deficiency exists.

"Borrowing Base Deficiency Payment Date" means, with respect to each Borrowing Base Deficiency Determination Date, the corresponding day of the month in each of the six (6) consecutive months occurring immediately after such Borrowing Base Deficiency Determination Date or if any of such months does not have a corresponding day, then, with respect to such month(s), the last day of such month, provided that if any such corresponding day is not a Business Day, then the Borrowing Base Deficiency Payment Date for such month shall be the Business Day immediately succeeding such corresponding day.

"Borrowing Base Utilization Percentage" means, as of any day, the fraction expressed as a percentage, the numerator of which is the Aggregate Credit Exposures of the Banks on such day, and the denominator of which is the then effective Borrowing Base.

"Borrowing Base Value" means, with respect to any Oil and Gas Property constituting proved reserves of a Credit Party, the Administrative Agent's estimation of the value attributed to such Oil and Gas Property in the most recent determination or redetermination of the Borrowing Base hereunder in accordance with Section 2.07 or Section 8.13(c).

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that (a) is not a Saturday, Sunday or other day on which the NYFRB is closed and (b) is not a day on which commercial banks in New York, New York, Charlotte, North Carolina or Dallas, Texas are authorized or required by law to be closed.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any Capital Lease, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Leases" means, in respect of any Person, all leases that have been, or should have been, in accordance with GAAP subject to Section 1.05, recorded as capital leases on the balance sheet of the Person liable (whether contingent or otherwise) for the payment of rent thereunder.

"Capped Distributions and Investments" means, as of any time, the sum of (a) Restricted Payments permitted and made pursuant to Section 9.08(c), *plus* (b) Investments made pursuant to Section 9.06(p).

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Banks or the Revolving Banks, as collateral for LC Exposure or obligations of Revolving Banks to fund participations in respect of LC Disbursements, cash or deposit account balances or, if the Administrative Agent and the Issuing Banks shall agree in their sole discretion, other credit support, in each case, pursuant to documentation in form and substance satisfactory to the Administrative Agent and the Issuing Banks. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Equivalent Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case, maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within one (1) year from the date of creation thereof and having the highest credit rating obtainable from S&P or Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one (1) year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (b) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds or similar funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P or Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Casualty Event" means any loss, casualty or other damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any Property of the Borrower or any of its Restricted Subsidiaries having a fair market value in excess of $10,000,000.

"Change in Control" means (a) any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof) acquires the ownership, directly or indirectly, beneficially or of record, of Equity Interests representing more than 50% of the aggregate issued and outstanding Voting Equity Interests of the Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated; (c) any Credit Party other than Borrower shall cease to be a Wholly Owned Subsidiary of Borrower, except as a result of a merger or consolidation permitted under Section 9.04 or disposition permitted by Section 9.05; or (d) a change of control occurs under the terms of the Permitted Debt Documents or Senior Notes Documents.

"Change in Law" means (a) the adoption or taking effect of any law, rule, regulation or treaty after the Closing Date, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority after the Closing Date or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, shall, in each case, be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Class" (a) when used with respect to any Bank, refers to whether such Bank has a Loan or Commitment with respect to a particular Class of Loans or Commitments, (b) when used with respect to Commitments, refers to whether such Commitments are Revolving Commitments or Term Commitments and (c) when used with respect to Loans, refers to whether such Loans are Revolving Loans, Term Loans of a given Term Loan Facility or Extended Term Loans of a given Term Loan Extension Series. Loans that are not fungible for United States federal income tax purposes shall be construed to be in different Classes or tranches. Commitments that, if and when drawn in the form of Loans, would yield Loans that are construed to be in different Classes or tranches pursuant to the immediately preceding sentence shall be construed to be in different Classes or tranches of Commitments corresponding to such Loans. There shall be no more than an aggregate of three Classes of Term Loan Facilities under this Agreement.

"CLO" means any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in commercial bank revolving loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Bank or an Affiliate of such Bank.

"Closing Date" means May 2, 2017.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute (except as otherwise provided herein).

"Collateral" means any Property of any Credit Party upon which a security interest in favor of the Administrative Agent for the benefit of the holders of the Obligations is purported to be granted pursuant to any Security Instrument.

"Commitment" means, with respect to any Bank, such Bank's Term Commitment or Revolving Commitment, as applicable.

"Commitment Fee Rate" has the meaning set forth in the definition of "Applicable Margin".

"Commodity Account" has the meaning assigned to such term in Article 9 of the UCC.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute, and any regulations promulgated thereunder.

"Common Stock" has the meaning assigned to such term in the Preferred Equity Interests Certificate of Designation.

"Compliance Certificate" means a certificate described in Section 8.01(c) and being substantially in the form of Exhibit B.

"Conforming Changes" means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate", the definition of "Business Day", the definition of "U.S. Government Securities Business Day", the definition of "Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 5.02 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Papers).

"Consolidated Net Income" means with respect to the Borrower and its Restricted Subsidiaries, for any period, the aggregate of the net income (or loss) of the Borrower and its Restricted Subsidiaries; provided that there shall be excluded from such net income (to the extent otherwise included therein) the following: (a) the net income of any Person (other than the Borrower) if such Person is not a Restricted Subsidiary, except (i) the Borrower's equity in the net income of any such Person shall be included in Consolidated Net Income to the extent of the amount of dividends or distributions actually paid in cash during such period by such other Person to the Borrower or to a Restricted Subsidiary, as the case may be (and in the case of a dividend or other distribution to a Restricted Subsidiary, such Restricted Subsidiary is not precluded from further distributing such amount to the Borrower as described in clause (b)) and (ii) the Borrower's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income; (b) the net income (but not loss) during such period of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions or transfers or loans by that Restricted Subsidiary is not at the time permitted by operation of the terms of its Organization Documents or any agreement, instrument or applicable law applicable to such Restricted Subsidiary or is otherwise restricted or prohibited, in each case, determined in accordance with GAAP; (c) the net income (or deficit) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Borrower or any of its Restricted Subsidiaries or the date that such Person's assets are acquired by the Borrower or any Restricted Subsidiary; (d) any extraordinary or unusual gains or losses during such period; (e) the cumulative effect of a change in accounting principles and any gains or losses attributable to writeups or writedowns of assets (including as a result of ASC Topic 410 (formerly FAS 143)), (f) non-cash gains or losses or charges in respect of Hedge Transactions or other interest rate agreements, currency agreements or commodity agreements (including those resulting from the application of ASC Topic 815 (formerly FAS 133), but shall expressly include any cash charges or payments in respect of the termination of any Hedge Transaction after giving effect to legally enforceable netting obligations) and (g) any writedowns or impairments of non-current assets (including any ceiling limitation writedowns). For the purposes of calculating Consolidated Net Income for any Reference Period in connection with any determination of the financial ratio contained in Section 9.01(a), if at any time during such Reference Period the Borrower or any Restricted Subsidiary shall have made any Material Disposition or Material Acquisition or designated a Subsidiary as Unrestricted Subsidiary or a Restricted Subsidiary, Consolidated Net Income for such Reference Period shall be calculated on a Pro Forma Basis.

"Consolidated Restricted Subsidiaries" means the Restricted Subsidiaries that are Consolidated Subsidiaries.

"Consolidated Subsidiaries" means each Subsidiary of the Borrower (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Borrower in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Covered Entity" means any of the following: (a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Credit Parties" means, collectively, the Borrower and each Guarantor.

"Debt" means, for any Person, without duplication: (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable incurred in the ordinary course of business that are not more than ninety (90) days past the invoice date), (f) all Debt of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Debt secured thereby has been assumed, (g) all Guarantees by such Person of Debt of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) Disqualified Equity Interests, (k) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (l) all obligations, contingent or otherwise, of such Person under Swap Agreements after giving effect to any legally enforceable netting obligations, (m) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or covenants of others or to purchase the Debt of others; (n) obligations to deliver commodities, goods or services, including Hydrocarbons, in consideration of one or more Advance Payments, other than gas balancing arrangements in the ordinary course of business (but only to the extent of such Advance Payments); (o) obligations under "take or pay" or similar agreements (other than obligations under firm transportation or drilling contracts); and (p) the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment. The Debt of any Person shall include all obligations of such Person of the character described above to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is not included as a liability of such Person under GAAP. The Debt of any Person shall include the Debt of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such other Person, except to the extent the terms of such Debt provide that such Person is not liable therefor.

Notwithstanding the preceding, "Debt" of a Person shall not include:

(1) any indebtedness that has been defeased in accordance with GAAP or defeased pursuant to the deposit of cash or Cash Equivalent Investments (in any amount sufficient to satisfy all such indebtedness obligations at maturity or redemption, as applicable, and all payments of interest and premium, if any) in a trust or account created or pledged for the sole benefit of the holders of such indebtedness, and subject to no other Liens; and

(2) any obligation of such Person in respect of a farm-in agreement or similar arrangement whereby such Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling, completion or other operation on such well in exchange for an ownership interest in an oil or gas property.

"Debtor Relief Laws" means the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Bank" means, subject to Section 2.10(b), any Bank (a) which has defaulted in its obligation to fund Loans hereunder within two (2) Business Days after the date required to be funded by it hereunder, (b) which has failed to fund any portion of its participations in LC Disbursements required to be funded by it hereunder within two (2) Business Days after the date required to be funded by it hereunder, (c) which has otherwise failed to pay over to the Administrative Agent or any other Bank any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject of a good faith dispute, (d) which has notified the Administrative Agent, the Borrower or the Issuing Bank, or has stated publicly, that such Bank will not comply with all or any of its funding obligations under this Agreement, (e) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (e) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (f) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become subject to a Bail-In Action; provided that (x) a Bank shall not be a Defaulting Bank solely by virtue of the ownership or acquisition of any equity interest in that Bank or any direct or indirect parent company thereof by a Governmental Authority or an instrumentality thereof and (y) the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator with respect to a Bank or Person under the Dutch Financial Supervision Act 2007 (as amended from time to time and including any successor legislation) shall not be deemed an event described in clause (f) hereof so long as, in the case of each of clauses (x) and (y), such ownership interest does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Bank (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank. Any determination by the Administrative Agent that a Bank is a Defaulting Bank under one or more of clauses (a) through (f) above shall be conclusive and binding absent manifest error, and such Bank shall be deemed to be a Defaulting Bank (subject to Section 2.10(b)) upon delivery of written notice of such determination to the Borrower, each Issuing Bank and each Bank.

"Deposit Account" has the meaning assigned to such term in Article 9 of the UCC.

"Disposition" with respect to any property, means any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms "Dispose" and "Disposed of" have meanings correlative thereto.

"Disqualified Equity Interests" means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not otherwise Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise, (b) is redeemable at the option of the holder thereof (other than solely for Equity Interests that are not otherwise Disqualified Equity Interests), in whole or in part, (c) provides for scheduled payments or dividends in cash or other Property, or (d) is or becomes convertible into or exchangeable for Debt or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Maturity Date. The amount of Disqualified Equity Interests deemed to be outstanding at any time for purposes of this Agreement will be the maximum amount that the Borrower and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Equity Interests, exclusive of accrued dividends.

"dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means any Restricted Subsidiary that is organized under the laws of any jurisdiction within the United States.

"EBITDAX" means, for any period, the sum of Consolidated Net Income for such period plus, without duplication, the following expenses or charges of the Borrower and the Restricted Subsidiaries to the extent deducted in determining such Consolidated Net Income in such period: (a) income and franchise taxes paid or accrued; (b) Interest Expense; (c) amortization, depletion and depreciation expense; (d) any non-cash losses or charges resulting from the application of ASC Topic 815 (formerly FAS 133), ASC Topic 410 (formerly FAS 143) or ASC Topic 360 (formerly FAS 144); (e) oil and gas exploration and abandonment expenses (including all drilling, completion, geological and geophysical costs); (f) extraordinary, unusual or non-recurring costs, expenses or losses; (g) other non-cash charges reducing Consolidated Net Income for such period (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period, but including (and not limited to) expenses related to stock-based compensation, hedging, ceiling test writedowns or impairments, Restricted Payments in connection with the Equity Interests owned by directors and employees of the Borrower and its Subsidiaries); (h) Transaction Expenses; and (i) the actual, reasonable and documented transaction costs, expenses, fees and charges incurred with respect to any Investment, non-ordinary course acquisition, non-ordinary course Disposition, issuance of Equity Interests, recapitalization, refinancing or the incurrence, refinance or repayment of Debt permitted to be incurred in this Agreement (in each case, including, without limitation, legal fees, title, environmental and other third-party due diligence costs, transition overhead, pre-close overhead paid to the seller as a purchase price adjustment, and new software implementation costs and severance costs); provided that the aggregate amount added back in the determination of EBITDAX pursuant to this clause (i) shall not exceed the greater of (x) $100,000,000 and (y) 10.0% of EBITDAX (determined prior to giving effect to any increase pursuant to this clause (i)) in any Reference Period; minus, to the extent included in the calculation of Consolidated Net Income for such period: (i) any non-cash income included in Consolidated Net Income and (ii) any extraordinary or unusual items increasing Consolidated Net Income for such period. For the purposes of calculating EBITDAX for any Reference Period in connection with any determination of the financial ratio contained in Section 9.01(a), if at any time during such Reference Period the Borrower or any Restricted Subsidiary shall have made any Material Disposition or Material Acquisition or designated a Subsidiary as Unrestricted Subsidiary or a Restricted Subsidiary, EBITDAX for such Reference Period shall be calculated on a Pro Forma Basis.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Elected Revolving Commitment" means, with respect to each Revolving Bank, the amount set forth opposite such Revolving Bank's name on Schedule 1 under the caption "Elected Revolving Commitment", as the same may be (a) modified from time to time pursuant to Section 2.06 and (b) modified from time to time pursuant to assignments by or to such Revolving Bank pursuant to Section 12.04(b).

"Elected Revolving Commitment Increase Certificate" has the meaning assigned to such term in Section 2.06(c)(ii).

"Electronic Record" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. § 7006.

"Electronic Signature" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. § 7006.

"Eleventh Amendment" means that certain Limited Consent and Eleventh Amendment to Fifth Amended and Restated Credit Agreement dated as of the Eleventh Amendment Effective Date, among the Borrower, the Guarantors party thereto, the Administrative Agent and the Banks party thereto.

"Eleventh Amendment Effective Date" means September 13, 2023.

"Eleventh Amendment Reserve Report" means the reserve report audited by Ryder Scott Company, L.P. setting forth as of July 1, 2023 the Proved Reserves attributable to the Oil and Gas Properties of the Credit Parties.

"Energy Transition Investment" means Investments directly or indirectly made by Borrower or any other Credit Party in any Person, business, line of business or asset (i) related to, and that is the same as or related, ancillary to or complementary to any of the businesses of the Borrower or any other Credit Party, (a) changes in, transitions from or other modifications to, energy production or consumption systems relying on non-renewable energy sources to energy production or consumption systems relying on renewable energy sources or mixed energy sources, (b) renewable energy production, infrastructure, transportation or consumption, (c) emissions reduction, carbon offsets or decarbonization or (d) renewable energy credits, emissions, air quality or other environmental attributes or benefits, howsoever entitled or designated, including, in each case and without limitation, transition fuels, energy storage, electrified transport, electrified heat, hydrogen production and refueling infrastructure, carbon capture and storage and research, development and manufacturing with respect to any of the foregoing or (ii) related to Technology Commercialization; provided that, in the case of this clause (ii), at the time of such Investment, such Investment is related, ancillary or complementary to, or may be used or useful in, any of the businesses of the Borrower or any other Credit Party.

"Engineering Reports" has the meaning assigned to such term in Section 2.07(c)(i).

"Environmental Laws" means any and all Governmental Requirements pertaining in any way to pollution, health, safety, the environment or the preservation or reclamation of natural resources, in effect in any and all jurisdictions in which the Borrower or any Subsidiary is conducting or at any time has conducted business, or where any Property of the Borrower or any Subsidiary is located, including without limitation, the Oil Pollution Act of 1990 ("OPA"), as amended, the Clean Air Act, as amended, the Comprehensive Environmental, Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended, the Federal Water Pollution Control Act, as amended, the Occupational Safety and Health Act of 1970, as amended, the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended, the Safe Drinking Water Act, as amended, the Toxic Substances Control Act, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Hazardous Materials Transportation Act, as amended, and other environmental conservation or protection Governmental Requirements. For purposes of this definition, Section 7.06 and Section 8.10, the term "oil" shall have the meaning specified in OPA, the terms "hazardous substance" and "release" (or "threatened release") have the meanings specified in CERCLA, the terms "solid waste" and "disposal" (or "disposed") have the meanings specified in RCRA and the term "oil and gas waste" shall have the meaning specified in Section 91.1011 of the Texas Natural Resources Code ("Section 91.1011"); provided, however, that (a) in the event any of OPA, CERCLA, RCRA or Section 91.1011 is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment and (b) to the extent the laws of the state or other jurisdiction in which any Property of the Borrower or any Subsidiary is located establish a meaning for "oil," "hazardous substance," "release," "solid waste," "disposal" or "oil and gas waste" which is broader than that specified in either OPA, CERCLA, RCRA or Section 91.1011, such broader meaning shall apply.

"Equity Interests" means shares of capital stock, partnership interests, joint venture interest or interests in comparable entities, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such Equity Interest.

"Equity Offering" means any issuance and sale by the Borrower, whether public or private, of any Equity Interests (other than Disqualified Equity Interests) of the Borrower or any other capital contribution from shareholders of the Borrower; provided that issuances of securities pursuant to employee benefit plans shall not be considered to be "Equity Offerings".

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto, as well as the rules and regulations promulgated thereunder.

"ERISA Affiliate" means each trade or business (whether or not incorporated) which together with the Borrower or a Subsidiary would be deemed to be a "single employer" within the meaning of section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of section 414 of the Code.

"ERISA Event" means (a) a "reportable event" described in section 4043(c) of ERISA and the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA have been waived, (b) any failure by any Plan to satisfy the Pension Funding Rules applicable to such Plan, whether or not waived, (c) the withdrawal of the Borrower, a Subsidiary or any ERISA Affiliate from a Plan during a plan year in which it was a "substantial employer" as defined in section 4001(a)(2) of ERISA, (d) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under section 4041 of ERISA, (e) the institution of proceedings to terminate a Plan by the PBGC or (f) any other event or condition which might constitute grounds under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"Erroneous Payment" has the meaning assigned to such term in Section 11.12(a).

"Erroneous Payment Deficiency Assignment" has the meaning assigned to such term in Section 11.12(d).

"Erroneous Payment Impacted Class" has the meaning assigned to such term in Section 11.12(d).

"Erroneous Payment Return Deficiency" has the meaning assigned to such term in Section 11.12(d).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Event of Default" has the meaning assigned to such term in Section 10.01.

"Excess Cash" means, at any time, the aggregate cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries (other than Excluded Cash) in excess of the greater of (x) $100,000,000 and (y) ten percent (10%) of the Borrowing Base then in effect.

"Excess Net Cash Proceeds" means the amount, if any, by which the sum of the Net Cash Proceeds from (i) Permitted Debt issued after the Eleventh Amendment Effective Date and (ii) Equity Offerings (other than Equity Offerings constituting, and Equity Offerings the Net Cash Proceeds from which constitute, consideration or partial consideration paid by the Borrower for the Henry Acquisition, the Maple Acquisition or the TCE Acquisition) made by any Credit Party or any Restricted Subsidiary after the Eleventh Amendment Effective Date exceeds the sum of (A) the aggregate principal amount of 2025 Senior Notes outstanding on the Eleventh Amendment Effective Date, (B) the unpaid accrued interest and premium thereon and (C) fees and expenses incurred in connection with the Redemption of the 2025 Senior Notes.

"Excluded Accounts" means depository accounts that are used solely for one or more of the following purposes: (a) making payroll and withholding tax payments related thereto and other employee wage and benefit payments and accrued and unpaid employee compensation (including salaries, wages, benefits and expense reimbursements), (b) paying Taxes, including sales taxes, or (c) as escrow accounts or as fiduciary or trust accounts or for the benefit of Persons other than the Borrower or its Restricted Subsidiaries; provided that in no event shall any of the principal operating, revenue or collection accounts of the Borrower or any Restricted Subsidiary constitute an Excluded Account.

"Excluded Cash" means (a) any cash or Cash Equivalent Investments of the Borrower or any Restricted Subsidiary in an Excluded Account, (b) any cash or Cash Equivalent Investments held by the Administrative Agent as cash collateral pursuant to this Agreement or any other Loan Papers, (c) checks issued, wires initiated, or automated clearing house transfers initiated, in each case (i) solely to the extent issued or initiated to satisfy bona fide expenditures of the Borrower or any Restricted Subsidiary and (ii) on account of transactions not prohibited under this Agreement and in the ordinary course of business, (d) cash of the Credit Parties to be used by any Credit Party to Redeem Debt pursuant to Section 9.14 pursuant to a binding and enforceable commitment to Redeem such Debt within ten (10) Business Days; provided that cash excluded pursuant to this clause (d) shall not be excluded for more than ten (10) consecutive Business Days at any time and the amount excluded shall not exceed the contractually committed amount and (e) cash of the Credit Parties to be used by any Credit Party within ten (10) Business Days to pay the purchase price for Property to be acquired by such Credit Party pursuant to a binding and enforceable purchase and sale agreement with an unaffiliated third party containing customary provisions regarding the payment of such purchase price; provided that cash excluded pursuant to this clause (e) shall not be excluded for more than ten (10) consecutive Business Days at any time and the amount excluded shall not exceed the amount required under such purchase and sale agreement.

"Excluded Swap Obligations" means, with respect to the Borrower or any Guarantor, any Obligations in respect of any Swap Agreement if, and to the extent that, all or a portion of the guarantee of the Borrower or of such Guarantor of, or the grant by the Borrower or such Guarantor of a security interest to secure, such Obligations in respect of any Swap Agreement (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of the Borrower's or of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time of such guarantee of the Borrower or of such Guarantor or the grant of such security interest becomes effective with respect to such Obligations in respect of any Swap Agreement. If any Obligations in respect of any Swap Agreement arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Obligations that is attributable to any swaps (including individual transactions), and the related confirmations under any such master agreement for which such guarantee or security interest is or becomes illegal.

"Excluded Taxes" means, with respect to the Administrative Agent, any Bank, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower or any Guarantor hereunder or under any other Loan Paper, (a) taxes imposed on (or measured by) its net income and franchise taxes (including the Texas franchise tax) imposed on it (in lieu of net income taxes), in each case by the United States of America or such other jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Bank, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower or any Guarantor is located and (c) in the case of a Bank (other than an assignee pursuant to a request by the Borrower under Section 5.05), any United States withholding tax that is imposed on amounts payable to such Bank at the time such Bank becomes a party to this Agreement (or designates a new lending office), except to the extent that such Bank (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts with respect to such withholding tax pursuant to Section 5.03(a) or Section 5.03(c), (d) any United States withholding tax imposed under FATCA, or (e) any withholding tax that is attributable to such Bank's failure to comply with Section 5.03(f).

"Executive Order" has the meaning assigned to such term in Section 7.23.

"Existing Credit Agreement" has the meaning assigned to such term in the Recitals to this Agreement.

"Extended Term Loan Facility" means any Extended Term Loans of a given Term Loan Extension Series.

"Extended Term Loans" has the meaning set forth in Section 2.12(a)(ii).

"Extending Term Bank" has the meaning set forth in Section 2.12(a)(ii).

"Extension Amendment" has the meaning set forth in Section 2.12(c).

"Facility" means each of (a) any Term Loan Facility, (b) any Extended Term Loan Facility and (c) the Revolving Commitments and the extensions of credit made thereunder.

"Facility Guaranty" means the Fifth Amended and Restated Guaranty dated as of the Closing Date, executed by the Subsidiaries of the Borrower in favor of the Secured Parties, pursuant to which each such Subsidiary has guaranteed payment and performance in full of the Obligations, and each joinder or supplement thereto, as amended by that certain First Amendment to Fifth Amended and Restated Guaranty dated as of Initial Fall 2023 Acquisition Closing Date.

"Fall 2023 Acquisition" means each of (a) the Henry Acquisition, (b) the Maple Acquisition and (c) the TCE Acquisition.

"Fall 2023 Acquisition Agreement" means each of (a) the Henry Acquisition Agreement, (b) the Maple Acquisition Agreement and (c) the TCE Acquisition Agreement.

"Fall 2023 Acquisition Assets" means each of (a) the Henry Assets, (b) the Maple Assets and (c) the TCE Assets.

"Fall 2023 Acquisition Certificate" means, with respect to any Fall 2023 Acquisition, a certificate from a Responsible Officer to the Administrative Agent certifying that, with respect to the applicable Fall 2023 Acquisition, (a) attached to such certificate are true and correct copies of all amendments and other modifications made to the applicable Fall 2023 Acquisition Documents since the Eleventh Amendment Effective Date and, if the applicable Fall 2023 Acquisition is the Henry Acquisition, attached to such certificate are true and correct copies of all amendments and other modifications made to the Preferred Equity Interests Documents since the Eleventh Amendment Effective Date, (b) the applicable Fall 2023 Acquisition has been consummated or is being consummated contemporaneously therewith substantially in accordance with the terms of the applicable Fall 2023 Acquisition Documents (without waiver or amendment of any material term or condition thereof not otherwise reasonably acceptable to the Administrative Agent) and the Credit Parties are acquiring not less than (i) if such Fall 2023 Acquisition is the Maple Acquisition or the TCE Acquisition, 95% of the PV-9 value of the proved developed producing Fall 2023 Acquisition Assets in respect of such Fall 2023 Acquisition or (ii) if such Fall 2023 Acquisition is the Henry Acquisition, (A) 92.5% of the PV-9 value of the proved developed producing Henry Assets and (B) one-hundred percent (100%) of the Equity Interests in the Henry Acquired Companies, (c) as to the final purchase price for the applicable Fall 2023 Acquisition Assets after giving effect to all adjustments as of the closing date contemplated by the applicable Fall 2023 Acquisition Agreement, (i) if the applicable Fall 2023 Acquisition is the Henry Acquisition, such final purchase price consists solely of common Equity Interests and Preferred Equity Interests (or the Net Cash Proceeds from the issuance of such Equity Interests) and (ii) and if the applicable Fall 2023 Acquisition is the Maple Acquisition, such final purchase price consists solely of common Equity Interests (or the Net Cash Proceeds from the issuance of such Equity Interests) and (d) each of the Fall 2023 Acquisition Closing Conditions has been satisfied in respect of the applicable Fall 2023 Acquisition.

"Fall 2023 Acquisition Closing Conditions" has the meaning assigned to such term in Section 9.06(q).

"Fall 2023 Acquisition Documents" means each of (a) the Henry Acquisition Documents, (b) the Maple Acquisition Documents and (c) the TCE Acquisition Documents.

"Fall 2023 Acquisition Outside Date" means, individually or collectively as the context may require, (a) in respect of the Henry Acquisition, the Henry Acquisition Outside Date, (b) in respect of the Maple Acquisition, the Maple Acquisition Outside Date and (c) in respect of the TCE Acquisition, the TCE Acquisition Outside Date.

"Fall 2023 Reserve Report" means each of (a) the Henry Reserve Report, (b) the Maple Reserve Report and (c) the TCE Reserve Report.

"FATCA" means Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the NYFRB, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it; provided that in no event shall the Federal Funds Effective Rate be less than 0%.

"Fee Letter" means, collectively, (a) the letter agreement dated as of April 26, 2017 between Borrower and Wells Fargo, (b) the letter agreement dated as of September 13, 2023 between Borrower and Wells Fargo and (c) any other letter agreements entered into from time to time between Borrower, the Administrative Agent and/or Wells Fargo Securities, LLC providing for the payment of fees to the Administrative Agent, Wells Fargo and/or Wells Fargo Securities, LLC in connection with this Agreement or any transactions contemplated hereby.

"Final Borrowing Base Deficiency Payment Date" means, with respect to each Borrowing Base Deficiency Determination Date, the corresponding day of the month in the sixth month after the Borrowing Base Deficiency Determination Date, or if such month has no such corresponding day, then the last day of such month, provided that if any such corresponding day is not a Business Day, then the Borrowing Base Deficiency Payment Date for such month shall be the Business Day immediately succeeding such corresponding day.

"Financial Officer" means, for any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person. Unless otherwise specified, all references herein to a Financial Officer means a Financial Officer of the Borrower.

"Financial Statements" means the financial statement or statements of the Borrower and its Consolidated Restricted Subsidiaries referred to in Section 7.04(a).

"First Measurement Period" has the meaning set forth in Section 9.18(a).

"Flood Insurance Regulations" means, collectively, (a) the National Flood Insurance Act of 1968, (b) the Flood Disaster Protection Act of 1973, (c) the National Flood Insurance Reform Act of 1994, (d) the Flood Insurance Reform Act of 2004 and (e) the Biggert-Waters Flood Insurance Reform Act of 2012, as each of the foregoing is now or hereafter in effect and any successor statute to any of the foregoing and any regulations promulgated under any of the foregoing.

"Floor" means a rate of interest per annum equal to zero percent.

"Foreign Bank" means any Bank that is not a U.S. Person.

"Foreign Subsidiary" means any Restricted Subsidiary that is not a Domestic Subsidiary.

"Fronting Exposure" means, at any time there is a Defaulting Bank, with respect to an Issuing Bank, such Defaulting Bank's LC Exposure other than LC Disbursements as to which such Defaulting Bank's participation obligation has been reallocated to other Banks or Cash Collateralized in accordance with the terms hereof.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time subject to the terms and conditions set forth in Section 1.05.

"Good and Defensible Title" means title that is free from reasonable doubt to the end that a prudent person engaged in the business of purchasing and owning, developing, and operating producing oil and gas properties in the geographical areas in which they are located, with knowledge of all of the material facts and their legal bearing, would be willing to accept the same acting reasonably.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Governmental Requirement" means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other directive or requirement, whether now or hereinafter in effect, including, without limitation, Environmental Laws, energy regulations and occupational, safety and health standards or controls, of any Governmental Authority.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing, or having the economic effect of guaranteeing, any Obligations or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Obligations or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Obligations or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Debt or obligation; provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantors" means each Restricted Subsidiary of the Borrower on the Closing Date, and each other Person that becomes a Guarantor after the Closing Date, whether pursuant to Section 8.14 or otherwise.

"Hedge Liquidation" means the sale, assignment, novation, liquidation, unwind, cancellation or termination of all or any part of any Hedge Transaction (other than, in each case, at its scheduled maturity) or (other than as contemplated by Section 9.18(g)) the creation of an offsetting position against all or any part of such Hedge Transaction, including any sale, assignment, or other transfer of Equity Interests in any Guarantor that is a party to any Hedge Transaction to a party that is not a Credit Party.

"Hedge Termination Value" means, during any period between two successive Scheduled Redetermination Dates (or in the case of any Hedge Liquidation occurring prior to the Scheduled Redetermination scheduled to occur on or about May 1, 2024, the period from Initial Fall 2023 Acquisition Closing Date to the Scheduled Redetermination Date for the Scheduled Redetermination scheduled to occur on or about May 1, 2024), the net positive value to the Borrower or any of its Restricted Subsidiaries (if any) of any Hedge Liquidation (after giving effect to any new hedge position or Hedge Transaction previously entered into during such period) (as reasonably determined by the Administrative Agent) on the Borrowing Base then in effect; provided that in no event shall the Hedge Termination Value be less than $0.

"Hedge Transaction" means any trade or other transaction entered into by a Person under a Swap Agreement.

"Hedge Transaction Letters of Credit" means Letters of Credit issued to secure the Borrower's obligations to counterparties under Oil and Gas Hedge Transactions.

"Henry Acquired Companies" means the "Acquired Companies" as defined in the Henry Acquisition Agreement as in effect on the Eleventh Amendment Effective Date.

"Henry Acquisition" means the acquisition by the Borrower of not less than (a) 92.5% of the PV-9 value of the proved developed producing Henry Assets and (b) 100% of the Equity Interests of the Henry Acquired Companies for a total purchase price consisting solely of common Equity Interests and Preferred Equity Interests, pursuant to, and in accordance with the requirements of, the Henry Acquisition Agreement.

"Henry Acquisition Agreement" means that certain Purchase and Sale Agreement dated as of September 13, 2023, between the Henry Seller, as Seller under and as defined therein, and the Borrower, as Purchaser under and as defined therein.

"Henry Acquisition Documents" has the meaning assigned to the term "Transaction Agreements" in the Henry Acquisition Agreement.

"Henry Acquisition Outside Date" means December 19, 2023.

"Henry Assets" means the "Assets" as defined in the Henry Acquisition Agreement as in effect on the Eleventh Amendment Effective Date.

"Henry Reserve Report" means the reserve report of the Henry Seller as of August 1, 2023 covering all or substantially all of the Properties (as defined in the Henry Acquisition Agreement as in effect on Eleventh Amendment Effective Date) prepared by or under the supervision of the chief engineer of the Borrower.

"Henry Seller" means, collectively, Henry Energy LP, a Texas limited partnership, Henry Resources LLC, a Texas limited liability company, and Moriah Henry Partners LLC, a Texas limited liability company.

"Highest Lawful Rate" means, with respect to each Bank, the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Loans or on other Obligations under laws applicable to such Bank which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws allow as of the date hereof.

"Hydrocarbon Interests" means all rights, titles, interests and estates now or hereafter acquired in and to oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases, mineral fee interests, overriding royalty and royalty interests, net profit interests and production payment interests, including any reserved or residual interests of whatever nature.

"Hydrocarbons" means oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined or separated therefrom.

"Indemnified Taxes" means (a) Taxes other than Excluded Taxes and (b) to the extent not described in clause (a), Other Taxes.

"Initial Fall 2023 Acquisition Closing Date" has the meaning assigned to such term in the Eleventh Amendment.

"Initial Fall 2023 Acquisition Closing Date Borrowing Base Notice" has the meaning assigned to such term in Section 2.07(a).

"Initial Term Commitment" means, with respect to each Term Bank, the commitment of such Term Bank to make or otherwise fund an Initial Term Loan. The amount of each Term Bank's Initial Term Commitment is set forth on Schedule 1 hereto, subject to any adjustment or reduction pursuant to Section 2.06(e). The aggregate amount of the Initial Term Commitments as of Initial Fall 2023 Acquisition Closing Date is $250,000,000 (less any reductions pursuant to Section 2.06(e)) and prior to giving effect to the funding of Initial Term Loans.

"Initial Term Loan" means an Initial Term Loan made by a Term Bank to the Borrower pursuant to Section 2.01(b)(i).

"Initial Term Loan Exposure" means, with respect to any Term Bank at any time, the outstanding principal amount of such Term Bank's Initial Term Loans at such time; provided, at any time prior to the making of the Initial Term Loans, the Initial Term Loan Exposure of any Term Bank shall be equal to such Term Bank's Initial Term Commitment.

"Initial Term Loan Facility" means the credit facility represented by the Initial Term Commitments.

"Initial Term Loan Maturity Date" means the earliest to occur of (a) September 13, 2027, (b) the date that is 180 days prior to the final maturity date of the 2025 Senior Notes, if any 2025 Senior Notes are outstanding (other than in the form of Permitted Refinancing Debt or other than 2025 Senior Notes in an aggregate principal amount such that, after giving pro forma effect to their redemption from the proceeds of the Revolving Loans, Revolving Availability would be greater than 25% of the Total Revolving Commitment), and (c) any earlier date on which the Revolving Commitments are terminated in full pursuant to the terms hereof.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.04.

"Interest Expense" means, for any period, the consolidated interest expense of the Borrower and its Restricted Subsidiaries, plus, to the extent not included in such consolidated interest expense, and to the extent incurred by the Borrower or its Restricted Subsidiaries, interest expense attributable to Capital Lease Obligations and Synthetic Lease obligations, capitalized interest, amortization of debt issuance costs and original issue discount, net payments under interest rate Swap Agreements, any interest expense on Debt of another Person that is guaranteed by the Borrower or any of its Restricted Subsidiaries or secured by a Lien on the assets of the Borrower or any of its Restricted Subsidiaries, plus all dividends whether paid or accrued on any series of preferred stock of the Borrower or any of its Restricted Subsidiaries (other than dividends on equity interests payable solely in equity interests of the Borrower (other than Disqualified Equity Interests) or to the Borrower or a Restricted Subsidiary of the Borrower).

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each calendar month and (b) with respect to any SOFR Loan, the last day of the Interest Period applicable thereto and, in the case of a SOFR Borrowing with an Interest Period of more than three months' duration, at the end of each three month interval during such Interest Period.

"Interest Period" means, as to any SOFR Loan, the period commencing on the date such SOFR Loan is disbursed or converted to or continued as a SOFR Loan and ending on the date one (1), three (3) or six (6) months thereafter, in each case, as selected by the Borrower in its Borrowing Request or Interest Election Request and subject to availability; provided that:

(a) the Interest Period shall commence on the date of advance or continuation of or conversion to any SOFR Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided that if any Interest Period would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(c) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period;

(d) no Interest Period shall extend beyond the Applicable Maturity Date for such SOFR Loan;

(e) there shall be no more than ten (10) Interest Periods in effect at any time; and

(f) no tenor that has been removed from this definition pursuant to Section 3.03(c)(iv) and not thereafter reinstated shall be available for specification in any Borrowing Request or Interest Election Request.

"Interim Redetermination" has the meaning assigned to such term in Section 2.07(b).

"Interim Redetermination Date" means the date on which a Borrowing Base that has been redetermined pursuant to an Interim Redetermination becomes effective as provided in Section 2.07(d).

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect deposit with, advance, loan or other extension of credit (including by way of Guarantee or similar arrangement (including the deposit of any Equity Interests to be sold) with respect to, Debt or other liability of any other Person and (without duplication) an amount committed to be advanced, lent or extended to such Person) or capital contribution to (by means of any transfer of cash or other Property or any payment for Property or services for the account or use of others), or assumption of Debt of, purchase or other acquisition of any other Debt or equity participation or interest in, or any purchase or acquisition of Equity Interests, evidences of Debt or other securities (excluding any interest in an oil or natural gas leasehold to the extent constituting a security under applicable law) of, such other Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP, and any purchase or other acquisition (in one transaction or a series of transactions) of any assets of any other Person constituting a business unit; provided that (a) the endorsement of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment and (b) customer and trade accounts which are payable in accordance with customary trade terms will not be deemed to be an Investment. If the Borrower or any Restricted Subsidiary sells or otherwise Disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or Disposition, such Person is no longer a Restricted Subsidiary, the Borrower will be deemed to have made an Investment on the date of any such sale or Disposition equal to the fair market value of the Borrower's Investments in such Restricted Subsidiary that were not sold or Disposed of. The acquisition by the Borrower or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Borrower or such Restricted Subsidiary in such third Person in an amount equal to the fair market value of the Investments held by the acquired Person in such third Person at the time of such acquisition. Except as otherwise provided in this Agreement, the amount of an Investment will be determined at the time the Investment is made and without giving effect to the subsequent changes in value.

"Issuing Bank" means (a) Wells Fargo Bank, National Association, in its capacity as an issuer of Letters of Credit hereunder, (b) Bank of America, N.A., in its capacity as an issuer of Letters of Credit hereunder and (c) their respective successors in such capacity as provided in Section 2.08(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"Latest Maturity Date" at any time means the latest Maturity Date then applicable to any Loan hereunder at such time.

"LC Commitment" at any time means $80,000,000.

"LC Disbursement" means a payment made by any Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Bank at any time shall be its Applicable Revolving Commitment Percentage of the total LC Exposure at such time.

"LC Issuance Limit" means, with respect to each Issuing Bank, the amount set forth on Schedule 2 opposite such Issuing Bank's name, as such LC Issuance Limit may be amended from time to time in accordance with Section 12.02 (it being understood that the aggregate LC Issuance Limit of the Issuing Banks may exceed the LC Commitment, but in no event may an individual Issuing Bank's LC Issuance Limit exceed the LC Commitment).

"Lender Swap Provider" means any (a) Person (i) that is a party to a Swap Agreement with the Borrower or any Restricted Subsidiary and (ii) that entered into such Swap Agreement while (or before, so long as such Person became a Bank or an Affiliate of a Bank after entering into such Swap Agreement) such Person was a Bank or an Affiliate of a Bank, whether or not such Person at any time ceases to be a Bank or an Affiliate of a Bank, as the case may be, or (b) assignee of any Person described in clause (a) above so long as such assignee is a Bank or an Affiliate of a Bank.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"Letter of Credit Agreements" means all letter of credit applications and other agreements (including any amendments, modifications or supplements thereto) submitted by the Borrower, or entered into by the Borrower, with the applicable Issuing Bank relating to any Letter of Credit.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including but not limited to (a) the lien or security interest arising from a deed of trust, mortgage, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes or (b) production payments and the like payable out of Oil and Gas Properties. The term "Lien" shall not include easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations. For the purposes of this Agreement, the Borrower and its Subsidiaries shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, or leases under a financing lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person in a transaction intended to create a financing.

"Loan Papers" means this Agreement, the Notes, the Fee Letter, the Letter of Credit Agreements, the Letters of Credit, the Security Instruments, and any other document identified as a "Loan Paper" delivered in connection with this Agreement from time to time, in each case, as the same may be amended, modified, supplemented or restated from time to time.

"Loans" means the loans made by the Banks to the Borrower pursuant to this Agreement, including Revolving Loans, Term Loans and Extended Term Loans.

"Majority Banks" means, at any time, Banks having greater than fifty percent (50%) of the Aggregate Commitment Percentage.

"Majority Revolving Banks" means (a) as long as the Revolving Commitments are in effect, Banks having aggregate Revolving Commitments greater than 50% of the Total Revolving Commitment, and (b) following termination or expiration of the Revolving Commitments, Banks holding greater than 50% of the Aggregate Revolving Credit Exposures.

"Majority Term Banks" means, at any time, Term Banks having greater than 50% of the Aggregate Term Loan Exposures at the time of determination.

"Maple Acquisition" means the acquisition by the Borrower of not less than 95% of the PV-9 value of the proved developed producing Maple Assets for a total purchase price consisting solely of common Equity Interests, pursuant to, and in accordance with the requirements of, the Maple Acquisition Agreement.

"Maple Acquisition Agreement" means that certain Purchase and Sale Agreement dated as of September 13, 2023, between the Maple Seller, as Seller under and as defined therein, and the Borrower, as Purchaser under and as defined therein.

"Maple Acquisition Documents" has the meaning assigned to the term "Transaction Agreements" in the Maple Acquisition Agreement.

"Maple Acquisition Outside Date" means December 19, 2023.

"Maple Assets" means the "Assets" as defined in the Maple Acquisition Agreement as in effect on Eleventh Amendment Effective Date.

"Maple Reserve Report" means the reserve report of the Maple Seller as of August 1, 2023 covering all or substantially all of the Properties (as defined in the Maple Acquisition Agreement as in effect on Eleventh Amendment Effective Date) prepared by or under the supervision of the chief engineer of the Borrower.

"Maple Seller" means Maple Energy Holdings, LLC, a Delaware limited liability company.

"Material Acquisition" means any Permitted Acquisition or other acquisition of Property or series of related acquisitions of Property that, in any case, involves the payment of consideration by the Borrower and its Restricted Subsidiaries in excess of a dollar amount equal to five percent (5%) of the then effective Borrowing Base.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, or financial condition of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower, any Restricted Subsidiary or any Guarantor to perform any of its payment obligations or other material obligations under the Loan Papers, (c) the validity or enforceability of any of the Loan Papers, or (d) the rights and remedies of or benefits available to the Administrative Agent, the Issuing Banks and the Banks under the Loan Papers.

"Material Debt" means Debt (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Restricted Subsidiaries in an aggregate principal amount exceeding $50,000,000. For purposes of determining Material Debt, the "principal amount" of the obligations of the Borrower or any Restricted Subsidiary in respect of any Hedge Transaction at any time shall be the maximum aggregate amount (after giving effect to legally enforceable netting obligations) that the Borrower or such Restricted Subsidiary would be required to pay if such Hedge Transaction were terminated at such time.

"Material Disposition" means any Disposition of Property or series of related Dispositions of property that yields gross proceeds to the Borrower or any of its Restricted Subsidiaries in excess of a dollar amount equal to five percent (5%) of the then effective Borrowing Base.

"Maturity Date" means any Term Loan Maturity Date or the Revolving Maturity Date, as applicable.

"Maximum Credit Amount" means, as to each Bank, the amount set forth opposite such Bank's name on Schedule 1 under the caption "Maximum Credit Amounts", as the same may be (a) modified from time to time pursuant to Section 2.06 or (b) modified from time to time pursuant to any assignment permitted by Section 12.04(b).

"Minimum Collateral Amount" means, at any time, (i) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 103% of the Fronting Exposure of the applicable Issuing Bank with respect to Letters of Credit issued and outstanding at such time and (ii) otherwise, an amount determined by the Administrative Agent and the applicable Issuing Bank in their sole discretion.

"Minimum Extension Condition" has the meaning assigned to such term Section 2.12(b).

"Minimum Liquidity Threshold" has the meaning assigned to such term in Section 9.06(q).

"Moody's" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency.

"Mortgaged Property" means any Property owned by any Credit Party which is subject to the Liens existing and to exist under the terms of the Security Instruments.

"Mortgages" means all mortgages, amendments to, and amendments and restatements of, mortgages, deeds of trust, security agreements, pledge agreements and similar documents, instruments and agreements creating, evidencing, perfecting or otherwise establishing the Liens required by Section 8.14 as may have been heretofore or may hereafter be granted or assigned to Administrative Agent to secure payment of the Obligations or any part thereof, all as amended, supplemented, or otherwise modified from time to time. All Mortgages shall be in form and substance reasonably satisfactory to Administrative Agent.

"Multiemployer Plan" means a Plan which is a multiemployer plan as defined in section 4001(a)(3) of ERISA.

"Net Cash Proceeds" means, (a) with respect to any Disposition of any Oil and Gas Properties (including any Equity Interests of any Restricted Subsidiary owning Oil and Gas Properties) by the Borrower or any Restricted Subsidiary, the excess, if any, of (i) the sum of cash and cash equivalents received in connection with such Disposition, but only as and when so received, over (ii) the sum of (A) the principal amount of any Obligation that is secured by such Oil and Gas Properties and that is senior to the Liens securing the Obligations and required to be repaid in connection with such Disposition (other than the Loans), (B) the out-of-pocket costs and expenses incurred by the Borrower or such Restricted Subsidiary in connection with such Disposition, (C) all legal, title and recording tax expense and all federal, state, provincial, foreign and local Taxes required to be accrued as a liability under GAAP as a consequence of such Disposition, (D) all distributions and other payments required to be made to minority interest holders in Subsidiaries as a result of such Disposition, (E) the deduction of appropriate amounts provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the Property Disposed of in such Disposition and retained by the Borrower or any Restricted Subsidiary after such Disposition, (F) cash payments made to satisfy obligations resulting from Hedge Liquidations or the early termination of any Hedge Transactions in connection with or as a result of any such Disposition of Oil and Gas Properties, and (G) any portion of the purchase price from such Disposition placed into an escrow account pursuant to customary provisions of any Disposition agreement, whether as a reserve for adjustment of the purchase price, for satisfaction of indemnities in respect of such Disposition or otherwise in connection with such Disposition; provided, however, that upon the termination of that escrow, Net Cash Proceeds will be increased by any portion of funds in the escrow that are released to the Borrower or any Restricted Subsidiary, (b) with respect to any Permitted Refinancing Debt or issuance of Permitted Debt, the cash proceeds received from such Permitted Refinancing Debt or issuance of Permitted Debt, as the case may be, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses, and (c) with respect to any Hedge Liquidation by any Credit Party or any Subsidiary, the excess, if any, of (i) the sum of cash and cash equivalents received in connection with such Hedge Liquidation (after giving effect to any netting arrangements), over (ii) the out-of-pocket expenses incurred by such Credit Party or such Subsidiary, including reasonable legal fees and expenses, in connection with such Hedge Liquidation and (d) with respect to any Equity Offering, the cash proceeds thereof, net of customary fees, commissions, costs and other expenses, including reasonable legal fees and expenses, incurred in connection therewith.

"New Borrowing Base Notice" has the meaning assigned to such term in Section 2.07(d).

"New Term Commitments" has the meaning assigned to such term in Section 2.11(a).

"New Term Loan Facility" means any Class of Term Loans under the same Term Loan Amendment with the same terms applicable thereto.

"New Term Loan Facility Closing Date" has the meaning assigned to such term in Section 2.11(d).

"Non-Defaulting Bank" means, at any time, each Bank that is not a Defaulting Bank at such time.

"Non-Recourse Debt" means Debt:

(a) as to which neither the Borrower nor any of its Restricted Subsidiaries (i) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Debt), (ii) is directly or indirectly liable as a guarantor or otherwise, or (iii) constitutes the Bank;

(b) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Debt of the Borrower or any of its Restricted Subsidiaries to declare a default on such other Debt or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(c) as to which the Banks have been notified in writing that they will not have any recourse to the stock or assets of the Borrower or any of its Restricted Subsidiaries.

"Note" means a promissory note of the Borrower in substantially the form of, in the case of a promissory note payable to a Revolving Bank, Exhibit A-1 hereto, and in the case of a promissory note payable to a Term Bank, Exhibit A-2 hereto, evidencing the obligation of the Borrower to repay to such Bank its Applicable Revolving Commitment Percentage of the Revolving Loans or Applicable Term Commitment Percentage of the Term Loans of the applicable Class of Term Loans, as applicable, together with all amendments, modifications, replacements, extensions and rearrangements thereof, and "Notes" means all of the Notes.

"NYFRB" means the Federal Reserve Bank of New York.

"Obligations" means any and all amounts owing or to be owing by the Borrower or any Guarantor (whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising): (a) to the Administrative Agent, any Issuing Bank or any Bank under any Loan Paper, including, without limitation, all interest on any of the Loans (including any interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, or reorganization of any Credit Party (or would accrue but for the operation of applicable bankruptcy and insolvency laws), whether or not such interest is allowed or allowable as a claim in any such case, proceeding or other action); (b) to any Lender Swap Provider under any Swap Agreement with the Borrower or any Restricted Subsidiary including any Swap Agreement in existence prior to the date hereof but excluding, in the case of all Swap Agreements, whether currently in existence or entered into after the date hereof, any additional Hedge Transactions or confirmations entered into (i) after such Lender Swap Provider ceases to be a Bank or an Affiliate of a Bank or (ii) after assignment by a Lender Swap Provider to another Lender Swap Provider that is not a Bank or an Affiliate of a Bank; (c) to any Bank Products Provider in respect of Bank Products; and (d) all renewals, extensions and/or rearrangements of any of the above; provided that solely with respect to the Borrower or any Guarantor that is not an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder, Excluded Swap Obligations of such Person shall in any event be excluded from "Obligations" owing by such Person, as applicable.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Off-Balance Sheet Liability" of a Person means (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any liability under any sale and leaseback transaction that is not a Capital Lease Obligation, (c) any indebtedness, liability or obligation under any so-called "synthetic lease" transaction entered into by such Person, (d) any Advance Payment Contract, or (e) any indebtedness, liability or obligation arising with respect to any other transaction that is the functional equivalent of or takes the place of borrowing but that does not constitute a liability on the balance sheets of such Person, but excluding from the foregoing clauses (c) through (e) operating leases and usual and customary oil, gas and mineral leases.

"Oil and Gas Hedge Transactions" means a Hedge Transaction pursuant to which any Person hedges the price to be received by it for future production of Hydrocarbons, excluding all purchased put options or price floors for Hydrocarbons.

"Oil and Gas Properties" means (a) Hydrocarbon Interests; (b) the Properties now or hereafter pooled or unitized with Hydrocarbon Interests; (c) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby (including without limitation all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests; (d) all operating agreements, contracts and other agreements, including production sharing contracts and agreements, which relate to any of the Hydrocarbon Interests or the production, sale, purchase, exchange or processing of Hydrocarbons from or attributable to such Hydrocarbon Interests; (e) all Hydrocarbons in and under and which may be produced and saved or attributable to the Hydrocarbon Interests, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests; (f) all tenements, hereditaments, appurtenances and Properties in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests and (g) all Properties, rights, titles, interests and estates described or referred to above, including any and all Property, real or personal, now owned or hereinafter acquired and situated upon, used, held for use or useful in connection with the operating, working or development of any of such Hydrocarbon Interests or Property (excluding drilling rigs, automotive equipment, rental equipment or other personal Property which may be on such premises for the purpose of drilling a well or for other similar temporary uses) and including any and all oil wells, gas wells, injection wells or other wells, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing. Unless otherwise expressly provided herein, all references in this Agreement to "Oil and Gas Properties" refer to Oil and Gas Properties owned by the Borrower and its Restricted Subsidiaries, as the context requires.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws; (b) with respect to any limited liability company, articles of formation and the limited liability company agreement or operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation with the secretary of state or other department in the state of its formation, in each case, as amended from time to time to the extent permitted under Section 9.12.

"Other Agents" has the meaning assigned to such term in Section 12.18.

"Other Taxes" means any and all present or future stamp, court, intangible, recording, filing, documentary or similar Taxes that arise from any payment made hereunder, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement and any other Loan Paper.

"Overnight Bank Funding Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate and (b) an overnight rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

"Participant" has the meaning assigned to such term in Section 12.04(c)(i).

"Participant Register" has the meaning assigned to such term in Section 12.04(c)(i).

"Payment Recipient" has the meaning assigned to such term in Section 11.12(a).

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Pension Funding Rules" means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Plans and set forth in Sections 412, 430 and 436 of the Code and Sections 302 and 303 of ERISA.

"Performance Security" means collateral or other credit support provided by the Borrower to the RPPA Counterparty in an aggregate amount not exceeding $30,000,000 and provided in accordance with the terms of, and subject to the conditions set forth in, the applicable Renewable Product Purchase Agreement.

"Periodic Settlement Payment" means each settlement or similar payment to be made pursuant to a Renewable Product Purchase Agreement to the extent required to be made by Borrower to the RPPA Counterparty and paid in accordance with the terms of, and subject to the conditions set forth in, such Renewable Product Purchase Documents.

"Periodic Term SOFR Determination Day" has the meaning assigned to such term in the definition of "Term SOFR".

"Permitted Acquisition" means an acquisition by one or more of the Credit Parties of 100% of the Equity Interests of a Person organized under the laws of a jurisdiction within the United States whose primary business is the acquisition, exploration, development and operation of Hydrocarbon Interests and/or the production and/or marketing of Hydrocarbons and accompanying elements therefrom; provided, however, that the following requirements have been satisfied: (a) no Default or Borrowing Base Deficiency exists immediately before the closing of such acquisition or would result therefrom, (b) immediately before and after the closing of such acquisition, the Borrower shall be in pro forma compliance with Section 9.01 (including, in the case of any Permitted Acquisition constituting a Material Acquisition, compliance with Section 9.01(a) on a Pro Forma Basis) and (c) upon the consummation of such acquisition such acquired Person shall be a Restricted Subsidiary and the Borrower shall have caused such acquired Person to have complied with the requirements of Section 8.14(b) within the time period specified therein.

"Permitted Asset Swap" means the Disposition of Oil and Gas Properties made by a Credit Party in exchange for other Oil and Gas Properties so long as each of the following conditions are met: (a) such exchange is made with a Person (the "transferee") that is not an Affiliate of any Credit Party, (b) if any of the Oil and Gas Properties being Disposed of are Collateral, then the Oil and Gas Properties received shall be pledged as substitute Collateral pursuant to the Security Instruments (unless the Borrower has demonstrated to the reasonable satisfaction of the Administrative Agent that the Borrower and its Subsidiaries remain in compliance with Section 9.05(f)), and (c) the fair market value of the Disposed Oil and Gas Properties are substantially equivalent to the fair market value of the received Oil and Gas Properties (in any case, as reasonably determined by the board of directors or the equivalent governing body of the Borrower, or its designee, and, if requested by the Administrative Agent, the Borrower shall deliver a certificate of a Responsible Officer of the Borrower certifying to that effect).

"Permitted Debt" means any unsecured senior or unsecured subordinated Debt, including convertible securities, issued pursuant to Section 9.02(k).

"Permitted Debt Documents" means such agreements and documents as may be executed to evidence any Permitted Debt or any Permitted Refinancing Debt in respect thereof, as the same shall be amended, supplemented or otherwise modified from time to time in accordance with Section 9.12 and Section 9.14.

"Permitted Encumbrances" means:

(a) Liens for Taxes, assessments or other governmental charges or levies that are not delinquent or that are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(b) Liens in connection with workers' compensation, unemployment insurance or other social security, old age pension or public liability obligations that are not delinquent or that are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(c) statutory landlord's liens, operators', vendors', carriers', warehousemen's, repairmen's, mechanics', suppliers', workers', materialmen's, construction or other like Liens arising by operation of law in the ordinary course of business or incident to the exploration, development, operation and maintenance of Oil and Gas Properties each of which is in respect of obligations that are not delinquent or that are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(d) contractual Liens that arise in the ordinary course of business under operating agreements, joint venture agreements, oil and gas partnership agreements, oil and gas leases, farm-out agreements, division orders, contracts for the sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements, marketing agreements, processing agreements, development agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, gas balancing agreements, overriding royalty agreements, net profits interests, deferred production payments, seismic or other geophysical permits or agreements, and other agreements that are usual and customary in the oil and gas business in each case, (i) that are customary in the oil, gas and mineral production business, and (ii) that are entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business; provided that any such Lien referred to in this clause (d) does not materially impair the use of any material Property covered by such Lien for the purposes for which such Property is held by the Borrower or any Restricted Subsidiary or materially impair the value of any Property subject thereto;

(e) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution, provided that no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the NYFRB and no such deposit account is intended by the Borrower or any of its Subsidiaries to provide collateral to the depository institution;

(f) royalties, overriding royalties, net profits interests, production payments, reversionary interests, calls on production, preferential purchase rights and other burdens on or deductions from the proceeds of production which are granted in the ordinary course of business in the oil and gas industry, that are taken into account in computing the net revenue interests and working interests of Borrower or any of its Subsidiaries;

(g) immaterial title defects or irregularities in title, zoning and land use requirements or restrictions, easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations, rights of way and other similar encumbrances, on or affecting, or with respect to any Property of the Borrower or any Subsidiary, that in each case do not secure Debt and in the aggregate do not materially impair the use of such Property for the purposes of which such Property is held by the Borrower or any Subsidiary or materially impair the value of such Property subject thereto;

(h) Liens on cash, Cash Equivalent Investments or securities pledged to secure performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature, in each case, incurred in the ordinary course of business;

(i) judgment and attachment Liens not giving rise to an Event of Default, provided that any appropriate legal proceedings that may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired and no action to enforce such Lien has been commenced;

(j) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases (including, Synthetic Leases) entered into by the Borrower or any Restricted Subsidiaries in the ordinary course of its business and covering only the Property under lease;

(k) licenses, subleases or sublicenses (other than of or in respect of Oil and Gas Properties) granted to other Persons in the ordinary course of business which do not interfere in any material respect with the business of the Borrower and its Restricted Subsidiaries or materially impair the value of such Property subject thereto; and

(l) any interest or title of a lessor, sublessor, licensor or sublicensor under licenses entered into by the Borrower or any of its Restricted Subsidiaries in the ordinary course of business; provided that such Liens do not encumber Property of the Borrower or any Restricted Subsidiary other than the Property that is the subject of such lease or license;

provided, further that (1) Liens described in clauses (a) through (e) shall remain "Permitted Encumbrances" only for so long as no action to enforce such Lien has been commenced, (2) no intention to subordinate the first-priority Lien granted in favor of the Administrative Agent and the Banks is to be hereby implied or expressed by the permitted existence of any Permitted Encumbrance, and (3) the term "Permitted Encumbrances" shall not include any Lien securing Debt for borrowed money.

"Permitted Refinancing Debt" means any Debt of the Borrower or any Restricted Subsidiary, and Debt constituting Guarantees thereof by any Credit Party, incurred or issued in exchange for, or the Net Cash Proceeds of which are used solely to extend, refinance, renew, replace, defease or refund (collectively, "refinance"), existing Permitted Debt or Senior Notes, in whole or in part, from time to time; provided that (a) the principal amount of such Permitted Refinancing Debt (or if such Permitted Refinancing Debt is issued at a discount, the initial issuance price of such Permitted Refinancing Debt) does not exceed the principal amount of Debt permitted under Section 9.02(k), (l) or (m) outstanding immediately prior to such refinancing (plus the amount of any premiums, accrued and unpaid interest, fees and expenses incurred in connection therewith), (b) such Permitted Refinancing Debt does not have a stated maturity or provide for any scheduled repayment, mandatory redemption or payment of a sinking fund obligation prior to the date that is one year after the Latest Maturity Date in effect on the date of issuance of such Debt (except for any offer to redeem such Debt required as a result of asset sales or the occurrence of a "Change in Control" (or other similar event, however denominated) under and as defined in the Permitted Debt Documents or the Senior Notes Documents, provided that such agreements provide that the Borrower or such Subsidiary must first comply with the provisions of this Agreement), (c) with respect to any Permitted Refinancing Debt of the Permitted Debt or the Senior Notes, the terms and conditions of any such Permitted Refinancing Debt, taken as a whole, are not materially less favorable to the Banks than the terms and conditions of the Debt being refinanced (excluding as to "market" interest rates, fees, funding discounts and redemption or prepayment premiums), provided that a certificate of a Responsible Officer of the Borrower delivered to the Administrative Agent at least seven (7) Business Days prior to the incurrence or issuance of such Debt, together with drafts of the documentation relating thereto, stating that the Borrower has determined in good faith that such terms and conditions satisfy the foregoing requirement, shall be conclusive evidence that such terms and conditions satisfy the foregoing requirement unless the Administrative Agent notifies the Borrower within such seven (7) Business Day period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees), (d) the mandatory prepayment, repurchase and redemption provisions of such Permitted Refinancing Debt, taken as a whole, are not materially more onerous to the Credit Parties and their Subsidiaries than those imposed by such existing Permitted Debt or the Senior Notes, (e) such Permitted Refinancing Debt is unsecured, (f) no direct or indirect Subsidiary of any Credit Party shall Guarantee such Permitted Refinancing Debt unless such Subsidiary is (or concurrently with any such Guarantee becomes) a Guarantor hereunder, (g) to the extent such Permitted Refinancing Debt is or is intended to be expressly subordinate to the payment in full of all or any portion of the Obligations, the subordination provisions contained therein are either (x) at least as favorable to the Secured Parties as the subordination provisions contained in such existing Permitted Debt or the Senior Notes or (y) reasonably satisfactory to the Administrative Agent and the Majority Banks.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Petroleum Industry Standards" means the Definitions for Oil and Gas Reserves promulgated by the SPE (or any generally recognized successor) as in effect at the time in question.

"Plan" means any employee pension benefit plan, as defined in section 3(2) of ERISA, that is subject to Title IV of ERISA and which (a) is currently or hereafter sponsored, maintained or contributed to by the Borrower, a Subsidiary or an ERISA Affiliate or (b) was at any time during the six calendar years preceding the date hereof, sponsored, maintained or contributed to by the Borrower or a Subsidiary or an ERISA Affiliate, in each case, other than a Multiemployer Plan.

"Pledge Agreement" means that certain Pledge Agreement and Irrevocable Proxy dated as of the Initial Fall 2023 Acquisition Closing Date, by and among the Borrower, the Pledgors (as defined in the Pledge Agreement) party thereto from time to time, the Administrative Agent and the other parties thereto, in form and substance reasonably satisfactory to the Administrative Agent.

"Preferred Equity Interests" means 4,997,273 shares of preferred Equity Interests of the Borrower, designated as the "2.0% Cumulative Mandatorily Convertible Series A Preferred Stock," par value $0.01 per share, issued by the Borrower on or about the Eleventh Amendment Effective Date substantially in accordance with the terms of the Preferred Equity Interests Documents (without waiver or amendment of any material term or condition thereof not otherwise reasonably acceptable to the Administrative Agent).

"Preferred Equity Interests Certificate of Designation" means that certain Certificate of Designations of 2.0% Cumulative Mandatorily Convertible Series A Convertible Preferred Stock of the Borrower issued by the Borrower on or about the Eleventh Amendment Effective Date pursuant to Section 151 of the General Corporation Law of the State of Delaware.

"Preferred Equity Interests Documents" means all material transaction documents with respect to the issuance of the Preferred Equity Interests, including, without limitation, the Preferred Equity Interests Certificate of Designation.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in San Francisco, California; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. Such rate is set by the Administrative Agent as a general reference rate of interest, taking into account such factors as the Administrative Agent may deem appropriate; it being understood that many of the Administrative Agent's commercial or other loans are priced in relation to such rate, that it is not necessarily the lowest or best rate actually charged to any customer and that the Administrative Agent may make various commercial or other loans at rates of interest having no relationship to such rate.

"Pro Forma Basis" means, with respect to the calculation of Consolidated Net Income or EBITDAX attributable to any Reference Period in which the Borrower or any Restricted Subsidiary shall have made any Material Disposition or Material Acquisition or designated a Subsidiary as an Unrestricted Subsidiary or as a Restricted Subsidiary, in each case, subsequent to the commencement of such Reference Period, (i) in the case of a Material Disposition, Consolidated Net Income and EBITDAX shall exclude from the calculation thereof any amounts attributable to the Property that is the subject of such Material Disposition for such Reference Period as if such Material Disposition had occurred on the first day of such Reference Period, (ii) in the case of a Material Acquisition, Consolidated Net Income and EBITDAX for such Reference Period shall be calculated after giving pro forma effect thereto in accordance with Regulation S-X under the Securities Act of 1933, as if such Material Acquisition had occurred on the first day of such Reference Period, and (iii) in the case of a designation by the Borrower of a Subsidiary as an Unrestricted Subsidiary or as a Restricted Subsidiary, Consolidated Net Income and EBITDAX for such Reference Period shall be calculated after giving pro forma effect thereto in accordance with Regulation S-X under the Security Act of 1933 as if such designation occurred on the first day of such Reference Period.

"Pro Forma Compliance" means, for purposes of determining whether the Borrower and its Restricted Subsidiaries shall remain in pro forma compliance with the financial ratio covenant set forth in Section 9.01(a) after giving effect to any Material Disposition or designation of a Subsidiary as an Unrestricted Subsidiary or as a Restricted Subsidiary: (a) in the case of a Material Disposition, Consolidated Net Income and EBITDAX shall exclude from the calculation thereof any amounts attributable to the Property that is the subject of such Material Disposition as if such Material Disposition had occurred on the first day of the most recent Reference Period for which financial statements have been provided pursuant to Section 8.01(a) or (b), (b) in the case of a designation by the Borrower of a Subsidiary as an Unrestricted Subsidiary or as a Restricted Subsidiary, Consolidated Net Income and EBITDAX for such Reference Period shall be calculated after giving pro forma effect thereto in a manner consistent with Regulation S-X under the Security Act of 1933 as if such designation occurred on the first day of such Reference Period for which financial statements have been provided pursuant to Section 8.01(a) or (b); and (c) in the case of either a Material Disposition or a designation by the Borrower of a Subsidiary as an Unrestricted Subsidiary or as a Restricted Subsidiary, in the event that the Borrower or any Restricted Subsidiary has incurred or will incur (including by assumption or guarantees) or has repaid or will repay (including by redemption, repayment, retirement, discharge, defeasance or extinguishment) any Debt (other than Debt incurred or repaid under this Agreement unless such Debt has been permanently repaid and not replaced) in connection with such Material Disposition or designation by the Borrower of a Subsidiary as an Unrestricted Subsidiary or as a Restricted Subsidiary or otherwise after the date of the most recent Reference Period for which financial statements have been provided pursuant to Section 8.01(a) or (b), then Total Net Debt and Total Debt shall be calculated giving pro forma effect to such incurrence or repayment of Debt as if the same had occurred on the last day of the applicable Reference Period.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, cash, securities, accounts and contract rights.

"Proposed Borrowing Base" has the meaning assigned to such term in Section 2.07(c)(i).

"Proposed Borrowing Base Notice" has the meaning assigned to such term in Section 2.07(c)(ii).

"Proved Reserves" or "Proved" means oil and gas reserves that, in accordance with Petroleum Industry Standards, are classified as both "Proved Reserves" and one of the following: (a) "Developed Producing Reserves", (b) "Developed Non-Producing Reserves" or (c) "Undeveloped Reserves".

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"PV-9" means, with respect to any Proved Reserves expected to be produced from any Oil and Gas Properties, the net present value, discounted at 9% per annum, of the future net revenues expected to accrue to the Borrower's and the other Credit Parties' collective interests in such reserves during the remaining expected economic lives of such reserves, calculated in accordance with the most recent Bank Price Deck.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"Qualified ECP Guarantor" means, in respect of any Swap Agreement, each of the Borrower and each Guarantor or other Person that constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Qualified Professional Asset Manager" has the meaning assigned to such term in Section 12.20(a)(iii)(A).

"Recipient" means (a) the Administrative Agent, (b) any Bank and (c) any Issuing Bank, as applicable.

"Redemption" means with respect to any Debt, the repurchase, redemption, prepayment, repayment, satisfaction and discharge or defeasance (or the segregation of funds with respect to any of the foregoing) of such Debt. "Redeem" has the correlative meaning thereto.

"Redetermination Date" means, with respect to any Scheduled Redetermination or any Interim Redetermination, the date that the redetermined Borrowing Base related thereto becomes effective pursuant to Section 2.07(d).

"Reference Period" means, with respect to any fiscal quarter, any period of four (4) consecutive fiscal quarters ending on the last day of such fiscal quarter.

"Register" has the meaning assigned to such term in Section 12.04(b)(iv).

"Regulation D" means Regulation D of the Board, as the same may be amended, supplemented or replaced from time to time.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, partners, members, employees, agents and advisors of such Person and such Person's Affiliates.

"Relevant Governmental Body" means the Board of the NYFRB, or a committee officially endorsed or convened by the Board or the NYFRB, or any successor thereto.

"Remedial Work" has the meaning assigned to such term in Section 8.10(a).

"Renewable Product Purchase Agreement" means a renewable power or renewable energy credit or environmental attributes or benefits purchase and sale agreement, in form reasonably satisfactory to the Administrative Agent to be entered into by the Borrower or its Restricted Subsidiary and the applicable RPPA Counterparty.

"Renewable Product Purchase Documents" means the Renewable Product Purchase Agreement and any documents or instruments creating or granting Performance Security.

"Required Deficiency Payment" means, for each Borrowing Base Deficiency Payment Date occurring after a Borrowing Base Deficiency Determination Date in accordance with the terms hereof, an amount equal to one-sixth of the Borrowing Base Deficiency (plus accrued interest thereon) existing on the Borrowing Base Deficiency Determination Date; provided that if the amount of the Borrowing Base Deficiency has increased after the Borrowing Base Deficiency Determination Date then each remaining Required Deficiency Payment shall be increased to equal amounts sufficient to reduce to zero the Borrowing Base Deficiency on or before the Final Borrowing Base Deficiency Payment Date (after giving effect to the Required Deficiency Payment made on such date).

"Required Engineered Value" means (a) with respect to mortgages or deeds of trust for the purpose of creating first-priority, perfected liens for the benefit of the Administrative Agent in the Credit Parties' Oil and Gas Properties, 85% of the PV-9 value of the "proved reserves" and 85% of the PV-9 value of the "proved developed producing reserves", in each case, evaluated in the most recent Reserve Report delivered to the Banks; (b) with respect to title information satisfactory to the Administrative Agent setting forth the status of title in the Credit Parties' Oil and Gas Properties, not less than eighty-five (85%) of the PV-9 value of the "proved" Oil and Gas Properties evaluated in the most recent Reserve Report delivered to the Banks.

"Required Banks" means, at any time, Banks having 66-2/3% or more of the Aggregate Commitment Percentage.

"Reserve Report" means a report, in form and substance reasonably satisfactory to the Administrative Agent, setting forth, as of each December 31st or June 30th (or such other date in the event of an Interim Redetermination) the Proved Reserves attributable to the Oil and Gas Properties of the Credit Parties, together with a projection of the rate of production and future net income, taxes, operating expenses and capital expenditures with respect thereto as of such date, based upon the pricing assumptions consistent with SEC reporting requirements at the time.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means, as to any Person, the chief executive officer, the president, any financial officer or any vice president of such Person. Unless otherwise specified, all references to a Responsible Officer herein means a Responsible Officer of the Borrower.

"Restricted Payment" means any dividend or other distribution (whether by division, in cash, securities or other Property) with respect to any Equity Interests in the Borrower or any Restricted Subsidiary, or any payment (whether by division, in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower or any of its Subsidiaries or any option, warrant or other right to acquire any such Equity Interests in the Borrower or any of its Subsidiaries.

"Restricted Subsidiary" means any Subsidiary of Borrower that is not an Unrestricted Subsidiary.

"Revolving Availability" means, at any time: (a) the Total Revolving Commitment in effect at such time minus (b) the Aggregate Revolving Credit Exposures at such time.

"Revolving Bank" means (a) any Person listed on Schedule 1 hereto as having a Revolving Commitment and (b) any Person that shall have become a party to this Agreement (i) as an Additional Revolving Bank pursuant to Section 2.06(c) or (ii) as a Revolving Bank pursuant to an Assignment and Assumption with respect to which all or any portion of a Revolving Loan and/or Revolving Commitment was assigned to such Person, and in each case such Bank's successors and assigns, and "Revolving Banks" shall mean all Revolving Banks.

"Revolving Commitment" means, with respect to each Revolving Bank, the commitment of such Revolving Bank to make Revolving Loans and to acquire participations in Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of such Revolving Bank's Revolving Credit Exposure, as such amount may be terminated, reduced or increased from time to time in accordance with the provisions hereof. The amount representing each Revolving Bank's Revolving Commitment shall at any time be the least of (a) such Revolving Bank's Maximum Credit Amount less such Revolving Bank's Term Loan Exposure, (b) such Revolving Bank's Applicable Revolving Commitment Percentage of the then effective Available Borrowing Base and (c) such Revolving Bank's Elected Revolving Commitment.

"Revolving Credit Exposure" means, with respect to any Bank at any time, the sum of the outstanding principal amount of such Bank's Loans and its LC Exposure at such time.

"Revolving Loans" means the revolving loans, in an aggregate principal amount outstanding at any time not to exceed the amount of the Total Revolving Commitment then in effect, made by the Revolving Banks to the Borrower pursuant to the Revolving Commitments of the Revolving Banks.

"Revolving Maturity Date" means the earliest to occur of (a) September 13, 2027, (b) the date that is 180 days prior to the final maturity date of the 2025 Senior Notes, if any 2025 Senior Notes are outstanding (other than in the form of Permitted Refinancing Debt or other than 2025 Senior Notes in an aggregate principal amount such that, after giving pro forma effect to their redemption from the proceeds of the Revolving Loans, Revolving Availability would be greater than 25% of the Total Revolving Commitment), and (c) any earlier date on which the Revolving Commitments are terminated in full pursuant to the terms hereof.

"RPPA Counterparty" means a third party renewable power generation facility or a Person engaged in the creation and sale of renewable energy credits or environmental attributes or benefits party to a Renewable Product Purchase Agreement.

"S&P" means Standard & Poor's Rating Service, a division of S&P Global Inc. and any successor thereto that is a nationally recognized rating agency.

"Sanctioned Country" means, at any time, a country or territory which is the subject or target of any Sanctions (as of the Eleventh Amendment Effective Date, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea Region and certain other regions of Ukraine, Cuba, Iran, North Korea and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, (b) any Person located, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person described in the foregoing clause (a) or clause (b) hereof such that the controlled Person is subject to the same prohibitions or restrictions as the Person(s) described in clauses (a) and/or (b).

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union, or His Majesty's Treasury.

"Scheduled Redetermination" has the meaning assigned to such term in Section 2.07(b).

"Scheduled Redetermination Date" means the date on which a Borrowing Base that has been redetermined pursuant to a Scheduled Redetermination becomes effective as provided in Section 2.07(d).

"SEC" means the Securities and Exchange Commission or any successor Governmental Authority.

"Secured Parties" means, collectively, the Administrative Agent, the Banks, the Issuing Banks, the Bank Products Providers and Lender Swap Providers, and "Secured Party" means any of them individually.

"Securities Account" has the meaning assigned to such term in Article 8 of the UCC.

"Security Agreement" means that certain Fifth Amended and Restated Security Agreement dated as of May 2, 2017, by and among the Borrower, the Guarantors party thereto from time to time, and the Administrative Agent for the benefit of the Secured Parties, as amended by that certain First Amendment to Fifth Amended and Restated Security Agreement dated as of the Initial Fall 2023 Acquisition Closing Date.

"Security Instruments" means any Facility Guaranty, the Security Agreement, any Account Control Agreements, the Pledge Agreement, the Mortgages, any intercreditor agreement and all assignments, mortgages, deeds of trust, amendments and/or supplements to mortgages or deeds of trust, and all other agreements, instruments or certificates described or referred to in Exhibit C, and any and all other agreements, instruments or certificates now or hereafter executed and delivered by the Borrower or any other Person (other than Swap Agreements with the Banks or any Affiliate of a Bank or participation or similar agreements between any Bank and any other Bank or creditor with respect to any Obligation pursuant to this Agreement) in connection with, or as security for the payment or performance of the Obligations, the Notes, this Agreement, or reimbursement obligations under the Letters of Credit, as such agreements may be amended, modified, supplemented or restated from time to time.

"Senior Notes" means, individually and collectively, the 2025 Senior Notes, the 2028 Senior Notes and the 2029 Senior Notes.

"Senior Notes Documents" means, individually and collectively, the 2025 Senior Notes Documents, the 2028 Senior Notes Documents and the 2029 Senior Notes Documents.

"SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Borrowing" when used in reference to any Borrowing, refers to whether the Loans comprising such Borrowing are bearing interest at a rate determined by reference to Adjusted Term SOFR as provided in Section 3.02(b) (other than, for the avoidance of doubt, ABR Borrowings comprised of ABR Loans bearing interest based on the Alternate Base Rate when such rate is determined by reference to clause (c) of the definition thereof).

"SOFR Loan" means any Loan bearing interest at a rate based on Adjusted Term SOFR as provided in Section 3.02(b) (other than, for the avoidance of doubt, ABR Loans bearing interest based on the Alternate Base Rate when such rate is determined by reference to clause (c) of the definition thereof).

"SPE" means the Society of Petroleum Engineers.

"Specified Conditions" means, as of any date, that: (a) at least 20% of the Total Revolving Commitment is unused and available to be drawn and (b) the ratio of Total Debt outstanding on such date to EBITDAX for the period of four consecutive fiscal quarters most recently ended for which financial statements are available is less than or equal to 2.50 to 1.00.

"Specified Event of Default" means any Event of Default under clauses (a), (b), (h), (i) or (j) of Section 10.01.

"Stockholder Approval" has the meaning assigned to such term in the Preferred Equity Interests Certificate of Designation.

"Subordinated Debt" means the collective reference to any Debt of any Credit Party contractually subordinated in right and time of payment to the Obligations and containing such other terms and conditions, in each case, as are satisfactory to the Administrative Agent.

"subsidiary" means, with respect to any Person (the "parent") at any date, any other Person (a) the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date or (b)(i) other than in the case of a partnership, of which Equity Interests representing more than 50% of the equity or more than 50% of the ordinary voting power (irrespective of whether or not at the time Equity Interests of any other class or classes of such Person shall have or might have voting power by reason of the happening of any contingency) or (ii) in the case of a partnership, of which any general partnership interests are, as of such date, Controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means a subsidiary of the Borrower.

"Suspended Liabilities" means the amount, if any, by which (a) the aggregate amount of liabilities for unclaimed payments that are held in suspense related to owners of Oil and Gas Properties for which the Credit Parties have an obligation to make payments, including deceased or unidentified owners of interests, disputed mineral interests, unleased mineral interests and other related unclaimed payments exceeds (b) accounts receivable for joint interest billings relating to the interests described in the foregoing clause (a).

"Swap Agreement" means any agreement, with respect to any swap, forward, future or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter" or otherwise, involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction (including any agreement, including Electric Swap Agreements, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act) or any combination of these transactions, including all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any other master agreement including any such obligations or liabilities under any such master agreement (in each case, together with any related schedules or trade confirmations); provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

"Synthetic Leases" means, in respect of any Person, all leases which shall have been, or should have been, in accordance with GAAP, treated as operating leases on the financial statements of the Person liable (whether contingently or otherwise) for the payment of rent thereunder and which were properly treated as indebtedness for borrowed money for purposes of U.S. federal income taxes, if the lessee in respect thereof is obligated to either purchase for an amount in excess of, or pay upon early termination an amount in excess of, 80% of the residual value of the Property subject to such operating lease upon expiration or early termination of such lease.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees, or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"TCE Acquisition" means the acquisition by the Borrower of not less than 95% of the PV-9 value of the proved developed producing TCE Assets pursuant to, and in accordance with the requirements of, the TCE Acquisition Agreement.

"TCE Acquisition Agreement" means that certain Purchase and Sale Agreement dated as of September 13, 2023, between the TCE Seller, as Seller under and as defined therein, and the Borrower, as Buyer under and as defined therein.

"TCE Acquisition Closing Date" means the date on which the TCE Acquisition is consummated in accordance with the TCE Acquisition Documents.

"TCE Acquisition Documents" means the TCE Acquisition Agreement and all other material transaction documents in connection with the TCE Acquisition.

"TCE Acquisition Outside Date" means December 11, 2023.

"TCE Assets" means the "Assets" as defined in the TCE Acquisition Agreement as in effect on Eleventh Amendment Effective Date.

"TCE Reserve Report" means the reserve report of the TCE Seller as of July 1, 2023 covering all or substantially all of the Properties (as defined in the TCE Acquisition Agreement) prepared by or under the supervision of the chief engineer of the Borrower.

"TCE Seller" means, collectively, Tall City Property Holdings III LLC, a Delaware limited liability company, and Tall City Operations III LLC, a Delaware limited liability company.

"Technology Commercialization" means investment in technology-related lines of business, research and development of technology assets and the monetization of these goods (either tangible or intangible) including related services. Assets include (but are not limited to) intellectual property containing software or standalone products supporting advanced methodologies such as artificial intelligence models, machine learning algorithms, distributed ledger technologies, curated data sets, enterprise data architectures, and data analytics.

"Term Bank" means (a) any Person listed on Schedule 1 hereto as having an Initial Term Commitment, (b) any Person that shall become a party hereto with a New Term Commitment pursuant to Section 2.11 and (c) any Person that shall become a party to this Agreement as a Term Bank pursuant to an Assignment and Assumption with respect to which all or any portion of a Term Loan was assigned to such Person, and in each case such Bank's successors and assigns, and "Term Banks" shall mean all Term Banks. For the avoidance of doubt, any Term Bank that ceases to have any Term Loan Exposure shall not constitute a Term Bank hereunder.

"Term Commitment" means, with respect to each Term Bank, the Initial Term Commitment of such Term Bank, if any, or the New Term Commitment of such Term Bank, if any.

"Term Loan Amendment" has the meaning assigned to such term in Section 2.11(f).

"Term Loan Exposure" means, with respect to any Term Bank at any time, the outstanding principal amount of such Term Bank's Term Loans at such time.

"Term Loan Extension" has the meaning assigned to such term in Section 2.12(a).

"Term Loan Extension Offer" has the meaning assigned to such term in Section 2.12(a).

"Term Loan Extension Series" has the meaning assigned to such term in Section 2.12(a).

"Term Loan Facility" means each of (a) the Initial Term Loan Facility and (b) any New Term Loan Facility.

"Term Loan Increase" has the meaning assigned to such term in Section 2.11(a).

"Term Loan Maturity Date" means, (a) with respect to any Initial Term Loans, the Initial Term Loan Maturity Date, (b) with respect to any Term Loans made to the Borrower pursuant to the New Term Commitments, the final maturity date as specified for such Term Loans in the applicable Term Loan Amendment and (c) with respect to any Extended Term Loans of a given Term Loan Extension Series, the final maturity date as specified in the applicable Extension Amendment.

"Term Loan Request" has the meaning assigned to such term in Section 2.11(a).

"Term Loans" means the term loans made by the Term Banks to the Borrower pursuant to the Term Commitments of the Term Banks then in effect, or any portion thereof, as the context requires, and, unless the context otherwise requires, any Extended Term Loan.

"Term SOFR" means:

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Periodic Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day; and

(b) for any calculation with respect to an ABR Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the "Base Rate Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day.

"Term SOFR Adjustment" means, for any calculation, with respect to an ABR Loan (if calculated pursuant to clause (c) of the definition of "Alternate Base Rate") or a SOFR Loan, a percentage per annum equal to 0.10% for such Loan.

"Term SOFR Administrator" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

"Term SOFR Reference Rate" means the forward-looking term rate based on SOFR.

"Third Supplemental Indenture" has the meaning assigned to such term in the definition of "2025 Senior Notes Documents".

"Total Credit Exposures" means, at any time, the sum of (a) the Revolving Availability, (b) the Aggregate Revolving Credit Exposures and (c) the Aggregate Term Loan Exposures.

"Total Debt" means, as of any date, all Debt of Borrower and its Restricted Subsidiaries determined on a consolidated basis, excluding Debt of the type described in clause (l) of the definition of "Debt".

"Total Net Debt" means, at any date, all Debt of the Borrower and its Restricted Subsidiaries, determined on a consolidated basis, excluding Debt of the type described in clauses (e), (i) (other than drawn and unreimbursed amounts with respect thereto), (k), or (l) of the definition of "Debt," minus the sum of all unrestricted cash and Cash Equivalent Investments held on such date valued at par; provided that if, as of the date of determination, there is any outstanding principal of any Loan or there are any LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower, then for purposes of computing Total Net Debt for compliance with Section 9.01(a), the aggregate amount of unrestricted cash and Cash Equivalent Investments permitted to reduce Total Net Debt for such computation, shall not exceed the lesser of (x) $100,000,000 and (y) ten percent (10%) of the Borrowing Base then in effect.

"Total Revolving Commitment" means all of the Revolving Banks' Revolving Commitments.

"Total Term Commitment" means all of the Term Banks' Term Commitments.

"Transaction Expenses" means the fees and expenses of the Borrower and its Subsidiaries resulting from the negotiation, documentation, consummation, administration, amendment and supplement of this Agreement and the other Loan Papers (including, without limitation, any amounts and fees paid pursuant to the Fee Letter).

"Transactions" means, with respect to (a) the Borrower, the execution, delivery and performance by the Borrower of this Agreement, and each other Loan Paper to which it is a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder, and the grant of Liens by the Borrower on Mortgaged Properties and other Properties pursuant to the Security Instruments and (b) each Credit Party, the execution, delivery and performance by such Credit Party of each Loan Paper to which it is a party, the guaranteeing of the Obligations under the Facility Guaranty by such Credit Party and such Credit Party's grant of the security interests and provision of collateral thereunder, and the grant of Liens by such Credit Party on Mortgaged Properties and other Properties pursuant to the Security Instruments.

"Type" means, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Alternate Base Rate, the Adjusted Term SOFR or any Benchmark Replacement.

"UCC" means the Uniform Commercial Code as in effect in the State of New York, as amended from time to time.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unrestricted Subsidiary" means (a) as of the Eleventh Amendment Effective Date, Vital Energy Technology, LLC, a Delaware limited liability company, and (b) after the Eleventh Amendment Effective Date, any other Subsidiary which the Borrower designates in writing to the Administrative Agent to be an "Unrestricted Subsidiary" pursuant to Section 9.23 and all subsidiaries of such Person.

"U.S. Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; provided that for purposes of notice requirements in Section 2.03, Section 2.04, and Section 3.04(b), in each case, such day is also a Business Day.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 5.03(f).

"Voting Equity Interest" means, as to any Person, an Equity Interest in such Person having ordinary voting power with respect to the board of directors or other governing body of such Person.

"Weighted Average Life to Maturity" means, when applied to any Debt at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining amortization, installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Debt.

"Wells Fargo" has the meaning assigned to such term in the initial paragraph hereof.

"Wholly Owned Subsidiary" means any Subsidiary of which all of the outstanding Equity Interests (other than any directors' qualifying shares mandated by applicable Governmental Requirement), on a fully-diluted basis, are owned by the Borrower or one or more of the Wholly Owned Subsidiaries.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.03 Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings, respectively, may be classified and referred to by Type (e.g., a "SOFR Loan" or a "SOFR Borrowing") or by Class (e.g., a "Revolving Loan", a "Revolving Borrowing", a "Term Loan" or a "Term Borrowing") or by Class and Type (e.g., an "ABR Revolving Loan", an "ABR Revolving Borrowing", a "SOFR Revolving Loan", a "SOFR Revolving Borrowing", an "ABR Term Loan", an "ABR Term Borrowing", a "SOFR Term Loan", a "SOFR Term Borrowing", an "ABR Initial Term Loan", an "ABR Initial Term Borrowing", a "SOFR Initial Term Loan", or a "SOFR Initial Term Borrowing").

Section 1.04 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" as used in this Agreement shall be deemed to be followed by the phrase "without limitation." The word "will" as used in this Agreement shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated, amended and restated or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in the Loan Papers), (b) any reference in the Loan Papers to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference in the Loan Papers to any Person shall be construed to include such Person's successors and assigns (subject to the restrictions contained herein), (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) with respect to the determination of any time period, the word "from" as used in this Agreement means "from and including" and the word "to" means "to and including" and (f) all references herein to Articles, Sections, Annexes, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight savings or standard, as applicable). No provision of this Agreement or any other Loan Paper shall be interpreted or construed against any Person solely because such Person or its legal representative drafted such provision.

Section 1.05 Accounting Terms and Determinations; GAAP. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all financial statements and certificates and reports as to financial matters required to be furnished to the Administrative Agent or the Banks hereunder shall be prepared, in accordance with GAAP, applied on a basis consistent with the Financial Statements except for changes in which Borrower's independent certified public accountants concur and which are disclosed to Administrative Agent on the next date on which financial statements are required to be delivered to the Banks pursuant to Section 8.01(a); provided that, unless the Borrower and the Majority Banks shall otherwise agree in writing, no such change shall modify or affect the manner in which compliance with the covenants contained herein is computed such that all such computations shall be conducted utilizing financial information presented consistently with prior periods. Notwithstanding anything herein to the contrary, for the purposes of calculating any of the ratios tested under Section 9.01, and the components of each of such ratios, all Unrestricted Subsidiaries, and their subsidiaries (including their assets, liabilities, income, losses, cash flows, and the elements thereof) shall be excluded, except for any cash dividends or distributions actually paid by any Unrestricted Subsidiary or any of its subsidiaries to the Borrower or any Restricted Subsidiary, which shall be deemed to be income to the Borrower or such Restricted Subsidiary when actually received by it. Notwithstanding anything herein to the contrary, unless otherwise expressly stated (including, without limitation, for the purposes of calculating any of the ratios tested under Section 9.01), (i) all obligations of any Person that are or would have been treated as operating leases for purposes of GAAP prior to the effectiveness of FASB ASC 842 shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purpose of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with FASB ASC 842 (on a prospective or retroactive basis or otherwise) to be treated as Capital Lease Obligations in the financial statements, (ii) all financial statements delivered to the Administrative Agent hereunder shall contain a schedule showing the modifications necessary to reconcile the adjustments made pursuant to clause (i) above with such financial statements and (iii) for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Debt of the Borrower and its Restricted Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

Section 1.06 Rates. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 3.03(c), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case, pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Bank or any other Person for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Section 1.07 Divisions. For all purposes under the Loan Papers, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person (or, in respect of obligations and liabilities, assumed by the subsequent Person), and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

Section 1.08 Rounding. Any financial ratios required to be maintained pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio or percentage is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.09 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the amount of such Letter of Credit available to be drawn at such time; provided that with respect to any Letter of Credit that, by its terms, provides for one or more automatic increases in the available amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum amount is available to be drawn at such time.

ARTICLE II
THE FACILITIES

Section 2.01 Commitments.

(a) Revolving Commitments. Subject to the terms and conditions set forth herein, each Revolving Bank severally agrees to make Revolving Loans in dollars to the Borrower from time to time prior to the Revolving Maturity Date in an aggregate principal amount that will not result in (a) such Bank's Revolving Credit Exposure exceeding such Bank's Revolving Commitment or (b) the Aggregate Revolving Credit Exposures exceeding the Total Revolving Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, repay and reborrow the Revolving Loans.

(b) Term Commitments.

(i) If (A) the TCE Acquisition Closing Date occurs on or prior to the TCE Acquisition Outside Date and (B) the Initial Term Commitments (as in effect immediately after giving effect to all reductions of the Initial Term Commitments pursuant to Section 2.06(e)) exceed $0 on the TCE Acquisition Closing Date, subject to the terms and conditions set forth herein, each Term Bank with an Initial Term Commitment severally agrees to make, on the TCE Acquisition Closing Date, an Initial Term Loan in dollars to the Borrower in an aggregate principal amount that will not result in (a) such Bank's Term Loan Exposure with respect to the Initial Term Loans exceeding such Bank's Initial Term Commitment (as in effect immediately after giving effect to all reductions of the Initial Term Commitments pursuant to Section 2.06(e) and as in effect immediately prior to, and without giving effect to, the automatic termination thereof upon the funding of such Initial Term Loans as specified in the following sentences of this Section 2.01(b)(i)) or (b) the Aggregate Term Loan Exposures with respect to the Initial Term Loans exceeding the Total Term Commitment (as in effect immediately after giving effect to all reductions of the Initial Term Commitments pursuant to Section 2.06(e) and as in effect immediately prior to, and without giving effect to, the automatic termination thereof upon the funding of such Term Loans as specified in the following sentences of this Section 2.01(b)(i)). The Borrower may make only one borrowing under the Initial Term Commitments, which borrowing may only occur on the TCE Acquisition Closing Date. Within the foregoing limits and subject to the terms and conditions set forth herein, once borrowed, the Borrower may not reborrow any portion of the Initial Term Loans that has been repaid or prepaid, whether in whole or in part. Upon any funding of any Initial Term Loan hereunder by any Term Bank, such Term Bank's Initial Term Commitment shall terminate immediately and without further action. Notwithstanding anything to the contrary herein, the Initial Term Commitments that are funded on the TCE Acquisition Closing Date shall be terminated upon such funding and, if the Total Term Commitment as of the TCE Acquisition Closing Date are not drawn on the TCE Acquisition Closing Date, any Initial Term Commitments in respect of the undrawn amount shall automatically be terminated.

(ii) Subject to the terms and conditions set forth herein and in the applicable Term Loan Amendment, each Term Bank with a New Term Commitment as to a new, or an increase to an existing, Class of Term Loans as set forth in such applicable Term Loan Amendment severally agrees to make a Term Loan of such Class in dollars to the Borrower in an aggregate principal amount that will not result in (a) such Bank's Term Loan Exposure with respect to the Term Loans, or of the increased amount of the Term Loans, of such Class exceeding such Bank's Term Commitment (as in effect immediately prior to, and without giving effect to, the automatic termination thereof upon the funding of such Term Loans as specified in the following sentences of this Section 2.01(b)(ii)) or (b) the Aggregate Term Loan Exposures with respect to the Term Loans, or of the increased amount of the Term Loans, of such Class exceeding the Total Term Commitment (as in effect immediately prior to, and without giving effect to, the automatic termination thereof upon the funding of such Term Loans as specified in the following sentences of this Section 2.01(b)(ii)). Within the foregoing limits and subject to the terms and conditions set forth herein, once borrowed, the Borrower may not reborrow any portion of the Term Loans that has been repaid or prepaid, whether in whole or in part. Upon any funding of any Term Loan hereunder by any Term Bank, such Term Bank's Term Commitment shall terminate immediately and without further action. Notwithstanding anything to the contrary herein, the New Term Commitments that are funded on any New Term Loan Facility Closing Date shall be terminated upon such funding and, if the Total Term Commitment as of such New Term Loan Facility Closing Date are not drawn on such New Term Loan Facility Closing Date, any New Term Commitments in respect of the undrawn amount shall automatically be terminated.

Section 2.02 Loans and Borrowings.

(a) Borrowings; Several Obligations. Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Revolving Banks in accordance with their respective Applicable Revolving Commitment Percentages. Each Term Loan shall be made as part of a Borrowing consisting of Term Loans made by the Term Banks in accordance with their respective Applicable Term Commitment Percentages. The failure of any Bank to make any Loan required to be made by it shall not relieve any other Bank of its obligations hereunder; provided that the Commitments are several and no Bank shall be responsible for any other Bank's failure to make Loans as required.

(b) Types and Classes of Loans. Subject to Section 3.03, each Borrowing shall be comprised entirely of ABR Loans of the same Class or SOFR Loans of the same Class as the Borrower may request in accordance herewith. Each Bank at its option may make any SOFR Loan by causing any domestic or foreign branch or Affiliate of such Bank to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) Minimum Amounts; Limitation on Number of Borrowings. At the commencement of each Interest Period for any SOFR Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $1,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $1,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Total Revolving Commitment or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.08(e). Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of ten (10) SOFR Revolving Borrowings outstanding. Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Applicable Maturity Date.

(d) Notes. The Loans made by each Bank shall (if requested by such Bank) be evidenced by a single promissory note of the Borrower in substantially the form of Exhibit A-1 in the case of a Revolving Loan and in substantially the form of Exhibit A-2 in the case of a Term Loan, dated, in the case of (i) any Bank party hereto as of the Closing Date, as of the Closing Date, (ii) any Bank that becomes a party hereto pursuant to an Assignment and Assumption, as of the effective date of the Assignment and Assumption, or (iii) any Bank that becomes a party hereto in connection with an increase in the Aggregate Elected Revolving Commitment Amount pursuant to Section 2.06(c) or in connection with a Term Loan Amendment, as of the effective date of such increase or such Term Loan Amendment, payable in a principal amount equal to, in the case of a Revolving Bank, its Maximum Credit Amount (less its Term Loan Exposure) as in effect on such date, and, in the case of a Term Bank, the outstanding principal amount of its Term Loans on such date, and otherwise duly completed. In the event that any Bank's Maximum Credit Amount or Term Loans increases or decreases for any reason (whether pursuant to Section 2.06, Section 12.04(b) or otherwise), if requested by such Bank, the Borrower shall deliver or cause to be delivered on the effective date of such increase or decrease, a new Note in exchange for the replaced Note, which replaced Note shall be deemed to be cancelled upon delivery of such new Note to the applicable Bank, payable to such Bank and its registered assigns in a principal amount equal to, in the case of a Revolving Bank, its Maximum Credit Amount (less its Term Loan Exposure) as in effect on such date after giving effect to such increase or decrease, and, in the case of a Term Bank, the outstanding principal amount of its Term Loans on such date after giving effect to such increase or decrease, and otherwise duly completed. The date, amount, Type, interest rate and, if applicable, Interest Period of each Loan made by each Bank, and all payments made on account of the principal thereof, shall be recorded by such Bank on its books for its Note. Failure to make any such notation shall not affect any Bank's or the Borrower's rights or obligations in respect of such Loans.

Section 2.03 Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (or by electronic communication, pursuant to arrangements approved by the Administrative Agent) (a) in the case of a SOFR Borrowing, not later than 1:00 p.m. three (3) U.S. Government Securities Business Days before the date of the proposed Borrowing (or in the case of any SOFR Borrowing requested to be made on the Closing Date, one U.S. Government Securities Business Day prior to the Closing Date), or (b) in the case of an ABR Borrowing, including an ABR Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.08(e), not later than 1:00 p.m. on the date of the proposed Borrowing, which date shall be a Business Day. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or electronic mail to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether such Borrowing is a Revolving Borrowing or a Term Borrowing;

(ii) the aggregate amount of the requested Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day in the case of an ABR Borrowing, or a U.S. Government Securities Business Day in the case of a SOFR Borrowing;

(iv) whether such Borrowing is to be an ABR Borrowing or a SOFR Borrowing;

(v) in the case of a SOFR Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period";

(vi) (A) in the case of a request for a Revolving Borrowing, (1) the then effective Borrowing Base, (2) the Available Borrowing Base at such time, (3) the Aggregate Elected Revolving Commitment Amount at such time, (4) the Aggregate Revolving Credit Exposures (immediately prior to giving effect to the requested Borrowing), (5) the *pro forma* Aggregate Revolving Credit Exposures (giving effect to the requested Borrowing) and (6) the Aggregate Term Loan Exposures on the date thereof and (B) in the case of a request for a Term Borrowing, the *pro forma* Aggregate Term Loan Exposures (giving effect to the requested Borrowing); and

(vii) the location and number of the Borrower's (or its designee's) account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05(a).

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested SOFR Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Each Borrowing Request for a Revolving Borrowing shall constitute a representation and warranty that the amount of the requested Revolving Borrowing shall not cause the Aggregate Revolving Credit Exposures to exceed the Total Revolving Commitment. Any Borrowing Request for a Term Borrowing with respect to the Initial Term Loan Facility shall constitute a representation and warranty that the amount of the requested Term Borrowing with respect to the Initial Term Loans shall not cause the Aggregate Term Loan Exposures with respect to the Initial Term Loans to exceed the Total Term Commitment (as in effect immediately after giving effect to all reductions of the Initial Term Commitments pursuant to Section 2.06(e) and as in effect immediately prior to, and without giving effect to, the automatic termination thereof on the TCE Acquisition Closing Date pursuant to Section 2.01(b)(i)). Each Borrowing Request for a Term Borrowing with respect to any particular new, or an increase to any existing, Term Loan Facility shall constitute a representation and warranty that the amount of the requested Term Borrowing with respect to the new, or the increased amount of the, Term Loans of such Term Loan Facility shall not cause the Aggregate Term Loan Exposures with respect to the new, or the increased amount of the, Term Loans of such Term Loan Facility to exceed the Total Term Commitment with respect to such Term Loan Facility (as in effect immediately prior to, and without giving effect to, the automatic termination thereof on the related New Term Loan Facility Closing Date pursuant to Section 2.01(b)(ii)).

Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Administrative Agent shall advise each Revolving Bank or Term Bank (as applicable) of the details thereof and of the amount of the requested Borrowing to be loaned by such Bank.

Section 2.04 Interest Elections.

(a) Conversion and Continuance. Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a SOFR Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a SOFR Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.04. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Banks holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) Interest Election Requests. To make an election pursuant to this Section 2.04, the Borrower shall notify the Administrative Agent of such election by telephone (or by electronic communication, if arrangements for doing so have been approved by the Administrative Agent) by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or electronic mail to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Information in Interest Election Requests. Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to Section 2.04(c)(iii) and (iv) shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day in the case of an ABR Borrowing, or a U.S. Government Securities Business Day in the case of a continuation of, or conversion to, a SOFR Borrowing;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a SOFR Borrowing; and

(iv) if the resulting Borrowing is a SOFR Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a SOFR Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Notice to Banks by the Administrative Agent. Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Revolving Bank or Term Bank (as applicable) of the details thereof and of such Bank's portion of each resulting Borrowing.

(e) Effect of Failure to Deliver Timely Interest Election Request and Events of Default and Borrowing Base Deficiencies on Interest Election. If the Borrower fails to deliver a timely Interest Election Request with respect to a SOFR Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be continued as a SOFR Borrowing with a one-month Interest Period, provided that if such Interest Period is within one month of the Applicable Maturity Date, such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if (i) an Event of Default has occurred and is continuing and the Administrative Agent, acting at the direction of the Majority Banks, has notified the Borrower in writing that no conversion of outstanding ABR Revolving Borrowings into, or continuation as, SOFR Revolving Borrowings shall be permitted or (ii) if the Aggregate Revolving Credit Exposures exceed the Total Revolving Commitment then in effect: (A) no outstanding Revolving Borrowing may be converted to or continued as a SOFR Borrowing (and any Interest Election Request that requests the conversion of any ABR Revolving Borrowing to, or continuation of any Revolving Borrowing as, a SOFR Revolving Borrowing shall be ineffective) and (B) unless repaid, each SOFR Revolving Borrowing shall be converted to an ABR Revolving Borrowing at the end of the Interest Period applicable thereto.

Section 2.05 Funding of Borrowings.

(a) Funding by Banks. Each Bank shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 2:00 p.m. to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Banks. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower subject to an Account Control Agreement and designated by the Borrower to the Administrative Agent from time to time in writing (or another account otherwise agreed to by the Administrative Agent) and designated by the Borrower in the applicable Borrowing Request; provided that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.08(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank. Nothing herein shall be deemed to obligate any Bank to obtain the funds for its Loan in any particular place or manner or to constitute a representation by any Bank that it has obtained or will obtain the funds for its Loan in any particular place or manner.

(b) Presumption of Funding by the Banks. Unless the Administrative Agent shall have received written notice from a Bank prior to the proposed date of any Borrowing that such Bank will not make available to the Administrative Agent such Bank's share of such Borrowing, the Administrative Agent may assume that such Bank has made such share available on such date in accordance with Section 2.05(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Bank has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Bank and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Bank, the Overnight Bank Funding Rate or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans; provided, however, such demands shall be made first upon the applicable Bank and then upon the Borrower; provided, further, that the Administrative Agent shall promptly remit to the Borrower the amount of any duplicative interest the Administrative Agent received for such period. If such Bank pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Bank's Loan included in such Borrowing.

(c) Nothing in this Section 2.05 shall be deemed to relieve any Bank from its obligation to fulfill its commitments hereunder or to prejudice any rights that the Borrower may have against any Bank as a result of any default by such Bank hereunder (it being understood, however, that no Bank shall be responsible for the failure of any other Bank to fulfill its commitments hereunder).

Section 2.06 Scheduled Termination of Total Revolving Commitment; Maturity Dates; Optional Termination, Reduction and Increase of Aggregate Elected Revolving Commitment Amount; Automatic Increase of Aggregate Elected Revolving Commitment Amount; Automatic Reductions of Initial Term Commitments.

(a) Scheduled Termination of Total Revolving Commitment; Maturity Dates. The Total Revolving Commitment (and the Revolving Commitment of each Revolving Bank) shall terminate on the Revolving Maturity Date. If at any time the Aggregate Maximum Credit Amounts, the Available Borrowing Base or the Aggregate Elected Revolving Commitment Amount are terminated or reduced to zero, then, on the effective date of such termination or reduction, the Total Revolving Commitment (and the Revolving Commitment of each Revolving Bank) shall terminate. The Aggregate Revolving Credit Exposures, all accrued but unpaid interest thereon and all other Obligations (other than Obligations in respect of Term Loans) shall be due and payable in full on the Revolving Maturity Date. Each Term Loan, all accrued but unpaid interest thereon and all other Obligations in respect of such Term Loan shall be due and payable in full on the applicable Term Loan Maturity Date.

(b) Optional Termination and Reduction of Aggregate Elected Revolving Commitment Amount.

(i) The Borrower may at any time terminate, or from time to time reduce, the Aggregate Elected Revolving Commitment Amount; provided that (A) each reduction of the Aggregate Elected Revolving Commitment Amount shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000 and (B) the Borrower shall not terminate or reduce the Aggregate Elected Revolving Commitment Amount if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 3.04(c), the Aggregate Revolving Credit Exposures would exceed the Aggregate Elected Revolving Commitment Amount.

(ii) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Aggregate Elected Revolving Commitment Amount under Section 2.06(b)(i) at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Banks of the contents thereof. Each notice delivered by the Borrower pursuant to this Section 2.06(b)(ii) shall be irrevocable; provided that a notice of termination of the Aggregate Elected Revolving Commitment Amount delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Aggregate Elected Revolving Commitment Amount shall be permanent and may not be reinstated except pursuant to Section 2.06(c). Each reduction of the Aggregate Elected Revolving Commitment Amount shall be made ratably among the Revolving Banks in accordance with each Revolving Bank's Applicable Revolving Commitment Percentage.

(c) Optional Increase of Aggregate Elected Revolving Commitment Amount.

(i) Subject to the conditions set forth in Section 2.06(c)(ii), the Borrower may increase the Aggregate Elected Revolving Commitment Amount then in effect by increasing the Elected Revolving Commitment of a Revolving Bank (other than a Defaulting Bank) or by causing a Person acceptable to the Administrative Agent and the Issuing Banks that at such time is not a Revolving Bank to become a Revolving Bank (an "Additional Revolving Bank"). Notwithstanding anything to the contrary contained in this Agreement, in no case shall an Additional Revolving Bank be (A) the Borrower, an Affiliate of the Borrower or a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person) or (B) any Person who, upon becoming a Revolving Bank hereunder, would constitute a Defaulting Bank or a subsidiary thereof.

(ii) Any increase in the Aggregate Elected Revolving Commitment Amount shall be subject to the following additional conditions:

(A) such increase shall not be less than $50,000,000 unless the Administrative Agent otherwise consents, and no such increase shall be permitted if after giving effect thereto the Aggregate Elected Revolving Commitment Amount exceed the Aggregate Maximum Credit Amount (less the total Term Loan Exposures of the Revolving Banks) or the Available Borrowing Base then in effect;

(B) no Default shall have occurred and be continuing at the effective date of such increase;

(C) if any SOFR Revolving Borrowings are outstanding on the effective date of such increase, the Borrower shall make any payments required pursuant to Section 5.02 in connection with such increase;

(D) no Bank's Elected Revolving Commitment may be increased without the consent of such Bank;

(E) if the Borrower elects to increase the Aggregate Elected Revolving Commitment Amount by increasing the Elected Revolving Commitment of a Bank, the Borrower and such Bank shall execute and deliver to the Administrative Agent a certificate substantially in the form of Exhibit E (an "Elected Revolving Commitment Increase Certificate") and further, in the event a new Note is required to reflect the increased Elected Revolving Commitment of such Bank, then in that case, the Borrower shall deliver a new Note (after presentation of same to Borrower by the Administrative Agent) payable to such Bank in a principal amount equal to its Maximum Credit Amount (less its Term Loan Exposure) after giving effect to such increase, and otherwise duly completed, together with a processing and recordation fee of $3,500 payable by the Borrower to the Administrative Agent and the reimbursement by the Borrower of the reasonable legal fees of counsel to the Administrative Agent; and

(F) if the Borrower elects to increase the Aggregate Elected Revolving Commitment Amount by causing an Additional Revolving Bank to become a party to this Agreement, then the Borrower and such Additional Revolving Bank shall execute and deliver to the Administrative Agent and the Issuing Banks a certificate substantially in the form of Exhibit F (an "Additional Revolving Bank Certificate"), together with an Administrative Questionnaire and a processing and recordation fee of $3,500 payable by such Additional Revolving Bank and the reimbursement by the Borrower of the reasonable legal fees of counsel to the Administrative Agent, and the Borrower shall (1) if requested by the Additional Revolving Bank, deliver a Note payable to such Additional Revolving Bank and its registered assigns in a principal amount equal to its Maximum Credit Amount (less its Term Loan Exposure), and otherwise duly completed and (2) pay any applicable fees as may have been agreed to between the Borrower, the Additional Revolving Bank and/or the Administrative Agent.

(iii) Subject to acceptance and recording thereof pursuant to Section 2.06(c)(iv), from and after the effective date specified in the Elected Revolving Commitment Increase Certificate or the Additional Revolving Bank Certificate (or if any SOFR Revolving Borrowings are outstanding, then the last day of the Interest Period in respect of such SOFR Revolving Borrowings): (A) the amount of the Aggregate Elected Revolving Commitment Amount shall be increased as set forth therein, and (B) in the case of an Additional Revolving Bank Certificate, any Additional Revolving Bank party thereto shall be a party to this Agreement and the other Loan Papers and have the rights and obligations of a Revolving Bank under this Agreement and the other Loan Papers. In addition, the Revolving Bank or the Additional Revolving Bank, as applicable, shall purchase a pro rata portion of the outstanding Revolving Loans (and participation interests in Letters of Credit) of each of the other Revolving Banks (and such Revolving Banks hereby agree to sell and to take all such further action to effectuate such sale) such that each Revolving Bank (including any Additional Revolving Bank, if applicable) shall hold its Applicable Revolving Commitment Percentage of the Aggregate Revolving Credit Exposures after giving effect to the increase in the Aggregate Elected Revolving Commitment Amount.

(iv) Upon its receipt of a duly completed Elected Revolving Commitment Increase Certificate or an Additional Revolving Bank Certificate, executed by the Borrower and the Revolving Bank or the Borrower and the Additional Revolving Bank party thereto, as applicable, the processing and recording fee referred to in Section 2.06(c)(ii), the Administrative Questionnaire referred to in Section 2.06(c)(ii), if applicable, and the written consent of the Administrative Agent to such increase required by Section 2.06(c)(i), the Administrative Agent shall accept such Elected Revolving Commitment Increase Certificate or Additional Revolving Bank Certificate and record the information contained therein in the Register required to be maintained by the Administrative Agent pursuant to Section 12.04(b)(iv). No increase in the Aggregate Elected Revolving Commitment Amount shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this Section 2.06(c)(iv).

(v) After giving effect to an increase in the Aggregate Elected Revolving Commitment Amount, the Aggregate Elected Revolving Commitment Amount shall not exceed the Available Borrowing Base or the Aggregate Maximum Credit Amounts (less the total Term Loan Exposures of the Revolving Banks).

(vi) Upon any increase in the Aggregate Elected Revolving Commitment Amount pursuant to this Section 2.06(c), (A) each Revolving Bank's Maximum Credit Amount shall be automatically deemed amended to the extent necessary so that each such Revolving Bank's Maximum Credit Amount equals (x) such Revolving Bank's Applicable Revolving Commitment Percentage of (A) $3,000,000,000 less (B) the Aggregate Term Loan Exposures plus (y) such Revolving Bank's Term Loan Exposure, in each case, after giving effect to such increase, and (B) Schedule 1 to this Agreement shall be deemed amended to reflect the Elected Revolving Commitment of each Revolving Bank (including any Additional Revolving Bank) as thereby increased, any changes in the Revolving Banks' Maximum Credit Amounts pursuant to the foregoing clause (A), and any resulting changes in the Revolving Banks' Applicable Revolving Commitment Percentages; provided that no Bank's Maximum Credit Amount may be increased without the consent of such Bank.

(vii) Upon any redetermination or other adjustment in the Borrowing Base pursuant to this Agreement that would otherwise result in the Available Borrowing Base becoming less than the Aggregate Elected Revolving Commitment Amount, the Aggregate Elected Revolving Commitment Amount shall be automatically reduced (ratably among the Revolving Banks in accordance with each Revolving Bank's Applicable Revolving Commitment Percentage) so that they equal such redetermined Available Borrowing Base (and Schedule 1 shall be deemed amended to reflect such amendments to each Revolving Bank's Elected Revolving Commitment and the Aggregate Elected Revolving Commitment Amount).

(d) Automatic Increase of Aggregate Elected Revolving Commitment Amount.

(i) On the date on which the Borrower consummates the Henry Acquisition and delivers to the Administrative Agent a Fall 2023 Acquisition Certificate in respect of the Henry Acquisition, provided that each of the Fall 2023 Acquisition Closing Conditions has been satisfied in respect of the Henry Acquisition, the Aggregate Elected Revolving Commitment Amount then in effect shall be automatically increased (ratably among the Revolving Banks in accordance with each Revolving Bank's Applicable Revolving Commitment Percentage) by an amount equal to $150,000,000, and the Aggregate Elected Revolving Commitment Amount as so increased shall become the new Aggregate Elected Revolving Commitment Amount immediately upon such delivery effective and applicable to the Borrower, the Administrative Agent, each Issuing Bank and the Banks until the next adjustment of the Aggregate Elected Revolving Commitment Amount pursuant to this Agreement.

(ii) On the date on which the Borrower consummates the Maple Acquisition and delivers to the Administrative Agent a Fall 2023 Acquisition Certificate in respect of the Maple Acquisition, provided that each of the Fall 2023 Acquisition Closing Conditions has been satisfied in respect of the Maple Acquisition, the Aggregate Elected Revolving Commitment Amount then in effect shall be automatically increased (ratably among the Revolving Banks in accordance with each Revolving Bank's Applicable Revolving Commitment Percentage) by an amount equal to $100,000,000, and the Aggregate Elected Revolving Commitment Amount as so increased shall become the new Aggregate Elected Revolving Commitment Amount immediately upon such delivery effective and applicable to the Borrower, the Administrative Agent, each Issuing Bank and the Banks until the next adjustment of the Aggregate Elected Revolving Commitment Amount pursuant to this Agreement.

(iii) After giving effect to an increase in the Aggregate Elected Revolving Commitment Amount pursuant to this Section 2.06(d) or otherwise and any increase in the Borrowing Base pursuant to Section 2.07(h), Section 2.07(i) or Section 2.07(j), the Aggregate Elected Revolving Commitment Amount shall not exceed the Available Borrowing Base or the Aggregate Maximum Credit Amounts (less the total Term Loan Exposures of the Revolving Banks).

(iv) Upon any increase in the Aggregate Elected Revolving Commitment Amount pursuant to this Section 2.06(d), Schedule 1 to this Agreement shall be deemed amended to reflect the Elected Revolving Commitment of each Revolving Bank as thereby increased.

(e) Automatic Reduction of Initial Term Commitments. (x) If any Permitted Debt Documents issued prior to the consummation of the TCE Acquisition require a mandatory redemption in the event that the Henry Acquisition is not consummated by a certain date, then upon the closing of the Henry Acquisition and to the extent the Initial Term Loans have not been funded at such time, or (y) if no Permitted Debt Documents issued prior to the consummation of the TCE Acquisition require a mandatory redemption in the event that the Henry Acquisition is not consummated by a certain date, then on the TCE Acquisition Closing Date (but immediately prior to the funding of any Initial Term Loans), then in either case, the Initial Term Commitments shall be reduced by an amount equal to the amount, if any, by which the sum of the aggregate principal amount of (i) Permitted Debt issued after the Eleventh Amendment Effective Date and (ii) cash proceeds from Equity Offerings (other than Equity Offerings constituting the purchase price for the Henry Acquisition or the Maple Acquisition) made by any Credit Party or any Restricted Subsidiary after the Eleventh Amendment Effective Date exceeds the sum of (A) the aggregate principal amount of 2025 Senior Notes outstanding on the Eleventh Amendment Effective Date, (B) the unpaid accrued interest and premium thereon and (C) fees and expenses incurred in connection with the Redemption of the 2025 Senior Notes. Any termination or reduction of the Initial Term Commitments shall be permanent and may not be reinstated. Each reduction of the Initial Term Commitments shall be made ratably among the Term Banks in accordance with each Term Bank's Applicable Term Commitment Percentage.

Section 2.07 Borrowing Base.

(a) Initial Borrowing Base. For the period from and including the Initial Fall 2023 Acquisition Closing Date to but excluding the next Redetermination Date, the amount of the Borrowing Base shall be $1,300,000,000 plus the amount of the Borrowing Base increase provided for in Section 2.07(h), (i) or (j), as applicable, for the Fall 2023 Acquisition occurring in respect of the Initial Fall 2023 Acquisition Closing Date. On the Initial Fall 2023 Acquisition Closing Date, the Administrative Agent shall promptly deliver a notice to the Borrower and the Banks specifying the amount of the Borrowing Base (after giving effect to the Borrowing Base increase on the Initial Fall 2023 Acquisition Closing Date provided for in Section 2.07(h), (i) or (j), as applicable) (the "Initial Fall 2023 Acquisition Closing Date Borrowing Base Notice"). Notwithstanding the foregoing, the Borrowing Base shall be subject to further adjustments from time to time pursuant to this Section 2.07 and Section 8.13(c).

(b) Scheduled and Interim Redeterminations.

(i) The Borrowing Base shall be redetermined semi-annually in accordance with this Section 2.07 (each such scheduled redetermination, a "Scheduled Redetermination") and, subject to Section 2.07(d), such redetermined Borrowing Base shall become effective and applicable to the Borrower, the Administrative Agent, the Issuing Banks and the Banks on May 1 and November 1 of each year (or, in each case, such date promptly thereafter as reasonably practicable), commencing May 1, 2024.

(ii) In addition, each of the Borrower (by notifying the Administrative Agent thereof) and the Administrative Agent (at the direction of the Required Banks, by notifying the Borrower thereof) may, one time during any period between any two consecutive Scheduled Redeterminations, elect to cause the Borrowing Base to be redetermined between such Scheduled Redeterminations in accordance with this Section 2.07. For purposes of this Agreement, the determination of the Borrowing Base on the Initial Fall 2023 Acquisition Closing Date in the amount set forth in the Initial Fall 2023 Acquisition Closing Date Borrowing Base Notice shall be deemed and considered to be the Scheduled Redetermination for the November 1, 2023 scheduled determination date.

(iii) In addition to, and not including and/or limited by clause (ii) above, the Borrower may, by notifying the Administrative Agent thereof, at any time between Scheduled Redeterminations, request additional Interim Redeterminations of the Borrowing Base in the event it acquires Oil and Gas Properties with proved reserves which are to be Borrowing Base properties having a PV-9 value (calculated at the time of acquisition) in excess of 5% of the Borrowing Base in effect immediately prior to such acquisition (any redetermination pursuant to Section 2.07(b)(ii), or (iii) an "Interim Redetermination").

(c) Scheduled and Interim Redetermination Procedure.

(i) Each Scheduled Redetermination and each Interim Redetermination shall be effectuated as follows: upon receipt by the Administrative Agent of (A) the Reserve Report and the certificate required to be delivered by the Borrower to the Administrative Agent, in the case of a Scheduled Redetermination, pursuant to Section 8.12(a) and Section 8.12(c), and, in the case of an Interim Redetermination, pursuant to Section 8.12(b) and Section 8.12(c) and (B) such other reports, data and supplemental information, including, without limitation, the information provided pursuant to Section 8.12(c), as may, from time to time, be reasonably requested by the Required Banks (the Reserve Report, such certificate and such other reports, data and supplemental information being the "Engineering Reports"), the Administrative Agent shall evaluate the information contained in the Engineering Reports and shall, in good faith, propose a new Borrowing Base or a reaffirmation of the existing Borrowing Base (the "Proposed Borrowing Base") based upon such information and such other information (including the status of title information with respect to the Oil and Gas Properties as described in the Engineering Reports and the existence of any other Debt, the Credit Parties' other assets, liabilities, fixed charges, cash flow, business, properties, management and ownership, hedged and unhedged exposure of the Credit Parties to price, production scenarios, interest rate and operating cost changes) as the Administrative Agent deems appropriate in good faith and consistent with its normal oil and gas lending criteria as it exists at the particular time. In no event shall any Proposed Borrowing Base exceed the Aggregate Maximum Credit Amounts.

(ii) The Administrative Agent shall notify the Borrower and the Banks of the Proposed Borrowing Base (the "Proposed Borrowing Base Notice"):

(A) in the case of a Scheduled Redetermination, promptly after the Administrative Agent has received the required Engineering Reports and has had a reasonable opportunity to determine the Proposed Borrowing Base in accordance with Section 2.07(c)(i); and

(B) in the case of an Interim Redetermination, promptly, and in any event, within fifteen (15) days after the Administrative Agent has received the required Engineering Reports;

(iii) Any Proposed Borrowing Base that would increase the Borrowing Base then in effect must be approved by all of the Banks (other than any Defaulting Banks) as provided in this Section 2.07(c)(iii) in good faith and consistent with its normal oil and gas lending criteria as it exists at the particular time and any Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect must be approved or be deemed to have been approved by the Required Banks as provided in this Section 2.07(c)(iii) in good faith and consistent with its normal oil and gas lending criteria as it exists at the particular time. Upon receipt of the Proposed Borrowing Base Notice, each Bank shall have fifteen (15) Business Days to agree with the Proposed Borrowing Base or disagree with the Proposed Borrowing Base by proposing an alternate Borrowing Base. If, in the case of any Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect, at the end of such fifteen (15) Business Days, any Bank has not communicated its approval or disapproval in writing to the Administrative Agent, such Bank shall be deemed to have approved the Proposed Borrowing Base. If, in the case of any Proposed Borrowing Base that would increase the Borrowing Base then in effect, at the end of such fifteen (15) Business Days, any Bank has not communicated its approval or disapproval in writing to the Administrative Agent, such Bank shall be deemed to have disapproved the Proposed Borrowing Base. If, at the end of such 15-Business Day period, all of the Banks, in the case of a Proposed Borrowing Base that would increase the Borrowing Base then in effect, or the Required Banks, in the case of a Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect, have approved or, in the case of a decrease or reaffirmation, deemed to have approved, as aforesaid, then the Proposed Borrowing Base shall become the new Borrowing Base, effective on the date specified in Section 2.07(d). If, however, at the end of such 15-day period, all of the Banks or the Required Banks, as applicable, have not approved or, in the case of a decrease or reaffirmation, deemed to have approved, as aforesaid, the Proposed Borrowing Base, then for purposes of this Section 2.07, the Administrative Agent shall poll the Banks to ascertain the highest Borrowing Base then acceptable (A) to the Required Banks, if such amount would reaffirm or decrease the Borrowing Base then in effect, or (B) to all of the Banks, if such amount would increase the Borrowing Base then in effect, which amount shall become the new Borrowing Base, effective on the date specified in Section 2.07(d).

(iv) If any Bank does not approve a Proposed Borrowing Base pursuant to Section 2.07(c)(iii), the Borrower shall have the right to cause, in the case of a Revolving Bank, the Revolving Commitment of such dissenting Bank and, in the case of a Term Bank, the Term Loans of such dissenting Bank, to be replaced pursuant to Section 5.05.

(v) In the event that the Borrower does not furnish to the Administrative Agent and the Banks the Reserve Reports, or other information specified in clauses (i) and (ii) above by the date specified therein, the Administrative Agent and the Banks may nonetheless redetermine the Borrowing Base and redesignate the Borrowing Base from time to time thereafter in their sole discretion until the Administrative Agent and the Banks receive the relevant Reserve Reports, or other information, as applicable, whereupon the Administrative Agent and the Banks shall redetermine the Borrowing Base as otherwise specified in this Section 2.07 or Section 8.13(c).

(vi) Upon any redetermination or other adjustment in the Borrowing Base pursuant to this Agreement that would otherwise result in the Available Borrowing Base becoming less than the Aggregate Elected Revolving Commitment Amount, the Aggregate Elected Revolving Commitment Amount shall be automatically reduced pursuant to Section 2.06(c)(vii).

(d) Effectiveness of a Redetermined Borrowing Base. After a redetermined Borrowing Base is approved or is, in the case of a decrease or reaffirmation, deemed to have been approved by all of the Banks or the Required Banks, as applicable, pursuant to Section 2.07(c)(iii), the Administrative Agent shall notify the Borrower and the Banks of the amount of the redetermined Borrowing Base (the "New Borrowing Base Notice"), and such amount shall become the new Borrowing Base, effective and applicable to the Borrower, the Administrative Agent, the Issuing Banks and the Banks:

(i) in the case of a Scheduled Redetermination, (A) if the Administrative Agent shall have received the Engineering Reports required to be delivered by the Borrower pursuant to Section 8.12(a) and Section 8.12(c) in a timely and complete manner, then on May 1 or November 1 (or, in each case, such date promptly thereafter as reasonably practicable), as applicable, following such notice, or (B) if the Administrative Agent shall not have received the Engineering Reports required to be delivered by the Borrower pursuant to Section 8.12(a) and Section 8.12(c) in a timely and complete manner, then on the Business Day next succeeding delivery of such notice; and

(ii) in the case of an Interim Redetermination, on the Business Day next succeeding delivery of such notice.

Such amount shall then become the Borrowing Base until the next Scheduled Redetermination Date, the next Interim Redetermination Date or the next adjustment to the Borrowing Base under Section 2.07(f) or (g) or Section 8.13(c), whichever occurs first. Notwithstanding the foregoing, no Scheduled Redetermination or Interim Redetermination shall become effective until the New Borrowing Base Notice related thereto is received by the Borrower.

(e) Banks' Sole Discretion. The Banks shall have no obligation to determine the Borrowing Base at any particular amount, either in relation to the Aggregate Maximum Credit Amount or otherwise. Furthermore, Borrower acknowledges that the Banks have no obligation to increase the Borrowing Base and that any increase in the Borrowing Base is in each Bank's sole discretion and subject to the individual credit approval processes of each of the Banks which processes shall be conducted in good faith and based upon such information and such other information (including, the status of title information with respect to the Oil and Gas Properties as described in the Engineering Reports, the existence of any other Debt, the financial condition of the Credit Parties, the economic effect of the Borrower's and its Restricted Subsidiaries' Hedge Transactions then in effect, commodity price assumptions, projections of production, operating expenses, general and administrative expenses, capital costs, working capital requirements, liquidity evaluations, dividend payments, environmental costs, legal costs, and such other credit factors) as such Bank deems appropriate in its sole discretion and consistent with its normal oil and gas lending criteria as they exist at the particular time.

(f) Reduction of Borrowing Base Upon Issuance of Permitted Debt. Notwithstanding anything to the contrary contained herein, if the Borrower or a Restricted Subsidiary incurs any Debt under Section 9.02(k) (or any Permitted Refinancing Debt in reliance on Section 9.02(l) in a principal amount (x) with respect to any such incurrence of Permitted Refinancing Debt in reliance on Section 9.02(l) occurring on or prior to the Scheduled Redetermination Date for the Scheduled Redetermination scheduled to occur on or about May 1, 2024, that exceeds the sum of (i) the aggregate principal amount of 2025 Senior Notes refinanced with Permitted Refinancing Debt plus (ii) $450,000,000 (provided that such excess is permitted under Section 9.02(k)) and (y) with respect to any such incurrence of Permitted Refinancing Debt in reliance on Section 9.02(l) occurring after the Scheduled Redetermination Date for the Scheduled Redetermination scheduled to occur on or about May 1, 2024, in excess of the then outstanding aggregate principal amount of Senior Notes or the Permitted Debt refinanced with such Permitted Refinancing Debt (provided that such excess is permitted under Section 9.02(k))) during the period between Scheduled Redetermination Dates (or in the case of any such event occurring prior to the Scheduled Redetermination Date for the Scheduled Redetermination scheduled to occur on or about May 1, 2024, the period from the Eleventh Amendment Effective Date to the Scheduled Redetermination Date for the Scheduled Redetermination scheduled to occur on or about May 1, 2024) (and not otherwise in conjunction with an Interim Redetermination), then on the date on which such Debt is issued, the Borrowing Base then in effect shall be reduced by an amount equal to the lesser of (i) 0.25 multiplied by the amount of such Debt (or, in the case of Permitted Refinancing Debt incurred in reliance on Section 9.02(l) on or prior to the Scheduled Redetermination Date for the Scheduled Redetermination scheduled to occur on or about May 1, 2024, the amount of such Permitted Refinancing Debt that exceeds of the sum of (A) the aggregate principal amount of 2025 Senior Notes refinanced with Permitted Refinancing Debt plus (B) $450,000,000) and (ii) such other amount, if any, determined by the Required Banks in their sole discretion prior to the issuance of such Debt, and the Borrowing Base as so reduced shall become the new Borrowing Base immediately upon the date of such incurrence, effective and applicable to the Borrower, the Administrative Agent, each Issuing Bank and the Banks on such date until the next redetermination or adjustment of the Borrowing Base pursuant to this Agreement. Upon any such redetermination, the Administrative Agent shall promptly deliver a New Borrowing Base Notice to the Borrower and the Banks. For purposes of this Section 2.07(f), if any such Debt is issued at a discount or otherwise sold for less than “par”, the reduction shall be calculated based upon the stated principal amount without reference to such discount.

(g) Reduction of Borrowing Base upon Disposition of Oil and Gas Properties or Hedge Liquidations. In addition to any other redeterminations of or adjustments to the Borrowing Base provided for herein, if at any time the aggregate Borrowing Base Value of Oil and Gas Properties Disposed of (including by means of a Disposition of Equity Interests of a Restricted Subsidiary) pursuant to Section 9.05(d) together with the Hedge Termination Value of all Hedge Liquidations pursuant to Section 9.19, during any period between two successive Scheduled Redetermination Dates (or, if prior to the first Scheduled Redetermination Date, during the period from the Initial Fall 2023 Acquisition Closing Date until the first Scheduled Redetermination Date) exceeds five percent (5%) of the Borrowing Base then in effect (and after giving effect to any other Hedge Transactions entered into by the Borrower or a Restricted Subsidiary since the most recent Scheduled Redetermination Date, including Hedge Transactions entered into by the Borrower or a Restricted Subsidiary contemporaneously with such Hedge Liquidations), then the Borrowing Base shall be automatically reduced by an amount equal to the Borrowing Base Value of all such Oil and Gas Properties Disposed of and the Hedge Termination Value of such Hedge Liquidations (less the Hedge Termination Value of any other Hedge Transactions, entered into by the Borrower or a Restricted Subsidiary since the most recent Scheduled Redetermination Date, including Hedge Transactions entered into by the Borrower or a Restricted Subsidiary contemporaneously with such Hedge Liquidations), and, in each case, the Borrowing Base as so reduced shall become the new Borrowing Base immediately upon such Disposition or Hedge Liquidation (as applicable) effective and applicable to the Borrower, the Administrative Agent, each Issuing Bank and the Banks until the next redetermination or other adjustment of the Borrowing Base pursuant to this Agreement. Upon any such reduction, the Administrative Agent shall promptly deliver a notice thereof to the Borrower and the Banks.

(h) Increase of Borrowing Base upon Closing of Henry Acquisition. In addition to any other redeterminations of or adjustments to the Borrowing Base provided for herein, on the date on which the Borrower consummates the Henry Acquisition and delivers to the Administrative Agent a Fall 2023 Acquisition Certificate in respect of the Henry Acquisition, provided that each of the Fall 2023 Acquisition Closing Conditions has been satisfied in respect of the Henry Acquisition, the Borrowing Base then in effect shall be automatically increased by an amount equal to $75,000,000, and the Borrowing Base as so increased shall become the new Borrowing Base immediately upon such delivery effective and applicable to the Borrower, the Administrative Agent, each Issuing Bank and the Banks until the next redetermination or other adjustment of the Borrowing Base pursuant to this Agreement. Upon any such increase, the Administrative Agent shall promptly deliver a notice thereof to the Borrower and the Banks.

(i) Increase of Borrowing Base upon Closing of Maple Acquisition. In addition to any other redeterminations of or adjustments to the Borrowing Base provided for herein, on the date on which the Borrower consummates the Maple Acquisition and delivers to the Administrative Agent a Fall 2023 Acquisition Certificate in respect of the Maple Acquisition, provided that each of the Fall 2023 Acquisition Closing Conditions has been satisfied in respect of the Maple Acquisition, the Borrowing Base then in effect shall be automatically increased by an amount equal to $50,000,000, and the Borrowing Base as so increased shall become the new Borrowing Base immediately upon such delivery effective and applicable to the Borrower, the Administrative Agent, each Issuing Bank and the Banks until the next redetermination or other adjustment of the Borrowing Base pursuant to this Agreement. Upon any such increase, the Administrative Agent shall promptly deliver a notice thereof to the Borrower and the Banks.

(j) Increase of Borrowing Base upon Closing of TCE Acquisition. In addition to any other redeterminations of or adjustments to the Borrowing Base provided for herein, on the date on which the Borrower consummates the TCE Acquisition and delivers to the Administrative Agent a Fall 2023 Acquisition Certificate in respect of the TCE Acquisition, provided that each of the Fall 2023 Acquisition Closing Conditions has been satisfied in respect of the TCE Acquisition, the Borrowing Base then in effect shall be automatically increased by an amount equal to $75,000,000, and the Borrowing Base as so increased shall become the new Borrowing Base immediately upon such delivery effective and applicable to the Borrower, the Administrative Agent, each Issuing Bank and the Banks until the next redetermination or other adjustment of the Borrowing Base pursuant to this Agreement. Upon any such increase, the Administrative Agent shall promptly deliver a notice thereof to the Borrower and the Banks.

Section 2.08 Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of dollar denominated Letters of Credit for its own account or for the account of any other Credit Party, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the period commencing on the Closing Date and ending five (5) Business Days prior to the Revolving Maturity Date in an aggregate amount not to exceed the LC Commitment (and with respect to any Issuing Bank, its LC Issuance Limit); provided that the Borrower may not request the issuance, amendment or extension of Letters of Credit hereunder if the Aggregate Revolving Credit Exposures exceed the Total Revolving Commitment then in effect or the Aggregate Revolving Credit Exposures would exceed the Total Revolving Commitment as a result thereof. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the applicable Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding anything herein to the contrary, no Issuing Bank shall have an obligation hereunder to issue, and shall not issue, any Letter of Credit (i) the proceeds of which would be made available to any Person (A) to fund any activity or business of or with any Sanctioned Person or in any Sanctioned Country or (B) in any manner that would result in a violation of any Sanctions by any party to this Agreement, (ii) if the issuance of such Letter of Credit would violate one or more policies of such Issuing Bank applicable to letters of credit generally or (iii) if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing such Letter of Credit, or any Governmental Requirement relating to such Issuing Bank or any Governmental Authority with jurisdiction over such Issuing Bank shall prohibit, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such Issuing Bank in good faith deems material to it; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed not to be in effect on the Closing Date for purposes of clause (iii) above, regardless of the date enacted, adopted, issued or implemented.

(b) Notice of Issuance, Amendment, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment or extension of an outstanding Letter of Credit), the Borrower shall hand deliver (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (not less than three (3) Business Days in advance of the requested date of issuance, amendment or extension) a notice:

(i) requesting the issuance of a Letter of Credit or identifying the Letter of Credit to be amended, renewed or extended;

(ii) specifying the date of issuance, amendment or extension (which shall be a Business Day);

(iii) specifying the date on which such Letter of Credit is to expire (which shall comply with Section 2.08(c));

(iv) specifying the amount of such Letter of Credit;

(v) specifying the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit; and

(vi) specifying (A) the then effective Borrowing Base, (B) the Available Borrowing Base at such time, (C) the Aggregate Elected Revolving Commitment Amount at such time, (D) the Aggregate Revolving Credit Exposures (immediately prior to giving effect to the requested Letter of Credit or the requested amendment or extension of an outstanding Letter of Credit), (E) the *pro forma* Aggregate Revolving Credit Exposures (giving effect requested Letter of Credit or the requested amendment or extension of an outstanding Letter of Credit) and (F) the Aggregate Term Loan Exposures on the date thereof.

Each notice shall constitute a representation that after giving effect to the requested issuance, amendment or extension, as applicable, (A) the LC Exposure shall not exceed the LC Commitment, (B) each Issuing Bank's individual LC Exposure shall not exceed such Issuing Bank's LC Issuance Limit and (C) the Aggregate Revolving Credit Exposures shall not exceed the Total Revolving Commitment. Notwithstanding the foregoing, no Issuing Bank shall at any time be obligated to issue, amend, renew or extend any Letter of Credit if any Revolving Bank is at such time a Defaulting Bank hereunder, unless (x) the Borrower cash collateralizes such Defaulting Bank's portion of the total LC Exposure (calculated after giving effect to the issuance, amendment or extension of such Letter of Credit) in accordance with the procedures set forth in Section 2.08(j) or (y) such Issuing Bank has entered into arrangements satisfactory to such Issuing Bank in its sole discretion with the Borrower or such Defaulting Bank to eliminate such Issuing Bank's risk with respect to such Defaulting Bank's portion of the total LC Exposure.

If requested by any Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit; provided that, in the event of any conflict between such application or any Letter of Credit Agreement and the terms of this Agreement, the terms of this Agreement shall control.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any extension thereof, one year after such extension) and (ii) the date that is five (5) Business Days prior to the Revolving Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Banks or the Revolving Banks, each Issuing Bank hereby grants to each Revolving Bank, and each Revolving Bank hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Revolving Bank's Applicable Revolving Commitment Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Bank hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of each Issuing Bank, such Revolving Bank's Applicable Revolving Commitment Percentage (which, for this purpose, if any Defaulting Bank then exists, shall be calculated as such Revolving Bank's percentage of the aggregate LC Exposure after giving effect to Section 2.10(a)(iv)) of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in Section 2.08(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Bank acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.08(d) in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Elected Revolving Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If any Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 12:00 noon on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12:00 noon on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 12:00 noon on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than $1,000,000, the Borrower may, subject to the conditions to Borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with an ABR Borrowing in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing. If the Borrower makes such a request (and if the Borrower fails to make such a request and has not made the relevant reimbursement, it shall be deemed to have made such a request), the Administrative Agent shall notify each Revolving Bank of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Revolving Bank's Applicable Revolving Commitment Percentage (which, for this purpose, if any Defaulting Bank then exists, shall be calculated as such Revolving Bank's percentage of the aggregate LC Exposure after giving effect to Section 2.10(a)(iv)) thereof. Promptly following receipt of such notice, each Revolving Bank shall pay to the Administrative Agent its Applicable Revolving Commitment Percentage (which, for this purpose, if any Defaulting Bank then exists, shall be calculated as such Revolving Bank's percentage of the aggregate LC Exposure after giving effect to Section 2.10(a)(iv)) of the payment then due from the Borrower, in the same manner as provided in Section 2.05 with respect to Revolving Loans made by such Revolving Bank (and Section 2.05 shall apply, *mutatis mutandis*, to the payment obligations of the Revolving Banks), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Banks. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this Section 2.08(e), the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Banks have made payments pursuant to this Section 2.08(e) to reimburse such Issuing Bank, then to such Revolving Banks and such Issuing Bank as their interests may appear. Any payment made by a Revolving Bank pursuant to this Section 2.08(e) to reimburse the applicable Issuing Bank for any LC Disbursement (other than the funding of ABR Loans as contemplated above) shall not constitute a Revolving Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in Section 2.08(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, any Letter of Credit Agreement or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit or any Letter of Credit Agreement, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.08(f), constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Revolving Banks nor the Issuing Banks, nor any of their Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of any Issuing Bank; provided that the foregoing shall not be construed to excuse such Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable Governmental Requirement) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of such Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised all requisite care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, each Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Each Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by electronic mail, or in the case of the Administrative Agent, by electronic email or other electronic communication if arrangements for doing so have been approved by the Administrative Agent) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Banks with respect to any such LC Disbursement.

(h) Interim Interest. If any Issuing Bank shall make any LC Disbursement, then, until the Borrower shall have reimbursed such Issuing Bank for such LC Disbursement (either with its own funds or a Borrowing under Section 2.08(e)), the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Loans. Interest accrued pursuant to this Section 2.08(h) shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Bank pursuant to Section 2.08(e) to reimburse such Issuing Bank shall be for the account of such Revolving Bank to the extent of such payment.

(i) Replacement of any Issuing Bank. Any Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, such replaced Issuing Bank and such successor Issuing Bank. The Administrative Agent shall notify the Revolving Banks of any such replacement of any Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 3.05(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If (i) any Event of Default shall occur and be continuing and the Borrower receives notice from the Administrative Agent or the Majority Banks demanding the deposit of cash collateral pursuant to this Section 2.08(j), (ii) the Borrower is required to pay to the Administrative Agent the excess attributable to an LC Exposure in connection with any prepayment pursuant to Section 3.04(c) or Section 3.04(e), as applicable (iii) the Borrower elects to cash collateralize the LC Exposure of any Defaulting Bank pursuant to Section 2.08(b) or (iv) any Letter of Credit is outstanding at the time any Revolving Bank is a Defaulting Bank and the Borrower receives written request from any Issuing Bank demanding the deposit of cash collateral pursuant to this Section 2.08(j), then the Borrower shall deposit, in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Revolving Banks, an amount in cash equal to 103% of, in the case of an Event of Default, the LC Exposure, and in the case of a payment required by Section 3.04(c) or Section 3.04(e), as applicable, the amount of such excess as provided in Section 3.04(c) or Section 3.04(e), as applicable, and in the case of a Defaulting Bank, an amount in cash equal to 103% of such Defaulting Bank's portion of the total LC Exposure at such time as calculated pursuant to clause (x) of the second to last sentence of Section 2.08(b) (less any amounts already on deposit in such account representing cash collateral for any portion of such Defaulting Bank's portion of the total LC Exposure), as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Credit Party described in Section 10.01(h), Section 10.01(i) or Section 10.01(j). The Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Banks and the Revolving Banks, an exclusive first-priority and continuing perfected security interest in and Lien on such account and all cash, checks, drafts, certificates and instruments, if any, from time to time deposited or held in such account, all deposits or wire transfers made thereto, any and all investments purchased with funds deposited in such account, all interest, dividends, cash, instruments, financial assets and other Property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing, and all proceeds, products, accessions, rents, profits, income and benefits therefrom, and any substitutions and replacements therefor. The Borrower's obligation to deposit amounts pursuant to this Section 2.08(j) shall be absolute and unconditional, without regard to whether any beneficiary of any such Letter of Credit has attempted to draw down all or a portion of such amount under the terms of a Letter of Credit, and, to the fullest extent permitted by applicable Governmental Requirement, shall not be subject to any defense or be affected by a right of set-off, counterclaim or recoupment which the Borrower or any of its Subsidiaries may now or hereafter have against any such beneficiary, the Issuing Banks, the Administrative Agent, the Revolving Banks or any other Person for any reason whatsoever. Such deposit shall be held as collateral securing the payment and performance of the Borrower's and the Guarantor's obligations under this Agreement and the other Loan Papers. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the written request and instruction of the Borrower but at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Revolving Loans has been accelerated, be applied to satisfy other obligations of the Borrower and the Guarantors under this Agreement or the other Loan Papers. If the Borrower is required to provide an amount of cash collateral pursuant to clauses (i), (iii) or (iv) above, and the Borrower is not otherwise required to pay to the Administrative Agent the excess attributable to an LC Exposure in connection with any prepayment pursuant to Section 3.04(c) or Section 3.04(e), as applicable, then such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after (x) in the case of cash collateral provided pursuant to clause (i) above, all Events of Default have been cured or waived and (y) in the case of cash collateral provided pursuant to clauses (iii) or (iv) above, the applicable Defaulting Bank is no longer a Defaulting Bank. The Borrower may at any time request confirmation from the Administrative Agent that a Defaulting Bank is no longer a Defaulting Bank, and the Administrative Agent shall promptly confirm such request or provide written confirmation to the Borrower that such Revolving Bank remains a Defaulting Bank and the basis for such determination.

(k) Reporting of Letter of Credit Information and LC Issuance Limit. At any time that there is an Issuing Bank that is not also the financial institution acting as Administrative Agent, then (a) no later than the fifth Business Day following the last day of each calendar month, (b) on each date that a Letter of Credit is amended, terminated or otherwise expires, (c) on each date that a Letter of Credit is issued or the expiry date of a Letter of Credit is extended, and (d) upon the request of the Administrative Agent, each Issuing Bank (or, in the case of clauses (b), (c) or (d) of this Section, the applicable Issuing Bank) shall deliver to the Administrative Agent a report setting forth in form and detail reasonably satisfactory to the Administrative Agent information (including any reimbursement, cash collateral, or termination in respect of Letters of Credit issued by such Issuing Bank) with respect to each Letter of Credit issued by such Issuing Bank that is outstanding hereunder. In addition, each Issuing Bank shall provide notice to the Administrative Agent of its LC Issuance Limit, or any change thereto, promptly upon it becoming an Issuing Bank or making any change to its LC Issuance Limit. No failure on the part of any Issuing Bank to provide such information pursuant to this Section 2.08(k) shall limit the obligations of the Borrower or any Revolving Bank hereunder with respect to its reimbursement and participation obligations hereunder.

(l) Resignation of Issuing Banks.

(i) Any Issuing Bank may resign at any time by giving thirty (30) days' prior written notice to the Administrative Agent, the Revolving Banks and the Borrower. After the resignation of an Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement and the other Loan Papers with respect to Letters of Credit issued by it prior to such resignation, but shall not be required to issue additional Letters of Credit or to extend, renew or increase the outstanding Letter of Credit.

(ii) Any resigning Issuing Bank shall retain all the rights, powers, privileges and duties of an Issuing Bank hereunder with respect to all Letters of Credit issued by it that are outstanding as of the effective date of its resignation as an Issuing Bank and all LC Exposure with respect thereto (including the right to require the Banks to take such actions as are required under Section 2.08(d)). Without limiting the foregoing, upon the resignation of a Revolving Bank as an Issuing Bank hereunder, the Borrower may, or at the request of such resigned Issuing Bank the Borrower shall, use commercially reasonable efforts to, arrange for one or more of the other Issuing Banks to issue Letters of Credit hereunder in substitution for the Letters of Credit, if any, issued by such resigned Issuing Bank and outstanding at the time of such resignation, or make other arrangements satisfactory to the resigned Issuing Bank to effectively cause another Issuing Bank to assume the obligations of the resigned Issuing Bank with respect to any such Letters of Credit.

Section 2.09 Cash Collateral for Defaulting Banks. At any time that there shall exist a Defaulting Bank, within one (1) Business Day following the written request of the Administrative Agent or any applicable Issuing Bank (with a copy to the Administrative Agent), the Borrower shall Cash Collateralize such Issuing Bank's Fronting Exposure with respect to such Defaulting Bank (determined after giving effect to Section 2.10(a)(iv) and any Cash Collateral provided by such Defaulting Bank) in an amount equal to the lesser of (a) the Minimum Collateral Amount and (b) an amount otherwise agreeable to such Issuing Bank and the Administrative Agent in their sole discretion.

(a) Grant of Security Interest. The Borrower and, to the extent provided by any Defaulting Bank, such Defaulting Bank, hereby grants to the Administrative Agent, for the benefit of the Issuing Banks, and agrees to maintain, a first-priority security interest in all such Cash Collateral as security for (i) in the case of the Defaulting Bank, the Defaulting Bank's obligation to fund participations in respect of LC Exposure, to be applied pursuant to clause (b) below and (ii) in the case of the Borrower, its obligations hereunder to reimburse the LC Exposure for which such Defaulting Bank is obligated as a participant. Borrower or such Defaulting Bank, as applicable, shall execute any documents and agreements, including the Administrative Agent's standard form assignment of deposit accounts, that the Administrative Agent reasonably requests in connection therewith to establish such cash collateral account and to grant the Administrative Agent, for the benefit of the Issuing Banks, a first-priority security interest in such account and the funds therein. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Issuing Banks as herein provided, or that the total amount of such Cash Collateral is less than the amount required above, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Bank).

(b) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided by a Defaulting Bank under this Section 2.09 or Section 2.10 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Bank's obligation to fund participations in respect of LC Exposure (including, as to Cash Collateral provided by a Defaulting Bank, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce any Issuing Bank's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.09 following (a) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Bank status of the applicable Revolving Bank), or (b) the determination by the Administrative Agent and such Issuing Bank that there exists excess Cash Collateral; provided that, subject to Section 2.10, (x) such Issuing Bank may determine in its sole discretion that Cash Collateral provided by a Defaulting Bank shall be held to support future anticipated Fronting Exposure or other obligations of such Defaulting Bank and (y) the Borrower and such Issuing Bank may agree, each in its sole discretion, that Cash Collateral provided by the Borrower shall be held to support future anticipated Fronting Exposure or other obligations; and provided further that to the extent that such Cash Collateral was provided by the Borrower, such Cash Collateral shall remain subject to any other security interest granted pursuant to the Loan Papers.

Section 2.10 Defaulting Banks.

(a) Defaulting Bank Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Bank becomes a Defaulting Bank, then, until such time as such Bank is no longer a Defaulting Bank, to the extent permitted by applicable Governmental Requirement:

(i) Waivers and Amendments. Such Defaulting Bank's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definitions of Majority Banks and Required Banks.

(ii) Defaulting Bank Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Bank (whether voluntary or mandatory, at maturity, pursuant to Article X or otherwise) or received by the Administrative Agent from a Defaulting Bank pursuant to Section 12.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Bank to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Bank to the Issuing Banks hereunder; *third*, to Cash Collateralize any Issuing Bank's Fronting Exposure with respect to such Defaulting Bank in accordance with Section 2.09; *fourth*, as the Borrower may request (so long as no Default exists), to the funding of any Loan in respect of which such Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Bank's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize any Issuing Bank's future Fronting Exposure with respect to such Defaulting Bank with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.09; *sixth*, to the payment of any amounts owing to the Banks or the Issuing Banks as a result of any judgment of a court of competent jurisdiction obtained by any Bank or any Issuing Bank against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement; *seventh*, so long as no Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Bank or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Bank has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 6.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all Non-Defaulting Banks on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Bank until such time as all Loans and funded and unfunded participations in LC Exposures are held by the Banks pro rata in accordance with the Elected Revolving Commitments hereunder without giving effect to Section 2.10(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Bank that are applied (or held) to pay amounts owed by a Defaulting Bank or to post Cash Collateral pursuant to this Section 2.10(a)(ii) shall be deemed paid to and redirected by such Defaulting Bank, and each Bank irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Bank shall be entitled to receive any commitment fee pursuant to Section 3.05(a) for any period during which that Bank is a Defaulting Bank (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Bank).

(B) Each Defaulting Bank shall be entitled to receive letter of credit fees under Section 3.05(b)(i) for any period during which that Bank is a Defaulting Bank only to the extent allocable to its Applicable Revolving Commitment Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.09.

(C) With respect to any fee pursuant to Section 3.05(b) not required to be paid to any Defaulting Bank pursuant to sub-clause (B) above, the Borrower shall (x) pay to each Non-Defaulting Bank that portion of any such fee otherwise payable to such Defaulting Bank with respect to such Defaulting Bank's participation in Letter of Credit obligations that has been reallocated to such Non-Defaulting Bank pursuant to clause (a)(iv) below, (y) pay to the applicable Issuing Bank the amount of any such fee otherwise payable to such Defaulting Bank to the extent allocable to such Issuing Bank's Fronting Exposure to such Defaulting Bank and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Bank's LC Exposure shall be reallocated among the Revolving Banks that are not Defaulting Banks in accordance with their respective Applicable Revolving Commitment Percentages (calculated without regard to such Defaulting Bank's Revolving Commitment) but only to the extent that (x) the conditions set forth in Section 6.02 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the Revolving Credit Exposure of any Non-Defaulting Bank to exceed such Non-Defaulting Bank's Revolving Commitment. Subject to Section 12.17, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Bank arising from that Bank having become a Defaulting Bank, including any claim of a Non-Defaulting Bank as a result of such Non-Defaulting Bank's increased exposure following such reallocation.

(v) Cash Collateral. If the reallocation described in clause (a)(iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, Cash Collateralize any applicable Issuing Bank's Fronting Exposure in accordance with the procedures set forth in Section 2.09.

(b) Defaulting Bank Cure. If the Borrower, the Administrative Agent and the Issuing Banks agree in writing that a Bank is no longer a Defaulting Bank, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Bank will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Banks or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held pro rata by the Banks in accordance with the Elected Revolving Commitments hereunder (without giving effect to Section 2.10(a)(iv)), whereupon such Bank will cease to be a Defaulting Bank; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Bank was a Defaulting Bank; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank to Bank will constitute a waiver or release of any claim of any party hereunder arising from that Bank's having been a Defaulting Bank.

(c) New Letters of Credit. So long as any Bank is a Defaulting Bank, no Issuing Bank shall be required to issue, extend, renew or increase any Letter of Credit unless it is reasonably satisfied that the LC Exposure related to any existing Letters of Credit as well as the new, extended, renewed or increased Letter of Credit has been or will be fully allocated among the non-Defaulting Banks in a manner consistent with clause (a)(iv) above and such Defaulting Bank shall not participate therein except to the extent such Defaulting Bank's participation has been or will be fully Cash Collateralized in accordance with Section 2.09.

Section 2.11 New Term Loan Facility.

(a) Term Commitments. The Borrower may at any time or from time to time after the Closing Date, by written notice to Administrative Agent (whereupon Administrative Agent shall promptly deliver a copy to each Bank) (a "Term Loan Request"), request the establishment of one or more new commitments to make Term Loans which may be in the same Term Loan Facility as any outstanding Term Loans of an existing Class of Term Loans (a "Term Loan Increase") or a new Class of Term Loans (collectively with any Term Loan Increase, the "New Term Commitments"); provided that on the New Term Loan Facility Closing Date for such New Term Commitments, after giving effect to the effectiveness of the New Term Loan Facility Closing Date and the funding of any Term Loans under any such New Term Commitments, the Aggregate Term Loan Exposures shall not exceed the lesser of the following: (i) the Borrowing Base then in effect *minus* the Aggregate Elected Revolving Commitment Amount then in effect and (ii) an amount equal to thirty-three and one-third percent (33-⅓%) of the sum of (1) the Total Revolving Commitment then in effect and (2) the Aggregate Term Loan Exposures (after giving effect to the making of any Term Loans on such New Term Loan Facility Closing Date).

(b) Term Loans. Any New Term Commitments effected through the establishment of one or more new Term Loans made on a New Term Loan Facility Closing Date shall be designated for all purposes of this Agreement as either (x) a new Class of New Term Commitments or (y) an increase to an existing Class of Term Loans. On any New Term Loan Facility Closing Date on which any New Term Commitments of any Class are effected (including through any Term Loan Increase), subject to the satisfaction of the terms and conditions in this Section 2.11, (i) each Term Bank of such Class shall make a Term Loan to Borrower in an amount equal to its New Term Commitment of such Class and (ii) each Term Bank of such Class shall become a Bank hereunder with respect to the New Term Commitment of such Class and the Term Loans of such Class made pursuant thereto. Notwithstanding the foregoing, any Term Loans may be treated as part of the same Class as any other Term Loans if such Term Loans are fungible for United States federal income tax purposes with such other Term Loans.

(c) Term Loan Request. Each Term Loan Request from Borrower pursuant to this Section 2.11 shall set forth the requested amount and proposed terms of the relevant Term Loans. Each Bank shall have not less than ten (10) Business Days from the date on which notice of such Term Loan Request was provided by the Administrative Agent to such Bank to provide in writing to the Administrative Agent and the Borrower, in its sole discretion, an indication of its interest to provide New Term Commitments on the terms set forth in such Term Loan Request, which indication of interest shall (i) set forth the maximum portion of the New Term Commitments in respect of such Term Loan Request that such Bank is willing to provide and (ii) be subject in all respects to such Bank's approval of the applicable Term Loan Amendment documentation. Any Bank that has not communicated its desire to provide any such New Term Commitments in writing to the Administrative Agent and the Borrower within such ten (10) Business Day period shall be deemed to have declined to participate in providing New Term Commitments in respect of such Term Loan Request. Notwithstanding the foregoing, any such indication of interest by a Bank to provide any New Term Commitments in response to a Term Loan Request shall not assure any such Bank that it will be allocated any such New Term Commitments, it being understood that final allocations of the New Term Commitments in respect of each Term Loan Request shall be made at the Borrower's election in consultation with the Administrative Agent. Term Loans may be made by any existing Bank (but no existing Bank will have an obligation to make any New Term Commitment) or by any other bank or other financial institution (any such other bank or other financial institution being called an "Additional Term Bank"); provided that (i) the Administrative Agent shall have consented (not to be unreasonably withheld or delayed) to the identity of the Bank or Additional Term Bank that is making such Term Loans or providing such New Term Commitments to the extent such consent, if any, would be required under Section 12.02 for an assignment of Loans to such Bank or Additional Term Bank, (ii) any Additional Term Bank at the time such Term Loans are made or such New Term Commitments are provided shall be a commercial bank that is then actively engaged in oil and gas reserve-based lending governed by a borrowing base, as a revolving lender, in the ordinary course of its business, and the applicable Term Loan Amendment shall contain a representation by such Additional Term Bank confirming the foregoing as set forth in this clause (ii) and confirming that such Additional Term Bank has no present intention to assign or sell participations in its Term Loans, and (iii) no Additional Term Bank shall be the Borrower, an Affiliate of the Borrower or a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person).

(d) Effectiveness of Term Loan Amendment. The effectiveness of any Term Loan Amendment, and the New Term Commitments thereunder, shall be subject to the satisfaction on the date thereof (the "New Term Loan Facility Closing Date") of each of the following conditions:

(i) no Default or Event of Default shall have occurred and be continuing or would exist after giving effect to such New Term Commitments;

(ii) after giving effect to such New Term Commitments, the conditions of Section 6.02 shall be satisfied (it being understood that all references to "such date" or similar language in such Section 6.02 shall be deemed to refer to the effective date of such Term Loan Amendment);

(iii) the Borrower shall be in compliance with each of the Specified Conditions on a pro forma basis after giving effect to the making of such Term Loans;

(iv) the aggregate New Term Commitments with respect to such Class of Term Loans shall be in an aggregate principal amount that is not less than $25,000,000 unless the Administrative Agent otherwise consents;

(v) to the extent reasonably requested by the Administrative Agent, the Administrative Agent shall have received (A) customary legal opinions addressed to the Administrative Agent and the Banks, board resolutions and officers' certificates and (B) reaffirmation agreements and/or such amendments to the Security Instruments (including modifications to the Mortgages), as may be reasonably requested by the Administrative Agent in order to ensure that the enforceability of the Security Instruments and the perfection and priority of the Liens thereunder are preserved and maintained;

(vi) on the New Term Loan Facility Closing Date, after giving effect to the effectiveness of the New Term Loan Facility Closing Date, the New Term Commitments and the funding of any Term Loans thereunder, the sum of the Aggregate Term Loan Exposures and the Total Term Commitment shall not exceed, as of the New Term Loan Facility Closing Date for such New Term Commitments, the lesser of the following (i) the Borrowing Base then in effect *minus* the Aggregate Elected Revolving Commitment Amount then in effect, and (ii) an amount equal to thirty-three and one-third percent (33-⅓%) of the sum of (A) the Total Revolving Commitment then in effect and (B) the Aggregate Term Loan Exposures (after giving effect to the making of any Term Loans on such New Term Loan Facility Closing Date);

(vii) (A) the Term Loan Amendment shall be in form and substance acceptable to the Administrative Agent, contain each of the required terms set forth in Section 2.11(e) and shall otherwise comply with this Section 2.11, (B) the satisfaction of the conditions precedent set forth in Section 6.02, (C) the execution of the Term Loan Amendment by the Borrower, each Term Bank providing such New Term Commitments and the Administrative Agent, and (D) such other conditions as the Borrower and each Term Bank providing such New Term Commitments shall agree; and

(viii) the New Term Loan Facility Closing Date shall be not less than eleven (11) Business Days following the date of delivery of the applicable Term Loan Request by the Administrative Agent to each Bank.

(e) Required Terms. The terms, provisions and documentation of the Term Loans and Term Commitments of any Class shall be as agreed between the Borrower and the applicable Term Banks providing such Term Commitments. In any event:

(i) the Term Loans:

(A) shall rank *pari passu* in right of payment and of security with the Revolving Loans and any other Term Loans;

(B) shall not mature earlier than the Latest Maturity Date at the time of incurrence of such Term Loans and no scheduled principal or amortization payments shall be required in respect of such Term Loans except to the extent such payments would not cause the Weighted Average Life to Maturity of such Term Loans at any time to be shorter than 50% of the number of years remaining until the Revolving Maturity Date in effect; provided that, at no time shall there be Term Loans hereunder which have more than three different maturity dates unless the Administrative Agent otherwise consents to more than three different maturity dates;

(C) shall have an applicable rate, fees, premiums and, subject to Section 2.11(e)(i)(B) and Section 2.11(e)(i)(F), amortization determined by the Borrower and the applicable Term Banks;

(D) except as provided in Section 2.11(e)(i)(C) above, shall have mandatory prepayments, representations and warranties, covenants and events of default that are the same as, or no more restrictive on the Credit Parties (as determined by the Administrative Agent in its reasonable discretion) than, those set forth in this Agreement prior to the applicable New Term Loan Facility Closing Date unless any more restrictive mandatory prepayments, representations and warranties, covenants and events of default are incorporated into this Agreement on the applicable New Term Loan Facility Closing Date;

(E) may participate on a pro rata basis or less than pro rata basis (but not on a greater than pro rata basis) in any voluntary or mandatory prepayments of Term Loans hereunder, as specified in the applicable Term Loan Amendment; and

(F) shall provide that any mandatory prepayments or amortization payments in respect of such Term Loans shall only be required if at least 20% of the Total Revolving Commitment are unused and available to be drawn on a pro forma basis after giving effect to such payments.

(f) Term Loan Amendment.

(i) New Term Commitments shall become Commitments under this Agreement pursuant to an amendment (a "Term Loan Amendment") to this Agreement in compliance with this Section 2.11 and executed by the Borrower, each Term Bank providing such New Term Commitments and the Administrative Agent. Any corresponding amendments to the other Loan Papers necessary or appropriate in connection with and in compliance with this Section 2.11 shall be effective once executed by the Borrower and the Administrative Agent (without the consent of any Bank). The Term Loan Amendment may, without the consent of any other Bank, effect such amendments to this Agreement as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.11 (including introducing additional or tightening existing mandatory prepayments, representations and warranties, covenants or events of default for the benefit of all Banks). The Borrower will use the proceeds of the Term Loans for any purpose not prohibited by this Agreement. No Bank shall be obligated to provide any Term Loans unless it so agrees.

(ii) The Banks hereby irrevocably authorize the Administrative Agent to enter into amendments to this Agreement and the other Loan Papers with the Credit Parties as may be necessary in order to establish new tranches or sub-tranches in respect of Loans or commitments made or established pursuant to this Section 2.11 and such technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrower in connection with the establishment of such new tranches or sub-tranches, in each case on terms consistent with this Section 2.11, including any amendments that are not adverse to the interests of any Bank that are made to effectuate changes necessary to enable any Term Loans to be fungible for United States federal income tax purposes with another Class of Term Loans, which shall include any amendments that do not reduce the ratable amortization received by each Bank thereunder.

(iii) Upon the effectiveness of such Term Loan Amendment, this Agreement may be amended by the Administrative Agent (without the consent of any other party hereto) by adding a new Annex hereto or amending an existing Annex hereto to reflect the New Term Commitment of each Term Bank party thereto and any resulting changes in the Banks' Applicable Term Commitment Percentages.

(g) This Section 2.11 shall supersede any provisions in Section 12.02 or Section 10.02(c) to the contrary.

Section 2.12 Extension of Term Loans.

(a) Notwithstanding anything to the contrary in this Agreement, pursuant to one or more offers (each, a "Term Loan Extension Offer") made from time to time by the Borrower to all Banks of a Class of Term Loans with the same Term Loan Maturity Date on a pro rata basis (based on the aggregate outstanding principal amount of the respective Term Loans of such Class with the same Term Loan Maturity Date) and on the same terms to each such Term Bank, the Borrower may from time to time, with the consent of any Term Bank that shall have accepted such Term Loan Extension Offer, extend the Term Loan Maturity Date of the Term Loans of each such Term Bank and otherwise modify the terms of such Term Loans pursuant to the terms of the relevant Term Loan Extension Offer (including, without limitation, by increasing the interest rate, premiums or fees payable in respect of such Term Loans and/or modifying the amortization schedule in respect of such Term Loans) (each, a "Term Loan Extension" and any Term Loans extended thereby, a "Term Loan Extension Series"), so long as the following terms are satisfied:

(i) no Default or Event of Default shall exist at the time the notice in respect of a Term Loan Extension Offer is delivered to the Term Banks, and no Default or Event of Default shall exist immediately prior to or after giving effect to the effectiveness of any Extended Term Loans;

(ii) except as to interest rates, fees, amortization, final maturity date, premium, required prepayment dates and participation in prepayments (which shall, subject to Section 2.12(a)(iii), Section 2.12(a)(iv) and Section 2.12(a)(v), be determined by the Borrower and set forth in the relevant Term Loan Extension Offer), the Term Loans of any Term Bank that agrees to a Term Loan Extension with respect to such Term Loans (each, an "Extending Term Bank") extended pursuant to any Term Loan Extension ("Extended Term Loans") shall have the same terms as the Class of Term Loans subject to such Term Loan Extension Offer;

(iii) the final maturity date of any Extended Term Loans shall be no earlier than the then Latest Maturity Date at such time and at no time shall the Term Loans (including Extended Term Loans) have more than three different maturity dates unless the Administrative Agent otherwise consents to more than three different maturity dates;

(iv) the terms for such Extended Term Loans shall provide that any mandatory prepayments or amortization payments in respect of such Extended Term Loans shall only be required if at least 20% of the Total Revolving Commitment are unused and available to be drawn on a pro forma basis after giving effect to such payments;

(v) any Extended Term Loans may participate on a pro rata basis or on a less than pro rata basis (but not on a greater than pro rata basis) in any voluntary or mandatory repayments or prepayments hereunder, as specified in the applicable Term Loan Extension Offer;

(vi) if the aggregate principal amount of Term Loans (calculated on the face amount thereof) in respect of which Term Banks shall have accepted the relevant Term Loan Extension Offer shall exceed the maximum aggregate principal amount of Term Loans (calculated on the face amount thereof) offered to be extended by the Borrower pursuant to such Term Loan Extension Offer, then the Term Loans of such Term Banks shall be extended ratably up to such maximum amount based on the respective principal amounts (but not to exceed actual holdings of record) with respect to which such Term Banks have accepted such Term Loan Extension Offer;

(vii) any applicable Minimum Extension Condition shall be satisfied unless waived by the Borrower; and

(viii) all documentation in respect of such Term Loan Extension shall be consistent with the foregoing and acceptable to the Administrative Agent.

(b) With respect to all Term Loan Extensions consummated by Borrower pursuant to this Section 2.12, (i) such Term Loan Extensions shall not constitute voluntary or mandatory payments or prepayments for purposes of Section 3.04 and (ii) no Term Loan Extension Offer is required to be in any minimum amount or any minimum increment; provided that the Borrower may at its election specify as a condition (a "Minimum Extension Condition") to consummating any such Term Loan Extension that a minimum amount of Term Loans of any or all applicable Classes be extended. The Administrative Agent and the Banks hereby consent to the Term Loan Extensions and the other transactions contemplated by this Section 2.12 (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Term Loans on such terms as may be set forth in the relevant Term Loan Extension Offer) and hereby waive the requirements of any provision of this Agreement (including, without limitation, Section 10.02(c) or any other pro rata payment section) or any other Loan Paper that may otherwise prohibit or restrict any such Term Loan Extension or any other transaction contemplated by this Section 2.12.

(c) Each of the parties hereto hereby (i) agrees that this Agreement and the other Loan Papers may be amended to give effect to each Term Loan Extension (an "Extension Amendment"), without the consent of any Banks other than extending Banks, to the extent (but only to the extent) necessary to (A) reflect the existence and terms of the Extended Term Loans incurred pursuant thereto, (B) modify any scheduled repayments set forth in Section 3.01 with respect to any Class of Term Loans subject to a Term Loan Extension to reflect a reduction in the principal amount of the Term Loans thereunder in an amount equal to the aggregate principal amount of the Extended Term Loans amended pursuant to the applicable Term Loan Extension (with such amount to be applied ratably to reduce scheduled repayments of such Term Loans as may be required pursuant to Section 3.01), (C) modify the prepayments set forth in Section 3.04(c) to reflect the existence of the Extended Term Loans and the application of prepayments with respect thereto and (D) effect such other amendments to this Agreement and the other Loan Papers as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.12 (it being agreed and understood that any such amendment may introduce additional or tighten existing mandatory prepayments, representations and warranties, covenants or events of default for the benefit of all Banks), and Banks hereby expressly and irrevocably, for the benefit of all parties hereto, authorize the Administrative Agent to enter into any such Extension Amendment and (ii) consent to the transactions contemplated by this Section 2.12 (including, for the avoidance of doubt, payment of interest, fees or premiums in respect of any Extended Term Loans on such terms as may be set forth in the relevant Extension Amendment). Without limiting the foregoing, in connection with any Term Loan Extension, the respective Credit Parties shall (at their expense) amend (and the Administrative Agent is hereby directed to amend) any Security Instrument that has (or specifies that the Obligations have) a maturity date prior to the then Latest Maturity Date at such time so that such maturity date is extended to the Latest Maturity Date at such time after giving effect to such Term Loan Extension (or such later date as may be advised by local counsel to the Administrative Agent).

(d) In connection with any Term Loan Extension, the Borrower shall provide the Administrative Agent at least 10 Business Days' (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof and shall agree to such procedures, if any, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.12.

(e) This Section 2.12 shall supersede any provisions in Section 12.02 or Section 10.02(c) to the contrary.

ARTICLE III
PAYMENTS OF PRINCIPAL AND INTEREST; PREPAYMENTS; FEES

Section 3.01 Repayment of Loans. The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Revolving Bank the then unpaid principal amount of each Revolving Loan on the Revolving Maturity Date. The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each applicable Term Bank the then unpaid principal amount of each Term Loan on the applicable Term Loan Maturity Date.

Section 3.02 Interest.

(a) ABR Loans. The Loans comprising each ABR Borrowing shall bear interest on the unpaid principal amount of such Loans at the Alternate Base Rate plus the Applicable Margin, but in no event to exceed the Highest Lawful Rate.

(b) SOFR Loans. The Loans comprising each SOFR Borrowing shall bear interest on the unpaid principal amount of such Loans at the Adjusted Term SOFR for the Interest Period in effect for such Borrowing plus the Applicable Margin, but in no event to exceed the Highest Lawful Rate.

(c) Post-Default Rate. Notwithstanding the foregoing, (i) if any principal of or interest on any Loan or any fee or other amount payable by the Borrower or any Guarantor hereunder or under any other Loan Paper is not paid when due, whether at stated maturity, upon acceleration or otherwise, and including any payments in respect of a Borrowing Base Deficiency under Section 3.04(c), or if an Event of Default has occurred and is continuing, then, such overdue amount, in the case of a failure to pay amounts when due, and at the option of the Majority Banks, all Loans outstanding, in the case of any other Event of Default, shall bear interest, after as well as before judgment, at a rate per annum equal to two percent (2%) plus the rate applicable to ABR Loans as provided in Section 3.02(a), but in no event to exceed the Highest Lawful Rate and (ii) if any Event of Default of the type described in Section 10.01(h), Section 10.01(i) and/or Section 10.01(j) occurs, then all outstanding principal, fees and other obligations under any Loan Paper shall automatically bear interest at a rate per annum equal to two percent (2%) plus the rate applicable to ABR Loans as provided in Section 3.02(a), but in no event to exceed the Highest Lawful Rate, all Loans outstanding at such time shall bear interest, after as well as before judgment, at the rate then applicable to such Loans, plus the Applicable Margin, if any, plus an additional two percent (2%), but in no event to exceed the Highest Lawful Rate.

(d) Interest Payment Dates. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and on the Applicable Maturity Date; provided that (i) interest accrued pursuant to Section 3.02(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than an optional prepayment of an ABR Loan prior to the Applicable Maturity Date), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, and (iii) in the event of any conversion of any SOFR Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) Interest Rate Computations. All computations of interest for ABR Loans when the Alternate Base Rate is determined by the Prime Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest provided hereunder shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365/366-day year). The applicable Alternate Base Rate, Adjusted Term SOFR or Term SOFR shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error, and be binding upon the parties hereto.

(f) Term SOFR Conforming Changes. In connection with the use or administration of Term SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Paper, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Paper. The Administrative Agent will promptly notify the Borrower and the Banks of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

Section 3.03 Changed Circumstances.

(a) Circumstances Affecting Benchmark Availability. Subject to clause (c) below, in connection with any request for a SOFR Loan or a conversion to or continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining Adjusted Term SOFR for the applicable Interest Period with respect to a proposed SOFR Loan on or prior to the first day of such Interest Period or (ii) the Majority Banks shall determine (which determination shall be conclusive and binding absent manifest error) that Adjusted Term SOFR does not adequately and fairly reflect the cost to such Banks of making or maintaining such Loans during such Interest Period, then, in each case, the Administrative Agent shall give notice thereof to the Borrower and the Banks by telephone or fax as promptly as practicable thereafter. Upon notice thereof by the Administrative Agent to the Borrower and the Banks, any obligation of the Banks to make SOFR Loans, and any right of the Borrower to convert any Loan to or continue any Loan as a SOFR Loan, shall be suspended (to the extent of the affected SOFR Loans or the affected Interest Periods) until the Administrative Agent (with respect to clause (ii), at the instruction of the Majority Banks) revokes such notice. Upon receipt of such notice, (A) the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or the affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to ABR Loans in the amount specified therein and (B) any outstanding affected SOFR Loans will be deemed to have been converted into ABR Loans at the end of the applicable Interest Period. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts, if any, required pursuant to Section 5.02.

(b) Laws Affecting SOFR Availability. If, after the date hereof, the introduction of, or any change in, any applicable Governmental Requirement or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Banks (or any of their respective lending offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Banks (or any of their respective lending offices) to honor its obligations hereunder to make or maintain any SOFR Loan, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, such Bank shall promptly give notice thereof to the Administrative Agent, and the Administrative Agent shall promptly give notice to the Borrower and the other Banks as promptly as practicable thereafter. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, (i) any obligation of the Banks to make SOFR Loans, and any right of the Borrower to convert any Loan to a SOFR Loan or continue any Loan as a SOFR Loan, in each case, shall be suspended (the "Affected Loans") and (ii) if necessary to avoid such illegality, the Administrative Agent shall compute the Alternate Base Rate without reference to clause (c) of the definition of "Alternate Base Rate", in each case, until each such affected Bank notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, if necessary to avoid such illegality, upon demand from any Bank (with a copy to the Administrative Agent), prepay or, if applicable, convert all Affected Loans to ABR Loans (in each case, if necessary to avoid such illegality, the Administrative Agent shall compute the Alternate Base Rate without reference to clause (c) of the definition of "Alternate Base Rate"), on the last day of the Interest Period therefor, if all affected Banks may lawfully continue to maintain such Affected Loans to such day, or immediately, if any Bank may not lawfully continue to maintain such Affected Loans to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts, if any, required pursuant to Section 5.02.

(c) Benchmark Replacement Setting.

(i) Benchmark Replacement. (A) Notwithstanding anything to the contrary herein or in any other Loan Paper, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Banks and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Banks comprising the Majority Banks. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 3.03(c)(i) will occur prior to the applicable Benchmark Transition Start Date.

(ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Paper, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Paper.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Banks of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.03(c)(iv). Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Bank (or group of Banks) pursuant to this Section 3.03(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Paper, except, in each case, as expressly required pursuant to this Section 3.03(c).

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Paper, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable, non-representative, non-compliant or non-aligned tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to ABR Loans and (B) any outstanding affected SOFR Loans will be deemed to have been converted to ABR Loans at the end of the applicable Interest Period. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

Section 3.04 Prepayments.

(a) Optional Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with Section 3.04(b); provided that notwithstanding anything to the contrary in this Agreement, the Borrower shall not have the right to prepay any Term Borrowing (whether in whole or in part) pursuant to this Section 3.04 unless both before and immediately after giving effect to such prepayment, on a pro forma basis, each of the Specified Conditions is satisfied.

(b) Notice and Terms of Optional Prepayment. The Borrower shall notify the Administrative Agent by telephone (confirmed by electronic mail) (or transmit by electronic communication, if arrangements for doing so have been approved by the Administrative Agent) of any prepayment hereunder (i) in the case of prepayment of a SOFR Borrowing, not later than 1:00 p.m. three (3) U.S. Government Securities Business Days before the date of prepayment, or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m. on the date of prepayment, which date shall be a Business Day in the United States. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Class of Borrowing or portion thereof to be prepaid and whether the prepayment is of SOFR Loans, ABR Loans or a combination thereof, and the amount allocable to each; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Elected Revolving Commitments as contemplated by Section 2.06(b), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.06(b). Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Banks of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 3.02.

(c) Mandatory Prepayments.

(i) If, after giving effect to any termination or reduction of the Aggregate Elected Revolving Commitment Amount pursuant to Section 2.06(b), the Aggregate Revolving Credit Exposures exceed the Total Revolving Commitment, then the Borrower shall (A) prepay the Revolving Borrowings on the date of such termination or reduction in an aggregate principal amount equal to such excess, and (B) if any excess remains after prepaying all of the Revolving Borrowings as a result of an LC Exposure, pay to the Administrative Agent on behalf of the Revolving Banks an amount equal to such excess to be held as cash collateral as provided in Section 2.08(j).

(ii) Upon any redetermination of or adjustment to the amount of the Borrowing Base in accordance with Section 2.07 (other than Section 2.07(f) or (g)) if the Aggregate Credit Exposures exceed the redetermined or adjusted Borrowing Base, then the Borrower must take one or a combination of the following actions, at the Borrower's election, and notify the Administrative Agent of such election within thirty (30) days of the Borrowing Base Deficiency Determination Date: (A) commencing thirty (30) days from and after the Borrowing Base Deficiency Determination Date, prepay the Borrowings and, if applicable, cash collateralize the LC Exposure in an amount equal to the Required Deficiency Payment on each Borrowing Base Deficiency Payment Date, (B) within ninety (90) days from and after the Borrowing Base Deficiency Determination Date, execute and deliver, and/or cause one or more other Credit Parties to execute and deliver, to the Administrative Agent supplemental or additional Security Instruments, in form and substance reasonably satisfactory to the Administrative Agent, securing payment of the Obligations and covering other Properties of the Borrower or such Credit Parties, as applicable, including additional Oil and Gas Properties directly owned by the Borrower or such Credit Parties that are not then covered by any Security Instrument and that are of a type and nature satisfactory to the Administrative Agent, and having a value (as determined by the Administrative Agent and approved by the Required Banks in their sole discretion), in addition to other Oil and Gas Properties already subject to a Security Instrument, in an amount at least equal to the Borrowing Base Deficiency; provided that, if the Borrower shall elect to execute and deliver (or cause one or more Credit Parties to execute and deliver) supplemental or additional Security Instruments to the Administrative Agent pursuant to subclause (B) of this Section 3.04(c)(ii), it shall provide to the Administrative Agent concurrently with such election and within thirty (30) days of the Borrowing Base Deficiency Determination Date descriptions of the additional assets to be mortgaged or pledged thereby (together with current valuations, engineering reports, title evidence or opinions applicable thereto and other documents (including opinions of counsel) reasonably requested by the Administrative Agent, each of which shall be in form and substance reasonably satisfactory to the Administrative Agent) or (C) within forty-five (45) days from and after the Borrowing Base Deficiency Determination Date, prepay the Borrowings and, if applicable, cash collateralize the LC Exposure in an amount equal to 100% of the Borrowing Base Deficiency; provided further that, if the Administrative Agent does not receive the required notice from the Borrower electing which of the actions described in the foregoing subclauses (A) through (C) it will take in respect of a Borrowing Base Deficiency within thirty (30) days of the Borrowing Base Deficiency Determination Date, then without any necessity for notice to the Borrower or any other Person, the Borrower shall be deemed to have elected to prepay the Borrowings and, if applicable, cash collateralize the LC Exposure in an amount equal to at least the Required Deficiency Payment on each Borrowing Base Deficiency Payment Date. Notwithstanding the foregoing, all payments required to be made pursuant to this Section 3.04(c)(ii) must be made on or prior to the Revolving Maturity Date.

(iii) Upon any adjustments to the Borrowing Base pursuant to Sections 2.07(f) or (g) or Section 8.13(c), if the Aggregate Credit Exposures exceed the Borrowing Base as adjusted, then the Borrower shall prepay the Borrowings and, if applicable, cash collateralize the LC Exposure in an aggregate principal amount equal to such excess on the first Business Day after receiving notice from the Administrative Agent of such excess; provided that all payments required to be made pursuant to this Section 3.04(c)(iii) must be made on or prior to the Revolving Maturity Date.

(iv) Subject to Section 3.04(c)(vi), each prepayment of any Class of Borrowings pursuant to this Section 3.04(c) shall be applied, first, ratably to any ABR Borrowings of such Class then outstanding, and, second, to any SOFR Borrowings of such Class then outstanding, and if more than one SOFR Borrowing of such Class is then outstanding, to each such SOFR Borrowing of such Class in order of priority beginning with the SOFR Borrowing of such Class with the least number of days remaining in the Interest Period applicable thereto and ending with the SOFR Borrowing of such Class with the most number of days remaining in the Interest Period applicable thereto.

(v) Each prepayment of Borrowings pursuant to this Section 3.04(c) shall be applied ratably to the Loans included in the prepaid Borrowings; provided that any Term Loans may be prepaid on a less (but not greater) than a pro rata basis if agreed to by the Term Banks holding such Term Loans. Prepayments pursuant to this Section 3.04(c) shall be accompanied by accrued interest to the extent required by Section 3.02.

(vi) Each prepayment of Borrowings pursuant to Section 3.04(c)(ii) or Section 3.04(c)(iii) shall be applied as follows: (A) if no Term Loans are then outstanding, (1) to prepay the Revolving Borrowings in an aggregate principal amount equal to such Borrowing Base Deficiency, and (2) if any Borrowing Base Deficiency remains after prepaying all of the Revolving Borrowings as a result of an LC Exposure, pay to the Administrative Agent on behalf of the Revolving Banks an amount equal to such remaining Borrowing Base Deficiency to be held as cash collateral as provided in Section 2.08(j); or (B) if there are any Term Loans and any Revolving Loans and/or LC Exposure then outstanding, then, at the Borrower's election (subject to the last sentence of this Section 3.04(c)(vi)), either: (1) (x) prepay Revolving Borrowings in an aggregate principal amount equal to such Borrowing Base Deficiency, (y) if any Borrowing Base Deficiency remains after prepaying all of the Revolving Borrowings as a result of an LC Exposure, pay to the Administrative Agent on behalf of the Revolving Banks an amount equal to such Borrowing Base Deficiency to be held as cash collateral as provided in Section 2.08(j), and (z) if any Borrowing Base Deficiency remains after cash collateralizing such LC Exposure, prepay Term Borrowings in an aggregate principal amount equal to such remaining Borrowing Base Deficiency; or (2) prepay the Revolving Borrowings (and if any Aggregate Revolving Credit Exposures remains after prepaying all of the Revolving Borrowings as a result of an LC Exposure, pay to the Administrative Agent on behalf of the Revolving Banks an amount equal to such Borrowing Base Deficiency to be held as cash collateral as provided in Section 2.08(j)) and the Term Borrowings, on a pro rata basis, in proportion to the Aggregate Revolving Credit Exposures and the Aggregate Term Loan Exposures outstanding at such time, in an aggregate amount equal to such Borrowing Base Deficiency; provided that any Term Loans may be prepaid on a less (but not greater) than a pro rata basis if agreed to by the Term Banks holding such Term Loans. The Borrower may not prepay any Term Loans under this Section 3.04(c)(vi) unless, after giving effect to such prepayment, Revolving Availability is greater than 20% of the Total Revolving Commitment and any such amounts that would otherwise have been paid in respect of Term Loans shall instead be applied as prepayments of Revolving Loans.

(d) No Premium or Penalty. Prepayments permitted or required under this Section 3.04 shall be without premium or penalty, except as required under Section 5.02.

(e) If any Excess Cash exists for more than five (5) consecutive Business Days, then the Borrower shall, no later than the fifth (5th) Business Day following such five (5) consecutive Business Day period, effect a mandatory prepayment of the Loans in a minimum aggregate principal amount equal to the amount of Excess Cash at the end of the last Business Day of such five (5) consecutive Business Day period as follows: (A) if no Term Loans are then outstanding, (1) prepay the Revolving Borrowings in an aggregate principal amount equal to the required prepayment amount, and (2) if any required prepayment amount remains after prepaying all of the Revolving Borrowings as a result of an LC Exposure, pay to the Administrative Agent on behalf of the Revolving Banks an amount equal to such remaining required prepayment amount to be held as cash collateral as provided in Section 2.08(j); or (B) if there are any Term Loans and any Revolving Loans and/or LC Exposure then outstanding, then, at the Borrower's election (subject to the next sentence of this Section 3.04(e)), either: (1) (x) prepay Revolving Borrowings in an aggregate principal amount equal to the required prepayment amount, (y) if any required prepayment amount remains after prepaying all of the Revolving Borrowings as a result of an LC Exposure, pay to the Administrative Agent on behalf of the Revolving Banks an amount equal to such required prepayment amount to be held as cash collateral as provided in Section 2.08(j), and (z) if any required prepayment amount remains after cash collateralizing such LC Exposure, prepay Term Borrowings in an aggregate principal amount equal to such required prepayment amount; or (2) prepay the Revolving Borrowings (and if any Aggregate Revolving Credit Exposures remains after prepaying all of the Revolving Borrowings as a result of an LC Exposure, pay to the Administrative Agent on behalf of the Revolving Banks an amount equal to such required prepayment amount to be held as cash collateral as provided in Section 2.08(j)) and the Term Borrowings, on a pro rata basis, in proportion to the Aggregate Revolving Credit Exposures and the Aggregate Term Loan Exposures outstanding at such time, in an aggregate amount equal to such required prepayment amount; provided that any Term Loans may be prepaid on a less (but not greater) than a pro rata basis if agreed to by the Term Banks holding such Term Loans. The Borrower may not prepay any Term Loans under this Section 3.04(e) unless, after giving effect to such prepayment, Revolving Availability is greater than 20% of the Total Revolving Commitment and any such amounts that would otherwise have been paid in respect of Term Loans shall instead be applied as prepayments of Revolving Loans. Each prepayment of any Class of Borrowings pursuant to this Section 3.04(e) shall be applied, first, ratably to any ABR Borrowings of such Class then outstanding, and, second, to any SOFR Borrowings of such Class then outstanding, and if more than one SOFR Borrowing of such Class is then outstanding, to each such SOFR Borrowing of such Class in order of priority beginning with the SOFR Borrowing of such Class with the least number of days remaining in the Interest Period applicable thereto and ending with the SOFR Borrowing of such Class with the most number of days remaining in the Interest Period applicable thereto. Each prepayment of Borrowings pursuant to this Section 3.04(e) shall be applied ratably to the Loans that are being prepaid by such Excess Cash; provided that any Term Loans may be prepaid on a less (but not greater) than a pro rata basis if agreed to by the Term Banks holding such Term Loans. Prepayments pursuant to this Section 3.04(e) shall be accompanied by accrued interest to the extent required by Section 3.02.

(f) Not later than the first Business Day following (x) the receipt by any Credit Party or any Restricted Subsidiary (or by any other Person on account of the issuance of Permitted Debt) of (i) any Net Cash Proceeds from issuances of Permitted Debt made after the Redemption in full of the 2025 Senior Notes or (ii) any Excess Net Cash Proceeds from issuances of Permitted Debt made prior to the Redemption in full of the 2025 Senior Notes, if any Initial Term Loans are outstanding at the time of such issuance, the Borrower shall apply 100% of such Net Cash Proceeds or Excess Net Cash Proceeds, as applicable, to prepay the then outstanding Initial Term Loans and (y) the consummation of the Henry Acquisition, the Borrower shall prepay then outstanding Initial Term Loans in an amount, if any, equal to the amount that the sum of (i) Permitted Debt issued after the Eleventh Amendment Effective Date and prior to the consummation of the Henry Acquisition and (ii) cash proceeds from Equity Offerings (other than Equity Offerings constituting the purchase price for the Henry Acquisition or the Maple Acquisition) made by any Credit Party or any Restricted Subsidiary after the Eleventh Amendment Effective Date and prior to the consummation of the Henry Acquisition exceeds the sum of (A) the aggregate principal amount of 2025 Senior Notes outstanding on the Eleventh Amendment Effective Date, (B) the unpaid accrued interest and premium thereon and (C) fees and expenses incurred in connection with the Redemption of the 2025 Senior Notes.

(g) Not later than the first Business Day following the receipt by any Credit Party or any Restricted Subsidiary of (i) any Net Cash Proceeds from Equity Offerings (other than Equity Offerings constituting the purchase price for the Henry Acquisition or the Maple Acquisition) made by any Credit Party or Restricted Subsidiary after the Redemption in full of the 2025 Senior Notes or (ii) any Excess Net Cash Proceeds from Equity Offerings (other than Equity Offerings constituting the purchase price for the Henry Acquisition or the Maple Acquisition) made by any Credit Party or Restricted Subsidiary prior to the Redemption in full of the 2025 Senior Notes, if any Initial Term Loans are outstanding at the time of such issuance, the Borrower shall apply 100% of such Net Cash Proceeds or Excess Net Cash Proceeds, as applicable, to prepay the then outstanding Initial Term Loans.

(h) If any Initial Term Loans are made under this Agreement, the Borrower shall prepay the principal amount of outstanding Initial Term Loans in aggregate quarterly installments equal to 2.5% of the original aggregate principal amount of the Initial Term Loans, due on the last day of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2024.

(i) Each prepayment of Borrowings pursuant to Section 3.04(f), Section 3.04(g) or Section 3.04(h) shall be applied ratably to the Initial Term Loans. Each prepayment of Initial Term Loans pursuant to Section 3.04(f), Section 3.04(g) or Section 3.04(h) shall be applied, first, ratably to any ABR Initial Term Borrowings then outstanding, and, second, to any SOFR Initial Term Borrowings then outstanding, and if more than one SOFR Initial Term Borrowing is then outstanding, to each SOFR Initial Term Borrowing in order of priority beginning with the SOFR Initial Term Borrowing with the least number of days remaining in the Interest Period applicable thereto and ending with the SOFR Initial Term Borrowing with the most number of days remaining in the Interest Period applicable thereto. Prepayments pursuant to Section 3.04(f), Section 3.04(g) or Section 3.04(h) shall be accompanied by accrued interest to the extent required by Section 3.02.

Section 3.05 Fees.

(a) Commitment Fees. The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Bank a commitment fee, which shall accrue at the applicable Commitment Fee Rate on the average daily unused amount of the Revolving Commitment of such Revolving Bank during the period from and including the Closing Date to but excluding the Revolving Maturity Date (it being understood that LC Exposure shall constitute usage of the Revolving Commitments for purposes of this Section 3.05(a)). Accrued commitment fees shall be payable in arrears on the third Business Day after the last day of March, June, September and December of each year and on the Revolving Maturity Date, commencing on the first such date to occur after the Closing Date. All commitment fees shall be computed on the basis of a year of 360 days, unless such computation would exceed the Highest Lawful Rate, in which case commitment fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). If a Revolving Bank is a Defaulting Bank, commitment fees shall cease to accrue pursuant to this Section 3.05(a) on the entire Revolving Commitment of such Revolving Bank until such Revolving Bank is no longer a Defaulting Bank.

(b) Letter of Credit Fees. The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Bank a participation fee with respect to such Revolving Bank's participations in Letters of Credit, which shall accrue at the same Applicable Margin used to determine the interest rate applicable to Revolving SOFR Loans on the average daily amount of such Revolving Bank's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Closing Date to but excluding the later of the date on which such Revolving Bank's Revolving Commitment terminates and the date on which such Revolving Bank ceases to have any LC Exposure, (ii) to each Issuing Bank a fronting fee, which shall accrue at the rate of 0.250% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Closing Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure, provided that in no event shall such fee be less than $500 during any quarter, and (iii) to each Issuing Bank, for its own account, its standard fees with respect to the issuance, amendment or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Closing Date; provided that all such fees shall be payable on the Revolving Maturity Date and any such fees accruing after the Revolving Maturity Date shall be payable on demand. Any other fees payable to the Issuing Banks pursuant to this Section 3.05(b) shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days, unless such computation would exceed the Highest Lawful Rate, in which case participation and fronting fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) Administrative Agent Fees. The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

ARTICLE IV
PAYMENTS; PRO RATA TREATMENT; SHARING OF SET-OFFS.

Section 4.01 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Payments by the Borrower. The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 5.01, Section 5.02, Section 5.03 or otherwise) prior to 2:00 p.m. on the date when due, in immediately available funds, without defense, deduction, recoupment, set-off or counterclaim. Subject to Section 3.04, at the time of payment, the Borrower shall notify the Administrative Agent as to which Borrowings or Loans are being repaid. Fees, once paid, shall be fully earned and shall not be refundable under any circumstances, absent manifest error. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices specified in Section 12.01, except payments to be made directly to the Issuing Banks as expressly provided herein and except that payments pursuant to Section 5.01, Section 5.02, Section 5.03 and Section 12.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) Sharing of Payments by Banks. If any Bank shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements resulting in such Bank receiving payment of a greater proportion of the aggregate amount of any Class of its Loans and participations in LC Disbursements (if applicable) and accrued interest thereon than the proportion received by any other Bank holding such Class of Loans, then the Bank receiving such greater proportion shall purchase (for cash at face value) participations in such Class of Loans and participations in LC Disbursements (if applicable) of other Banks to the extent necessary so that the benefit of all such payments shall be shared by the applicable Banks ratably in accordance with the aggregate amount of principal of and accrued interest on their respective applicable Class of Loans and participations in LC Disbursements (if applicable); provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this Section 4.01(c) shall not be construed to apply to any payment made by the Borrower to a particular Bank pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Bank) or any payment obtained by a Bank as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant. The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable Governmental Requirement, that any Bank acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Bank were a direct creditor of the Borrower in the amount of such participation.

Section 4.02 Presumption of Payment by the Borrower. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the applicable Banks or the Issuing Banks that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the applicable Banks or the Issuing Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the applicable Banks or the Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Bank or such Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Overnight Bank Funding Rate.

Section 4.03 Certain Deductions by the Administrative Agent. If any Bank shall fail to make any payment required to be made by it pursuant to Section 2.05(b), Section 2.08(d), Section 2.08(e) or Section 4.02, or otherwise hereunder, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Bank to satisfy such Bank's obligations under such Sections until all such unsatisfied obligations are fully paid. If at any time prior to the acceleration or maturity of the Loans, the Administrative Agent shall receive any payment in respect of principal of a Loan or a reimbursement of an LC Disbursement while one or more Defaulting Banks shall be party to this Agreement, the Administrative Agent shall apply such payment pursuant to Section 2.10(a)(ii). After acceleration or maturity of the Loans, all principal will be paid ratably as provided in Section 10.02(c).

Section 4.04 Disposition of Proceeds. The Security Instruments contain an assignment by the Credit Parties unto and in favor of the Administrative Agent for the benefit of the Secured Parties of all of the Credit Parties' interest in and to production and all proceeds attributable thereto which may be produced from or allocated to the Mortgaged Property. The Security Instruments further provide in general for the application of such proceeds to the satisfaction of the Obligations and other obligations described therein and secured thereby. Notwithstanding the assignment contained in such Security Instruments, until the occurrence of an Event of Default, (a) the Administrative Agent and the Banks agree that they will neither notify the purchaser or purchasers of such production nor take any other action to cause such proceeds to be remitted to the Administrative Agent or the Banks, but the Banks will instead permit such proceeds to be paid to the Credit Parties and (b) the Banks hereby authorize the Administrative Agent to take such actions as may be necessary to cause such proceeds to be paid to the Credit Parties.

ARTICLE V
INCREASED COSTS; BREAK FUNDING PAYMENTS; TAXES

Section 5.01 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Bank or any Issuing Bank that were not imposed or deemed applicable on the date hereof;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes indemnified pursuant to Section 5.03 or (B) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Bank or any Issuing Bank any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Bank or any Letter of Credit or participation therein that was not imposed on such Bank or such Issuing Bank on the date hereof;

and the result of any of the foregoing shall be to increase the cost to such Bank or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Bank, such Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Bank, such Issuing Bank or other Recipient hereunder (whether of principal, interest or any other amount), then, upon request of such Bank, such Issuing Bank or other Recipient, the Borrower will pay to such Bank, such Issuing Bank or other Recipient, as the case may be, such additional amount or amounts as will compensate such Bank, such Issuing Bank or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Bank or any Issuing Bank determines that any Change in Law affecting such Bank or such Issuing Bank or any lending office of such Bank or such Bank's or Issuing Bank's holding company, if any, regarding capital adequacy requirements or liquidity requirements, has or would have the effect of reducing the rate of return on such Bank's or Issuing Bank's capital or on the capital of such Bank's or Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitments of such Bank or the Loans made by, or participations in Letters of Credit held by, such Bank, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Bank or Issuing Bank or such Bank's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Bank's or such Issuing Bank's policies and the policies of such Bank's or Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Bank or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Bank or Issuing Bank or such Bank's or Issuing Bank's holding company for any such reduction suffered.

(c) Certificates. A certificate of a Recipient setting forth the amount or amounts necessary to compensate such Recipient or its holding company, as the case may be, as specified in Section 5.01(a) or (b), shall be delivered to the Borrower, shall include the calculation of such amount and sufficient backup detail to allow the Borrower to confirm such calculation, and shall be conclusive absent manifest error. The Borrower shall pay such Bank or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Effect of Failure or Delay in Requesting Compensation. Failure or delay on the part of any Recipient to demand compensation pursuant to this Section 5.01 shall not constitute a waiver of such Recipient's right to demand such compensation; provided that the Credit Parties shall not be required to compensate a Bank or any Issuing Bank pursuant to this Section 5.01 for any increased costs or reductions incurred more than one hundred eighty (180) days prior to the date that such Bank or such Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Bank's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 5.02 Break Funding Payments. In the event of (a) the payment of any principal of any SOFR Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or an optional or mandatory prepayment of Loans), (b) the conversion of any SOFR Loan into an ABR Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any SOFR Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any SOFR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 5.05, then, in any such event, the Borrower shall compensate each Bank for the loss, cost and expense (including any loss, cost or expense arising from the liquidation or reemployment of funds or from any fees payable) attributable to such event.

A certificate of any Bank setting forth any amount or amounts that such Bank is entitled to receive pursuant to this Section 5.02 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Bank the amount shown as due on any such certificate within ten (10) days after receipt thereof.

Section 5.03 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Credit Party under any Loan Paper shall be made free and clear of and without deduction or withholding for any Taxes, except as required by applicable Governmental Requirement; provided that, if the Borrower or Administrative Agent shall be required to deduct any Indemnified Taxes from such payments, then the sum payable by the Borrower shall be increased as necessary so that after making all required deductions or withholdings (including deductions and withholdings applicable to additional sums payable under this Section 5.03(a)), the Administrative Agent, Bank or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (i) the Borrower or the Administrative Agent (as applicable) shall make such deductions or withholding and (ii) the Borrower or the Administrative Agent (as applicable) shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Governmental Requirement.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes to the relevant Governmental Authority in accordance with applicable Governmental Requirement.

(c) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent, each Bank and each Issuing Bank, within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes paid by the Administrative Agent, such Bank or Issuing Bank, as the case may be, or required to be withheld or deducted from a payment to the Administrative Agent, such Bank or Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Paper (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 5.03) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate of the Administrative Agent, a Bank or an Issuing Bank as to the amount of such payment or liability under this Section 5.03 shall be delivered to the Borrower and shall be conclusive absent manifest error.

(d) Indemnification by the Banks. Each Bank shall severally indemnify the Administrative Agent, within ten (10) days after written demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Bank's failure to comply with the provisions of Section 12.04(c)(i) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Paper, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Paper or otherwise payable by the Administrative Agent to the Bank from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Status of Banks. (i) Any Bank that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Paper shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (f)(ii)(A), (ii)(B) and (g) of this Section) shall not be required if in the Bank's reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

(ii) Without limiting the generality of the foregoing,

(A) any Bank that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Bank is exempt from U.S. federal backup withholding tax;

(B) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Paper, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Paper, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that such Foreign Bank is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 871(c)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W 8BEN-E; or

(4) to the extent a Foreign Bank is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W 8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that, if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such direct and indirect partner; and

(C) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable Governmental Requirement as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Governmental Requirement to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

Each Bank agrees that if any form or certification it previously delivered pursuant to this Section 5.03 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) FATCA Documentation. If a payment made to a Bank under any Loan Paper would be subject to U.S. federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Governmental Requirement (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this paragraph (g), "FATCA" shall include any amendments made to FATCA after the Closing Date.

(h) Tax Refunds. If the Administrative Agent or a Bank determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 5.03, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 5.03 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Administrative Agent or such Bank and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower, upon the request of the Administrative Agent or such Bank, agrees to repay to the Administrative Agent or such Bank the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event the Administrative Agent or such Bank is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the Administrative Agent or any Bank be required to pay any amount to the Borrower pursuant to this paragraph (h) the payment of which would place the Administrative Agent or such Bank in a less favorable net after-Tax position than the Administrative Agent or such Bank, as applicable, would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 5.03 shall not be construed to require the Administrative Agent or any Bank to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(i) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Bank, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Paper.

Section 5.04 Designation of Different Lending Office. If any Bank requests compensation under Section 5.01, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 5.03, then such Bank shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Bank, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 5.01 or Section 5.03, as the case may be, in the future and (ii) would not subject such Bank to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Bank. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or assignment.

Section 5.05 Replacement of Banks.

(a) If any Bank requests compensation under Section 5.01, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 5.03, and, in each case, such Bank has declined or is unable to designate a different lending office in accordance with Section 5.04, or if any Bank has affected Loans pursuant to Section 3.03(b), or if any Bank becomes a Defaulting Bank, or if any Bank refuses to approve a Proposed Borrowing Base pursuant to Section 2.07(c)(iii) and as a result, the Borrower elects to replace such dissenting Bank pursuant to Section 2.07(c)(iv), or if the Borrower has the right to replace a Bank pursuant to Section 12.02, then the Borrower may, at its sole expense and effort, upon notice to such Bank, the Administrative Agent and the Issuing Banks, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.04(b)), all its interests, rights (other than its existing rights to payments pursuant to Section 5.01 or Section 5.03) and obligations under this Agreement and the related Loan Papers to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent and the Issuing Banks (in each case, which consent shall not unreasonably be withheld or delayed), (ii) such Bank shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Papers (including any amounts under Section 5.02) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (iii) in the case of any such assignment resulting from a claim for compensation under Section 5.01 or payments required to be made pursuant to Section 5.03, such assignment will result in a reduction in such compensation or payments, (iv) such assignment does not conflict with applicable Governmental Requirement, and (v) in the case of any assignment resulting from a Bank becoming a non-consenting Bank pursuant to Section 12.02, the applicable assignee shall have consented to the applicable amendment, waiver or consent. A Bank shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE VI
CONDITIONS PRECEDENT

Section 6.01 Conditions to Initial Borrowing and Participation in LC Exposure. The obligation of each Bank to loan its Applicable Revolving Commitment Percentage of the initial Borrowing hereunder, and the obligation of Administrative Agent to issue (or cause another Bank to issue) the initial Letter of Credit issued hereunder, is subject to the satisfaction of each of the following conditions:

(a) Closing Deliveries. The Administrative Agent shall have received each of the following documents, instruments and agreements, each of which shall be in form and substance and executed in such counterparts as shall be acceptable to Administrative Agent and the Majority Banks and each of which shall, unless otherwise indicated, be dated the Closing Date:

(i) this Agreement, duly executed and delivered by Borrower, each Bank, each Issuing Bank, and the Administrative Agent;

(ii) a Note payable to each Bank requesting a Note in the amount of such Bank's Maximum Credit Amount, in each case duly executed and delivered by Borrower;

(iii) the Facility Guaranty, duly executed and delivered by each Credit Party other than the Borrower;

(iv) the Security Agreement, duly executed and delivered by Borrower and each other Credit Party;

(v) the Mortgages, each duly executed and delivered by the appropriate Credit Party, together with such other assignments, conveyances, amendments, merger and/or name change affidavits, agreements and other writings, including UCC-1 financing statements, in form and substance satisfactory to the Administrative Agent;

(vi) a Certificate of Ownership Interests substantially in the form of Exhibit E (as attached to the Credit Agreement on the Closing Date) duly executed and delivered by a Responsible Officer of Borrower

(vii) an opinion of Akin Gump Strauss Hauer & Feld LLP, counsel to Borrower, favorably opining as to such New York and Texas law-matters as Administrative Agent or the Majority Banks may request, in form and substance satisfactory to Administrative Agent and the Required Banks;

(viii) an opinion of the general counsel to Borrower, favorably opining as to such matters as the Administrative Agent or the Majority Banks may request, in form and substance satisfactory to the Administrative Agent and the Majority Banks;

(ix) such UCC Lien search reports as the Administrative Agent shall require, conducted in such jurisdictions and reflecting such names as the Administrative Agent shall request;

(x) copies of the certificate of incorporation or certificate of formation, and all amendments thereto, of the Borrower and each other Credit Party accompanied by a certificate that such copy is true, correct and complete issued by the appropriate Governmental Authority of the State of Delaware and accompanied by a certificate of the Secretary or comparable Responsible Officer of the Borrower and each other Credit Party that such copy is true, correct and complete as of the Closing Date;

(xi) copies of the bylaws or limited liability company agreement, and all amendments thereto, of the Borrower and each other Credit Party, accompanied by a certificate of the Secretary or comparable Responsible Officer of the Borrower and each other Credit Party that each such copy is true, correct and complete as of the Closing Date;

(xii) certain certificates and other documents issued by the appropriate Governmental Authorities of the states of formation, relating to the existence of each Credit Party and to the effect that each applicable Credit Party is organized or qualified to do business in such jurisdiction is in good standing with respect to the payment of franchise and similar Taxes and is duly qualified to transact business in such jurisdictions;

(xiii) a certificate of incumbency of all officers of the Borrower and each other Credit Party who will be authorized to execute or attest to any Loan Paper, dated the Closing Date, executed by the Secretary or comparable Responsible Officer of the Borrower and each other Credit Party;

(xiv) copies of resolutions or comparable authorizations and consents approving the Loan Papers and authorizing the transactions contemplated by this Agreement and the other Loan Papers, duly adopted by the Board of Directors (or similar managing body) of Borrower and each other Credit Party, accompanied by certificates of the Secretary or comparable officer of the Borrower and each other Credit Party that such copies are true and correct copies of resolutions duly adopted at a meeting of or (if permitted by applicable Governmental Requirement and, if required by such Governmental Requirement, by the bylaws, or other charter documents of Borrower and each other Credit Party) by the unanimous written consent of the Board of Directors (or similar managing body) of Borrower and each other Credit Party, and that such resolutions constitute all the resolutions adopted with respect to such transactions, have not been amended, modified, or revoked in any respect, and are in full force and effect as of the Closing Date;

(xv) certificates from the Credit Parties' insurance providers setting forth the insurance maintained by the Credit Parties, showing that insurance meeting the requirements of Section 7.12 is in full force and effect and that all premiums due with respect thereto have been paid, showing Administrative Agent as loss payee with respect to all such property or casualty policies and as additional insured with respect to all such liability policies, and stating that such insurer will provide Administrative Agent with at least 30 days' advance notice of cancellation of any such policy;

(xvi) certificates, together with undated, blank stock powers (or the equivalent for Persons that are not corporations) for each certificate, representing all of the certificated issued and outstanding Equity Interests of each direct or indirect Subsidiary of Borrower;

(xvii) a solvency certificate of the chief financial officer or chief executive officer of Borrower in form and substance reasonably satisfactory to the Administrative Agent, certifying the solvency of Borrower and its Subsidiaries, on a consolidated basis, after giving effect to the Transactions; and

(xviii) to the extent requested by any Bank, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

(b) Fees and Expenses. All fees and expenses of Administrative Agent, the Banks and their respective Affiliates in connection with the credit facilities provided herein shall have been paid.

(c) Title Review. Administrative Agent or its counsel shall have completed a review of title regarding that portion of the Borrowing Base Properties which results in evidence of title satisfactory to Administrative Agent and its counsel covering not less than the Required Reserve Value (as defined in the Credit Agreement as in effect on the Closing Date) of all Borrowing Base Properties (as defined in the Credit Agreement as in effect on the Closing Date), and such review shall not have revealed any condition or circumstance which would reflect that the representations and warranties contained in Section 7.8 and Section 7.9 (as contained in the Credit Agreement on the Closing Date) are inaccurate in any respect.

(d) No Legal Prohibition. The transactions contemplated by this Agreement and the other Loan Papers shall be permitted by applicable Governmental Requirement and regulation and such Governmental Requirements and regulations shall not subject the Administrative Agent, any Bank, or any Credit Party to any Material Adverse Effect.

(e) No Litigation. No litigation, arbitration or similar proceeding shall be pending which calls into question the validity or enforceability of this Agreement and/or the other Loan Papers.

(f) Review of Properties. Administrative Agent or its counsel shall have completed a due diligence review of the Credit Parties' Oil and Gas Properties and other operations, including a review of facts or circumstances known to them which would constitute a material violation of any applicable Environmental Law or which would likely to result in a material liability to any Credit Party, and/or otherwise reveal any condition or circumstance which would reflect that the representations and warranties contained in Section 7.16 (as contained in the Credit Agreement on the Closing Date) are inaccurate in any material respect.

(g) Collateral Security. The Administrative Agent shall be reasonably satisfied that the requirements of Section 5.1 (as contained in the Credit Agreement on the Closing Date) are satisfied as of the Closing Date.

(h) Consents and Approvals. All governmental and third party consents and all equityholder and board of directors (or comparable entity management body) authorizations shall have been obtained and shall be in full force and effect.

(i) Other Matters. All matters related to this Agreement, the other Loan Papers, any Credit Party and the Transactions shall be acceptable to Administrative Agent, and Borrower shall have delivered to Administrative Agent and each Bank such evidence as they shall request to substantiate any matters related to this Agreement, the other Loan Papers, any Credit Party or the Transactions as Administrative Agent or any Bank shall request.

For purposes of determining compliance with the conditions specified in this Section 6.01, each Bank that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required under this Section 6.01 to be consented to or approved by or acceptable or satisfactory to a Bank unless the Administrative Agent shall have received notice from such Bank prior to the Closing Date specifying its objection thereto. All documents executed or submitted pursuant to this Section 6.01 by and on behalf of Borrower or any of its Subsidiaries shall be in form and substance satisfactory to the Administrative Agent and its counsel. The Administrative Agent shall notify the Banks of the Closing Date, and such notice shall be conclusive and binding.

Section 6.02 Each Credit Event. The obligation of each Bank to make a Loan on the occasion of any Borrowing (including the initial funding), and of the Issuing Banks to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment or extension of such Letter of Credit, as applicable, no Default or Borrowing Base Deficiency shall have occurred and be continuing.

(b) The representations and warranties of the Credit Parties set forth in this Agreement and in the other Loan Papers shall be true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects) on and as of the date of such Borrowing or the date of issuance, amendment or extension of such Letter of Credit, as applicable, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date of such Borrowing or the date of issuance, amendment or extension of such Letter of Credit, as applicable, such representations and warranties shall continue to be true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects) as of such specified earlier date.

(c) The making of such Loan or the issuance, amendment or extension of such Letter of Credit, as applicable, would not conflict with, or cause any Bank or any Issuing Bank to violate or exceed, any applicable Governmental Requirement, and no Change in Law shall have occurred, and no litigation shall be pending or threatened, which does or, with respect to any threatened litigation, seeks to, enjoin, prohibit or restrain, the making or repayment of any Loan, the issuance, amendment, extension or repayment of any Letter of Credit or any participations therein or the consummation of the transactions contemplated by this Agreement or any other Loan Paper.

(d) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment or extension of such Letter of Credit, as applicable, (i) the Aggregate Revolving Credit Exposures shall not exceed the Total Revolving Commitment then in effect and (ii) the LC Exposure of all Banks shall not exceed the LC Commitment.

(e) The Borrower and the Restricted Subsidiaries shall not have any Excess Cash immediately before or after giving effect to such Borrowing, in each case, determined after giving effect to any intended use of proceeds in the ordinary course of business (as certified by the Borrower, to the extent applicable, in the related Borrowing Request, and including, for the avoidance of doubt, any purpose permitted by Section 9.15) on or before the date that is five (5) Business Days after the date the Borrower receives the funds from such Borrowing, nor may such Borrowing, after giving effect to any such intended use of proceeds in the ordinary course of business (as certified by the Borrower, to the extent applicable, in the related Borrowing Request), be in an amount that would trigger a mandatory prepayment under Section 3.04(e), and such Loans shall be funded in accordance with Section 2.05.

(f) In the case of a Term Borrowing with respect to any particular new, or increased amount of, Term Loans, all of the conditions precedent to such Term Borrowing set forth in Section 2.11 and the applicable Term Loan Amendment have been satisfied.

(g) The receipt by the Administrative Agent of a Borrowing Request in accordance with Section 2.03 or a request for a Letter of Credit (or an amendment or extension of a Letter of Credit) in accordance with Section 2.08(b), as applicable.

Each request for a Borrowing and each request for the issuance, amendment or extension of any Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in clauses (a) through (e) and, if applicable, clause (f) of this Section 6.02.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Banks that:

Section 7.01 Organization; Powers. Each of the Borrower and its Restricted Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority, and has all material governmental licenses, authorizations, consents and approvals necessary, to own its assets and to carry on its business as now conducted, and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, or is in good standing in, every jurisdiction where such qualification is required.

Section 7.02 Authority; Enforceability. The Transactions are within each Credit Party's corporate, limited liability company, or partnership powers and have been duly authorized by all necessary corporate, limited liability company or partnership action and, if required, action by any holders of its Equity Interests. Each Loan Paper to which each Credit Party is a party has been duly executed and delivered by such Credit Party and constitutes a legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 7.03 Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other third Person, nor is any such consent, approval, registration, filing or other action necessary for the validity or enforceability of any Loan Paper or the consummation of the transactions contemplated thereby, except such as have been obtained or made and are in full force and effect other than (i) the recording and filing of the Security Instruments as required by this Agreement and (ii) those third party approvals or consents which, if not made or obtained, would not reasonably be expected to have a Material Adverse Effect or do not have an adverse effect on the enforceability of the Loan Papers, (b) will not violate any applicable Governmental Requirement or the Organization Documents of any Credit Party or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material Debt agreement or other similar instrument binding upon the Borrower or any Restricted Subsidiary or their Properties, or give rise to a right thereunder to require any payment to be made by the Borrower or any Restricted Subsidiary and (d) will not result in the creation or imposition of any Lien on any Property of the Borrower or any Restricted Subsidiary (other than the Liens created by the Loan Papers).

Section 7.04 Financial Position; No Material Adverse Change.

(a) The Borrower has heretofore furnished to the Banks its consolidated balance sheet and statements of income, stockholders equity and cash flows as of and for the fiscal year ended December 31, 2022, reported on by independent public accountants of recognized national standing reasonably acceptable to the Administrative Agent. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its Consolidated Subsidiaries as of such date and for such period in accordance with GAAP.

(b) Since December 31, 2022, there has been no event, development or circumstance that has had or would reasonably be expected to have a Material Adverse Effect.

(c) Neither the Borrower nor any Restricted Subsidiary has (i) any material Debt (including Disqualified Equity Interests), except as referred to or reflected or provided for in the Financial Statements, or (ii) any contingent liabilities, off-balance sheet liabilities or partnerships, liabilities for past-due taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments, incurred outside the ordinary course of the Borrower's or any Restricted Subsidiary's business except as reflected or provided for in the Financial Statements, including the footnotes thereto, and except as would not reasonably be expected to have a Material Adverse Effect.

(d) All balance sheets, all statements of income and of cash flows and all other financial information of the Borrower and Subsidiaries furnished pursuant to Section 8.01(a) and (b) have been and will for periods following the Closing Date be prepared in accordance with GAAP consistently applied with the financial statements referred to in Section 7.04(a) (except for changes in accounting principles and changes in accounting estimates required by GAAP), and do or will present fairly in all material respects the consolidated financial position of the Persons covered thereby as at the dates thereof and the results of their operations for the periods covered thereby.

Section 7.05 Litigation.

(a) There are no actions, suits, investigations or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened in writing against or affecting the Borrower or any Restricted Subsidiary (i) not fully covered by insurance (except for normal deductibles) as to which there is a reasonable possibility of an adverse determination that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the matters disclosed in Schedule 7.05), or (ii) that challenged the validity or enforceability of any Loan Paper or the Transactions.

(b) Since the Eleventh Amendment Effective Date, there has been no change in the status of the matters disclosed in Schedule 7.05 that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

Section 7.06 Environmental Matters. Except as could not be reasonably expected to have a Material Adverse Effect (or with respect to clauses (c), (d) and (e) below, where the failure to take such actions would not be reasonably expected to have a Material Adverse Effect):

(a) no Property of the Borrower or any Subsidiary nor the operations conducted thereon violate any Environmental Laws or any order or requirement of any court or Governmental Authority pertaining to environmental matters.

(b) no Property of the Borrower or any Subsidiary nor the operations currently conducted thereon or, to the knowledge of the Borrower, by any prior owner or operator of such Property or operation, are in violation of or subject to any existing, pending or, to the knowledge of the Borrower, threatened action, suit, investigation, inquiry or proceeding by or before any court or Governmental Authority or to any remedial obligations under Environmental Laws.

(c) all notices, permits, licenses, exemptions, approvals or similar authorizations, if any, required to be obtained or filed in connection with the operation or use of any and all Property of the Borrower and each Subsidiary, including those required in connection with any treatment, storage, disposal or release of a hazardous substance, oil and gas waste or solid waste into the environment, have been duly obtained or filed, and the Borrower and each Subsidiary is in compliance with the terms and conditions of all such notices, permits, licenses and similar authorizations.

(d) to the knowledge of the Borrower, all hazardous substances, solid waste and oil and gas waste, if any, generated by the Borrower or any Subsidiary (or by any Person under the Borrower or any Subsidiary's Control) at any and all Property of the Borrower or any Subsidiary have in the past been transported, treated and disposed of in accordance with Environmental Laws and so as not to pose an imminent and substantial endangerment to public health or welfare or the environment, and, in transporting, treating or disposing of the same all such transport carriers and treatment and disposal facilities have been and are operating in compliance with Environmental Laws and so as not to pose an imminent and substantial endangerment to public health or welfare or the environment, and are not the subject of any existing, pending or threatened action, investigation or inquiry by any Governmental Authority in connection with any Environmental Laws.

(e) (i) to the knowledge of the Borrower, no oil, hazardous substances, solid waste or oil and gas waste, have been disposed of or otherwise released and (ii) there has been no threatened release of any oil, hazardous substances, solid waste or oil and gas waste on or to any Property of the Borrower or any Subsidiary except, in the case of clauses (i) and (ii), in compliance with Environmental Laws and so as not to pose an imminent and substantial endangerment to public health or welfare or the environment.

(f) to the extent applicable, all Property of the Borrower and each Subsidiary currently satisfies all design, operation, and equipment requirements imposed by the OPA, and the Borrower does not have any reason to believe that such Property, to the extent subject to the OPA, will not be able to maintain compliance with the OPA requirements during the term of this Agreement.

(g) to the knowledge of the Borrower, neither the Borrower nor any Subsidiary has any contingent liability or Remedial Work obligation in connection with any release or threatened release of any oil, hazardous substance, solid waste or oil and gas waste into the environment.

Section 7.07 Compliance with the Laws and Agreements; No Defaults.

(a) Each of the Borrower and its Subsidiaries is in compliance with all Governmental Requirements applicable to it or its Property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Each of the Borrower and its Restricted Subsidiaries is in compliance with all indentures, agreements and other instruments binding upon it or its Property, and possesses all licenses, permits, franchises, exemptions, approvals and other governmental authorizations necessary for the ownership of its Property and the conduct of its business, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Borrower nor any Subsidiary is in default under, nor has any event or circumstance occurred which, but for the expiration of any applicable grace period or the giving of notice, or both, would constitute a default under, or would require the Borrower or such Subsidiary to Redeem or make any offer to do any of the foregoing under, any indenture, note, credit agreement or similar instrument pursuant to which any Material Debt is outstanding or by which the Borrower or any of its Subsidiaries or any of their Properties is bound.

(c) No Default has occurred and is continuing.

Section 7.08 Investment Company Act; Commodity Exchange Act. No Credit Party is an "investment company" or a company "controlled" by an "investment company," within the meaning of, or subject to regulation under, the Investment Company Act of 1940, as amended.

Section 7.09 Taxes. Each of the Borrower and its Restricted Subsidiaries has timely filed or caused to be filed all federal and other material Tax returns and reports required to have been filed and has paid or caused to be paid all material Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Restricted Subsidiary has set aside on its books adequate reserves in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect. The charges, accruals and reserves on the books of the Credit Parties in respect of Taxes and other governmental charges are, in the reasonable opinion of the Borrower, adequate. No Tax Lien has been filed (other than Permitted Encumbrances described in clause (a) of the definition thereof) and, to the knowledge of the Borrower, no claim is being asserted with respect to any such Tax or other such governmental charge.

Section 7.10 ERISA. Except for those that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) The Credit Parties and each ERISA Affiliate have complied in all material respects with ERISA and, where applicable, the Code regarding each Plan.

(b) No Plan or any trust created under any such Plan has been terminated since September 2, 1974. No liability to the PBGC (other than for the payment of current premiums which are not past due) by any Credit Party or any ERISA Affiliate has been or is expected by any Credit Party or any ERISA Affiliate to be incurred with respect to any Plan. No ERISA Event with respect to any Plan has occurred.

(c) Full payment when due has been made of all amounts which any Credit Party or any ERISA Affiliate is required under the terms of each Plan or applicable Governmental Requirement to have paid as contributions to such Plan as of the date hereof, and, as of the most recent valuation date for any Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 80% or higher.

(d) The actuarial present value of the benefit liabilities (based on the assumptions used for purposes of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic No. 715) under each Plan which is subject to Title IV of ERISA does not, as of the end of the Borrower's most recently ended fiscal year, exceed the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities. The term "actuarial present value of the benefit liabilities" shall have the meaning specified in section 4041 of ERISA.

(e) Neither any Credit Party nor any ERISA Affiliate sponsors, maintains or contributes to, or has at any time in the six-year period preceding the date hereof sponsored, maintained or contributed to, any Multiemployer Plan.

(f) Neither any Credit Party nor any ERISA Affiliate is required to provide security under section 436(f) of the Code due to a Plan amendment that results in an increase in current liability for the Plan.

(g) No Credit Party has any contingent liability with respect to any post-retirement benefit under an employee welfare benefit plan (as defined in section 3(1) of ERISA), other than liability for continuation coverage described in Part 6 of Title I of ERISA (COBRA).

Section 7.11 Disclosure; No Material Misstatements. The Borrower has disclosed to the Banks all agreements, instruments and corporate or other restrictions to which it or any Subsidiary is subject, and all other matters known to it, that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other written information (the "Information"), taken as a whole, furnished by any Credit Party or any Subsidiary to the Administrative Agent or any Bank in connection with the negotiation of this Agreement or any other Loan Paper or delivered hereunder or under any other Loan Paper (as modified or supplemented by other Information so furnished) contained, as of the date such Information was furnished (or if such Information expressly related to a specific date, as of such specific date) any material misstatement of fact or omitted to state, as of the date such Information was furnished (or if such Information expressly related to a specific date, as of such specific date) any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the time when made or delivered; provided that, with respect to projected financial information, prospect information, budgets, pro forma financial information, estimated financial information, geological and geophysical data and engineering projections other estimates and any information of a general economic nature or general industry nature, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation, it being recognized by the Administrative Agent and the Banks that (i) such projections are as to future events and are not to be viewed as facts, (ii) such projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Credit Parties, (iii) no assurance can be given that any particular projections will be realized and (iv) actual results during the period or periods covered by any such projections may differ from the projected results and such differences may be material. There are no statements or conclusions in any Reserve Report or any projections delivered under Section 9.18 that are based upon or include materially misleading information or fail to take into account material information regarding the matters reported therein, it being understood that projections concerning volumes attributable to the Oil and Gas Properties and production and cost estimates contained in each Reserve Report or any projections delivered under Section 9.18 are necessarily based upon professional opinions, estimates and projections and that the Borrower and the Subsidiaries do not warrant that such opinions, estimates and projections will ultimately prove to have been accurate.

Section 7.12 Insurance. Each Credit Party has (a) all insurance policies sufficient for the compliance by it with all material Governmental Requirements and all material agreements and (b) insurance coverage in at least amounts and against such risk (including public liability) that are usually insured against by companies similarly situated and engaged in the same or a similar business for the assets and operations of such Credit Party. The Administrative Agent has been named as an additional insured in respect of such liability insurance policies and the Administrative Agent has been named as lender loss payee with respect to Property loss insurance.

Section 7.13 Restriction on Liens. No Credit Party is a party to any material agreement or arrangement (other than Capital Leases creating Liens permitted by Section 9.03(c), but then only on the Property subject of such Capital Lease), or subject to any order, judgment, writ or decree, which either restricts or purports to restrict its ability to grant Liens to the Administrative Agent for the benefit of the Secured Parties on or in respect of their Properties to secure the Obligations and the Loan Papers.

Section 7.14 Subsidiaries. As of the Eleventh Amendment Effective Date, Schedule 7.14 sets forth the Subsidiaries of the Borrower and indicates whether any such Subsidiary of the Borrower has been designated as an Unrestricted Subsidiary in compliance with Section 9.23.

Section 7.15 Location of Business and Offices. The Borrower's jurisdiction of organization is Delaware; the name of the Borrower as listed in the public records of its jurisdiction of organization is Vital Energy, Inc.; and the organizational identification number of the Borrower in its jurisdiction of organization is 5024251. The Borrower's principal place of business and chief executive office are located at the address specified in Section 12.01 (or as set forth in a notice delivered pursuant to Section 8.01(m) and Section 12.01(c)). Each other Credit Party's jurisdiction of organization, name as listed in the public records of its jurisdiction of organization, organizational identification number in its jurisdiction of organization, and the location of its principal place of business and chief executive office is stated on Schedule 7.15 (or as set forth in a notice delivered pursuant to Section 8.01(m)).

Section 7.16 Properties; Titles, Etc. Except for matters which would not reasonably be expected to have a Material Adverse Effect:

(a) Each Credit Party has Good and Defensible Title to the proved Oil and Gas Properties evaluated in the most recently delivered Reserve Report (other than Oil and Gas Properties sold in accordance with Section 9.05) and good title to all its material personal Properties, in each case, free and clear of all Liens except Liens permitted by Section 9.03. After giving full effect to Permitted Encumbrances, the Credit Party specified as the owner owns the net interests in production attributable to the Hydrocarbon Interests as reflected in the most recently delivered Reserve Report (other than reductions in such interests resulting from any actions permitted under Section 9.05 or from the election of the applicable Credit Party to not participate in any operation in respect of an Oil and Gas Property, and, except as otherwise provided by statute, regulation or customary provisions of any applicable joint operating agreement), and the ownership of such Properties shall not in any material respect obligate such Credit Party to bear the costs and expenses relating to the maintenance, development and operations of each such Property in an amount in excess of the working interest of each Property set forth in the most recently delivered Reserve Report that is not offset by a corresponding proportionate increase in such Credit Party's net revenue interest in such Oil and Gas Property.

(b) All material leases and agreements necessary for the conduct of the business of the Credit Parties are valid and subsisting, in full force and effect, and (i) with respect to the Borrower and (ii) to Borrower's knowledge with respect to all counterparties to such leases and agreements, there exists no default or event or circumstance which with the giving of notice or the passage of time or both would give rise to a default under any such lease or leases, which would reasonably be expected to have a Material Adverse Effect.

(c) The rights and Properties presently owned, leased or licensed by the Credit Parties including all easements and rights of way, include all rights and Properties necessary to permit the Credit Parties to conduct their business in all material respects in the same manner as its business has been conducted on the Closing Date.

(d) Except for Properties being repaired, all of the Properties of the Credit Parties which are reasonably necessary for the operation of their businesses, taken as a whole, are in good working condition, ordinary wear and tear excepted, and are maintained in accordance with prudent business standards.

(e) Each Credit Party owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual Property material to its business, and the use thereof by such Credit Party does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. The Credit Parties either own or have valid licenses or other rights to use all databases, geological data, geophysical data, engineering data, seismic data, maps, interpretations and other technical information used in their businesses as presently conducted, subject to the limitations contained in the agreements governing the use of the same, which limitations are customary for companies engaged in the business of the exploration and production of Hydrocarbons, with such exceptions, taken as a whole, as would not reasonably be expected to have a Material Adverse Effect.

Section 7.17 Maintenance of Properties. Except for such acts or failures to act as could not be reasonably expected to have a Material Adverse Effect, the Oil and Gas Properties operated by a Credit Party (and Properties unitized therewith) and to Borrower's knowledge as to any Oil and Gas Properties not operated by a Credit Party, have been maintained, operated and developed in conformity with (a) standards customary in the oil and gas industry where such Oil and Gas Properties are located, (b) all applicable Governmental Requirements and (c) in conformity with the provisions of all leases, subleases or other contracts comprising a part of the Hydrocarbon Interests and other contracts and agreements forming a part of the Oil and Gas Properties. Specifically in connection with the foregoing, except for those as would not be reasonably expected to have a Material Adverse Effect, (i) no proved Oil and Gas Property is subject to having allowable production reduced below the full and regular allowable production (including the maximum permissible tolerance) because of any overproduction (whether or not the same was permissible at the time) and (ii) none of the wells comprising a part of the proved Oil and Gas Properties (or Properties unitized therewith) is deviated from the vertical more than the maximum permitted by Governmental Requirements, and such wells are bottomed under and are producing from, and the well bores are wholly within, the proved Oil and Gas Properties (or in the case of wells located on Properties unitized therewith, such unitized Properties). All pipelines, wells, gas processing plants, platforms and other material improvements, fixtures and equipment owned in whole or in part by the Credit Parties that are necessary to conduct normal operations on Properties currently operated by a Credit Party or, to the Borrower's knowledge as to all Properties not operated by a Credit Party, are being maintained in a state adequate to conduct normal operations, and with respect to such of the foregoing that are operated by any of the Credit Parties, in a manner consistent with such Credit Party's past practices (other than those the failure of which to maintain in accordance with this Section 7.17 would not reasonably be expect to have a Material Adverse Effect).

Section 7.18 Use of Loans and Letters of Credit. The proceeds of the Loans and the Letters of Credit shall be used (a) to provide working capital for exploration, development and production operations, (b) to finance the acquisition of Oil and Gas Properties permitted hereunder and (c) for general corporate purposes. No Credit Party is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying margin stock (within the meaning of Regulation T, U or X of the Board). No part of the proceeds of any Loan or Letter of Credit will be used for any purpose which violates (x) the provisions of Regulations T, U or X of the Board or (y) any Sanctions.

Section 7.19 Solvency. After giving effect to the transactions contemplated hereby (including each Borrowing hereunder and each issuance or extension of any Letter of Credit), (a) the aggregate assets (after giving effect to amounts that would reasonably be received by reason of indemnity, offset, insurance or any similar arrangement), at a fair valuation, of the Credit Parties, taken as a whole, will exceed the aggregate Debt of the Credit Parties on a consolidated basis, as the Debt becomes absolute and matures, (b) each Credit Party will not have incurred or intended to incur, and does not believe that it will incur, Debt beyond its ability to pay such Debt (after taking into account the timing and amounts of cash to be received by each Credit Party and the amounts to be payable on or in respect of its liabilities, and giving effect to amounts that would reasonably be received by reason of indemnity, offset, insurance or any similar arrangement) as such Debt becomes absolute and matures and (c) each Credit Party will not have (and has no reason to believe that it will have thereafter) unreasonably small capital for the conduct of its business.

Section 7.20 Gas Imbalances, Prepayments. (a) On a net basis there are no gas imbalances which would require the Borrower or any of its Restricted Subsidiaries to deliver Hydrocarbons produced from their Proved Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor with a value exceeding $20,000,000 individually or in the aggregate and (b) the aggregate amount of all take-or-pay or other prepayments (including Advance Payments pursuant to an Advance Payment Contract) received by the Borrower and its Restricted Subsidiaries which have not been satisfied by delivery of production does not exceed $2,500,000.

Section 7.21 Marketing of Production. Except for contracts listed and in effect on the Eleventh Amendment Effective Date on Schedule 7.21, and thereafter either disclosed in writing to the Administrative Agent or included in the most recently delivered Reserve Report (with respect to all of which contracts the Borrower represents that it or its Restricted Subsidiaries are receiving a price for all production sold thereunder which is computed substantially in accordance with the terms of the relevant contract and are not having deliveries curtailed substantially below the subject Property's delivery capacity except as disclosed in the most recently delivered Reserve Report), no material agreements exist that are not cancelable on sixty (60) days' notice or less without penalty or detriment for the sale of production from the Borrower's or its Restricted Subsidiaries' Hydrocarbons (including, without limitation, calls on or other rights to purchase, production, whether or not the same are currently being exercised) that (a) pertain to the sale of production at a fixed, stated price and (b) have a maturity or expiry date of longer than six (6) months from the date of such contract.

Section 7.22 Swap Agreements and Qualified ECP Guarantor. Schedule 7.22, as of the Eleventh Amendment Effective Date, and after the Eleventh Amendment Effective Date, each report required to be delivered by the Borrower pursuant to Section 8.01(c), sets forth, a true and complete list of all Swap Agreements of the Borrower and each Restricted Subsidiary, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark to market value thereof, all credit support agreements relating thereto (including any margin required or supplied) and the counterparty to each such agreement. The Borrower is a Qualified ECP Guarantor.

Section 7.23 Anti-Terrorism Laws.

(a) No Credit Party is, and to the knowledge of each Credit Party, none of its Affiliates, officers or directors is in violation of any Governmental Requirement relating to terrorism or money laundering, including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), the Act, and the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., in each case, as amended from time to time ("Anti-Terrorism Laws").

(b) No Credit Party is, and to the knowledge of each Credit Party, no Affiliate, officer, director, broker or other agent of such Credit Party acting or benefiting in any capacity in connection with the Loans is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which any Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person that is named as a "specially designated national and blocked Person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control ("OFAC") at its official website or any replacement website or other replacement official publication of such list.

Section 7.24 Anti-Corruption Laws and Sanctions. The Borrower and its Subsidiaries have implemented and maintain in effect policies and procedures, if any, as it reasonably deems appropriate, in light of its business and international activities (if any), designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Terrorism Laws, Anti-Corruption Laws and applicable Sanctions, and Borrower, its Subsidiaries and their respective officers, employees, to the knowledge of the Borrower, and agents, are in compliance with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended), and any other enabling legislation or executive order relating thereto, (ii) Anti-Corruption Laws and (iii) the Act in all material respects and have not violated any applicable Sanctions in any material respect. None of (a) any Credit Party, any Subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of such Credit Party or any such Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, and no use of the proceeds thereof by any Credit Party or any Subsidiary, will violate Anti-Terrorism Laws, Anti-Corruption Laws or applicable Sanctions.

Section 7.25 Affected Financial Institutions. No Credit Party is an Affected Financial Institution.

Section 7.26 Beneficial Ownership Regulation. As of the Closing Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

Section 7.27 Labor Matters. Except as set forth on Schedule 7.27, no Credit Party is subject to any labor or collective bargaining agreement. There are no existing or, to the Borrower's knowledge, threatened strikes, lockouts or other labor disputes involving any Credit Party that singly or in the aggregate would reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of the Credit Parties are not in violation of the Fair Labor Standards Act or any other applicable Governmental Requirement dealing with such matters.

Section 7.28 Security Instruments. The Security Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a valid and enforceable security interest in substantially all of the Collateral described therein and proceeds thereof, subject, in the case of enforceability, to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and fair dealing.

ARTICLE VIII
AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder and all other amounts payable under the Loan Papers (other than contingent indemnification obligations for which no claim has been made) shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Banks that:

Section 8.01 Financial Statements; Other Information. The Borrower will furnish to the Administrative Agent for electronic or other distribution to each Bank:

(a) Annual Financial Statements. Within ninety (90) days after the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2017, the audited consolidated balance sheets of the Borrower and the Subsidiaries and, if different, the Borrower and the Restricted Subsidiaries, in each case, as at the end of such fiscal year and related statements of operations, and cash flows as of the end of and for such year, setting forth, in each case, in comparative form the figures for the previous fiscal year, by independent public accountants of recognized national standing reasonably acceptable to the Administrative Agent (without any qualification or exception which (x) is of a "going concern" or similar nature, or (y) relates to the limited scope of examination of matters relevant to such financial statement (other than in the case of clauses (x) and (y), resulting from (1) the impending maturity of the Obligations hereunder or (2) any prospective breach of any financial covenant)) to the effect that such consolidated financial statements present fairly, in all material respects, the financial position and results of operations of the Borrower and its Consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied (except for changes in accounting principles and changes in accounting estimates required by GAAP and disclosed to the Administrative Agent in writing or otherwise disclosed in the footnotes to the financial statements).

(b) Quarterly Financial Statements. Within forty five (45) days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, commencing with the fiscal quarter ending March 31, 2017, the consolidated balance sheets of the Borrower and the Subsidiaries and, if different, the Borrower and the Restricted Subsidiaries, and related statements of operations, stockholders' equity and cash flows, in each case, as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth, in each case, in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly, in all material respects, the financial position and results of operations of the Borrower and its Consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied (except for changes in accounting principles and changes in accounting estimates required by GAAP), subject to normal year-end adjustments and the absence of footnotes.

(c) Certificate of Financial Officer – Compliance. Concurrently with any delivery of financial statements under Section 8.01(a) or Section 8.01(b), a certificate of a Financial Officer in substantially the form of Exhibit B hereto (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 9.01 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 7.04(a) and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate; provided that the Borrower shall not be required to restate or recast any financial statement unless required by GAAP.

(d) Certificate of Financial Officer -- Swap Agreements and Hedge Transactions.

(i) Concurrently with the delivery of each Reserve Report hereunder, a certificate of a Financial Officer, in form and substance reasonably satisfactory to the Administrative Agent, setting forth as of a recent date, a true and complete list of all Swap Agreements of the Borrower and each Restricted Subsidiary, the material terms of all Hedge Transactions thereunder (including the type, term, effective date, termination date and notional amounts or volumes), the net mark-to-market value therefor, any new credit support agreements relating thereto not listed on Schedule 7.22.

(ii) Together with the delivery of the Compliance Certificate under Section 8.01(c), the Borrower will deliver a certificate of a Financial Officer, in form and substance reasonably satisfactory to the Administrative Agent, which certificate shall certify that the hedged volumes for each of natural gas and crude oil did not exceed 100% of actual production of Hydrocarbons or if such hedged volumes did exceed actual production of Hydrocarbons, specifying the amount of such excess.

(e) Management Letter. Promptly upon receipt thereof, a copy of any management letter or written report that is submitted to the Borrower or any of its Restricted Subsidiaries from an independent public accountant in connection with an annual, interim or special audit with respect to the business, financial condition or operations of the Borrower or any of its Restricted Subsidiaries; provided that such independent public accountant permits the Borrower or any of its Restricted Subsidiaries, as applicable, to share a copy of such management letter or written report to Administrative Agent and Banks.

(f) Permitted Debt and Senior Notes Notices. Promptly following the giving or receipt of any notice of a default or change of control delivered under the terms of the Senior Notes or any Permitted Debt Document (to the extent not otherwise furnished or made available hereunder) copies of such notice or report and promptly following the execution of any amendment, modification or supplement to the Senior Notes or any Permitted Debt Document, a copy of any such amendment, modification or supplement.

(g) Notice of Dispositions of Oil and Gas Properties and Hedge Liquidations. In the event the Borrower or any Restricted Subsidiary intends to Dispose of any Oil and Gas Properties or any Equity Interests in any Subsidiary in accordance with Section 9.05(d), or consummate a Hedge Liquidation not otherwise prohibited by Section 9.19, that will or would reasonably be expected to result in an adjustment to the Borrowing Base under Section 2.07(g), prompt written notice of, as applicable, such Disposition or such Hedge Liquidation, prior to the consummation thereof, the price thereof, the anticipated date of closing, and any other details thereof reasonably requested by the Administrative Agent.

(h) Notice of Casualty Events. Prompt written notice, and in any event within three (3) Business Days, of the occurrence of any Casualty Event or the commencement of any action or proceeding that would reasonably be expected to result in a Casualty Event.

(i) Information Regarding Borrower and Subsidiaries. Prompt written notice (and in any event within ten (10) Business Days prior thereto) of any change in the Borrower or any Restricted Subsidiary's corporate name, in the location of the Borrower or any Restricted Subsidiary's chief executive office or principal place of business, in the Borrower or any Restricted Subsidiary's corporate structure or in the jurisdiction in which such Person is incorporated or formed, and in the Borrower or any Restricted Subsidiary's federal taxpayer identification number.

(j) Production and Sales Information. Simultaneously with the delivery of each set of financial statements referred to in Section 8.01(a) and Section 8.01(b), but in no event later than sixty (60) days after the end of the applicable fiscal year or fiscal quarter, a report setting forth, for each calendar month during the then current fiscal year to date, the volume of production and sales attributable to production (and the prices at which such sales were made and the revenues derived from such sales) for each such calendar month from the Hydrocarbon Interests, and setting forth the related ad valorem, severance and production taxes and lease operating expenses attributable thereto and incurred for each such calendar month, such information being reported on a property by property basis and otherwise in form and substance acceptable to the Administrative Agent.

(k) Unrestricted Subsidiaries, Etc. If the Borrower or any Restricted Subsidiary has (subject to the requirements and limitations of this Agreement and the other Loan Papers) formed or acquired a new Restricted Subsidiary or Disposed of or dissolved a Restricted Subsidiary, or redesignated an Unrestricted Subsidiary as a Restricted Subsidiary or a Restricted Subsidiary as an Unrestricted Subsidiary (in each case, in accordance with Section 9.23), or made any additional equity investment in any Person or Disposed of any equity investment in any Person, in each case, since the date of the most recently delivered schedule, a substitute (or supplement to) Schedule 7.14.

(l) Permitted Debt; Permitted Refinancing Debt. Written notice at least seven (7) Business Days prior to the incurrence of any Permitted Debt or any Permitted Refinancing Debt (or such shorter period as the Administrative Agent may agree to in its reasonable discretion), together with the most recent drafts of the documentation in respect of such Permitted Debt or such Permitted Refinancing Debt, and thereafter upon reasonable request of the Administrative Agent or any Bank prompt delivery to the Administrative Agent and such Bank copies, certified by a Responsible Officer as true and complete, of each agreement entered into in connection with such Permitted Debt or such Permitted Refinancing Debt following the consummation thereof.

(m) Other Requested Information. Promptly following any reasonable request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary (including, without limitation, any Plan or Multiemployer Plan and any reports or other information required to be filed under ERISA), or compliance with the terms of this Agreement or any other Loan Paper, as the Administrative Agent or any Bank may reasonably request, in each case, subject to the right of the Borrower and its Subsidiaries to withhold any information to the extent the provision thereof would violate any confidentiality obligations binding on the Borrower or its Subsidiaries pursuant to a bona fide arm's length third party contract (so long as such obligation was not entered into or created in contemplation of this provision) or would reasonably be expected to result in the loss of professional privilege (including, the work-product doctrine) available to the Borrower and its Subsidiaries.

(n) Account Control Agreements. Prior to the opening thereof, written notice (such notice to include reasonably detailed information regarding the account number, purpose and location of such Deposit Account, Securities Account or Commodities Account) to the Administrative Agent of any Deposit Account, Securities Account or Commodities Account opened by the Borrower or any of its Subsidiaries; provided that the Borrower or such Subsidiary shall at all times comply with Section 8.17.

(o) "Know Your Customer" and Beneficial Ownership Information. Promptly following any request therefor, information and documentation reasonably requested in writing by the Administrative Agent or any Bank for purposes of compliance with applicable "know your customer" requirements pursuant to Anti-Terrorism Laws, including, without limitation, the Act and the Beneficial Ownership Regulation.

(p) Section 9.08 Restricted Payment Certificate. Not later than the earlier of (x) five (5) Business Days after the date on which the board of directors of the Borrower declares, approves or agrees to pay or make, directly or indirectly, any Restricted Payment pursuant to Section 9.08(c) and (y) one (1) Business Day prior to the date such Restricted Payment is actually made, the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer of the Borrower setting forth the Borrower's calculation of the ratio of (x) Total Net Debt as of the date of such declaration, approval or agreement after giving effect to such Restricted Payment to (y) EBITDAX as of the last day of the most recent period of four consecutive fiscal quarters for which financial statements have been provided in accordance with clause (a) or (b) of this Section 8.01.

Documents required to be delivered pursuant to Sections 8.01(a) or (b) may be delivered electronically and shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address; (ii) such documents are filed with the SEC and available on the SEC's EDGAR website (or any successor website) or (iii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Bank and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Borrower shall deliver paper or electronic copies of such documents to the Administrative Agent or any Bank that requests the Borrower to deliver such copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Bank and (ii) if such documents are not publicly available the Borrower shall notify the Administrative Agent and each Bank (by telecopy or e-mail) of the posting of any such documents and provide to the Administrative Agent by e-mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 8.01(c) to the Administrative Agent. Except for such certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Bank shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 8.02 Notices of Material Events. The Borrower shall furnish to the Administrative Agent and each Bank written notice of the following:

(a) as soon as possible and in any event within three (3) Business Days after the Borrower or any other Credit Party obtains knowledge thereof, the occurrence of any Default;

(b) as soon as possible and in any event within three (3) Business Days after the Borrower or any other Credit Party obtains knowledge thereof, the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect;

(c) promptly and in any event within five (5) Business Days after the Borrower or any other Credit Party obtaining knowledge thereof, the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in liability of the Borrower, its Subsidiaries or its ERISA Affiliates in an aggregate amount exceeding $50,000,000;

(d) promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities of any Credit Party or any Subsidiary thereof pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Banks pursuant to Section 8.01 or any other clause of this Section 8.02;

(e) promptly, and in any event within five (5) Business Days after receipt thereof by any Credit Party or any Subsidiary thereof, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of any Credit Party or any Subsidiary thereof;

(f) promptly, all title or other information received after the Closing Date by any Credit Party which discloses any material defect in the title to any material asset included in the Borrowing Base;

(g) promptly upon the Borrower or any other Credit Party obtaining knowledge thereof, any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect; and

(h) any change in the information provided in any relevant Beneficial Ownership Certification delivered hereunder that would result in a change to the list of beneficial owners identified in such certification.

Each notice delivered under this Section 8.02 shall be accompanied by a statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 8.03 Existence; Conduct of Business. The Borrower shall, and shall cause each Restricted Subsidiary to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business and maintain, if necessary, its qualification to do business in each other jurisdiction in which any of its Oil and Gas Properties is located or the ownership of its Properties requires such qualification, in each case, except where the failure to maintain such rights, licenses, permits, privileges and franchises, or to so qualify could not reasonably be expected to have a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 9.04.

Section 8.04 Payment of Obligations. The Borrower shall, and shall cause each Restricted Subsidiary to pay its obligations, including Tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 8.05 Performance of Obligations under Loan Papers. The Borrower will pay the Loans according to the terms thereof, and each Credit Party will do and perform every act and discharge all of the obligations to be performed and discharged by them under the Loan Papers, including, without limitation, this Agreement, at the time or times and in the manner specified.

Section 8.06 Operation and Maintenance of Properties. The Borrower, at its own expense, will, and will cause each Restricted Subsidiary to:

(a) operate its Oil and Gas Properties and other material Properties or cause such Oil and Gas Properties and other material Properties to be operated in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all Governmental Requirements, including applicable pro ration requirements and Environmental Laws, and all applicable Governmental Requirements, rules and regulations of every other Governmental Authority from time to time constituted to regulate the development and operation of its Oil and Gas Properties and the production and sale of Hydrocarbons and other minerals therefrom, except, in each case, where the failure to comply could not reasonably be expected to have a Material Adverse Effect;

(b) keep and maintain all Property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and preserve, maintain and keep in good repair and working order and efficiency (ordinary wear and tear and depletion excepted) all of its Oil and Gas Properties and other Properties, including all equipment, machinery and facilities, except to the extent a failure to do so could not reasonably be expected to have a Material Adverse Effect; provided that the foregoing shall not prohibit any Disposition of any assets permitted by Section 9.05;

(c) except to the extent the failure to do so could not reasonably be expected to result in a Material Adverse Effect, promptly pay and discharge, or make reasonable and customary efforts to cause to be paid and discharged, all delay rentals, royalties, expenses and indebtedness accruing under the leases or other agreements affecting or pertaining to its proved Oil and Gas Properties and do all other things necessary to keep unimpaired their rights with respect thereto and prevent any forfeiture thereof or default thereunder;

(d) except to the extent the failure to do so could not reasonably be expected to result in a Material Adverse Effect, promptly perform or make reasonable and customary efforts to cause to be performed, in accordance with industry standards, the obligations required by each and all of the assignments, deeds, leases, sub-leases, contracts and agreements affecting its interests in its Oil and Gas Properties and other material Properties; and

(e) to the extent the Borrower or such Restricted Subsidiary is not the operator of any Property, the Borrower shall use commercially reasonable efforts to cause the operator to comply with this Section 8.06; provided that the failure of the operator to so comply will not constitute a Default or an Event of Default hereunder.

Section 8.07 Insurance. The Borrower shall, and shall cause each Subsidiary to maintain, with financially sound and reputable insurance companies that are not Affiliates of the Borrower, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. The Borrower shall cause each issuer of an insurance policy (other than insurance policies with respect to (x) any Unrestricted Subsidiary or its assets and (y) workman's compensation and employer's liability) to provide the Administrative Agent with an endorsement (i) showing the Administrative Agent as lenders' loss payee with respect to each policy of property or casualty insurance and naming the Administrative Agent and each Bank as an additional insured with respect to each policy of general liability insurance, (ii) providing that thirty (30) days' notice shall be given to the Administrative Agent prior to any cancellation of, material reduction or change in coverage provided by or other material modification to such policy (other than any cancellation for non-payment of premium, which shall be subject to ten (10) days' prior notice) and (iii) reasonably acceptable in all other respects to the Administrative Agent.

Section 8.08 Books and Records; Inspection Rights. The Borrower shall, and shall cause each Restricted Subsidiary to, keep proper books of record and account in which full and correct entries in all material respects are made of all dealings and transactions in relation to its business and activities (subject to customary closing processes and accounting entries for accounting months not yet closed). The Borrower shall, and shall cause each Restricted Subsidiary to, permit any representatives designated by the Administrative Agent or any Bank, upon reasonable prior written notice, to visit and inspect its Properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; provided that, so long as no Event of Default has occurred and is continuing, (i) such visits and inspections shall be limited to one per calendar year and when an Event of Default exists the Administrative Agent or any Bank (or any of their respective representatives) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice and (ii) only the Administrative Agent on behalf of the Banks (provided that a representative of the Banks may accompany the Administrative Agent) may exercise visitation and inspection rights of the Administrative Agent and the Banks under this Section 8.08. All such inspections or audits by the Administrative Agent conducted in accordance with this Section 8.08 shall be at the Borrower's reasonable expense. The Borrower hereby authorizes and instructs its independent accountants to discuss the Borrower's affairs, finances and condition with the Administrative Agent, at the Administrative Agent's request. The Administrative Agent and the Banks shall give the Borrower the opportunity to participate in any discussions with the Borrower's independent public accountants. Notwithstanding anything to the contrary in this Section 8.08, none of the Credit Parties will be required to disclose, permit the inspection, examination, or discussion of, any document, information or other matter (a) in respect of which disclosure to the Administrative Agent or any Bank (or their respective representatives or contractors) is prohibited by (i) applicable law or (ii) any bona fide arm's length third party contract binding on a Credit Party (so long, in the case of this subclause (ii), such confidentiality obligation was not created or entered into in contemplation of this provision) or (b) is subject to attorney-client or similar privilege or constitutes attorney work product.

Section 8.09 Compliance with Laws. The Borrower shall, and shall cause each Subsidiary to, comply with all applicable Governmental Requirements, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect such policies and procedures, if any, as it reasonably deems appropriate, in light of its businesses and international activities (if any), designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Terrorism Laws, Anti-Corruption Laws and applicable Sanctions.

Section 8.10 Environmental Matters.

(a) The Borrower shall at its sole expense (including such contribution from third parties as may be available): (i) comply, and shall cause its Properties and operations and each Restricted Subsidiary and each Restricted Subsidiary's Properties and operations to comply, with all applicable Environmental Laws, the breach of which could be reasonably expected to have a Material Adverse Effect; (ii) not dispose of or otherwise release, and shall cause each Restricted Subsidiary not to dispose of or otherwise release, any oil, oil and gas waste, hazardous substance, or solid waste on, under, about or from any of the Borrower's or its Restricted Subsidiaries' Properties or any other Property to the extent caused by the Borrower's or any of its Restricted Subsidiaries' operations except in compliance with applicable Environmental Laws, the disposal or release of which would reasonably be expected to have a Material Adverse Effect; (iii) timely obtain or file, and shall cause each Restricted Subsidiary to timely obtain or file, all notices, permits, licenses, exemptions, approvals, registrations or other authorizations, if any, required under applicable Environmental Laws to be obtained or filed in connection with the operation or use of the Borrower's or its Restricted Subsidiaries' Properties, which failure to obtain or file would reasonably be expected to have a Material Adverse Effect; (iv) promptly commence and diligently prosecute to completion, and shall cause each Restricted Subsidiary to promptly commence and diligently prosecute to completion, any assessment, evaluation, investigation, monitoring, containment, cleanup, removal, repair, restoration, remediation or other remedial obligations (collectively, the "Remedial Work") in the event any Remedial Work is required or reasonably necessary under applicable Environmental Laws because of or in connection with the actual or suspected past, present or future disposal or other release of any oil, oil and gas waste, hazardous substance or solid waste on, under, about or from any of the Borrower's or its Restricted Subsidiaries' Properties, which failure to commence and diligently prosecute to completion would reasonably be expected to have a Material Adverse Effect; and (v) establish and implement, and shall cause each Restricted Subsidiary to establish and implement, such reasonable policies of environmental audit and compliance as may be reasonably necessary to continuously determine and assure that the Borrower's and its Restricted Subsidiaries' obligations under this Section 8.10(a) are timely and fully satisfied, which failure to establish and implement would reasonably be expected to have a Material Adverse Effect.

(b) The Borrower will promptly notify the Administrative Agent and the Banks in writing of any threatened (in writing) action, investigation or inquiry by any Governmental Authority or any threatened (in writing) demand or lawsuit by any landowner or other third party against the Borrower or its Restricted Subsidiaries or their Properties of which the Borrower has knowledge in connection with any Environmental Laws (excluding routine testing and corrective action) if the Borrower reasonably anticipates that such action, investigation, inquiry, demand or lawsuit could in any case be reasonably expected to have a Material Adverse Effect.

(c) In connection with any future acquisitions by any Credit Party of Oil and Gas Properties or other Properties, other than an acquisition of additional interests in Oil and Gas Properties or other Properties in which a Credit Party previously held an interest, to the extent any Credit Party obtains or is provided with the same, each Credit Party will, promptly following such Credit Party's obtaining or being provided with the same, deliver to the Administrative Agent such final and non-privileged material environmental reports of such Oil and Gas Properties or other Properties as are reasonably requested by the Administrative Agent.

Section 8.11 Further Assurances.

(a) Each Credit Party will promptly execute and deliver to the Administrative Agent all such other documents, agreements and instruments reasonably requested by the Administrative Agent to comply with, cure any defects or accomplish the conditions precedent, covenants and agreements of such Credit Party in the Loan Papers, including the Notes, or to further evidence and more fully describe the collateral intended as security for the Obligations, or to correct any omissions in this Agreement or the Security Instruments, or to state more fully the obligations secured therein, or to perfect, protect or preserve any Liens created pursuant to this Agreement or any of the Security Instruments or the priority thereof, or to make any recordings, file any notices or obtain any consents, all as may be reasonably necessary or appropriate, in the reasonable discretion of the Administrative Agent, in connection therewith.

(b) The Borrower hereby authorizes the Administrative Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Mortgaged Property without the signature of any Credit Party where permitted by law. A carbon, photographic or other reproduction of the Security Instruments or any financing statement covering the Mortgaged Property or any part thereof shall be sufficient as a financing statement where permitted by law. The Administrative Agent will use commercially reasonably efforts to promptly send the Borrower any financing or continuation statements it files without the signature of any Credit Party and the Administrative Agent will use commercially reasonable efforts to promptly send the Borrower the filing or recordation information with respect thereto. The Borrower acknowledges and agrees that any such financing statement may describe the collateral as "all assets" of the applicable Credit Party or words of similar effect as may be required by the Administrative Agent.

Section 8.12 Reserve Reports.

(a) On or before March 31st and September 30th of each year, commencing March 31, 2024, the Borrower shall furnish to the Administrative Agent and the Banks a Reserve Report evaluating the Oil and Gas Properties of the Borrower and the other Credit Parties as of the immediately preceding December 31st or June 30th, as applicable. The Reserve Report as of December 31st of each year shall be prepared by one or more Approved Petroleum Engineers, and all other Reserve Reports shall be prepared by or under the supervision of the chief engineer of the Borrower and otherwise in a manner consistent with the preceding December 31st Reserve Report. Each Reserve Report prepared by or under the supervision of the chief engineer of the Borrower shall be certified by the chief engineer to be true and accurate in all material respects and to have been prepared in accordance with the procedures used in the immediately preceding December 31st Reserve Report. Each Reserve Report shall be in form and substance reasonably satisfactory to the Administrative Agent, and shall set forth, as of each December 31st or June 30th (or such other date in the event of an Interim Redetermination) the oil and gas reserves attributable to the Oil and Gas Properties of the Borrower and the other Credit Parties, together with a projection of the rate of production and future net income, taxes, operating expenses and capital expenditures with respect thereto as of such date, consistent with SEC reporting requirements at the time, together with a supplement indicating future net income based upon the Administrative Agent's usual and customary pricing assumptions for oil and gas loans then in effect, in each case, reflecting Hedge Transactions in place with respect to such production.

(b) In the event of a request for an Interim Redetermination, the Borrower shall furnish to the Administrative Agent and the Banks a Reserve Report prepared by or under the supervision of the chief engineer of the Borrower who shall certify such Reserve Report to be true and accurate in all material respects and to have been prepared in accordance with the procedures used in the immediately preceding December 31st Reserve Report. For any Interim Redetermination requested by the Administrative Agent or the Borrower pursuant to Section 2.07(b), the Borrower shall provide such Reserve Report with an "as of" date as required by the Administrative Agent as soon as possible, but in any event no later than sixty (60) days following the receipt of such request.

(c) With the delivery of each Reserve Report, the Borrower shall provide to the Administrative Agent and the Banks a certificate from a Responsible Officer certifying that in all material respects:

(i) the Borrower acted in good faith and utilized reasonable assumptions and due care in the preparation of such Reserve Report and to its knowledge there are no statements or conclusions in such Reserve Report which are based upon or include materially misleading information or fail to take into account material information known to it regarding the matters reported therein,

(ii) each applicable Credit Party owns Good and Defensible Title to the proved Oil and Gas Properties evaluated in such Reserve Report free and clear of all Liens except Liens permitted by Section 9.03,

(iii) except as set forth on an exhibit to the certificate, on a net basis there are no gas imbalances, take or pay or other prepayments (including Advance Payments pursuant to an Advance Payment Contract) in excess of the amount specified in Section 7.20 with respect to the Oil and Gas Properties evaluated in such Reserve Report which would require any Credit Party to deliver Hydrocarbons either generally or produced from such Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor,

(iv) none of the proved Oil and Gas Properties have been sold since the date of the last Reserve Report except as set forth on an exhibit to the certificate, which certificate shall list all such proved Oil and Gas Properties sold (other than Hydrocarbons sold in the ordinary course of business) and in such detail as reasonably required by the Administrative Agent,

(v) attached to the certificate is a list of all marketing agreements entered into subsequent to the later of the date hereof or the most recently delivered Reserve Report that the Borrower would reasonably be expected to have been obligated to list on Schedule 7.21 had such agreement been in effect on the date hereof, and

(vi) attached thereto is a schedule of the Oil and Gas Properties evaluated by such Reserve Report that are Mortgaged Properties which demonstrates the percentage of the PV-9 value of the "proved reserves" and the PV-9 value of the "proved developed producing reserves" evaluated in such Reserve Report and that the value of such Mortgaged Properties is in compliance with Section 8.14(a).

Section 8.13 Title Information.

(a) On or before the delivery to the Administrative Agent and the Banks of each Reserve Report required by Section 8.12(a) (or such longer period as the Administrative Agent may approve in its sole discretion), and from time to time upon the reasonable request of the Administrative Agent, the Borrower will deliver title information in form and substance reasonably acceptable to the Administrative Agent covering enough of the Oil and Gas Properties that were not included in the most recently delivered Reserve Report, so that the Administrative Agent shall have received, together with title information previously delivered to the Administrative Agent, reasonably satisfactory title information on the Required Engineered Value of the Oil and Gas Properties evaluated by such Reserve Report and together with any Oil and Gas Properties acquired since the date of such Reserve Report.

(b) If the Borrower has provided title information for additional Properties under Section 8.13(a), the Borrower shall, within ninety (90) days of notice from the Administrative Agent that title defects or exceptions exist (other than Permitted Encumbrances) with respect to such additional Properties, either (1) cure any such title defects or exceptions (including defects or exceptions as to priority) that are not permitted by Section 9.03 raised by such information, (2) substitute acceptable Mortgaged Properties (with no title defects or exceptions except for Permitted Encumbrances (other than those described in clauses (e) and (g) of the definition thereof)) having an equivalent value or (3) deliver title information in form and substance reasonably acceptable to the Administrative Agent so that the Administrative Agent shall have received, together with title information previously delivered to the Administrative Agent, reasonably satisfactory title information on at least the Required Engineered Value of the Oil and Gas Properties evaluated by such Reserve Report and together with any Oil and Gas Properties acquired since the date of such Reserve Report.

(c) If the Borrower is unable to cure any title defect requested in writing by the Administrative Agent or the Banks to be cured within the 90-day period or the Borrower does not comply with the requirements to provide acceptable title information covering at least the Required Engineered Value of the Oil and Gas Properties evaluated in the most recent Reserve Report and together with any Oil and Gas Properties acquired since the date of such Reserve Report, such inability shall not be a Default, but instead the Administrative Agent and/or the Required Banks shall have the right to exercise the following remedy in their sole discretion from time to time, and any failure to so exercise this remedy at any time shall not be a waiver as to future exercise of the remedy by the Administrative Agent or the Banks. To the extent that the Administrative Agent or the Required Banks are not reasonably satisfied with title to any Mortgaged Property after the 90-day period has elapsed, such unacceptable Mortgaged Property shall not count towards the requirement, and the Administrative Agent may send a notice to the Borrower and the Banks that the then outstanding Borrowing Base shall be reduced by an amount as determined by the Required Banks to cause the Borrower to be in compliance with the requirement to provide acceptable title information on at least the Required Engineered Value of the Oil and Gas Properties evaluated in the most recent Reserve Report. This new Borrowing Base shall become effective immediately after receipt of such written notice.

Section 8.14 Additional Collateral; Additional Guarantors.

(a) In connection with each redetermination of the Borrowing Base, the Borrower shall review the Reserve Report and the list of current Mortgaged Properties (as described in Section 8.12(c)(vi)) to ascertain whether the Mortgaged Properties represent at least the Required Engineered Value of the Oil and Gas Properties evaluated in the most recently completed Reserve Report after giving effect to exploration and production activities, acquisitions, dispositions and production. In the event that the Mortgaged Properties do not represent at least such Required Engineered Value, then the Borrower shall, and shall cause other Credit Parties to, promptly, but in any event within thirty (30) days of delivery of the Reserve Report (or such longer period as the Administrative Agent may approve in its sole discretion), grant to the Administrative Agent as security for the Obligations a first-priority Lien interest (subject only to Liens permitted by Section 9.03) on additional Oil and Gas Properties evaluated in the most recently delivered Reserve Report not already subject to a Lien of the Security Instruments such that after giving effect thereto, the Mortgaged Properties will represent at least such Required Engineered Value. All such Liens will be created and perfected by and in accordance with the provisions of deeds of trust, security agreements and financing statements or other Security Instruments, all in form and substance reasonably satisfactory to the Administrative Agent and in sufficient executed (and acknowledged where necessary or appropriate) counterparts for recording purposes. In order to comply with the foregoing, if any Restricted Subsidiary places a Lien on its Oil and Gas Properties and such Subsidiary is not a Guarantor, then it shall become a Guarantor and comply with Section 8.14(b).

(b) If any additional Restricted Subsidiary is formed or acquired (or an Unrestricted Subsidiary is designated as a Restricted Subsidiary) after the Closing Date, then the Borrower shall, within thirty (30) days after such Subsidiary is formed, acquired or designated as a Restricted Subsidiary (or such longer period as may be agreed to by the Administrative Agent in its sole discretion) cause such Restricted Subsidiary to guarantee the Obligations pursuant to the Facility Guaranty. In connection with any such guaranty, the Borrower shall cause (i) such Restricted Subsidiary to execute and deliver a joinder to the Facility Guaranty, the Security Agreement and any other Security Instruments requested by the Administrative Agent to become a Guarantor and a Grantor (as defined in the Security Agreement), respectively, thereunder and grant a first-priority security interest (subject only to Liens permitted by Section 9.03) in substantially all of its personal property, (ii) each owner of Equity Interests in such Restricted Subsidiary to execute and deliver a Security Instrument pledging all of its Equity Interests in such Restricted Subsidiary (including, without limitation, delivery of original stock certificates (if any) evidencing the Equity Interests of such Restricted Subsidiary, together with appropriate undated stock powers (or the equivalent for any Subsidiary that is not a corporation) for each certificate duly executed in blank by the registered owner thereof) and (iii) cause such Restricted Subsidiary or such pledgor to execute and deliver such other additional closing documents, certificates and legal opinions as shall reasonably be requested by the Administrative Agent.

(c) In the event that the Borrower or any other Guarantor acquires any material Property (other than any Oil and Gas Property and any Property in which a security interest is already created under the Security Instruments) after the Closing Date, the Borrower shall, or shall cause such other Guarantor to, promptly (and, in any event, within thirty (30) Business Days (or such later date as may be agreed to by the Administrative Agent in its sole discretion)) execute and deliver any Security Instruments reasonably required by the Administrative Agent in order to create a first-priority security interest in such Property, subject only to Liens permitted by Section 9.03.

(d) In the event that the Borrower makes any loans or advances to any Restricted Subsidiary, or any Restricted Subsidiary makes any loans or advances to the Borrower or any other Restricted Subsidiary, or the Borrower, shall, and shall cause each such Restricted Subsidiary, to (i) make such loans in the form of an intercompany note and (ii) collaterally assign the Borrower's or the applicable Restricted Subsidiary's interests in such intercompany note to the Administrative Agent for the benefit of the Banks to secure the Obligations to the extent required by the Security Instruments.

(e) In furtherance of the foregoing in this Section 8.14 and subject to any exceptions, exclusions or limitations set forth herein or in the Security Instruments, each Credit Party (including any newly created or acquired Restricted Subsidiary) shall promptly (and, in any event, within thirty (30) Business Days (or such later date as agreed to by the Administrative Agent in its sole discretion)) execute and deliver (or otherwise provide, as applicable) to the Administrative Agent such other additional Security Instruments, documents, certificates, legal opinions, title insurance policies, surveys, abstracts, appraisals, environmental assessments, flood information and/or flood insurance policies, in each case, as may be reasonably requested by the Administrative Agent and as reasonably satisfactory to the Administrative Agent.

(f) In connection with each Disposition of Oil and Gas Properties (including by means of a Disposition of Equity Interests of a Subsidiary) in which the aggregate Borrowing Base Value of Oil and Gas Properties Disposed of (including by means of a Disposition of Equity Interests of a Subsidiary) exceeds five percent (5%) of the Borrowing Base then in effect, and the Borrowing Base Utilization Percentage at such time exceeds eighty-five percent (85%), then the Borrower shall ascertain whether the Mortgaged Properties represent at least the Required Engineered Value of the Oil and Gas Properties after giving effect to such Disposition. In the event that the Mortgaged Properties do not represent at least such Required Engineered Value, then the Borrower shall, and shall cause its Restricted Subsidiaries to, promptly, but in any event within thirty (30) days of such Disposition (or such longer period (not exceeding sixty (60) days) as the Administrative Agent shall agree in its sole discretion), grant to the Administrative Agent as security for the Obligations a first-priority Lien interest (subject only to Liens permitted by Section 9.03) on additional Oil and Gas Properties evaluated in the most recently delivered Reserve Report not already subject to a Lien of the Security Instruments such that after giving effect thereto, the Mortgaged Properties will represent at least such Required Engineered Value.

(g) The Security Instruments shall remain in effect at all times unless otherwise released pursuant to the terms of this Agreement.

(h) Notwithstanding any provision in any Loan Paper to the contrary, in no event is any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) owned by any Credit Party included in the definition of "Mortgaged Properties" and no Building or Manufactured (Mobile) Home is encumbered by any Security Instrument.

Section 8.15 ERISA Compliance. Each Credit Party and any ERISA Affiliate will furnish to the Administrative Agent (i) promptly after the filing thereof with the United States Secretary of Labor, the Internal Revenue Service or the PBGC, copies of each annual and other report with respect to each Plan or any trust created thereunder, (ii) immediately upon becoming aware of the occurrence of any ERISA Event in connection with any Plan or any trust created thereunder, a written notice signed by the President or the principal Financial Officer, such Credit Party or the ERISA Affiliate, as the case may be, specifying the nature thereof, what action such Credit Party or the ERISA Affiliate is taking or proposes to take with respect thereto, and, when known, any action taken or proposed by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto, and (iii) immediately upon receipt thereof, copies of any notice of the PBGC's intention to terminate or to have a trustee appointed to administer any Plan. With respect to each Plan, each Credit Party will (i) satisfy in full and in a timely manner, without incurring any late payment or underpayment charge or penalty and without giving rise to any lien, all of the Pension Funding Rules, and (ii) pay, or cause to be paid, to the PBGC in a timely manner, without incurring any late payment or underpayment charge or penalty, all premiums required pursuant to sections 4006 and 4007 of ERISA.

Section 8.16 Unrestricted Subsidiaries. The Borrower:

(a) will cause the management, business and affairs of each of the Borrower and its Restricted Subsidiaries to be conducted in such a manner (including by keeping separate books of account, furnishing separate financial statements of Unrestricted Subsidiaries to creditors and potential creditors thereof and by not permitting Properties of the Borrower and its Restricted Subsidiaries, on the one hand, and each of the Unrestricted Subsidiaries, on the other hand, to be commingled) so that each Unrestricted Subsidiary will be treated as an entity separate and distinct from the Borrower and the Restricted Subsidiaries (except (i) with respect to the treatment for tax purposes of the Borrower or any Restricted Subsidiary holding any interest in an Unrestricted Subsidiary that is regarded as a partnership and (ii) for the common management/directorship between the Borrower and any Unrestricted Subsidiary);

(b) will not, and will not permit any of the Restricted Subsidiaries to, incur, assume or suffer to exist any Guarantee by the Borrower or such Restricted Subsidiary of, or be or become liable for any Debt of any Unrestricted Subsidiary;

(c) will not permit any Unrestricted Subsidiary to hold any Equity Interest in, or any Debt of, the Borrower or any Restricted Subsidiary;

(d) will not permit any Unrestricted Subsidiary to have any Debt other than Non-Recourse Debt;

(e) will not permit any Unrestricted Subsidiary to be a party to any agreement, contract, arrangement or understanding with the Borrower or any Restricted Subsidiary of the Borrower unless the terms of any such agreement, contract, arrangement or understanding are not otherwise prohibited by the terms of the Loan Papers;

(f) will not, nor will it permit any of its Restricted Subsidiaries to, have any direct or indirect obligation (i) to subscribe for additional Equity Interests of such Person or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(g) will not permit any Unrestricted Subsidiary to Guarantee or otherwise directly or indirectly provide credit support for any Debt of the Borrower or any of its Restricted Subsidiaries.

Section 8.17 Accounts. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, maintain all of the operating, revenue, collection or other Deposit Accounts, Securities Accounts or Commodity Account (other than any Excluded Account) held or maintained by the Borrower or its Restricted Subsidiaries on the Closing Date or established, held or maintained by the Borrower or its Restricted Subsidiaries at any time thereafter with (x) one or more Banks or (y) any other financial institution reasonably acceptable to the Administrative Agent, and in each case, from and after the date that is thirty (30) days following the Closing Date (or such later date as the Administrative Agent may agree in its sole discretion), subject to the Administrative Agent's control pursuant to an Account Control Agreement; provided that the Borrower or any Restricted Subsidiary may close any such Deposit Accounts, Security Accounts or Commodity Accounts no longer used by Borrower or such Restricted Subsidiary, as the case may be.

Section 8.18 Stockholder Approval for Conversion of Preferred Equity Interests to Common Stock. Promptly following the consummation of the Henry Acquisition, the Borrower shall commence to seek to obtain Stockholder Approval and, upon receipt of Stockholder Approval, the Borrower shall promptly convert the Preferred Equity Interests to Common Stock in accordance with the requirements of the Preferred Equity Interests Designation.

Section 8.19 Post-Closing Covenant.

(a) With respect to the consummation of each Fall 2023 Acquisition:

(i) on or prior to the date that is 30 days following the consummation of such Fall 2023 Acquisition (or such later date as may be agreed to by the Administrative Agent in its sole discretion), the Administrative Agent shall have received (A) title information reasonably satisfactory to the Administrative Agent setting forth the status of title to at least 85% of the PV-9 value of the Oil and Gas Properties evaluated in the Fall 2023 Reserve Report in respect of such Fall 2023 Acquisition and (B) the Fall 2023 Reserve Report in respect of such Fall 2023 Acquisition accompanied by a certificate covering the matters described in Section 8.12(c); and

(ii) on or prior to the date that is 30 days following the consummation of such Fall 2023 Acquisition (or such later date as may be agreed to by the Administrative Agent in its sole discretion), the Administrative Agent shall have received from each party thereto duly executed and completed counterparts (in such number as may be requested by the Administrative Agent) of the Security Instruments, including the amendments and restatements of the Credit Parties' existing mortgages and the other Security Instruments and Loan Papers described on Exhibit C, in each case, in form and substance reasonably satisfactory to the Administrative Agent. In connection with the execution and delivery of the Security Instruments and the other Loan Papers, the Administrative Agent shall (x) be reasonably satisfied that the Security Instruments (A) creating Liens on the Oil and Gas Properties create first-priority, perfected Liens (subject only to Permitted Encumbrances but subject to the provisos at the end of such definition) on at least 85% of the PV-9 value of the Oil and Gas Properties evaluated in the Fall 2023 Reserve Report in respect of such Fall 2023 Acquisition and (B) creating Liens on all other Fall 2023 Acquisition Assets in respect of such Fall 2023 Acquisition purported to be pledged as collateral pursuant to the Security Instruments create first-priority, perfected Liens (subject only to Liens permitted by Section 9.03) on such other Fall 2023 Acquisition Assets and (y) have received such other additional closing documents, certificates and legal opinions as shall reasonably be requested by the Administrative Agent.

ARTICLE IX
NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder and all other amounts payable under the Loan Papers (other than contingent indemnification obligations for which no claim has been made) have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Banks that:

Section 9.01 Financial Covenants.

(a) Ratio of Total Net Debt to EBITDAX. The Borrower will not permit, as of the last day of any fiscal quarter (commencing with the fiscal quarter ending September 30, 2021) its ratio of Total Net Debt as of the last day of such fiscal quarter to EBITDAX for the period of four consecutive fiscal quarters ending on the last day of such fiscal quarter, to be greater than 3.50 to 1.00.

(b) Current Ratio. The Borrower will not permit, as of the last day of any fiscal quarter (commencing with the fiscal quarter ending March 31, 2017), its ratio of (i) consolidated current assets of the Borrower and the Restricted Subsidiaries (including the unused amount of the Total Revolving Commitment (but only to the extent that the Borrower is permitted to borrow such amount under the terms of this Agreement including, without limitation, Section 6.02), but excluding non-cash assets under ASC Topic 815 (formerly FAS 133)) to (ii) consolidated current liabilities of the Borrower and the Restricted Subsidiaries (excluding non-cash obligations under ASC Topic 815 (formerly FAS 133), that may be classified as current liabilities, current maturities under this Agreement, any Suspended Liabilities and non-cash liabilities recorded in connection with stock-based or similar incentive based compensation awards or arrangements), to be less than 1.0 to 1.0.

Section 9.02 Debt. The Borrower shall not, and shall not permit any Restricted Subsidiary to, incur, create, assume or suffer to exist any Debt, except:

(a) the Loans or other Obligations arising under the Loan Papers or any guaranty of or suretyship arrangement for the Loans or other Obligations arising under the Loan Papers;

(b) subject to the conditions set forth in the Renewable Product Purchase Documents, (i) Debt constituting the obligation of the Borrower to make each Periodic Settlement Payment; provided that, (A) upon achieving commercial operation (as contemplated by the Renewable Product Purchase Agreement), the Administrative Agent shall have received from the Borrower written notice of the occurrence thereof and (B) within five (5) Business Days of payment of any Periodic Settlement Payment by the Borrower and/or any Restricted Subsidiary in excess of $100,000, the Administrative Agent shall have received from the Borrower written notice as to the amount of such Periodic Settlement Payment and such additional details as reasonably requested by Administrative Agent and (ii) Debt constituting the obligation to provide the Performance Security; provided that, promptly after providing such Performance Security, the Administrative Agent shall have received from the Borrower written notice as to the amount of such Performance Security, the circumstances under which such Performance Security was provided and such additional details as reasonably requested by the Administrative Agent;

(c) Debt of the Borrower owing to any Restricted Subsidiary and of any Restricted Subsidiary owing to the Borrower or any other Restricted Subsidiary; provided that such Debt is not held, assigned, transferred, negotiated or pledged to any Person other than the Borrower or a Guarantor; and provided further, that any such Debt owed by either the Borrower or a Guarantor shall be subordinated to the Obligations on terms set forth in the Facility Guaranty;

(d) Guarantees by the Borrower of Debt otherwise permitted hereunder of any Restricted Subsidiary and by any Restricted Subsidiary of Debt otherwise permitted hereunder of the Borrower or any other Restricted Subsidiary; provided that (A) if the Debt being guaranteed under this Section 9.02(d) is subordinated to the Obligations, such Guarantee obligations shall be subordinated to the Guarantee of the Obligations on terms at least as favorable to the Banks as those contained in the subordination of such Debt and (B) no Guarantee by any Restricted Subsidiary of any Permitted Debt or the Senior Notes (or Permitted Refinancing Debt thereof) shall be permitted unless such Restricted Subsidiary shall have also provided a Guarantee of the Obligations substantially on the terms set forth in the Facility Guaranty;

(e) Debt of the Borrower or any Restricted Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations and any Debt assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Debt; provided that (i) such Debt is incurred prior to or within one hundred eighty (180) days after such acquisition, construction or improvement and (ii) the aggregate principal amount of Debt described in this clause (e) plus all Debt described in Section 9.02(n) at any one time outstanding shall not exceed $100,000,000 in the aggregate;

(f) Debt of the Borrower or any Restricted Subsidiary as an account party in respect of trade letters of credit and Debt associated with worker's compensation claims, bonds or surety obligations in the ordinary course of business or as required by Governmental Requirements in connection with the operation, development, abandonment or remediation of the Oil and Gas Properties;

(g) obligations (contingent or otherwise) of the Borrower or any Restricted Subsidiary existing or arising under any Hedge Transaction permitted under Section 9.18;

(h) endorsements of negotiable instruments for collection, deposit or negotiation, in each case, incurred in the ordinary course of business;

(i) contingent liabilities arising with respect to customary indemnification obligations in favor of sellers in connection with acquisitions permitted under Section 9.04 and purchasers in connection with Dispositions permitted under Section 9.05;

(j) deferred compensation arrangements in the ordinary course of business;

(k) unsecured senior or unsecured Subordinated Debt, including convertible securities, incurred by the Borrower or any Restricted Subsidiary, in an unlimited amount and any guarantees by the Guarantors thereof; provided that:

(i) the Borrower shall have furnished to the Administrative Agent and the Banks, not less than seven (7) Business Days prior written notice of its intent to incur such Debt, the amount thereof, and the anticipated closing date, together with copies of drafts of the material definitive documents therefor, and upon request of the Administrative Agent or any Bank, copies of the preliminary offering memorandum (if any), the final offering memorandum (if any), and, when completed, copies of the final executed versions of such material definitive documents;

(ii) at the time of incurring such Debt (A) no Event of Default has occurred and is then continuing and (B) no Default would result from the incurrence of such Debt after giving effect to the incurrence of such Debt (and any concurrent repayment of Debt with the proceeds of such incurrence);

(iii) the incurrence of such Debt (and any concurrent repayment of Debt with the proceeds of such incurrence) would not result in the Aggregate Revolving Credit Exposures exceeding the Available Borrowing Base as reduced pursuant to Section 2.07(f);

(iv) such Debt does not have any scheduled amortization prior to the date that is one hundred eighty (180) days after the Latest Maturity Date in effect on the date of issuance of such Debt unless otherwise agreed by the Administrative Agent;

(v) such Debt does not have a scheduled maturity sooner than the date that is one hundred eighty (180) days after the Latest Maturity Date in effect on the date of issuance of such Debt;

(vi) such Debt does not have any mandatory prepayment or redemption provisions or sinking fund obligation (other than customary change of control or asset disposition tender offer provisions, in each case, to the extent such provisions require such proceeds to be applied first to the Obligations to the extent required by this Agreement and other than a customary mandatory redemption provision that requires the redemption of such Debt in the event that the Henry Acquisition does not close prior to a specified date);

(vii) if such Debt is subordinated, then (A) any guarantees thereof are also subordinated and (B) all terms of subordination are satisfactory to the Administrative Agent and the Majority Banks;

(viii) concurrently with the incurrence of such Debt, the Borrowing Base is adjusted pursuant to Section 2.07(f) to the extent required thereby;

(ix) immediately after giving pro forma effect to such incurrence, the Borrower is in compliance with Section 9.01;

(x) such Debt and any guarantees thereof are on market terms for similar instruments of issuers of similar size and credit quality given the then prevailing market conditions; and

(xi) as determined in good faith by the senior management of the Borrower, such Debt and any guarantees thereof are on terms, taken as a whole, no more restrictive or burdensome than this Agreement, provided that the financial maintenance covenants with respect to such Debt are not more restrictive than those in this Agreement;

(l) Permitted Refinancing Debt, the proceeds of which shall be used concurrently with the incurrence thereof to refinance the Permitted Debt or the Senior Notes permitted under Section 9.02(k), (m) or (n); provided, that if any 2025 Senior Notes (other than in the form of Permitted Refinancing Debt) are outstanding at the time such Permitted Refinancing Debt is incurred, 100% of the Net Cash Proceeds of such Permitted Refinancing Debt (or such lesser amount as is required to Redeem the 2025 Senior Notes in full) shall be applied to Redeem the 2025 Senior Notes;

(m) unsecured Debt of Borrower (and related unsecured guaranty obligations of the Guarantors) outstanding under the Senior Notes;

(n) other unsecured Debt, provided that the aggregate principal amount of all such unsecured Debt allowed under this clause (n) plus all Debt described in Section 9.02(e) at any one time outstanding shall not exceed $100,000,000 in the aggregate;

(o) Debt associated with the financing of insurance premiums in the ordinary course of business; and

(p) Debt arising from the Borrower's obligations under the Preferred Equity Interests Documents.

Section 9.03 Liens. The Borrower shall not, and shall not permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any of its Properties (now owned or hereafter acquired by it), or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Liens securing the payment of any Obligations;

(b) Permitted Encumbrances;

(c) Liens in respect of obligations of the Borrower pursuant to a Renewable Product Purchase Agreement on and to the extent constituting Performance Security provided in accordance with the applicable Renewable Product Purchase Documents;

(d) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations that it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and Permitted Refinancing Debt in respect thereof that does not increase the outstanding principal amount thereof;

(e) Liens on fixed or capital assets and the proceeds thereof acquired, constructed or improved by the Borrower or any Restricted Subsidiary; provided that (i) such Liens secure Debt permitted by Section 9.02(e), (ii) such Liens and the Debt secured thereby are incurred prior to or within one hundred eighty (180) days after such acquisition, construction or improvement and (iii) such Liens do not attach or otherwise extend to any other Property of the Borrower or any Restricted Subsidiary;

(f) Liens and rights of setoff of banks and securities intermediaries in respect of deposit accounts and securities accounts maintained in the ordinary course of business;

(g) Liens on the Equity Interests of any Unrestricted Subsidiary;

(h) Liens securing Debt permitted under Section 9.02(o); provided that such Liens do not attach or otherwise extend to any Property of the Borrower or any Restricted Subsidiary other than the proceeds of insurance policies the premiums of which are financed by such Debt; and

(i) Liens attaching to cash earnest money deposits made by the Borrower or any Restricted Subsidiary or other escrowed amounts in connection with an actual or anticipated acquisition by the Borrower or any Restricted Subsidiary permitted under Section 9.06.

Section 9.04 Fundamental Changes. The Borrower shall not, and shall not permit any Restricted Subsidiary to, merge into or consolidate with any other Person or divide into two or more Persons pursuant to a plan of division, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or substantially all of the Equity Interests of any Restricted Subsidiary (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, or purchase or otherwise acquire all or substantially all of the assets or any Equity Interests of any class of, or any partnership or joint venture interest in, any other Person, or permit any Restricted Subsidiary to issue any Equity Interests, except that (i) so long as no Default or Event of Default exists or will result therefrom, any Restricted Subsidiary or other Person may merge into the Borrower in a transaction in which the Borrower is the surviving entity, (ii) so long as no Default or Event of Default exists or will result therefrom, any Restricted Subsidiary or other Person may merge into any Restricted Subsidiary in a transaction in which the surviving entity is a Wholly Owned Subsidiary that is a Restricted Subsidiary, or may divide into two or more new Restricted Subsidiaries; provided that, if such existing Restricted Subsidiary is a Credit Party, each new Subsidiary shall also be a Credit Party immediately following such division, (iii) any Restricted Subsidiary may sell, transfer, lease or otherwise dispose of its assets to, or issue Equity Interests to, the Borrower or to another Wholly Owned Subsidiary that is a Restricted Subsidiary, (iv) any Restricted Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Banks, (v) the Borrower or any Restricted Subsidiary may make any Investment permitted by Section 9.06, and (vi) the Borrower or any Restricted Subsidiary may make any Disposition permitted by Section 9.05;

provided that any such merger involving a Person that is not a Wholly Owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 9.06.

Section 9.05 Dispositions of Properties. The Borrower shall not, and shall not permit any Restricted Subsidiary to, Dispose of any of its Property, whether now owned or hereafter acquired, or issue or sell any shares of any Restricted Subsidiary's Equity Interests to any Person, except for:

(a) the sale of Hydrocarbons in the ordinary course of business;

(b) farmouts of undeveloped acreage, zones or depths as to which no proved reserves are attributable and assignments in connection with such farmouts;

(c) the sale or transfer of obsolete or worn out equipment or other assets of the Borrower or such Restricted Subsidiary, or equipment that is no longer useful in the conduct of the business of the Borrower or such Restricted Subsidiary or equipment or assets that are replaced by equipment or assets of at least comparable value and use;

(d) if no Default exists either before or after giving effect to such Disposition, the Disposition of any Oil and Gas Property or any interest therein or any Restricted Subsidiary owning Oil and Gas Properties; provided that:

(i) at least 75% of the consideration received in respect of such Disposition shall be cash or Cash Equivalent Investments;

(ii) any non-cash consideration received (to the extent constituting an Investment) is permitted by Section 9.06;

(iii) the consideration received in respect of such Disposition shall be equal to or greater than the fair market value of the Oil and Gas Property, interest therein or Restricted Subsidiary subject of such Disposition (as reasonably determined by the board of directors of the Borrower and, if requested by the Administrative Agent, the Borrower shall deliver a certificate of a Responsible Officer of the Borrower certifying to that effect);

(iv) if such Disposition of Oil and Gas Property or Restricted Subsidiary owning Oil and Gas Properties included in the most recently delivered Reserve Report during any period between two successive Scheduled Redetermination Dates (or, in the case of any such event occurring prior to the Scheduled Redetermination scheduled to occur on or about May 1, 2024, the period from the Initial Fall 2023 Acquisition Closing Date to the Scheduled Redetermination Date for the Scheduled Redetermination scheduled to occur on or about May 1, 2024) has a PV-9 value that, when aggregated with the Hedge Termination Value of all Hedge Liquidations (after giving effect to any Hedge Transaction entered into by the Borrower or a Restricted Subsidiary since the most recent Scheduled Redetermination Date) during such period, will exceed five percent (5%) of the amount of the then effective Borrowing Base (in each case, as reasonably determined by the Administrative Agent), individually or in the aggregate, the Borrowing Base shall be adjusted pursuant to Section 2.07(g); provided that to the extent that the Borrower is notified by the Administrative Agent that a Borrowing Base Deficiency could result from an adjustment to the Borrowing Base resulting from such Disposition, after the consummation of such Disposition(s), the Borrower or other Credit Party shall have received Net Cash Proceeds, or shall have cash on hand, sufficient to eliminate any such potential Borrowing Base Deficiency;

(v) if any such Disposition is of a Restricted Subsidiary owning Oil and Gas Properties, such Disposition shall include all the Equity Interests of such Restricted Subsidiary;

(vi) both before and after giving effect to such Disposition, the Borrower shall be in pro forma compliance with Section 9.01 (including Pro Forma Compliance with the financial ratio covenant set forth in Section 9.01(a));

(vii) no such Disposition (whether pursuant to one transaction or a series of related transactions) is a Disposition of all or substantially all of the Borrowing Base properties (whether pursuant to a Disposition of all, but not less than all, of the Equity Interests of any Restricted Subsidiary or otherwise); and

(viii) if, after giving effect to such Disposition, the aggregate monthly volumes of all commodity Hedge Transactions then in effect would exceed 100% of the reasonably anticipated production of crude oil and natural gas, calculated separately, as adjusted to give pro forma effect to such Disposition, in any subsequent calendar month, then the Borrower shall, or shall cause one or more other Credit Parties to, within thirty (30) days of such determinations terminate, create off-setting positions, allocate volumes to other production for which the Borrower and the other Credit Parties are marketing, or otherwise unwind existing commodity Hedge Transactions such that, at such time, the aggregate monthly volumes of all commodity Hedge Transactions will not exceed 100% of reasonably anticipated projected production, as so adjusted, for the then-current and any succeeding calendar months;

(e) Dispositions among the Borrower and the Guarantors that are Wholly Owned Subsidiaries; provided that both before and after giving effect to such Disposition, the Borrower and the Restricted Subsidiaries are in compliance with Section 8.14(b) as of the date of such Disposition without giving effect to the 30-day grace period specified in such Section;

(f) (i) Permitted Asset Swaps or other Dispositions of Oil and Gas Properties, in each case, that are not then classified as "proved reserves" to one or more Persons other than a Credit Party or any Subsidiary thereof and (ii) Permitted Asset Swaps of Oil and Gas Properties that are then classified as "proved reserves" having a fair market value (as established in accordance with the definition of "Permitted Asset Swap") not exceeding $35,000,000 in the aggregate in any fiscal year to one or more Persons other than a Credit Party or any Subsidiary thereof; provided that, in either case, no Default or Borrowing Base Deficiency exists or would result therefrom;

(g) the sale or issuance of any Subsidiary's Equity Interests to the Borrower or any Guarantor that is a Wholly Owned Subsidiary;

(h) any Disposition of assets (i) from one Foreign Subsidiary to another Foreign Subsidiary, or (ii) from a non-Guarantor Subsidiary to a Credit Party;

(i) Dispositions of Cash Equivalent Investments in the ordinary course of business and for fair market value;

(j) the sale and discount of receivables permitted by Section 9.21;

(k) Dispositions consisting of any compulsory pooling or unitization ordered by a Governmental Authority with jurisdiction over the Borrower's or any of its Restricted Subsidiaries' Oil and Gas Properties;

(l) any Casualty Event;

(m) other Dispositions of assets not exceeding $50,000,000 in the aggregate in any fiscal year of the Borrower; provided that (x) such Dispositions shall not include any "proved developed reserves" included in the most recent redetermination of the Borrowing Base and (y) no more than $25,000,000 of such assets in the aggregate in any such fiscal year shall comprise "proved undeveloped reserves" included in the most recent redetermination of the Borrowing Base;

(n) so long as no Default, Event of Default or Borrowing Base Deficiency has occurred and is continuing or would result therefrom, the Disposition of seismic, geologic or other data and license rights in the ordinary course of business so long as such Disposition does not materially impair the Borrower's or any Restricted Subsidiary's operation of the Oil and Gas Properties included in the Borrowing Base; and

(o) the sale, lease, transfer, use of other disposition of any renewable energy credits or environmental attributes or benefits acquired pursuant to a Renewable Product Purchase Agreement;

provided, however, that any Disposition pursuant to this Section 9.05 (other than clauses (c), (e), (j) (k) or (l)) shall be for fair market value. Notwithstanding anything to the contrary herein contained, (i) the Borrower shall use the Net Cash Proceeds, if any, of any Disposition made while a Borrowing Base Deficiency exists to reduce such Borrowing Base Deficiency, (ii) any Disposition constituting an Investment by the Borrower or a Guarantor in an Unrestricted Subsidiary or a non-Guarantor Restricted Subsidiary shall be subject to Section 9.06, (iii) in the event of the Disposition of Equity Interests in any Restricted Subsidiary to any Person other than the Borrower or a Guarantor, the Disposition shall be of all such Equity Interests held by the Borrower and its Subsidiaries and (iv) any Disposition of Oil and Gas Properties included in the Borrowing Base or the Equity Interests of any Restricted Subsidiary owning Oil and Gas Properties included in the Borrowing Base, shall be permitted only by Section 9.05(d). Neither the Borrower nor any Restricted Subsidiary will discount, sell, pledge or assign any notes payable to it, accounts receivable or future income except for Dispositions permitted by Section 9.21.

Section 9.06 Investments, Loans, Advances and Guaranties. The Borrower shall not, and shall not permit any Restricted Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a Wholly Owned Subsidiary prior to such merger) any Investment, except:

(a) Cash Equivalent Investments;

(b) Investments by the Borrower and the Guarantors existing on the date hereof in the Equity Interests of their respective Subsidiaries;

(c) Periodic Settlement Payments and Performance Security, in each case, to the extent constituting Investments;

(d) Guarantees constituting Debt permitted by Section 9.02(d);

(e) advances to officers, directors and employees of the Borrower and Restricted Subsidiaries in an aggregate amount not to exceed $2,000,000 at any time outstanding in the ordinary course of business;

(f) bank deposits in the ordinary course of business;

(g) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(h) non-cash consideration received, to the extent permitted by the Loan Papers, in connection with the Disposition of Property permitted by this Agreement, provided that any Oil and Gas Properties received as non-cash consideration shall comply with Section 9.05(d); and any Equity Interests received as non-cash consideration shall comply with Section 9.10 and the proviso to this Section 9.06;

(i) Energy Transition Investments not to exceed $25,000,000 outstanding at any time, so long as immediately after giving effect to any such Energy Transition Investment (i) no Default or Event of Default exists or results therefrom, (ii) the Borrower will be in pro forma compliance with the financial covenants set forth in Section 9.01(a) and Section 9.01(b), (iii) no Borrowing Base Deficiency exists or results therefrom and (iv) upon such Investment, the Administrative Agent shall have received a certificate from a Responsible Officer of the Borrower certifying on behalf of the Borrower that the foregoing conditions have been satisfied; provided that, the amount of Energy Transition Investments described in this clause (i) shall be determined as of the date such Energy Transition Investment is made;

(j) Investments (including capital contributions) in general or limited partnerships or other types of entities not constituting a Subsidiary (each a "venture") entered into by the Borrower or any of its Restricted Subsidiaries with others in the ordinary course of business; provided that (i) any such venture is organized under the laws of a jurisdiction in the United States and is engaged exclusively in oil and gas exploration, development, production, processing and related activities located within the onshore geographic boundaries of the United States of America, including, without limitation, marketing, gathering, transportation, treatment and storage, (ii) the interest in such venture is on fair and reasonable terms, and (iii) such venture interests acquired and capital contributions made (valued as of the date such interest was acquired or the contribution made) do not exceed, in the aggregate at any time outstanding an amount equal to $35,000,000; and provided, further, that both before and after giving effect to such Investment (on a pro forma basis acceptable to the Administrative Agent) no Default or Borrowing Base Deficiency shall have occurred and be continuing as a result therefrom and all representations and warranties contained in Article VII hereof shall be true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects) as if made both immediately before and immediately after the time of such Investment (or, if stated to have been made expressly as of an earlier date, were true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects) as of such specified earlier date);

(k) Investments consisting of deposits made in the ordinary course of business securing obligations or performance under contracts;

(l) to the extent constituting Investments, investments in direct ownership interests in additional Oil and Gas Properties and gas gathering and treating facilities related thereto or related to farm-out, farm-in, joint operating, joint venture, joint development or area of mutual interest agreements, pipelines or other similar arrangements, which are usual and customary in the oil and gas exploration and production business located within the geographic boundaries of the United States of America;

(m) Investments constituting Permitted Acquisitions;

(n) Investments held by a Person acquired after the Closing Date pursuant to Section 9.05(n) to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(o) Investments in stock, obligations or securities received in settlement of debts arising from Investments permitted under this Section 9.06, owing to a Credit Party as a result of a bankruptcy or other insolvency proceeding of the obligor in respect of such debts or upon the enforcement of any Lien in favor of such Credit Party; provided that such Credit Party shall give the Administrative Agent prompt written notice in the event that the aggregate amount of all investments held at any one time under this clause (o) exceeds $10,000,000;

(p) other Investments so long as immediately after giving effect to any such Investment (i) no Default or Event of Default exists or results therefrom, (ii) the Aggregate Revolving Credit Exposures do not exceed 65% of the Total Revolving Commitment, (iii) the Total Net Debt to EBITDAX ratio immediately after giving effect to such Investment is no greater than 2.50:1.00 and (iv) the Amount of Capped Distributions and Investments made since April 1, 2022 (and, in the case of Investments, that remain outstanding at such time) is not greater than $100,000,000; and

(q) each of the Fall 2023 Acquisitions; provided that, in each case, (i) such Fall 2023 Acquisition is consummated on or prior to the applicable Fall 2023 Acquisition Outside Date, (ii) such Fall 2023 Acquisition is consummated substantially in accordance with the terms of the applicable Fall 2023 Acquisition Documents (without waiver or amendment of any material term or condition thereof not otherwise reasonably acceptable to the Administrative Agent) and that the Credit Parties are acquiring not less than (A) if such Fall 2023 Acquisition is the Maple Acquisition or the TCE Acquisition, 95% of the PV-9 value of the proved developed producing Fall 2023 Acquisition Assets in respect of such Fall 2023 Acquisition or (B) if such Fall 2023 Acquisition is the Henry Acquisition, (1) 92.5% of the PV-9 value of the proved developed producing Henry Assets and (2) one-hundred percent (100%) of the Equity Interests in the Henry Acquired Companies, (iii) (A) if such Fall 2023 Acquisition is the Henry Acquisition, the final purchase price for such acquisition consists solely of common Equity Interests and Preferred Equity Interests and (B) and if such Fall 2023 Acquisition is the Maple Acquisition, the final purchase price for such acquisition consists solely of common Equity Interests, (iv) after giving pro forma effect to such Fall 2023 Acquisition, the sum of the aggregate cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries (other than Excluded Cash) and Revolving Availability shall not be less than $600,000,000; provided that the foregoing amount shall be automatically reduced by an amount equal to the Net Cash Proceeds from (A) the issuance of any Permitted Debt issued after the Eleventh Amendment Effective Date and (B) any Equity Offerings (other than Equity Offerings constituting the purchase price, and Equity Offerings the proceeds from which constitute consideration, for the Henry Acquisition, the Maple Acquisition or the TCE Acquisition) made by any Credit Party or any Restricted Subsidiary after the Eleventh Amendment Effective Date that are applied to Redeem the 2025 Senior Notes (such amount, as may be reduced from time to time, the "Minimum Liquidity Threshold"), (v) concurrently with the Initial Fall 2023 Acquisition Closing Date, the Credit Parties shall have entered into Swap Agreements with prices reasonably satisfactory to the Administrative Agent to hedge notional volumes not less than on a monthly basis, when taken together with Swap Agreements previously entered into and in effect at such time, for each calendar month during the period from the closing date of the applicable Fall 2023 Acquisition through December 31, 2024, 75% of the reasonably anticipated projected production of crude oil from the Credit Parties' Oil and Gas Properties that constitute "proved developed producing reserves" as reflected in the Applicable Reserve Report for each such month during such period; (vi) with respect to each Restricted Subsidiary acquired pursuant to the applicable Fall 2023 Acquisition the Borrower shall, concurrently with the Initial Fall 2023 Acquisition Closing Date, (A) cause such Restricted Subsidiary to execute and deliver a joinder to the Security Instruments to become a Guarantor and a Grantor (as defined in the Security Agreement), respectively, thereunder and grant a first-priority security interest (subject only to Liens permitted by Section 9.03) in substantially all of its personal property, (B) cause each owner of Equity Interests in such Restricted Subsidiary to execute and deliver a Security Instrument pledging all of its Equity Interests in such Restricted Subsidiary (including, without limitation, delivery of original stock certificates (if any) evidencing the Equity Interests of such Restricted Subsidiary, together with appropriate undated stock powers (or the equivalent for any Subsidiary that is not a corporation) for each certificate duly executed in blank by the registered owner thereof) and (C) cause such Restricted Subsidiary or such pledgor to execute and deliver such other additional closing documents, certificates and legal opinions as shall reasonably be requested by the Administrative Agent; and (vii) on the date such Fall 2023 Acquisition is consummated, the Borrower shall deliver to the Administrative Agent the Fall 2023 Acquisition Certificate in respect of such Fall 2023 Acquisition (the requirements set forth in the foregoing clauses (i) through (vi) of this proviso being the "Fall 2023 Acquisition Closing Conditions");

provided (i) that any Investment that when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; (ii) notwithstanding anything in this Section 9.06 or elsewhere in this Agreement to the contrary, no Investment shall be permitted in any venture or in any Unrestricted Subsidiary, unless, such Investment does not include the Disposition of any Collateral (other than cash or Cash Equivalent Investments), (iii) Investment in the Borrower (or any direct or indirect parent thereof) through redemptions, purchases, acquisitions or other retirements of Equity Interests in the Borrower (or any direct or indirect parent thereof) shall only be permitted to the extent constituting a Restricted Payment permitted by Section 9.08, and (iv) any Investment constituting a Disposition of Properties included in the Borrowing Base or Equity Interests in a Restricted Subsidiary owning Property included in the Borrowing Base shall be subject to Section 9.05(d).

Section 9.07 Marketing Activities. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, engage in marketing activities for any Hydrocarbons or enter into any contracts related thereto other than (a) contracts for the sale of Hydrocarbons scheduled or reasonably estimated to be produced from their Oil and Gas Properties comprising proved reserves during the period of such contract, (b) contracts for the sale of Hydrocarbons scheduled or reasonably estimated to be produced from Oil and Gas Properties comprising proved reserves of third parties during the period of such contract associated with the Oil and Gas Properties of the Borrower and its Restricted Subsidiaries that the Borrower or one of its Restricted Subsidiaries has the right to market pursuant to joint operating agreements, unitization agreements or other similar contracts that are usual and customary in the oil and gas business and (c) other contracts for the purchase and/or sale of Hydrocarbons of third parties (i) that have generally offsetting provisions (i.e., corresponding pricing mechanics, delivery dates and points and volumes) such that no "position" is taken and (ii) for which appropriate credit support has been taken to alleviate the material credit risks of the counterparty thereto.

Section 9.08 Restricted Payments. The Borrower shall not, and shall not permit any Restricted Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except:

(a) the Borrower may declare and pay dividends with respect to its Equity Interests payable solely in additional shares of its common stock;

(b) Restricted Subsidiaries may declare and pay dividends ratably (or on a basis more favorable to the Borrower or its Restricted Subsidiaries) with respect to their Equity Interests;

(c) the Borrower may make Restricted Payments (excluding Restricted Payments on the Preferred Equity Interests), so long as immediately after giving effect to any such Restricted Payment, (i) no Initial Term Loans are outstanding at such time, (ii) no Default or Event of Default exists or results therefrom, (iii) the Aggregate Revolving Credit Exposures do not exceed 80% of the Total Revolving Commitment, (iv) the Borrower will be in pro forma compliance with the financial covenant set forth in Section 9.01(b) and (v) the Total Net Debt to EBITDAX ratio on a pro forma basis is not greater than 2.50 to 1.00, in the case of both (iv) and (v), Total Net Debt shall be determined as of the date of calculation after giving effect to such Restricted Payment occurring on such date and EBITDAX shall be determined as if such Restricted Payment occurred on the last day of the fiscal quarter then most recently ended for which financial statements have been received pursuant to Section 8.01(a) or (b); provided, further that (x) any Equity Interests repurchased pursuant to this Section 9.08(c) shall be contemporaneously cancelled by the Borrower and (y) for clarity, (1) such cancellation is not restricted by Section 9.05 and does not trigger any requirement that the Borrower or any other Credit Party take any further action to be in compliance therewith, and (2) the requirement set forth in clause (v) of this Section 9.08(c) is applicable only at the time of such Restricted Payment after giving effect to any related borrowing or Debt issuance and does not require that the Total Net Debt to EBITDAX ratio be maintained at not greater than 2.50 to 1.00 subsequent to giving effect to such Restricted Payment and any related borrowing or Debt issuance; and

(d) the Borrower may make all of the scheduled quarterly dividends on the Preferred Equity Interests; provided, that (i) the rate of such dividends shall not exceed 8% per annum of an amount equal to the liquidation value plus accrued and unpaid dividends (as determined in accordance with the Preferred Equity Interests Documents) and (ii) if for any reason all or any portion of any such dividend cannot be paid as a result of application of this provision or otherwise, such unpaid amount may compound and accumulate unless and until paid in accordance herewith;

provided that, if the Borrower or any Restricted Subsidiary has declared a Restricted Payment in accordance with the foregoing provisions of this Section 9.08 at a time when such payment complies with such provisions, the Borrower or such Restricted Subsidiary may make or pay such Restricted Payment within thirty (30) days after the date of such declaration even if such Restricted Payment would then no longer comply with such provisions.

Section 9.09 Transactions with Affiliates. The Borrower shall not, and shall not permit any Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions between or among the Borrower and its Subsidiaries at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and its Restricted Subsidiaries not involving any other Affiliate, and (c) any transactions permitted by Sections 9.05(e), (g) or (h), Section 9.06 or Section 9.08.

Section 9.10 Change in Nature of Business. Neither the Borrower nor any Restricted Subsidiary will allow any material change to be made in the character of its business as primarily an onshore independent oil and gas exploration and production company doing business within the on-shore geographical boundaries of the United States. From and after the date hereof, the Borrower and its Restricted Subsidiaries will not acquire or make any other expenditure (whether such expenditure is capital, operating or otherwise) in or related to, any Oil and Gas Properties or businesses not located within the on-shore geographical boundaries of the United States. Notwithstanding anything herein to the contrary, in no event shall the Borrower or any Restricted Subsidiary, create, acquire or own any interest in (i) any Subsidiary organized under the laws of any jurisdiction other than jurisdictions within the United States, (ii) any foreign joint venture or (iii) any Restricted Subsidiary other than a Wholly Owned Subsidiary.

Section 9.11 Restrictive Agreements. The Borrower shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property, (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any shares of its Equity Interests or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Debt of the Borrower or any other Restricted Subsidiary or transfer any of its properties to any Credit Party or (c) the ability of any Credit Party to amend or otherwise modify this Agreement or any other Loan Paper; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by applicable Governmental Requirement or by the Loan Papers, the Permitted Debt Documents or the Senior Notes Documents, (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Restricted Subsidiary pending such sale, provided such restrictions and conditions apply only to the Restricted Subsidiary that is to be sold and such sale is permitted hereunder, and (iii) the foregoing clause (a) shall not apply to (A) restrictions or conditions imposed by any agreement relating to secured Debt permitted by this Agreement (excluding the Permitted Debt) if such restrictions or conditions apply only to the property or assets securing such Debt, (B) customary provisions in leases and other contracts restricting the assignment thereof, (C) any encumbrances or restrictions that are or were created by virtue of any transfer of, agreement to transfer or option or right with respect to any property, assets or capital stock not otherwise prohibited by this Agreement, (D) any restrictions regarding licenses or sublicenses by the Borrower and its Restricted Subsidiaries of intellectual property in the ordinary course of business, and (E) any restrictions on cash or other deposits or net worth imposed by customers, suppliers or, in the ordinary course of business, other third parties.

Section 9.12 Restrictions on Amendments to Certain Documents. The Borrower shall not, and shall not permit any Restricted Subsidiary to, amend or otherwise modify, or waive any rights under its Organization Documents, Permitted Debt Documents, the Senior Notes Documents, any Renewable Product Purchase Document, any Fall 2023 Acquisition Document (as in effect on the Eleventh Amendment Effective Date) or the Preferred Equity Interests Documents, if, in any case, such amendment, modification or waiver could reasonably be expected to be materially adverse to the interests of the Administrative Agent, the Issuing Banks or the Banks; provided that, (i) any direct or indirect amendment to the defined term "Assets" in any Fall 2023 Acquisition Agreement as in effect on the Eleventh Amendment Effective Date that would result in the Credit Parties acquiring less than, (A) in the case of the Henry Acquisition, 92.5% of the PV-9 value of the Henry Assets and (B) in the case of the Maple Acquisition or the TCE Acquisition, 95% of the PV-9 value of the proved developed producing Fall 2023 Acquisition Assets in respect of such Fall 2023 Acquisition shall be deemed materially adverse to the Banks unless the Administrative Agent agrees in writing that such amendment is not materially adverse to the Banks, (ii) any direct or indirect amendment to the defined term "Acquired Companies" in the Henry Acquisition Agreement as in effect on the Eleventh Amendment Effective Date that would result in the Credit Parties acquiring less than 100% of the Equity Interests in the Acquired Companies shall be deemed materially adverse to the Banks unless the Administrative Agent agrees in writing that such amendment is not materially adverse to the Banks and (iii) any direct or indirect amendment that changes the purchase price in any Fall 2023 Acquisition Agreement as in effect on the Eleventh Amendment Effective Date from Equity Interests to cash consideration (other than to the extent such cash consideration constitutes cash from a concurrent Equity Offering or the incurrence of Permitted Debt after the Eleventh Amendment Effective Date and on or prior to the Initial Fall 2023 Acquisition Closing Date) shall be deemed materially adverse to the Banks unless the Administrative Agent agrees in writing that such amendment is not materially adverse to the Banks.

Section 9.13 Changes in Fiscal Periods. The Borrower shall not permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

Section 9.14 Repayment of Permitted Debt or Senior Notes; Amendment of Permitted Debt Documents or Senior Notes Documents; Redemption of Preferred Equity Interests.

(a) The Borrower will not, and will not permit any Restricted Subsidiary to, prior to the date that is one hundred eighty (180) days after the Latest Maturity Date at such time: (i) call, make or offer to make any voluntary or optional Redemption of or otherwise voluntarily or optionally Redeem (whether in whole or in part) any Debt permitted by Section 9.02(k), (l), (m) or (n) except, so long as no Default exists or would result therefrom (A) with the Net Cash Proceeds of, or in exchange for, Permitted Refinancing Debt, (B) in exchange for newly issued Equity Interests of the Borrower (other than Disqualified Equity Interests), (C) in an amount not to exceed the cash proceeds of a substantially concurrent issuance of Equity Interests of the Borrower (other than Disqualified Equity Interests) or (D) to the extent that immediately after giving effect to such Redemptions (and any Borrowings incurred in connection therewith) (A) the Total Net Debt to EBITDAX ratio on a pro forma basis is no greater than 2.50:1.00, (B) the Borrower is in compliance with Section 9.01(b), in the case of both (A) and (B), Total Net Debt shall be determined as of the date of calculation after giving effect to such Redemption occurring on such date and EBITDAX shall be determined as if such Redemption occurred on the last day of the fiscal quarter then most recently ended for which financial statements have been received pursuant to Section 8.01 and (C) the Aggregate Revolving Credit Exposures do not exceed 80% of the Total Revolving Commitment then in effect; or (ii) amend, modify, waive or otherwise change, consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Permitted Debt Documents or the Senior Notes Documents (or the documents evidencing any Permitted Refinancing Debt incurred in respect thereof), if (1) the effect thereof is (A) to shorten its maturity or average life, (B) to require any payment of principal thereof, (C) to increase the amount of any payment of principal thereof or increase the rate or scheduled recurring fee or add call or pre-payment premiums or shorten any period for payment of interest thereon, (D) to increase the interest rate margins applicable thereto or alter the calculation of interest thereunder or (E) to add any guarantor or surety, except as permitted by Section 9.02, (2) such action requires the payment of a consent, amendment, waiver or other similar fee (howsoever described), (3) such action adds or amends any representations and warranties, covenants or defaults to be more restrictive or burdensome than those contained in this Agreement and the other Loan Papers unless the Borrower and Guarantors shall have executed and delivered a contemporaneous amendment to this Agreement and the other Loan Papers to make comparable changes to this Agreement or the other Loan Papers, (4) adds or changes any redemption, put or prepayment provisions or (5) such action grants Liens (other than Liens permitted by Section 9.03) to secure any such Debt.

(b) The Borrower will not, and will not permit any Restricted Subsidiary to, prior to the date that is one hundred eighty (180) days after the Latest Maturity Date at such time: call, make or offer to make any Redemption of or Redeem (whether in whole or in part) any Debt permitted by Section 9.02(p) except (1) so long as no Default exists or would result therefrom, in exchange for newly issued Equity Interests of the Borrower (other than Disqualified Equity Interests) in accordance with the Preferred Equity Interests Certificate of Designation or (2) in an amount not to exceed the cash proceeds of a substantially concurrent issuance of Equity Interests of the Borrower (other than Disqualified Equity Interests) so long as immediately after giving effect to any such Redemption, (i) no Initial Term Loans are outstanding at such time, (ii) no Default or Event of Default exists or results therefrom, (iii) the Aggregate Revolving Credit Exposures do not exceed 80% of the Total Revolving Commitment, (iv) the Borrower will be in pro forma compliance with the financial covenant set forth in Section 9.01(b) and (v) the Total Net Debt to EBITDAX ratio on a pro forma basis is not greater than 2.50 to 1.00, in the case of both (iv) and (v), Total Net Debt shall be determined as of the date of calculation after giving effect to such Redemption occurring on such date and EBITDAX shall be determined as if such Redemption occurred on the last day of the fiscal quarter then most recently ended for which financial statements have been received pursuant to Section 8.01(a) or (b); provided, further that (x) any Equity Interests repurchased pursuant to this Section 9.14 shall be contemporaneously cancelled by the Borrower and (y) for clarity, (1) such cancellation is not restricted by Section 9.05 and does not trigger any requirement that the Borrower or any other Credit Party take any further action to be in compliance therewith, and (2) the requirement set forth in clause (v) of this Section 9.14 is applicable only at the time of such Restricted Payment after giving effect to any related borrowing or Debt issuance and does not require that the Total Net Debt to EBITDAX ratio be maintained at not greater than 2.50 to 1.00 subsequent to giving effect to such Redemption and any related borrowing or Debt issuance.

Section 9.15 Anti-Money Laundering and Anti-Terrorism Finance Laws; Foreign Corrupt Practices Act; Sanctions Laws; Restricted Person.

(a) The Borrower will not permit the proceeds of the Loans to be used for any purpose other than those permitted by Section 7.18. Neither the Borrower nor any Person acting on behalf of the Borrower has taken or will take any action which might cause any of the Loan Papers to violate Regulations U, Regulation T or Regulation X or any other regulation of the Board or to violate Section 7 of the Securities Exchange Act of 1934 or any rule or regulation thereunder, in each case, as now in effect or as the same may hereinafter be in effect. If requested by the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Bank a statement to the foregoing effect in conformity with the requirements of FR Form U-1 or such other form referred to in Regulation U, Regulation T or Regulation X of the Board, as the case may be.

(b) The Borrower shall not use, and shall procure that the Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person, in each case, in violation of any Anti-Corruption Laws or Anti-Terrorism Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto. The aggregate LC Exposure of all Banks under all Hedge Transaction Letters of Credit shall not exceed $10,000,000 at any time. Without limiting the foregoing, with the exception of Hedge Transaction Letters of Credit permitted pursuant to the preceding sentence, no Letters of Credit will be issued hereunder for the purpose of or providing credit enhancement with respect to any Debt or equity security of any Credit Party or to secure any Credit Party's obligations with respect to Hedge Transactions other than Hedge Transactions with a Bank or an Affiliate of a Bank.

(c) No Credit Party shall, directly or indirectly, use the proceeds of any Loan or Letter of Credit, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to knowingly fund any activities of or business with any individual or entity, or in any Sanctioned Country that, at the time of such funding, is the subject or target of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Bank, Administrative Agent, Issuing Bank, or otherwise) of Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws.

(d) No Credit Party shall, nor will any Credit Party permit any Restricted Subsidiary to, fail to conduct its businesses in compliance with applicable Anti-Corruption Laws and Anti-Terrorism Laws in all material respects.

Section 9.16 Limitation on Leases. Neither the Borrower nor any Restricted Subsidiary will create, incur, assume or suffer to exist any obligation for the payment of rent or hire of Property of any kind whatsoever (real or personal but excluding Capital Leases and leases of Hydrocarbon Interests), under leases or lease agreements which would cause the aggregate amount of all payments made by the Borrower and the Restricted Subsidiaries pursuant to all such leases or lease agreements, including any residual payments at the end of any lease, to exceed $20,000,000 in any period of twelve consecutive calendar months during the life of such leases.

Section 9.17 Gas Imbalances, Take-or-Pay or Other Prepayments. The Borrower will not, and will not permit any Restricted Subsidiary to, (a) allow gas imbalances which would require the Borrower or any of its Restricted Subsidiaries to deliver Hydrocarbons produced from their Proved Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor to exceed $20,000,000 individually or in the aggregate or (b) allow the aggregate amount of all take-or-pay or other prepayments (including Advance Payments pursuant to an Advance Payment Contract) received by the Borrower and its Restricted Subsidiaries which have not been satisfied by delivery of production to exceed $2,500,000.

Section 9.18 Hedge Transactions.

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any commodity Hedge Transaction except that the Borrower or other Credit Party shall be permitted to enter into, as of any date, commodity Hedge Transactions with an Approved Counterparty related to bona fide (and not speculative) hedging activities of the Borrower or other Credit Party with respect to which the aggregate notional volumes covered thereby do not exceed, subject to clause (b) below, when aggregated and netted with all other commodity Hedge Transactions (other than "put" options) of the Borrower and the other Credit Parties then in effect, (i) for any month during the first 24 months after the date of execution of such Hedge Transaction (the "First Measurement Period"), 100% and (ii) for any month during the first 36 months immediately following the First Measurement Period, 75%, in each case, of the Borrower's and the other Credit Parties' reasonably anticipated projected production (assuming no curtailment or interruption of transportation for such anticipated production) of (A) crude oil (for crude oil related Hedge Transactions) and (B) natural gas (for natural gas related Hedge Transactions), in each case, for such month, from the Borrower's and the other Credit Parties' Oil and Gas Properties constituting proved developed producing reserves.

(b) It is understood that commodity Hedge Transactions that may, from time to time, "hedge" the same volumes, but different elements of commodity risk thereof (e.g., commodity price risk versus basis risk), shall not be aggregated together when calculating the foregoing limitations on notional volumes.

(c) Notwithstanding anything to the contrary in this Section 9.18, there shall be no prohibition under this Agreement or any other Loan Paper against the Borrower or any other Credit Party entering into purchased "put" options not otherwise prohibited hereunder, in each case, so long as such agreements are entered into with an Approved Counterparty in the ordinary course of business for the purpose of hedging against fluctuations of commodity prices.

(d) Neither the Borrower nor any Restricted Subsidiary will enter into any Hedge Transaction for the purpose of speculation (whether with respect to the levels of commodity prices in the future or otherwise).

(e) In no event shall any Swap Agreement contain any requirement, agreement or covenant for the Borrower or any Restricted Subsidiary to post collateral, credit support (including a letter of credit) or margin to secure their obligations under such Swap Agreement or to cover market exposures; provided that this sentence shall not (i) prevent a Lender Swap Provider from requiring the obligations under its Swap Agreement with any Credit Party to be secured by the Liens granted to the Administrative Agent under the Security Instruments, or (ii) prohibit any Credit Party from being party to any Swap Agreement with an Approved Counterparty that contains a requirement, agreement or covenant for any Person other than a Credit Party to post collateral, credit support (including a letter of credit) or margin to secure such Credit Party's obligations under such Swap Agreement or to cover market exposures.

(f) Neither the Borrower nor any of its Restricted Subsidiaries shall enter into any Hedge Transaction with a term longer than 60 months from the date such transaction is entered into.

(g) If, after the end of any calendar month, the Borrower determines that the aggregate volume of all commodity Hedge Transactions for which settlement payments were calculated in such calendar month exceeded 100% of actual production of crude oil and natural gas, calculated separately, in such calendar month, then the Borrower shall, or shall cause one or more other Credit Parties to, within twenty (20) Business Days of such determinations terminate, create off-setting positions, allocate volumes to other production for which the Borrower and the other Credit Parties are marketing, or otherwise unwind existing commodity Hedge Transactions such that, at such time, future hedging volumes will not exceed 100% of reasonably anticipated projected production for the then-current and any succeeding calendar months.

(h) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any Hedge Transactions in respect of interest rates with an Approved Counterparty, except as follows: (i) Hedge Transactions effectively converting interest rates from fixed to floating, the notional amounts of which (when aggregated with all other Hedge Transactions of the Borrower and the other Credit Parties then in effect effectively converting interest rates from fixed to floating) do not exceed 100% of the then outstanding principal amount of the Credit Parties' Obligations for borrowed money that bears interest at a fixed rate and (ii) Hedge Transactions effectively converting interest rates from floating to fixed, the notional amounts of which (when aggregated with all other Hedge Transactions of the Borrower and the other Credit Parties then in effect effectively converting interest rates from floating to fixed) do not exceed 100% of the then outstanding principal amount of the Credit Parties' Obligations for borrowed money that bears interest at a floating rate.

For purposes of this Section 9.18, forecasts of projected production shall equal the projections for proved developed producing reserves of each crude oil and natural gas set out in the most recent Reserve Report delivered to the Administrative Agent as revised in good faith to account for any increase or reductions therein anticipated based on information obtained by the Borrower subsequent to the publication of the such Reserve Report, including the Borrower's internal forecasts of production decline rates for existing wells and additions to or deletions from anticipated future production from new wells and acquisitions coming on stream or failing to come on stream and Dispositions of Oil and Gas Properties, each as reflected in a separate or supplemental Reserve Report delivered to the Administrative Agent and otherwise satisfactory to the Administrative Agent.

Section 9.19 Hedge Transaction Termination. Except upon the terms provided under Section 2.07(c) and Section 9.18(g), the Borrower shall maintain the hedged positions established pursuant to Hedge Transactions used to calculate the then effective Borrowing Base and shall neither enter into nor effectuate any Hedge Liquidation if the effect of such action (when taken together with any other Hedge Transactions executed contemporaneously with the taking of such action) would have the effect of canceling its positions under any such Hedge Transactions; provided that, notwithstanding the foregoing, the Borrower may enter into or effectuate any Hedge Liquidation with the effect of canceling its position if it provides prior written notice of such intent to the Administrative Agent and the Banks pursuant to Section 8.01(k) and, concurrently with such cancellation, the Borrowing Base is adjusted pursuant to Section 2.07(g) if applicable.

Section 9.20 Sale and Leaseback Transactions and other Off-Balance Sheet Liabilities. The Borrower will not, nor will the Borrower permit any of its Restricted Subsidiaries to, enter into or suffer to exist any (a) sale and leaseback transaction or (b) any other transaction pursuant to which it incurs or has incurred Off-Balance Sheet Liabilities, except for (i) Hedge Transactions to the extent permitted under the terms of Section 9.18 and (ii) Advance Payment Contracts to the extent permitted under the terms of Section 9.17.

Section 9.21 Sale or Discount of Receivables. Except for receivables obtained by the Borrower or any Restricted Subsidiary that are outside the ordinary course of business or the settlement of joint interest billing accounts in the ordinary course of business or discounts granted to settle collection of accounts receivable or the sale of defaulted accounts arising in the ordinary course of business in connection with the compromise or collection thereof and not in connection with any financing transaction, neither the Borrower nor any Restricted Subsidiary will discount or sell (with or without recourse) any of its notes receivable or accounts receivable.

Section 9.22 Additional Deposit Accounts, Securities Accounts and Commodities Accounts. The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, open, establish or maintain any operating, revenue, collection or other deposit accounts (other than Excluded Accounts) with any depositary bank, securities intermediary or commodity intermediary other than those depositary banks, securities intermediaries or commodity intermediaries with whom the Borrower or such Restricted Subsidiary maintains its deposit accounts, securities accounts or commodities accounts on and as of the Closing Date unless (a) the Administrative Agent shall have consented in writing to the opening or establishment of a new deposit account, securities account or commodities account and (b) such new deposit account, securities account or commodities account shall be, concurrently with its opening or establishment, subject to the Administrative Agent's control pursuant to an Account Control Agreement.

Section 9.23 Designation and Conversion of Restricted and Unrestricted Subsidiaries.

(a) Assuming compliance with Section 9.23(b), any Person that becomes a Subsidiary of the Borrower or any of its Restricted Subsidiaries shall be classified as a Restricted Subsidiary.

(b) The Borrower may designate by prior written notice thereof to the Administrative Agent, any Restricted Subsidiary, including a newly formed or newly acquired Subsidiary, as an Unrestricted Subsidiary if (i) immediately prior, and after giving effect, to such designation, (A) the representations and warranties of each Credit Party contained in each of the Loan Papers are true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of such date as if made on and as of the date of such redesignation (or, if stated to have been made expressly as of an earlier date, were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such date), (B) no Event of Default exists or would exist (and the Borrower shall be in compliance, on a pro forma basis, with the covenants set forth in Section 9.01 and, as a condition precedent to the effectiveness of any such designation, the Borrower shall deliver to the Administrative Agent a certificate setting forth in reasonable detail the calculations demonstrating such compliance on a pro forma basis and certifying as to the satisfaction of the other conditions set forth in this Section 9.23(b)), (C) such Subsidiary (1) is not the owner or the operator, by contract or otherwise, of any Oil and Gas Properties included in the Borrowing Base, (2) does not provide gathering, transporting, processing, marketing or other midstream services in respect of the Oil and Gas Properties included in the Borrowing Base and (3) is not a guarantor, "restricted subsidiary" or the primary obligor with respect to any Debt, liabilities or other obligations under any Permitted Debt or the Senior Notes (or any Permitted Refinancing Debt thereof) and (D) no Borrowing Base Deficiency would exist; and (ii) the Investment deemed to be made in such Subsidiary (and its subsidiaries) pursuant to the next sentence would be permitted to be made at the time of such designation under Section 9.06. The designation of any Restricted Subsidiary as an Unrestricted Subsidiary shall (a) constitute an Investment in an Unrestricted Subsidiary (and its subsidiaries) in an amount equal to the fair market value of the Borrower's direct and indirect ownership interest in such Subsidiary (and its subsidiaries) and (b) be deemed a disposition of the Property of such Subsidiary (and its subsidiaries) (and Equity Interests therein) for purposes of Section 9.05(d) (and, for the avoidance of doubt, Section 3.04(c)(ii)). Except as provided in this Section 9.23(b), no Restricted Subsidiary may be redesignated as an Unrestricted Subsidiary. If, at any time, any Unrestricted Subsidiary would fail to meet the requirements for an Unrestricted Subsidiary set forth in Section 8.16, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Agreement and any Debt of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Borrower as of such date and, if such Debt is not permitted to be incurred as of such date under Section 9.02, the Borrower shall be in default of such covenant.

(c) The Borrower may designate by prior written notice thereof to the Administrative Agent any Unrestricted Subsidiary to be a Restricted Subsidiary if (i) immediately prior, and after giving effect to such designation, (A) the representations and warranties of each Credit Party contained in each of the Loan Papers are true and correct in all material respects on and as of such date as if made on and as of the date of such redesignation (or, if stated to have been made expressly as of an earlier date, were true and correct in all material respects as of such date), (B) no Event of Default exists or would exist (and the Borrower shall be in compliance, on a pro forma basis, with the covenants set forth in Section 9.01) and (ii) the Borrower is in compliance with the requirements of Section 8.14 and Section 8.16. Any such designation shall (x) be treated as a cash dividend in an amount equal to the lesser of the fair market value of the Borrower's direct and indirect ownership interest in such Subsidiary or the amount of the Borrower's cash investment previously made for purposes of any applicable limitations on Investments under Section 9.06 and (y) constitute the incurrence at the time of such designation of any Investment, Debt or Liens of such Subsidiary existing at such time. Any such designation shall be evidenced by a certificate of a Responsible Officer of the Borrower delivered to the Administrative Agent prior to such designation certifying that the conditions of this Section 9.23(c) are satisfied as of the date of such designation (and, as a condition precedent to the effectiveness of any such designation, the Borrower shall deliver to the Administrative Agent a certificate setting forth in reasonable detail the calculations demonstrating compliance on a pro forma basis, with the covenants set forth in Section 9.01 (including Pro Forma Compliance with the financial ratio covenant set forth in Section 9.01(a))).

(d) (i) No Subsidiary may be designated as an Unrestricted Subsidiary hereunder unless it is also designated as an "Unrestricted Subsidiary" (or an analogous designation) for purposes of the Senior Notes Documents or any Permitted Debt Documents and (ii) no Subsidiary designated as an Unrestricted Subsidiary may be designated as a Restricted Subsidiary hereunder unless it is also designated as a "Restricted Subsidiary" (or an analogous designation) for purposes of the Senior Notes Documents or any Permitted Debt Documents.

Section 9.24 ERISA. Except for those that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, no Credit Party nor any Restricted Subsidiary will at any time:

(a) engage in, or permit any ERISA Affiliate to engage in, any transaction in connection with which such Credit Party or any ERISA Affiliate could be subjected to either a civil penalty assessed pursuant to subsections (c), (i) or (l) of section 502 of ERISA or a tax imposed by Chapter 43 of Subtitle D of the Code;

(b) terminate, or permit any ERISA Affiliate to terminate, any Plan in a manner, or take any other action with respect to any Plan, which could result in any liability of such Credit Party or any ERISA Affiliate to the PBGC;

(c) fail to make, or permit any ERISA Affiliate to fail to make, full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable Governmental Requirement, such Credit Party or any ERISA Affiliate is required to pay as contributions thereto;

(d) permit, or allow any ERISA Affiliate to permit, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) for any Plan to fall below 80%;

(e) contribute to or assume an obligation to contribute to, or permit any ERISA Affiliate to contribute to or assume an obligation to contribute to, any Multiemployer Plan;

(f) acquire, or permit any ERISA Affiliate to acquire, an interest in any Person that causes such Person to become an ERISA Affiliate with respect to such Credit Party or with respect to any ERISA Affiliate of the such Credit Party if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to, (1) any Multiemployer Plan, or (2) any other Plan under which the actuarial present value of the benefit liabilities (based on assumptions used for purposes of FASB ASC Topic No. 715) under such Plan exceeds the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities;

(g) incur, or permit any ERISA Affiliate to incur, a liability to or on account of a Plan under sections 515, 4062, 4063 or 4064 of ERISA; or

(h) amend, or permit any ERISA Affiliate to amend, a Plan resulting in an increase in current liability such that such Credit Party or any ERISA Affiliate is required to provide security to such Plan under section 436(f) of the Code.

(i) incur any contingent liability with respect to any post-retirement benefit under an employee welfare benefit plan (as defined in section 3(1) of ERISA), other than liability for COBRA.

ARTICLE X
EVENTS OF DEFAULT; REMEDIES

Section 10.01 Events of Default. One or more of the following events shall constitute an "Event of Default":

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof, by acceleration or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 10.01(a)) payable under any Loan Paper, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any other Credit Party in or in connection with this Agreement, any other Loan Paper or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement, any other Loan Paper or any amendment or modification hereof or thereof or waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement or any other Loan Paper already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 8.02(a), Section 8.03 (with respect to the existence of any Credit Party), Section 8.07 (solely with respect to maintenance of insurance), Section 8.18, Section 8.19 or Article IX;

(e) the Borrower or any other Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Paper (other than those specified in Section 10.01(a), Section 10.01(b) or Section 10.01(d)), and such failure shall continue unremedied for a period of thirty (30) days after the earlier of (a) written notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of the Majority Banks) and (b) the date a Responsible Officer of the Borrower or such other Credit Party had actual knowledge of such failure;

(f) the Borrower or any Restricted Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Debt, when and as the same shall become due and payable which failure shall continue beyond any cure period provided under the terms of such Material Debt;

(g) any event or condition occurs that results in any Material Debt becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Debt or any trustee or agent on its or their behalf to cause any Material Debt to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, or require cash collateral in respect thereof, prior to its scheduled maturity or (in the case of any Material Debt constituting a Guarantee) to become payable or require cash collateral in respect thereof; provided that this clause (g) shall not apply to secured Obligations that become due as a result of the voluntary sale or transfer of the property or assets securing such Obligations if such voluntary sale or transfer is permitted under this Agreement;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Restricted Subsidiary or its debts, or of a substantial part of its assets, under any Debtor Relief Laws or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Laws, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in Section 10.01(h), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing.

(j) the Borrower or any Restricted Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $50,000,000 (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage and is not subject to any insolvency proceeding and, for the avoidance of doubt, net of any such coverage) shall be rendered against the Borrower, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged, unsatisfied, unvacated or unbonded for a period of 60 consecutive days during which execution shall not be effectively stayed (pursuant to applicable law, rules, court orders, settlement agreements or agreements with the judgment creditor) or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in liability of the Borrower, its Subsidiaries or its ERISA Affiliates in an aggregate amount exceeding $50,000,000;

(m) any provision of any Loan Paper, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, shall cease to be in full force and effect; or any Credit Party or any other Person shall contest in any manner the validity or enforceability of any provision of any Loan Paper; or any Credit Party shall deny that it has any or further liability or obligation under any Loan Paper, or shall purport to revoke, terminate or rescind any provision of any Loan Paper; or any Lien securing any Obligations shall, in whole or in part, fail to be a perfected Lien having first priority (subject only to such other Liens permitted to have priority over it pursuant to the Loan Papers) the priority purported to be created thereby, except (i) as a result of a Disposition of Property in a transaction permitted by this Agreement, (ii) with respect to Collateral, the aggregate value of which, for all such Collateral, does not exceed at any time, $1,000,000 or (iii) to the extent that any such loss of perfection or priority results solely from the failure of the Administrative Agent to maintain possession of certificates, promissory notes, instruments or documents delivered to it representing securities and other items pledged under the Loan Papers;

(n) a Change in Control shall occur; or

(o) an "Event of Default" shall occur under the Permitted Debt Documents or the Senior Notes Documents.

Section 10.02 Remedies.

(a) In the case of an Event of Default other than one described in Section 10.01(h), Section 10.01(i) or Section 10.01(j), at any time thereafter during the continuance of such Event of Default, the Administrative Agent may, and at the request of the Majority Banks, shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Elected Revolving Commitments, and thereupon the Elected Revolving Commitments shall terminate immediately, and (ii) declare the Notes and the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Credit Parties accrued hereunder and under the Notes and the other Loan Papers (including, without limitation, the payment of cash collateral to secure the LC Exposure as provided in Section 2.08(j)), shall become due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by each Credit Party; and in case of an Event of Default described in Section 10.01(h), Section 10.01(i) or Section 10.01(j), the Elected Revolving Commitments shall automatically terminate and the Notes and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and the other obligations of the Credit Parties accrued hereunder and under the Notes and the other Loan Papers (including, without limitation, the payment of cash collateral to secure the LC Exposure as provided in Section 2.08(j)), shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Credit Party.

(b) In the case of the occurrence and continuance of an Event of Default, the Administrative Agent and the Banks will have all other rights and remedies available at law and equity.

(c) All collateral, including, without limitation, proceeds realized from the liquidation or other disposition of collateral or otherwise received after maturity of the Loans, whether by acceleration or otherwise, shall be applied: *first*, to reimbursement of expenses and indemnities provided for in this Agreement and the Security Instruments payable to the Administrative Agent in its capacity as such; *second*, pro rata to payment or reimbursement of that portion of the Obligations constituting fees, expenses and indemnities payable to the Banks; *third*, pro rata to payment of accrued interest on the Loans; *fourth*, pro rata to payment of principal outstanding on the Loans, LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time, and Obligations referred to in (i) clause (b) of the definition of Obligations owing to Lender Swap Providers and (ii) clause (c) of the definition of Obligations owing to Bank Products Providers; *fifth*, pro rata to any other Obligations; *sixth*, to serve as Cash Collateral to be held by the Administrative Agent to secure the LC Exposure; and *seventh*, any excess shall be paid to the Borrower or as otherwise required by any Governmental Requirement. Notwithstanding the foregoing, amounts received from the Borrower or any Guarantor that is not an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder shall not be applied to the Obligations that are comprised of Excluded Swap Obligations (it being understood, that in the event that any amount is applied to Obligations other than Excluded Swap Obligations as a result of this clause, the Administrative Agent shall make such adjustments as it determines are appropriate to distributions pursuant to this Section 10.02 from amounts received from "eligible contract participants" under the Commodity Exchange Act or any regulations promulgated thereunder to ensure, as nearly as possible, that the proportional aggregate recoveries with respect to Obligations described in this Section 10.02 by the holders of any Excluded Swap Obligations are the same as the proportional aggregate recoveries with respect to other Obligations pursuant to this Section 10.02).

ARTICLE XI
THE ADMINISTRATIVE AGENT

Section 11.01 Appointment; Powers. Each of the Banks and the Issuing Banks hereby irrevocably appoints the Administrative Agent as its agent hereunder and under the Loan Papers and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or the other Loan Papers, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Banks and the Issuing Banks, and neither the Borrower nor any of its Subsidiaries shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Papers (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Governmental Requirement. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 11.02 Duties and Obligations of Administrative Agent. The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Papers, and its duties under the Loan Papers shall be administrative in nature. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing (the use of the term "agent" herein and in the other Loan Papers with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Governmental Requirement; rather, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties), (b) the Administrative Agent shall have no duty to take any discretionary action or exercise any discretionary powers, except as provided in Section 11.03, and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Bank, and shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Paper, (ii) the contents of any certificate, report or other document delivered hereunder or under any other Loan Paper or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or in any other Loan Paper, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Paper or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article VI or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or as to those conditions precedent expressly required to be to the Administrative Agent's discretion, (vi) the existence, value, perfection or priority of any collateral security or the financial or other condition of the Borrower and its Subsidiaries or any other obligor or guarantor, or (vii) any failure by the Borrower or any other Person (other than itself) to perform any of its obligations hereunder or under any other Loan Paper or the performance or observance of any covenants, agreements or other terms or conditions set forth herein or therein. For purposes of determining compliance with the conditions specified in Article VI each Bank shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Bank unless the Administrative Agent shall have received written notice from such Bank prior to the proposed closing date specifying its objection thereto.

Section 11.03 Action by Administrative Agent. The Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Majority Banks (or such other number or percentage of the Banks as shall be necessary under the circumstances as provided in Section 12.02) and in all cases the Administrative Agent shall be fully justified in failing or refusing to act hereunder or under any other Loan Papers unless it shall (a) receive written instructions from the Majority Banks or the Banks, as applicable, (or such other number or percentage of the Banks as shall be necessary under the circumstances as provided in Section 12.02) specifying the action to be taken and (b) be indemnified to its satisfaction by the Banks against any and all liability and expenses which may be incurred by it by reason of taking or continuing to take any such action. The instructions as aforesaid and any action taken or failure to act pursuant thereto by the Administrative Agent shall be binding on all of the Banks. If a Default has occurred and is continuing, then the Administrative Agent shall take such action with respect to such Default as shall be directed by the requisite Banks in the written instructions (with indemnities) described in this Section 11.03, provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interests of the Banks. In no event, however, shall the Administrative Agent be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement, the Loan Papers or applicable Governmental Requirement. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Majority Banks or the Banks (or such other number or percentage of the Banks as shall be necessary under the circumstances as provided in Section 12.02), and otherwise shall not be liable for any action taken or not taken by it hereunder or under any other Loan Paper or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith INCLUDING ITS OWN ORDINARY NEGLIGENCE, except for its own gross negligence or willful misconduct.

Section 11.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone or by electronic communication and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon and each of the Borrower, the Banks and the Issuing Banks hereby waives the right to dispute the Administrative Agent's record of such statement, except in the case of gross negligence or willful misconduct by the Administrative Agent. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Bank or any Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Bank or such Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Bank or such Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. The Administrative Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof permitted hereunder shall have been filed with the Administrative Agent.

Section 11.05 Subagents. The Administrative Agent may perform any and all its duties and exercise its rights and powers hereunder or under any other Loan Paper by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding Sections of this Article XI shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 11.06 Resignation or Removal of Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided in this Section 11.06, the Administrative Agent may resign at any time by notifying the Banks, the Issuing Banks and the Borrower. Upon any such resignation, the Majority Banks shall have the right, subject to the consent of the Borrower (which consent shall (a) not be unreasonably withheld or delayed and (b) not be required if any Event of Default has occurred and is continuing at the time of such appointment) to appoint a successor. If no successor shall have been so appointed by the Majority Banks (where applicable) and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Banks and the Issuing Banks, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York or San Francisco, California, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article XI and Section 12.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent. If the Administrative Agent is a Defaulting Bank due to the circumstances described in clause (f) of the definition of Defaulting Bank, the Majority Banks shall have the right to appoint a successor Administrative Agent which shall be a commercial bank or trust company that is, if no Event of Default exists, reasonably acceptable to the Borrower. If no successor Administrative Agent has been so appointed and shall have accepted such appointment by the 20th Business Day after the date the Administrative Agent became a Defaulting Bank due to the circumstances described in clause (f) of the definition of Defaulting Bank, the Administrative Agent shall be deemed to have been replaced and the Banks shall thereafter perform all the duties of the Administrative Agent hereunder and under any other Loan Paper until such time, if any, as the Majority Banks appoint a successor Administrative Agent as provided above. After the Administrative Agent is replaced in accordance with this Section 11.06, the provisions of this Article XI and Section 12.03 shall continue in effect for the benefit of such replaced Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while such replaced Administrative Agent was acting as Administrative Agent.

Section 11.07 Administrative Agent as Bank. Each bank serving as Administrative Agent hereunder shall have the same rights and powers in its capacity as a Bank as any other Bank and may exercise the same as though it were not Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not Administrative Agent hereunder.

Section 11.08 No Reliance. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and each other Loan Paper to which it is a party. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Paper, any related agreement or any document furnished hereunder or thereunder. The Administrative Agent shall not be required to keep itself informed as to the performance or observance by the Borrower or any of its Subsidiaries of this Agreement, the Loan Papers or any other document referred to or provided for herein or to inspect the Properties or books of the Borrower or its Subsidiaries. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Administrative Agent hereunder, neither the Administrative Agent, any arranger or any syndication agent or documentation agent shall have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of the Borrower (or any of its Affiliates) which may come into the possession of the Administrative Agent or any of its Affiliates. In this regard, each Bank acknowledges that Vinson & Elkins L.L.P. is acting in this transaction as special counsel to the Administrative Agent only, except to the extent otherwise expressly stated in any legal opinion or any Loan Paper. Each other party hereto will consult with its own legal counsel to the extent that it deems necessary in connection with the Loan Papers and the matters contemplated therein.

Section 11.09 Authority of Administrative Agent to Release Collateral and Liens. Each Bank and each Issuing Bank hereby authorizes the Administrative Agent to release any collateral (a) that is permitted to be sold or released pursuant to the terms of the Loan Papers or (b) upon (i) termination of all Elected Revolving Commitments, (ii) payment in full of all Obligations (other than contingent indemnification obligations for which no claim has been made) owing to the Administrative Agent, the Issuing Banks and the Banks under the Loan Papers and (iii) the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the applicable Issuing Bank have been made). Each Bank and each Issuing Bank hereby authorizes the Administrative Agent to execute and deliver to the Borrower, at the Borrower's sole cost and expense, any and all releases of Liens, termination statements, assignments or other documents reasonably requested by the Borrower in connection with any sale or other disposition of Property to the extent such sale or other disposition is permitted by the terms of Section 9.12 or is otherwise authorized by the terms of the Loan Papers.

Section 11.10 Other Agents. Each of the Other Agents shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to it (or its affiliate) as a Bank. Without limiting the foregoing, the Other Agents shall not have or be deemed to have any advisory, agency or fiduciary relationship with any Bank.

Section 11.11 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower or any of its Subsidiaries, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Banks and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Banks and the Administrative Agent and their respective agents and counsel and all other amounts due the Banks and the Administrative Agent under Section 12.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bank to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Banks, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 12.03.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Bank or to authorize the Administrative Agent to vote in respect of the claim of any Bank in any such proceeding.

Section 11.12 Erroneous Payments.

(a) Each Bank, each Issuing Bank, each other Secured Party and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Bank or such Issuing Bank or any other Secured Party (or the Bank Affiliate of a Secured Party) or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Bank, an Issuing Bank or other Secured Party (each such recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clause (i) or clause (ii) of this Section 11.12(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Administrative Agent to provide any of the notices specified in clause (i) or clause (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or clause (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than one (1) Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent at the Federal Funds Effective Rate.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Bank that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Bank, an "Erroneous Payment Return Deficiency"), then at the sole discretion of the Administrative Agent and upon the Administrative Agent's written notice to such Bank such Bank shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Elected Revolving Commitments) with respect to which such Erroneous Payment was made (the "Erroneous Payment Impacted Class") to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent's applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Elected Revolving Commitments) of the Erroneous Payment Impacted Class, the "Erroneous Payment Deficiency Assignment") plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. Without limitation of its rights hereunder, the Administrative Agent may cancel any Erroneous Payment Deficiency Assignment at any time by written notice to the applicable assigning Bank and upon such revocation all of the Loans assigned pursuant to such Erroneous Payment Deficiency Assignment shall be reassigned to such Bank without any requirement for payment or other consideration. The parties hereto acknowledge and agree that (i) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (ii) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 12.04 and (iii) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (i) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (A) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (B) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Paper against any amount due to the Administrative Agent under this Section 11.12 or under the indemnification provisions of this Agreement, (ii) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by the Borrower or any other Credit Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or any other Credit Party for the purpose of making for a payment on the Obligations and (iii) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received, except to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or any other Credit Party for the purpose of making for a payment on the Obligations.

(f) Each party's obligations under this Section 11.12 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Bank, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Paper.

(g) Nothing in this Section 11.12 will constitute a waiver or release of any claim of any party hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

(h) Notwithstanding anything to the contrary herein or in any other Loan Paper, the provisions of this Section 11.12 are solely agreements among the Administrative Agent and the Banks and this Section 11.12 shall not impose any additional obligations or liabilities of the Borrower or any of its Subsidiaries under any provision of this Agreement or the Loan Papers.

ARTICLE XII
MISCELLANEOUS

Section 12.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to Section 12.01(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or, to the extent permitted in Sections 2.08(b), Section 8.01 and Section 12.01(b), transmitted by electronic communication, as follows:

(i) if to the Borrower or any other Credit Party, to Vital Energy, Inc., 521 East 2nd Street, Suite 1000, Tulsa, OK 74120, Attention: Mark Denny, Senior Vice President – General Counsel (Telephone No. (918) 513-4570; E-mail Address: mark.denny@vitalenergy.com), with a copy (which shall not constitute notice) to Akin Gump Strauss Hauer & Feld, LLP, 1111 Louisiana Street, 44th Floor, Houston, TX 77002-5200, Attention of Eric Muñoz (Telephone No. (713) 250-2226; emunoz@akingump.com);

(ii) if to the Administrative Agent, to it at Wells Fargo Bank, National Association, MAC D1109-019, 1525 West W.T. Harris Blvd, Charlotte, North Carolina 28262, Attention of Syndication Agency Services, with copies to (A) Wells Fargo Bank, N.A., 1000 Louisiana Street, 10th Floor, Houston, Texas 77002, Attention: Muhammad A. Dhamani (Muhammad.Dhamani@wellsfargo.com) and (B) Vinson & Elkins LLP, 2001 Ross Avenue, Suite 3900, Dallas, Texas 75201, Attention: Erec Winandy (ewinandy@velaw.com);

(iii) if to Wells Fargo Bank, National Association, in its capacity as an Issuing Bank, to it at Wells Fargo Bank, National Association, MAC D1109-019, 1525 West W.T. Harris Blvd, Charlotte, North Carolina 28262, Attention of Syndication Agency Services, with a copy to Wells Fargo Bank, N.A., 1000 Louisiana Street, 10th Floor, Houston, Texas 77002, Attention: Muhammad A. Dhamani (Muhammad.Dhamani@wellsfargo.com);

(iv) if to any other Issuing Bank, to it at its address set forth in its Administrative Questionnaire or as otherwise designated in writing by such Issuing Bank to the Borrower; or

(v) if to any other Bank, to it at its address set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Banks hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II, Article III, Article IV and Article V unless otherwise agreed by the Administrative Agent and the applicable Bank. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 12.02 Waivers; Amendments.

(a) No failure on the part of the Administrative Agent, any Issuing Bank or any Bank to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege, or any abandonment or discontinuance of steps to enforce such right, power or privilege, under any of the Loan Papers shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any of the Loan Papers preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the Administrative Agent, the Issuing Banks and the Banks hereunder and under the other Loan Papers are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Paper or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 12.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Bank or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Subject to Section 3.02(f) and Section 3.03(c), neither this Agreement nor any provision hereof nor any Security Instrument nor any provision thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Majority Banks or by the Borrower and the Administrative Agent with the consent of the Majority Banks; provided that (1) no such agreement shall (i) increase the Maximum Credit Amount, Elected Revolving Commitment or Commitment of any Bank without the written consent of such Bank, (ii) increase the Borrowing Base without the written consent of all of the Banks, (iii) [reserved], (iv) modify Section 2.07 in any manner that results or could result in decreasing or maintaining the Borrowing Base then in effect under Section 2.07, without the written consent of the Required Banks (other than any Defaulting Bank), (v) modify Section 2.07 in any manner that results in an increase in the Borrowing Base without the consent of each Bank (other than any Defaulting Bank), (vi) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, or reduce any other Obligations hereunder or under any other Loan Paper without the written consent of each Bank affected thereby, (vii) postpone the scheduled date of payment or prepayment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or any other Obligations hereunder or under any other Loan Paper, or reduce the amount of, waive or excuse any such payment, or postpone or extend any Maturity Date without the written consent of each Bank affected thereby, (viii) (A) change Section 4.01(b), Section 4.01(c), Section 10.02(c) (or amend any other term of the Loan Papers that would have the effect of changing Section 4.01(b), Section 4.01(c), Section 10.02(c), Section 12.14, Section 12.17 or Section 12.21) in a manner that would alter the pro rata sharing of payments or order of application required thereby, or (B) change Section 12.14, Section 12.17 or Section 12.21 (or amend any other term of the Loan Papers that would have the effect of changing Section 12.14, Section 12.17 or Section 12.21), in each case without the written consent of each Bank, (ix) change the definition of the term "Lender Swap Provider" without the written consent of each Bank (other than any Defaulting Bank), (x) release any Guarantor (except as set forth in the Facility Guaranty or in connection with any Disposition permitted by Section 9.05), release all or substantially all of the collateral, or reduce the percentage set forth in Section 8.14 to less than 85%, without the written consent of each Bank (other than any Defaulting Bank), (xi) (A) subordinate any of the Obligations owed to the Banks in right of payment to any other Debt or (B) without limitation of the terms set forth in Section 11.09, contractually subordinate the Liens securing the Obligations to any other Lien securing any other Debt, in each case, without the prior written consent of each Bank or (xii) change any of the provisions of this Section 12.02(b) or the definition of "Majority Banks", the definition of "Majority Revolving Banks", the definition of "Majority Term Banks" or the definition of "Required Banks" or any other provision hereof specifying the number or percentage of Banks required to waive, amend or modify any rights hereunder or under any other Loan Papers or make any determination or grant any consent hereunder or any other Loan Papers, without the written consent of each Bank (other than any Defaulting Bank) and (2) no such amendment or waiver shall (a) amend, modify or otherwise affect in any adverse manner, the interests, rights or obligations of the Revolving Banks hereunder if such waiver, amendment or modification affects the interests, rights or obligations of the Revolving Banks in a manner substantially different from, and more adverse than, the effect of such waiver, amendment or modification on the Term Banks without the written consent of the Majority Revolving Banks and the Majority Banks, (b) amend, modify or otherwise affect in any adverse manner, the interests, rights or obligations of the Term Banks hereunder if such waiver, amendment or modification affects the interests, rights or obligations of the Term Banks in a manner substantially different from, and more adverse than, the effect of such waiver, amendment or modification on the Revolving Banks without the written consent of the Majority Term Banks and the Majority Banks, or (c) amend, modify or otherwise change the terms applicable to a Class of Term Loans without the written consent of Banks holding not less than 50% of the principal amount of such Term Loans in such Class; (3) no such amendment or waiver shall amend, modify or waive any condition precedent set forth in Section 6.02 without the written consent of the Majority Revolving Banks; and (4) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Issuing Banks hereunder or under any other Loan Paper without the prior written consent of the Administrative Agent or the Issuing Banks, as the case may be. Notwithstanding the foregoing, any supplement to Schedule 7.14 (Subsidiaries) shall be effective simply by delivering to the Administrative Agent a supplemental schedule clearly marked as such and, upon receipt, the Administrative Agent will promptly deliver a copy thereof to the Banks. Notwithstanding the foregoing, the Elected Revolving Commitment and outstanding Borrowings of any Defaulting Bank shall be disregarded for all purposes of any determination of whether the requisite Banks have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to this Section 12.02); provided that, except as set forth in Sections 12.02(b)(iv), (v), (ix), (x) and (xii), any waiver, amendment or modification requiring the consent of all Banks shall require the consent of such Defaulting Bank. Except with respect to Sections 12.02(b)(viii), (ix), (x), (xi) and (xii), if any Bank does not consent to a proposed amendment, waiver, consent or release with respect to any Loan Paper that requires the consent of each Bank and that has been approved by the Required Banks, the Borrower may replace such non-consenting Bank in accordance with Section 5.05; provided that such amendment, waiver, consent or release can be effected as a result of the assignment contemplated by such Section (together with all other such assignments required by the Borrower to be made pursuant to this paragraph). Notwithstanding the foregoing, Schedule 2 may be amended to add an Issuing Bank, remove an Issuing Bank or modify the LC Issuance Limit of any Issuing Bank with the consent solely of the Borrower, the Administrative Agent and such Issuing Bank (and the consent of the Majority Banks or any other class of Banks shall not be required); provided that no successor Issuing Bank shall be an "Issuing Bank" hereunder until such amendment is effective. Term Loan Amendments may become effective in accordance with Section 2.12.

Section 12.03 Expenses, Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including, without limitation, the reasonable and documented out-of-pocket fees, charges and disbursements of outside consultants of the Administrative Agent and its Affiliates, taken as a whole (limited, in the case of legal counsel, to one firm of primary legal counsel for the Administrative Agent and one firm of local counsel as reasonably necessary in any relevant jurisdiction) the reasonable and documented out-of-pocket travel, photocopy, mailing, courier, telephone and other similar expenses, and the cost of environmental assessments, audits and surveys and appraisals, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration (both before and after the execution hereof and including advice of counsel to the Administrative Agent as to the rights and duties of the Administrative Agent and the Banks with respect thereto) of this Agreement and the other Loan Papers and any amendments, modifications or waivers of or consents related to the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all costs, expenses, Taxes, assessments and other charges incurred by the Administrative Agent or any Bank in connection with any filing, registration, recording or perfection of any security interest contemplated by this Agreement or any Security Instrument or any other document referred to therein, (iii) all reasonable and documented out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (iv) all documented (in summary form) out-of-pocket expenses incurred by the Administrative Agent, the Issuing Banks or any Bank, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any Issuing Bank or any Bank, during the existence of an Event of Default in connection with the enforcement or protection of its rights in connection with this Agreement or any other Loan Paper, including its rights under this Section 12.03, or in connection with the Loans made or Letters of Credit issued hereunder, including, without limitation, all such documented (in summary form) out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) THE BORROWER SHALL INDEMNIFY THE ADMINISTRATIVE AGENT, EACH ISSUING BANK AND EACH BANK, AND EACH RELATED PARTY OF ANY OF THE FOREGOING PERSONS (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") AGAINST, AND HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES, LIMITED, IN THE CASE OF LEGAL COUNSEL, TO THE REASONABLE AND DOCUMENTED OUT-OF-POCKET FEES, CHARGES AND DISBURSEMENTS OF ONE FIRM OF LEGAL COUNSEL FOR ALL INDEMNITEES, TAKEN AS A WHOLE (AND, IF NECESSARY, ONE FIRM OF LOCAL COUNSEL IN EACH APPROPRIATE JURISDICTION FOR ALL INDEMNITEES, TAKEN AS A WHOLE (AND, IN THE CASE OF AN ACTUAL OR PERCEIVED CONFLICT OF INTEREST WHERE THE INDEMNITEES AFFECTED BY SUCH CONFLICT INFORM THE BORROWER OF SUCH CONFLICT, ANOTHER FIRM OF COUNSEL FOR SUCH AFFECTED INDEMNITEES)), INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE DIRECTLY ARISING OUT OF, DIRECTLY IN CONNECTION WITH, OR DIRECTLY AS A RESULT OF (i) THE EXECUTION OR DELIVERY OF THIS AGREEMENT OR ANY OTHER LOAN PAPER OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OR THE PARTIES TO ANY OTHER LOAN PAPER OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR BY ANY OTHER LOAN PAPER, (ii) THE FAILURE OF THE BORROWER OR ANY RESTRICTED SUBSIDIARY TO COMPLY WITH THE TERMS OF ANY LOAN PAPER, INCLUDING THIS AGREEMENT, OR WITH ANY GOVERNMENTAL REQUIREMENT, (iii) ANY INACCURACY OF ANY REPRESENTATION OR ANY BREACH OF ANY WARRANTY OR COVENANT OF THE BORROWER OR ANY GUARANTOR SET FORTH IN ANY OF THE LOAN PAPERS OR ANY INSTRUMENTS, DOCUMENTS OR CERTIFICATIONS DELIVERED IN CONNECTION THEREWITH, (iv) ANY LOAN OR LETTER OF CREDIT OR THE USE OF THE PROCEEDS THEREFROM, INCLUDING, WITHOUT LIMITATION, (A) ANY REFUSAL BY ANY ISSUING BANK TO HONOR A DEMAND FOR PAYMENT UNDER A LETTER OF CREDIT IF THE DOCUMENTS PRESENTED IN CONNECTION WITH SUCH DEMAND DO NOT STRICTLY COMPLY WITH THE TERMS OF SUCH LETTER OF CREDIT, OR (B) THE PAYMENT OF A DRAWING UNDER ANY LETTER OF CREDIT NOTWITHSTANDING THE NON-COMPLIANCE, NON-DELIVERY OR OTHER IMPROPER PRESENTATION OF THE DOCUMENTS PRESENTED IN CONNECTION THEREWITH, (v) ANY OTHER ASPECT OF THE LOAN PAPERS, (vi) THE OPERATIONS OF THE BUSINESS OF THE BORROWER AND ITS SUBSIDIARIES BY THE BORROWER AND ITS SUBSIDIARIES, (vii) ANY ASSERTION THAT THE BANKS WERE NOT ENTITLED TO RECEIVE THE PROCEEDS RECEIVED PURSUANT TO THE SECURITY INSTRUMENTS, (viii) ANY ENVIRONMENTAL LAW APPLICABLE TO THE BORROWER OR ANY SUBSIDIARY OR ANY OF THEIR PROPERTIES, INCLUDING WITHOUT LIMITATION, THE PRESENCE, GENERATION, STORAGE, RELEASE, THREATENED RELEASE, USE, TRANSPORT, DISPOSAL, ARRANGEMENT OF DISPOSAL OR TREATMENT OF OIL, OIL AND GAS WASTES, SOLID WASTES OR HAZARDOUS SUBSTANCES ON ANY OF THEIR PROPERTIES, (ix) THE BREACH OR NON-COMPLIANCE BY THE BORROWER OR ANY SUBSIDIARY WITH ANY ENVIRONMENTAL LAW APPLICABLE TO THE BORROWER OR ANY SUBSIDIARY, (x) THE PAST OWNERSHIP BY THE BORROWER OR ANY SUBSIDIARY OF ANY OF THEIR PROPERTIES OR PAST ACTIVITY ON ANY OF THEIR PROPERTIES WHICH, THOUGH LAWFUL AND FULLY PERMISSIBLE AT THE TIME, COULD RESULT IN PRESENT LIABILITY, (xi) THE PRESENCE, USE, RELEASE, STORAGE, TREATMENT, DISPOSAL, GENERATION, THREATENED RELEASE, TRANSPORT, ARRANGEMENT FOR TRANSPORT OR ARRANGEMENT FOR DISPOSAL OF OIL, OIL AND GAS WASTES, SOLID WASTES OR HAZARDOUS SUBSTANCES ON OR AT ANY OF THE PROPERTIES OWNED OR OPERATED BY THE BORROWER OR ANY SUBSIDIARY OR ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS MATERIALS ON OR FROM ANY PROPERTY OWNED OR OPERATED BY THE BORROWER OR ANY OF ITS SUBSIDIARIES, (xii) ANY ENVIRONMENTAL LIABILITY RELATED IN ANY WAY TO THE BORROWER OR ANY OF ITS SUBSIDIARIES, (xiii) ANY OTHER ENVIRONMENTAL, HEALTH OR SAFETY CONDITION IN CONNECTION WITH THE LOAN PAPERS, OR (xiv) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO, AND SUCH INDEMNITY SHALL EXTEND TO EACH INDEMNITEE NOTWITHSTANDING THE SOLE OR CONCURRENT NEGLIGENCE OF EVERY KIND OR CHARACTER WHATSOEVER, WHETHER ACTIVE OR PASSIVE, WHETHER AN AFFIRMATIVE ACT OR AN OMISSION, INCLUDING WITHOUT LIMITATION, ALL TYPES OF NEGLIGENT CONDUCT IDENTIFIED IN THE RESTATEMENT (SECOND) OF TORTS OF ONE OR MORE OF THE INDEMNITEES OR BY REASON OF STRICT LIABILITY IMPOSED WITHOUT FAULT ON ANY ONE OR MORE OF THE INDEMNITEES; PROVIDED THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES (X) ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE OR (Y) RESULT FROM A CLAIM BROUGHT BY THE BORROWER OR ANY GUARANTOR AGAINST AN INDEMNITEE FOR A MATERIAL BREACH IN BAD FAITH OF SUCH INDEMNITEE'S OBLIGATIONS UNDER THIS AGREEMENT, ANY OTHER LOAN PAPER OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, IF THE BORROWER OR SUCH GUARANTOR HAS OBTAINED A FINAL AND NONAPPEALABLE JUDGMENT IN ITS FAVOR ON SUCH CLAIM AS DETERMINED BY A COURT OF COMPETENT JURISDICTION.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or the Issuing Banks under Section 12.03(a) or Section 12.03(b), each Bank severally agrees to pay to the Administrative Agent or the Issuing Banks, as the case may be, such Bank's Aggregate Commitment Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Issuing Banks in its capacity as such.

(d) To the extent permitted by applicable Governmental Requirement, no party hereto shall assert, and each party hereby waives, any claim against the other parties and each any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Paper or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that nothing in this clause (d) shall relieve the Borrower of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Papers or the transactions contemplated hereby or thereby.

(e) All amounts due under this Section 12.03 shall be payable no later than fifteen (15) Business Days after written demand therefor.

Section 12.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of each Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Bank (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Bank may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 12.04. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of each Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in Section 12.04(c)) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks and the Banks) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in Section 12.04(b)(ii), any Bank may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower (provided that the consent of the Borrower shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within fifteen (15) Business Days after the Borrower has received written notice of the proposed assignment), provided that no consent of the Borrower shall be required for an assignment (1) by a Revolving Bank to an assignee that is a Revolving Bank, an Affiliate of a Revolving Bank or an Approved Fund or, if a Specified Event of Default has occurred and is continuing, any other assignee or (2) by a Term Bank to an assignee that is a Term Bank, an Affiliate of a Term Bank or an Approved Fund or, if a Specified Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent and each Issuing Bank, provided that no consent of the Administrative Agent or any Issuing Bank shall be required for an assignment (i) by a Revolving Bank to an assignee that is a Revolving Bank immediately prior to giving effect to such assignment or (ii) by a Term Bank to an assignee that is a Term Bank immediately prior to giving effect to such assignment.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment (1) by a Revolving Bank to an assignee that is a Revolving Bank, an Affiliate of a Revolving Bank or an Approved Fund, (2) by a Term Bank to an assignee that is a Term Bank, an Affiliate of a Term Bank or an Approved Fund or (3) of the entire remaining amount of the assigning Bank's Elected Revolving Commitment or Loans, the amount of the Elected Revolving Commitment or Loans of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000, and, after giving effect thereto, the assigning Bank shall have Elected Revolving Commitments and Loans aggregating at least $5,000,000, in each case, unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Bank's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500;

(D) the assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an Administrative Questionnaire;

(E) in the case of an assignment to a CLO, the assigning Bank shall retain the sole right to approve any amendment, modification or waiver of any provision of this Agreement, provided that the Assignment and Assumption between such Bank and such CLO may provide that such Bank will not, without the consent of such CLO, agree to any amendment, modification or waiver described in the first proviso to Section 12.02 that affects such CLO;

(F) no assignment shall be made to (1) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (2) a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person);

(G) the Applicable Revolving Commitment Percentage of the Maximum Credit Amount and of the Elected Revolving Commitment assigned are equal; and

(H) no such assignment shall be made to a Defaulting Bank or any of its subsidiaries, or any Person who, upon becoming a Bank hereunder, would constitute a Defaulting Bank or a subsidiary thereof.

(iii) Subject to Section 12.04(b)(iv) and the acceptance and recording thereof, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Bank under this Agreement, and the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Section 5.01, Section 5.02, Section 5.03 and Section 12.03). Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with this Section 12.04 shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with Section 12.04(c).

(iv) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Banks, and the Maximum Credit Amount and Elected Revolving Commitment of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). Notwithstanding any other provision in any Loan Paper to the contrary, the entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Issuing Banks and the Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank and any Bank, at any reasonable time and from time to time upon reasonable prior notice. In connection with any changes to the Register, if necessary, the Administrative Agent will reflect the revisions on Schedule 1 and forward a copy of such revised Schedule 1 to the Borrower, each Issuing Bank and each Bank.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Bank and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Bank hereunder), the processing and recordation fee referred to in Section 12.04(b) and any written consent to such assignment required by Section 12.04(b), the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this Section 12.04(b).

(c) (i) Any Bank may, without the consent of the Borrower, the Administrative Agent or any Issuing Bank, sell participations to one or more banks or other entities (other than (x) the Borrower or any of the Borrower's Affiliates or Subsidiaries, (y) a Defaulting Bank or any of its subsidiaries or (z) a natural person (or holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural person)) (a "Participant") in all or a portion of such Bank's rights and obligations under this Agreement (including all or a portion of its Elected Revolving Commitment and the Loans owing to it); provided that (A) such Bank's obligations under this Agreement shall remain unchanged, (B) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Banks and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Bank sells such a participation shall provide that such Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the proviso to Section 12.02 that affects such Participant. In addition such agreement must provide that the Participant be bound by the provisions of Section 12.03. Subject to Section 12.04(c)(ii), the Borrower agrees that each Participant shall be entitled to the benefits of Section 5.01, Section 5.02 and Section 5.03 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to Section 12.04(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.08 as though it were a Bank, provided such Participant agrees to be subject to Section 4.01(c) as though it were a Bank. Each Bank that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Papers (the "Participant Register"); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Paper) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(ii) To the extent that a participation would cause the relevant Participant to receive any greater payment under Section 5.01 or Section 5.03 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, then unless the sale of the participation to such Participant is made with the Borrower's prior written consent, the Borrower shall not be obliged to pay such increased costs. A Participant that would be a Foreign Bank if it were a Bank shall not be entitled to the benefits of Section 5.03 unless such Participant agrees to comply with Section 5.03(f) (it being understood that the documentation required under Section 5.03(f) shall be delivered to the participating Bank) as though it were a Bank. In addition, with respect to each Participant that exercises its rights under Section 5.01, Section 5.02 or Section 5.03, (x) such Participant agrees to be bound by Section 5.04 and (y) the Borrower may exercise its rights under Section 5.05 as though such Participant were a Bank.

(d) Any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Bank, and this Section 12.04(d) shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Bank from any of its obligations hereunder or substitute any such pledgee or assignee for such Bank as a party hereto.

(e) Notwithstanding any of the foregoing, the Borrower will not and will not permit any of its Affiliates to assume, purchase, or otherwise acquire, directly or indirectly, all or any portion of any Bank's rights and obligations under this Agreement (including all or any portion of any Bank's Elected Revolving Commitment and Loans). Notwithstanding any of the foregoing, no Bank shall assign, sell, sell participations, or otherwise dispose, directly or indirectly, of all or any portion of any its rights and obligations under this Agreement (including all or a portion of its Elected Revolving Commitment and the Loans owing to it) to the Borrower or to any of the Borrower's Affiliates.

Section 12.05 Survival; Revival; Reinstatement.

(a) All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Paper shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank or any Bank may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Elected Revolving Commitments have not expired or terminated. The provisions of Section 5.01, Section 5.02, Section 5.03 and Section 12.03 and Article XI shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Elected Revolving Commitments or the termination of this Agreement, any other Loan Paper or any provision hereof or thereof.

(b) To the extent that any payments on the Obligations or proceeds of any collateral are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver or other Person under any bankruptcy law, common law or equitable cause, then to such extent, the Obligations so satisfied shall be revived and continue as if such payment or proceeds had not been received and the Administrative Agent's and the Banks' Liens, security interests, rights, powers and remedies under this Agreement and each Loan Paper shall continue in full force and effect. In such event, each Loan Paper shall be automatically reinstated and the Borrower shall take such action as may be reasonably requested by the Administrative Agent and the Banks to effect such reinstatement.

Section 12.06 Counterparts; Integration; Effectiveness.

(a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Agreement by facsimile transmission or other electronic transmission (such as .pdf) shall be as effective as delivery of a manually executed counterpart of this Agreement.

(b) This Agreement, the other Loan Papers and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. This Agreement and the other Loan Papers represent the final agreement among the parties hereto and thereto and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

(c) Except as provided in Section 6.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement in electronic format (i.e., ".pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement.

(d) The words "execute", "execution", "signed", "signature", "delivery" and words of like import in or related to this Agreement, any other Loan Paper or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any other Loan Paper or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Administrative Agent, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Governmental Requirement, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into pdf format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided that without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept such Electronic Signature from any party hereto, the Administrative Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (ii) upon the request of the Administrative Agent or any Bank, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Banks and any of the Credit Parties, electronic images of this Agreement or any other Loan Paper (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (B) waives any argument, defense or right to contest the validity or enforceability of the Loan Papers based solely on the lack of paper original copies of any Loan Papers, including with respect to any signature pages thereto.

Section 12.07 Severability. Any provision of this Agreement or any other Loan Paper held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 12.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Bank and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations (of whatsoever kind, including, obligations under Swap Agreements) at any time owing by such Bank or Affiliate to or for the credit or the account of any Credit Party against any of and all the obligations of any Credit Party owed to such Bank now or hereafter existing under this Agreement or any other Loan Paper, irrespective of whether or not such Bank shall have made any demand under this Agreement or any other Loan Paper and although such obligations may be unmatured. The rights of each Bank under this Section 12.08 are in addition to other rights and remedies (including other rights of setoff) which such Bank or its Affiliates may have.

Section 12.09 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK EXCEPT TO THE EXTENT THAT UNITED STATES FEDERAL LAW PERMITS ANY BANK TO CONTRACT FOR, CHARGE, RECEIVE, RESERVE OR TAKE INTEREST AT THE RATE ALLOWED BY THE LAWS OF THE STATE WHERE SUCH BANK IS LOCATED.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THE LOAN PAPERS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREBY ACCEPTS FOR ITSELF AND (TO THE EXTENT PERMITTED BY LAW) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS. THIS SUBMISSION TO JURISDICTION IS NON-EXCLUSIVE AND DOES NOT PRECLUDE A PARTY FROM OBTAINING JURISDICTION OVER ANOTHER PARTY IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) (c) EACH PARTY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT THE ADDRESS SPECIFIED IN SECTION 12.01 OR SUCH OTHER ADDRESS AS IS SPECIFIED PURSUANT TO SECTION 12.01 (OR ITS ASSIGNMENT AND ASSUMPTION), SUCH SERVICE TO BECOME EFFECTIVE THIRTY (30) DAYS AFTER SUCH MAILING (OR AS SOON THEREAFTER AS IS PROVIDED BY APPLICABLE LAW). NOTHING HEREIN SHALL AFFECT THE RIGHT OF A PARTY OR ANY HOLDER OF A NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANOTHER PARTY IN ANY OTHER JURISDICTION.

(d) EACH PARTY HEREBY (i) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN PAPER AND FOR ANY COUNTERCLAIM THEREIN; (ii) IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES; (iii) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OF COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (iv) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE LOAN PAPERS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 12.09.

Section 12.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 12.11 Confidentiality. Each of the Administrative Agent, the Issuing Banks and the Banks agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' Related Parties, including accountants, legal counsel and other advisors in connection with the Transactions (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Governmental Requirements or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement or any other Loan Paper, (e) in connection with the exercise of any remedies hereunder or under any other Loan Paper or any suit, action or proceeding relating to this Agreement or any other Loan Paper or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same (or at least as restrictive) as those of this Section 12.11, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any Swap Agreement relating to the Borrower and its obligations, (g) with the consent of the Borrower, (h) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or this Agreement or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreement or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 12.11 or (ii) becomes available to the Administrative Agent, any Issuing Bank or any Bank on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section 12.11, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary and their businesses, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Bank on a nonconfidential basis prior to disclosure by the Borrower or a Subsidiary; provided that, in the case of information received from the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. In addition, the Administrative Agent, the Issuing Banks and the Banks may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent or any Issuing Bank or Bank in connection with the administration of this Agreement, the other Loan Papers, and the Elected Revolving Commitments. Any Person required to maintain the confidentiality of Information as provided in this Section 12.11 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Notwithstanding anything herein to the contrary, "Information" shall not include, and the Borrower, the Borrower's Subsidiaries, the Administrative Agent, each Bank and the respective Affiliates of each of the foregoing (and the respective partners, directors, officers, employees, agents, advisors and other representatives of the aforementioned Persons), and any other party, may disclose to any and all Persons any information and materials with respect to the United States federal and state income tax treatment of the transactions contemplated hereby and any facts that may be relevant to understanding the United States federal or state income tax treatment of such transactions ("tax structure"), which facts shall not include for this purpose the names of the parties or any other Person named herein, or information that would permit identification of the parties or such other Persons, or any pricing terms or other nonpublic business or financial information that is unrelated to such tax treatment or tax structure.

Section 12.12 Interest Rate Limitation. It is the intention of the parties hereto that each Bank shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby would be usurious as to any Bank under laws applicable to it (including the laws of the United States of America or any other jurisdiction whose laws may be mandatorily applicable to such Bank notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in any of the Loan Papers or any agreement entered into in connection with or as security for the Loans, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Bank that is contracted for, taken, reserved, charged or received by such Bank under any of the Loan Papers or agreements or otherwise in connection with the Loans shall under no circumstances exceed the maximum amount allowed by such applicable Governmental Requirement, and any excess shall be canceled automatically and if theretofore paid shall be credited by such Bank on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Bank to the Borrower); and (ii) in the event that the maturity of the Loans is accelerated by reason of an election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under Governmental Requirements applicable to any Bank may never include more than the maximum amount allowed by such applicable Governmental Requirement, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by such Bank as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Bank on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Bank to the Borrower). All sums paid or agreed to be paid to any Bank for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to such Bank, be amortized, prorated, allocated and spread throughout the stated term of the Loans evidenced by the Loans until payment in full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable Governmental Requirement. If at any time and from time to time (i) the amount of interest payable to any Bank on any date shall be computed at the Highest Lawful Rate applicable to such Bank pursuant to this Section 12.12 and (ii) in respect of any subsequent interest computation period the amount of interest otherwise payable to such Bank would be less than the amount of interest payable to such Bank computed at the Highest Lawful Rate applicable to such Bank, then the amount of interest payable to such Bank in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to such Bank until the total amount of interest payable to such Bank shall equal the total amount of interest which would have been payable to such Bank if the total amount of interest had been computed without giving effect to this Section 12.12.

Section 12.13 EXCULPATION PROVISIONS. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS AGREEMENT AND THE OTHER LOAN PAPERS; THAT IT HAS BEEN AFFORDED THE OPPORTUNITY TO REVIEW THIS AGREEMENT WITH LEGAL COUNSEL AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS AGREEMENT; THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS AGREEMENT AND THE OTHER LOAN PAPERS; AND HAS RECEIVED THE ADVICE OF ITS LEGAL COUNSEL IN ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN PAPERS; AND THAT IT RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS AGREEMENT AND THE OTHER LOAN PAPERS RESULT IN ONE PARTY ASSUMING THE LIABILITY INHERENT IN SOME ASPECTS OF THE TRANSACTION AND RELIEVING THE OTHER PARTY OF ITS RESPONSIBILITY FOR SUCH LIABILITY. EACH PARTY HERETO AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE VALIDITY OR ENFORCEABILITY OF ANY EXCULPATORY PROVISION OF THIS AGREEMENT AND THE OTHER LOAN PAPERS ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

Section 12.14 Collateral Matters; Swap Agreements. The benefit of the Security Instruments and of the provisions of this Agreement relating to any collateral securing the Obligations shall also extend to and be available to the Lender Swap Providers on a pro rata basis in respect of any obligations (other than Excluded Swap Obligations) under any Swap Agreement with the Borrower or any Restricted Subsidiary, including any Swap Agreement in existence prior to the date hereof, but excluding in the case of all Swap Agreements, whether currently in existence or entered into after the date hereof, any additional transactions or confirmations entered into (a) after such Lender Swap Provider ceases to be a Bank or an Affiliate of a Bank or (b) after assignment by a Lender Swap Provider to another Lender Swap Provider that is not a Bank or an Affiliate of a Bank. No Lender Swap Provider shall have any voting or consent rights under any Loan Paper as a result of the existence of obligations owed to it under any such Swap Agreements.

Section 12.15 No Third Party Beneficiaries. This Agreement, the other Loan Papers, and the agreement of the Banks to make Loans and the Issuing Banks to issue, amend, renew or extend Letters of Credit hereunder are solely for the benefit of the Borrower, and no other Person (including, without limitation, any Subsidiary of the Borrower, any obligor, contractor, subcontractor, supplier or materialsman) shall have any rights, claims, remedies or privileges hereunder or under any other Loan Paper against the Administrative Agent, any other Agent, any Issuing Bank or any Bank for any reason whatsoever. There are no third party beneficiaries.

Section 12.16 USA Patriot Act Notice. Each Bank hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Bank to identify the Borrower in accordance with the Act.

Section 12.17 Keepwell Understanding. The Borrower hereby absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time to each Credit Party (other than the Borrower) in order for such Credit Party to honor its obligations under its respective Facility Guaranty including obligations with respect to Swap Agreements that constitute Obligations hereunder (provided, however, that the Borrower shall only be liable under this Section 12.17 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 12.17, or otherwise under this Agreement or any Loan Paper, as it relates to such other Credit Parties, voidable under applicable Governmental Requirements relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of the Borrower under this Section 12.17 shall remain in full force and effect until all Obligations are paid in full to the Banks and the Administrative Agent, and all of the Banks' Commitments are terminated. The Borrower intends that this Section 12.17 constitute, and this Section 12.17 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Credit Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Section 12.18 Arm's-Length Transaction. The Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the joint lead arrangers, bookrunner, co-syndication agents and co-documentation agents listed on the cover page hereof (collectively, the "Other Agents") and the Banks are arm's-length commercial transactions between the Borrower, and its Affiliates, on the one hand, and the Administrative Agent, the Other Agents, and the Banks, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the documents related hereto; (ii) (A) the Administrative Agent, the Other Agents and each Bank is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) neither the Administrative Agent, the Other Agents or any Bank has any obligation to the Borrower, or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other documents related hereto; and (iii) the Administrative Agent, the Other Agents and the Banks and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, and its Affiliates, and neither the Administrative Agent, the Other Agents, nor any Bank has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Other Agents or any Bank with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 12.19 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Paper or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Paper, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Paper; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

Section 12.20 Certain ERISA Matters.

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent, the Other Agents and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that at least one of the following is and will be true:

(i) such Bank is not using "plan assets" (within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Elected Revolving Commitments;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Elected Revolving Commitments and this Agreement;

(iii) (A) such Bank is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B)such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Elected Revolving Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Elected Revolving Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Elected Revolving Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Bank.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Bank or such Bank has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent, the Other Agents and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that none of the Administrative Agent, the Other Agents nor any of their respective Affiliates is a fiduciary with respect to the assets of such Bank involved in such Bank's entrance into, participation in, or administration and performance of the Loans, the Letters of Credit, the Elected Revolving Commitments, and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Paper or any documents related hereto or thereto).

Section 12.21 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Papers provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and, each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Papers and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Papers that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Papers were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Bank shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

Exhibit 23.1

Consent of Independent Auditor

We consent to the incorporation by reference in Vital Energy, Inc.'s Registration Statements on Form S-3 (File Nos. 333-257799, 333-260479, 333-263752 and 333-271095) and Form S-8 (File Nos. 333-178828, 333-211610, 333-231593 and 333-256431) of our report dated September 5, 2023, with respect to the consolidated balance sheets of Henry Energy LP and subsidiaries as of December 31, 2022, 2021 and 2020 and the related consolidated statements of operations, changes in partner's capital, and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to the consolidated financial statements, included in this Current Report on Form 8-K of Vital Energy, Inc.

/s/ Weaver and Tidwell, L.L.P.

Midland, Texas
September 13, 2023

Exhibit 23.2

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS

As independent petroleum engineers, we hereby consent to the references to our firm, in the context in which they appear, and to the references to, and the inclusion of, our reserve report and oil, natural gas and NGL reserves estimates and forecasts of economics as of December 31, 2022, included in or made part of the registration statements on Form S-3 (File Nos. 333-257799, 333-260479, 333-263752 and 333-271095) and on Form S-8 (File Nos. 333-178828, 333-211610, 333-231593 and 333-256431) of Henry Energy LP, which appears in this Current Report on Form 8-K of Vital Energy, Inc.

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm

/s/ J. Zane Meekins
J. Zane Meekins, P.E.
Executive Vice President

Fort Worth, Texas
September 13, 2023

Exhibit 23.3

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements on Form S-3 of Vital Energy, Inc. (No. 333-257799, No. 333-260479, No. 333-263752, and No. 333-271095) and Form S-8 (No. 333-178828, No. 333-211610, No. 333-231593, and No. 333-256431) of our report dated April 28, 2023, relating to the financial statements of Maple Energy Holdings, LLC (which report expresses an unmodified opinion and includes an emphasis-of-matter paragraph relating to a change in the method of accounting for leases), appearing in this Current Report on Form 8-K dated September 13, 2023 of Vital Energy, Inc.

/s/ Moss Adams LLP

Houston, Texas
September 12, 2023

Exhibit 23.4

NETHERLAND, SEWELL & ASSOCIATES, INC.

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the incorporation by reference in Vital Energy, Inc.'s Registration Statements on Form S-3 (File Nos. 333-257799, 333-260479, 333-263752, and 333-271095) and Form S-8 (File Nos. 333-178828, 333-211610, 333- 231593, and 333-256431) of all references to our firm and information from our reserves report as of December 31, 2022, dated September 5, 2023, relating to the oil and gas reserves of Maple Energy Holdings, LLC.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Richard B. Talley, Jr., P.E.
Richard B. Talley, Jr., P.E.
Chief Executive Officer

Houston, Texas
September 13, 2023

Exhibit 23.5

Consent of Independent Auditors

We consent to the incorporation by reference in following Registration Statements:

(1) Registration Statements (Form S-3 Nos. 333-257799, 333-260479, 333-263752 and 333-271095) of Vital Energy, Inc.
(2) Registration Statements (Form S-8 Nos. 333-178828, 333-211610, 333-231593 and 333-256431) of Vital Energy, Inc.

of our report dated April 28, 2023, relating to the consolidated financial statements of Tall City Exploration III LLC as of and for the years ended December 31, 2022 and 20221 incorporated by reference in this Current Report on Form 8-K of Vital Energy, Inc.

/s/ Ernst & Young LLP

Houston, TX
September 12, 2023

Exhibit 23.6

RYDER SCOTT COMPANY
PETROLEUM CONSULTANTS

TBPELS REGISTERED ENGINEERING FIRM F-1580 FAX (713) 651-0849
1100 LOUISIANA SUITE 4600 HOUSTON, TEXAS 77002-5294 TELEPHONE (713) 651-9191

Consent of Independent Petroleum Engineers

Ryder Scott Company, L.P. hereby consents to the incorporation by reference in Vital Energy, Inc.'s Registration Statements on Form S-3 (File Nos. 333-257799, 333-260479, 333-263752 and 333-271095) and Form S-8 (File Nos. 333-178828, 333-211610, 333-231593 and 333-256431) of all references to our firm and information from our reserves report as of December 31, 2022, dated August 31, 2023, relating to the oil and gas reserves of Tall City Exploration III LLC.

/s/ RYDER SCOTT COMPANY, L.P.

RYDER SCOTT COMPANY, L.P.
TBPELS Firm Registration No. F-1580

Houston, Texas
September 13, 2023

Exhibit 99.1

Vital Energy to Significantly Increase Permian Basin Scale Through Accretive Transactions

Acquisitions and optimized development to increase 2024 Free Cash Flow[1] by approximately 90%[2], strengthen capital structure and add approximately 150 high-value locations

TULSA, OK - September 13, 2023 - Vital Energy, Inc. (NYSE: VTLE) ("Vital Energy" or the "Company") today announced the signing of three definitive agreements that will materially add scale in the Permian Basin, increase Free Cash Flow, enhance capital efficiency and significantly reduce leverage. Combined, the transactions have a total consideration of approximately $1.165[3] billion, subject to customary closing price adjustments. The agreements were signed with affiliates of Henry Energy LP and Henry Resources LLC ("Henry"), Tall City Property Holdings III LLC ("Tall City") and Maple Energy Holdings, LLC ("Maple"). The transactions, which are subject to customary terms and conditions, are all expected to close in the fourth quarter of 2023.

A conference call and webcast is planned for 7:30 a.m. CT, Thursday, September 14, 2023. Participation details can be found within this press release.

Highlights

Increases scale: The combined transactions will add nearly 53,000 net acres and proved reserves of approximately 248 million barrels of oil equivalent[4] ("BOE"), 44% oil, estimated as of year-end 2022. The transactions will increase Vital Energy's current production by approximately 35.0 MBOE/d (50% oil). Pro forma, Vital Energy will have approximately 250,000 net acres and estimated average full-year 2024 total production of approximately 112.0 MBOE/d, an increase of more than 25% versus stand alone expectations. Estimated average full-year 2024 oil production is expected to increase approximately 30% to 55.0 MBO/d.

Adds high-value, oil-weighted inventory: Transactions to add approximately 150 gross high-value locations with an average breakeven price of approximately $50 per barrel WTI. Pro forma, Vital Energy will maintain more than eight years of oil-weighted inventory at its expected four-rig pace of development.

Immediately accretive to key financial metrics: The acquisitions and pro forma development plan are expected to increase the Company's 2024 Free Cash Flow by approximately 90%, at $80 per barrel WTI. Improvements to capital efficiency are expected to be recognized in 2024 and be sustainable in the future.

[1]Non-GAAP financial measure; please see supplemental discussion of GAAP to non-GAAP financial measures at the end of this release;
[2]Assumes $80 WTI / $3.40 HH for FY-24; [3]Assumes VTLE September 12, 2023 closing price; [4]Henry's YE-22 reserves converted to 3-stream

Attractively priced and highly deleveraging: The combined transactions are attractively priced at 2.9x next 12 months Consolidated EBITDAX[1], as of the effective dates. Post closing, Vital Energy plans to direct substantially all Free Cash Flow to debt reduction and expects pro forma leverage, at $80 per barrel WTI, to be approximately 1.0x Net Debt/Consolidated EBITDAX[1] by year-end 2024.

"These transactions increase our scale in the Permian and fit with our proven strategy of creating value through disciplined acquisitions," said Jason Pigott, President and Chief Executive Officer. "We have demonstrated our ability to effectively consolidate Permian assets and identify sustainable synergies to lower costs, improve margins and enhance Free Cash Flow. These acquisitions will significantly strengthen our Free Cash Flow outlook and enable us to rapidly delever our balance sheet."

Transaction Financing

Total consideration for the transactions is approximately $1.165 billion. Vital Energy plans to fund the transactions through the issuance of approximately 8.61 million shares of its common stock, 4.54 million shares of perpetual mandatorily convertible preferred securities, approximately $285 million in borrowings under its senior secured facility and approximately $100 million of estimated purchase price adjustments.

The Company has consistently used a balance of equity and debt to finance high-value acquisitions to strengthen the business. Year-to-date, Vital Energy has executed $1.7 billion of acquisitions (including today's) which have utilized a combined total of approximately 50% equity and 50% debt.

Concurrent with closing, Vital Energy's credit facility borrowing base and elected commitment will increase to $1.5 billion and $1.25 billion, respectively, from $1.3 billion and $1.0 billion, respectively. The Company will have access to the full $1.5 billion borrowing base through a committed $250 million term loan facility.

Henry: Vital Energy agreed to purchase substantially all of Henry's Midland and Delaware basin assets in an all-equity transaction consisting of 3.72 million common shares and 4.54 million shares of perpetual mandatorily convertible preferred securities, net of customary closing price adjustments. Effective date of the acquisition will be August 1, 2023.

Tall City: Vital Energy agreed to purchase all of Tall City's Delaware Basin assets for $285 million in cash and 1.58 million common shares, net of customary closing price adjustments. Effective date of the acquisition will be July 1, 2023.

Maple: Vital Energy agreed to purchase all of Maple's Delaware Basin assets in an all-equity transaction consisting of 3.31 million common shares, net of customary closing price adjustments. Effective date of the acquisition will be August 1, 2023.

Pro Forma Fourth-Quarter 2023 Outlook

Upon closing, Vital Energy expects to operate one drilling rig on the acquired acreage and utilize a spot completions crew for approximately one month to complete four "in-process" wells.

The following table provides a pro forma fourth-quarter 2023 outlook in comparison to the Company's previously-released guidance, assuming a November 15, 2023 closing date for all acquisitions. Vital Energy expects to provide additional guidance upon closing of the transactions.

	Stand Alone VTLE 4Q-23E	Pro Forma VTLE 4Q-23E
Total production (MBOE/d)	83.3 - 87.3	98.0 - 102.0
Oil production (MBO/d)	39.3 - 42.3	46.5 - 49.5
Incurred capital expenditures, excluding non-budgeted acquisitions ($ MM)	$165 - $180	$195 - $210
Turn-in-lines (# of wells, gross)	13.0	17.0
Average rig count	3.0	3.5

Pro Forma 2024 Outlook

Vital Energy expects to realize operational synergies associated with a larger, consolidated Delaware position and the ability to optimize activity levels between the Midland and Delaware basins. The Company plans to prioritize returns and Free Cash Flow generation and expects to invest $100 - $125 million in the newly acquired assets in 2024, representing less than half of the previous operators' activity levels.

Through the addition of recent hedges, the Company has significantly derisked its 2024 Free Cash Flow and leverage outlook, underpinning acquisition cash flows and returns. Vital Energy has hedged approximately 75% of expected 2024 pro forma oil volumes at an average price of approximately $75 per barrel WTI.

The following table provides a pro forma full-year 2024 outlook in comparison to the Company's previously-released outlook.

	Stand Alone VTLE FY-24E	Pro Forma VTLE FY-24E
Total production (MBOE/d)	86.0 - 90.0	109.0 - 115.0
Oil production (MBO/d)	41.2 - 44.2	53.0 - 57.0
Incurred capital expenditures, excluding non-budgeted acquisitions ($ MM)	$650 - $710	$750 - $850
Turn-in-lines (# of wells, gross)	70 - 75	87 - 92
Average rig count	3.0	4.0

Advisors

Houlihan Lokey is serving as lead advisor on the combined transactions. Mizuho and Truist Securities are serving as co-advisors on Henry and Maple and Key Bank is advising on Tall City. Akin Gump, Latham & Watkins and Vinson & Elkins are serving as legal advisors and DrivePath Advisors is serving as communications advisor.

Guggenheim Securities, LLC, Citigroup and Kirkland & Ellis advised Tall City. Jackson Walker advised Henry and Vinson & Elkins advised Maple.

Conference Call Details

Vital Energy plans to host a conference call to discuss these transactions at 7:30 a.m. CT on Thursday, September 14, 2023. A slide presentation with additional transaction details has been posted to the Company's website. Interested parties are invited to listen to the call via the Company's website at www.vitalenergy.com, under the tab for "Investor Relations | News & Presentations." Portfolio managers and analysts who would like to participate on the call should dial 800.715.9871, using conference code 1401197. A replay will be available following the call via the Company's website.

About Vital Energy

Vital Energy, Inc. is an independent energy company with headquarters in Tulsa, Oklahoma. Vital Energy's business strategy is focused on the acquisition, exploration and development of oil and natural gas properties in the Permian Basin of West Texas.

Additional information about Vital Energy may be found on its website at www.vitalenergy.com.

Forward-Looking Statements

This press release and any oral statements made regarding the contents of this release, including in the conference call referenced herein, contain forward-looking statements as defined under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities that Vital Energy assumes, plans, expects, believes, intends, projects, indicates, enables, transforms, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. The forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. Such statements are not guarantees of future performance and involve risks, assumptions and uncertainties.

General risks relating to Vital Energy include, but are not limited to, moderating but continuing inflationary pressures and associated changes in monetary policy that may cause costs to rise; changes in domestic and global production, supply and demand for commodities, actions by the Organization of Petroleum Exporting Countries and other producing countries and the Russian-Ukrainian military conflict, the decline in prices of oil, natural gas liquids and natural gas and the related impact to financial statements as a result of asset impairments and revisions to reserve estimates, the volatility of oil, natural gas liquids and natural gas prices, including our area of operation in the Permian Basin, reduced demand due to shifting market perception towards the oil and gas industry; competition in the oil and gas industry; the ability of the Company to execute its strategies, including its ability to successfully identify and consummate strategic acquisitions at purchase prices that are accretive to its financial results and to successfully integrate acquired businesses, assets and properties, pipeline transportation and storage constraints in the Permian Basin, the effects and duration of the outbreak of disease, such as the COVID-19 pandemic, and any related government policies and actions, long-term performance of wells, drilling and operating risks, the possibility of production curtailment, the impact of new laws and regulations, including those regarding the use of hydraulic fracturing, the impact of legislation or regulatory initiatives intended to address induced seismicity on the Company's ability to conduct its operations; hedging activities, tariffs on steel, the impacts of severe weather, including the freezing of wells and pipelines in the Permian Basin due to cold weather, possible impacts of litigation and regulations, the impact of the Company's transactions, if any, with its securities from time to time, the impact of new environmental, health and safety requirements applicable to the Company's business activities, the possibility of the elimination of federal income tax deductions for oil and gas exploration and development and other factors, including those and other risks described in its Annual Report on Form 10-K for the year ended December 31, 2022, the preliminary prospectus supplement and those set forth from time to time in other filings with the Securities and Exchange Commission ("SEC"). These documents are available through Vital Energy's website at www.vitalenergy.com, "Investor Relations" or through the SEC's Electronic Data Gathering and Analysis Retrieval System at www.sec.gov. Any of these factors could cause Vital Energy's actual results and plans to differ materially from those in the forward-looking statements. Therefore, Vital Energy can give no assurance that its future results will be as estimated. Any forward-looking statement speaks only as of the date on which such statement is made. Vital Energy does not intend to, and disclaims any obligation to, correct, update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

This press release and any accompanying disclosures include financial measures that are not in accordance with generally accepted accounting principles ("GAAP"), such as Free Cash Flow and Consolidated EBITDAX. While management believes that such measures are useful for investors, they should not be used as a replacement for financial measures that are in accordance with GAAP.

All amounts, dollars and percentages presented in this press release are rounded and therefore approximate.

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that the Company defines as net cash provided by operating activities (GAAP) before net changes in operating assets and liabilities and non-budgeted acquisition costs, net, less incurred capital expenditures, excluding non-budgeted acquisition costs. Management believes Free Cash Flow is useful to management and investors in evaluating operating trends in its business that are affected by production, commodity prices, operating costs and other related factors. There are significant limitations to the use of Free Cash Flow as a measure of performance, including the lack of comparability due to the different methods of calculating Free Cash Flow reported by different companies.

Consolidated EBITDAX

Consolidated EBITDAX is a non-GAAP financial measure defined in the Company's Senior Secured Credit Facility as net income or loss (GAAP) plus adjustments for share-settled equity-based compensation, depletion, depreciation and amortization, impairment expense, gains or losses on disposal of assets, mark-to-market on derivatives, accretion expense, interest expense, income taxes and other non-recurring income and expenses. Consolidated EBITDAX provides no information regarding a company's capital structure, borrowings, interest costs, capital expenditures, working capital movement or tax position. Consolidated EBITDAX does not represent funds available for future discretionary use because it excludes funds required for debt service, capital expenditures, working capital, income taxes, franchise taxes and other commitments and obligations. However, management believes Consolidated EBITDAX is useful to an investor 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 that 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 the Company's operations from period to period by removing the effect of the Company's capital structure from the Company's operating structure; and*

- *is used by management for various purposes, including (i) as a measure of operating performance, (ii) as a measure of compliance under the Senior Secured Credit Facility, (iii) in presentations to the board of directors and (iv) as a basis for strategic planning and forecasting.*

There are significant limitations to the use of Consolidated EBITDAX as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect the Company's net income or loss and the lack of comparability of results of operations to different companies due to the different methods of calculating Consolidated EBITDAX, or similarly titled measures, reported by different companies. The Company is subject to financial covenants under the Senior Secured Credit Facility, one of which establishes a maximum permitted ratio of Net Debt, as defined in the Senior Secured Credit Facility, to Consolidated EBITDAX. See Note 7 in the 2022 Annual Report for additional discussion of the financial covenants under the Senior Secured Credit Facility. Additional information on Consolidated EBITDAX can be found in the Company's Tenth Amendment to the Senior Secured Credit Facility, as filed with the SEC on November 3, 2022.

Investor Contact:
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ron.hagood@vitalenergy.com

Exhibit 99.2

HENRY ENERGY LP

Consolidated Financial Statements

December 31, 2022, 2021 and 2020

(With Independent Auditor’s Report Thereon)

HENRY ENERGY LP
Table of Contents

Independent Auditor's Report

To the Partner of
Henry Energy LP and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Henry Energy LP and its subsidiaries (Henry Energy), which comprise the consolidated balance sheets as of December 31, 2022, 2021 and 2020, and the related consolidated statements of operations, changes in partner's capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Henry Energy as of December 31, 2022, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Henry Energy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Henry Energy's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued (or when applicable, one year after the date that the consolidated financial statements are available to be issued).

Weaver and Tidwell, L.L.P.
400 West Illinois Avenue, Suite 1550 | Midland, Texas 79701
Main: 432.683.5226

The Partner of
Henry Energy LP and Subsidiaries

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Henry Energy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Henry Energy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

/s/ Weaver and Tidwell, L.L.P.

Midland, Texas
September 5, 2023

HENRY ENERGY LP
Consolidated Balance Sheets
(in thousands)

	December 31,		
	2022	**2021**	**2020**
ASSETS			
Current assets:			
Cash and cash equivalents	$ 53,833	$ 37,670	$ 26,542
Accounts receivable, net	43,563	30,454	6,766
Affiliate receivable	830	642	1,158
Prepaid expenses and other current assets	591	170	241
Total current assets	98,817	68,936	34,707
Oil and natural gas property and equipment, based on full cost method of accounting, net	407,537	349,606	164,098
Other property and equipment, net	35,906	33,307	24,995
Right-of-use assets	7,349	—	—
Equity method investments	1,807	1,789	11,691
Other assets	1,104	526	1,853
Total assets	$ 552,520	$ 454,164	$ 237,344
LIABILITIES AND PARTNER'S CAPITAL			
Current liabilities:			
Accounts payable	$ 22,872	$ 18,129	$ 2,227
Accrued liabilities	11,180	13,993	34,880
Commodity derivative liability	—	1,331	—
Affiliate note payable	418	544	515
Drilling advances	2,498	16,994	4,580
Current portion of debt	1,274	1,239	—
Operating lease liability	5,190	—	—
Total current liabilities	43,432	52,230	42,202
Long-term debt, net	66,230	113,004	29,375
Other noncurrent liabilities:			
Asset retirement obligation	1,439	1,509	756
Affiliate note payable	—	418	976
Operating lease liability	2,159	—	—
Total other noncurrent liabilities	3,598	1,927	1,732
Total liabilities	113,260	167,161	73,309
Commitments and contingencies			
Partner's capital:			
Limited partner	435,939	283,572	160,622
Noncontrolling interests	3,321	3,431	3,413
Total partner's capital	439,260	287,003	164,035
Total liabilities and partner's capital	$ 552,520	$ 454,164	$ 237,344

The accompanying notes are an integral part of these consolidated financial statements.

HENRY ENERGY LP
Consolidated Statements of Operations
(in thousands)

	Year Ended December 31,		
	2022	**2021**	**2020**
REVENUES:			
Crude oil, natural gas, and NGL sales, net	$ 296,245	$ 147,854	$ 55,112
Drilling and overhead fees	3,819	2,469	3,348
Water disposal fees and pipeline income	10,433	2,097	638
Affiliate service fee income	33,524	21,080	20,907
Loss on derivatives, net	(4,129)	(1,652)	—
Other income	606	15	178
Total revenues, net	340,498	171,863	80,183
OPERATING EXPENSES:			
Lease operating and workover expenses	36,162	19,164	16,159
Pipeline operating expenses	5,150	112	37
Severance and ad valorem taxes	14,742	7,431	2,667
Depletion, depreciation and amortization expense	38,651	20,134	23,398
Accretion expense	132	104	57
Impairment of oil and natural gas properties	—	—	126,401
General and administrative	28,853	16,003	17,925
Total operating expenses	123,690	62,948	186,644
Income (loss) from operations	216,808	108,915	(106,461)
OTHER INCOME (EXPENSE):			
Other expense	(1,066)	(825)	(46)
Interest expense	(5,394)	(2,249)	(1,101)
Interest income	3	—	1
Gain (loss) on sale of assets	51	1,369	(113)
Gain from sale of equity method investment	—	4,561	—
Income (loss) from equity method investments	(54)	1,150	(7,588)
Total other income (expense)	(6,460)	4,006	(8,847)
NET INCOME (LOSS)	210,348	112,921	(115,308)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	769	842	375
NET INCOME (LOSS) ATTRIBUTABLE TO HENRY ENERGY LP	$ 209,579	$ 112,079	$ (115,683)

The accompanying notes are an integral part of these consolidated financial statements.

HENRY ENERGY LP
Consolidated Statements of Changes in Partner's Capital
(in thousands)

	Limited Partner	Noncontrolling Interests	Total Partner's Capital
BALANCE, JANUARY 1, 2020	$ 249,086	$ 3,160	$ 252,246
Contributions from parent, net	27,219	—	27,219
Contributions from noncontrolling interests	—	358	358
Distributions to noncontrolling interests	—	(480)	(480)
Net income (loss)	(115,683)	375	(115,308)
BALANCE, DECEMBER 31, 2020	160,622	3,413	164,035
Contributions from parent, net	10,871	—	10,871
Distributions to noncontrolling interests	—	(824)	(824)
Net income	112,079	842	112,921
BALANCE, DECEMBER 31, 2021	283,572	3,431	287,003
Distributions to parent, net	(57,212)	—	(57,212)
Distributions to noncontrolling interests	—	(879)	(879)
Net income	209,579	769	210,348
BALANCE, DECEMBER 31, 2022	$ 435,939	$ 3,321	$ 439,260

The accompanying notes are an integral part of these consolidated financial statements.

HENRY ENERGY LP
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2022	**2021**	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 210,348	$ 112,921	$ (115,308)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depletion, depreciation and amortization	38,651	20,134	23,398
Accretion expense	132	104	57
Impairment of oil and natural gas properties	—	—	126,401
Loss on derivatives, net	4,129	1,652	—
Cash settlements on commodity derivatives	(5,460)	(2,341)	—
(Income) loss from equity method investments	54	(1,150)	7,588
Gain on sale of equity method investment	—	(4,561)	
(Gain) loss on sale of assets	(51)	(1,369)	113
Changes in operating assets and liabilities:			
Accounts receivable, net and affiliate receivable	(13,297)	(20,317)	(1,312)
Prepaid expenses and other current assets	(421)	70	(65)
Other assets	(578)	1,327	519
Accounts payable	7,786	13,704	1,884
Accrued liabilities	4,997	443	(934)
Drilling advances	(14,496)	12,415	(913)
Other long-term liabilities	(367)	(1,617)	(27)
Net cash provided by operating activities	231,427	131,415	41,401
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to oil and natural gas properties	(159,143)	(93,950)	(45,380)
Acquisition of oil and natural gas properties	—	(56,632)	(653)
Acquisition of MHP, net of cash acquired	—	(84,810)	—
Proceeds from sale of oil and natural gas properties	53,941	70,088	3,488
Additions to other property and equipment	(4,616)	(11,541)	(18,144)
Proceeds from the sale of other property and equipment	—	3,244	—
Additions to equity method investments	(72)	(72)	(1,947)
Net cash used in investing activities	(109,890)	(173,673)	(62,636)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Contributions (distributions) from parent, net	(57,212)	10,871	27,219
Contributions from noncontrolling interests	—	—	358
Distributions to noncontrolling interests	(879)	(824)	(480)
Proceeds from airplane note	—	16,650	—
Payments on airplane note	(1,239)	(907)	—
Payments on affiliate note payable	(544)	(529)	(515)
Payment on assumed MHP debt	—	(41,000)	—
Proceeds from senior secured credit facility	15,000	113,000	9,500
Payments on senior secured credit facility	(60,500)	(43,875)	(10,000)
Net cash provided by (used in) financing activities	(105,374)	53,386	26,082
Net increase in cash and cash equivalents	16,163	11,128	4,847
Cash and cash equivalents at beginning of year	37,670	26,542	21,695
Cash and cash equivalents at end of year	$ 53,833	$ 37,670	$ 26,542

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

Description of the Company

The consolidated financial statements and associated footnotes presented herein represent the financial statements of Henry Energy LP and subsidiaries ("Henry Energy"). The subsidiaries of Henry Energy include TAW Reserves 11C Mgmt LLC and subsidiary; Henry TAW Prod Mgmt LLC and subsidiaries; Henry Resources LLC and subsidiary; BITS Energy Mgmt LLC and subsidiary; and Moriah Henry Partners LLC.

Henry Energy is engaged in the exploration, development and production of crude oil, natural gas and natural gas liquids ("NGLs") in the Midland and Delaware Basins, located in Texas. In addition, Henry Energy also operates certain pipelines for the transfer of frac water and saltwater.

Basis of Presentation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of Henry Energy. Henry Energy and all wholly owned subsidiaries are considered disregarded entities for federal income tax purposes. Disregarded entities are treated similarly to consolidated subsidiaries under US GAAP, whereby the financial results are included in Henry Energy and all intercompany transactions are eliminated. As such, all subsidiaries of Henry Energy are consolidated and all intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ significantly from these estimates, and changes in these estimates are recorded when known. Significant items subject to such estimates and assumptions include proved oil and gas reserves.

Cash and Cash Equivalents

Henry Energy considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Henry Energy maintains deposits in several financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). Henry Energy has not experienced any losses with these accounts and believe it is not exposed to any significant credit risk related to cash and cash equivalents.

Accounts Receivable

Henry Energy accounts receivable are due from purchasers of crude oil, natural gas, and NGLs or joint interest billings ("JIBs") from non-operated working interest owners and are generally unsecured. JIBs include reimbursable costs that have either been billed and are in the process of being collected, or costs that have been advanced by Henry Energy which are awaiting approval of the working interest owners.

Henry Energy determines its allowance for each type of receivable based on the length of time the receivable is past due, its previous loss history, and the customer's current ability to pay its obligation. Henry Energy writes off specific receivables when they become uncollectible.

Once an allowance is recorded, any subsequent payments received on such receivables are credited to the allowance. To date, Henry Energy has not experienced any pattern of credit losses and therefore has no allowance as of December 31, 2022, 2021 and 2020. Henry Energy will continually monitor the creditworthiness of its counterparties by reviewing credit ratings, financial statements, and payment history.

Affiliate Receivables

Affiliate receivables are for transactions with various related entities under common control. At any given time, this amount can either be a receivable or payable balance, and Henry Energy records the net of these amounts as either a net receivable or net payable on the consolidated balance sheets.

Equity Method Investments

Investments in non-controlled entities, over which Henry Energy has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method. In applying the equity method of accounting, the investments are initially recognized at cost and subsequently adjusted for Henry Energy's proportionate share of earnings, losses, contributions and distributions.

Commodity Derivative Financial Instruments

Henry Energy is exposed to certain risks relating to its ongoing business operations, such as risks related to commodity prices. As such, Henry Energy uses derivative instruments primarily to manage commodity price risk.

Henry Energy enters into derivative financial instruments with respect to a portion of its oil and natural gas production to hedge future prices received. These instruments are used to manage the inherent uncertainty of future revenues resulting from commodity price volatility. These derivative financial instruments typically include financial price swaps, puts and costless price collars. Henry Energy does not hold or issue derivative financial instruments for speculative trading purposes.

All derivative instruments are recorded on the consolidated balance sheets of Henry Energy as either assets or liabilities measured at fair value. Amounts related to contracts allowed to be netted upon payment subject to a master netting arrangement with the same counterparty are reported on a net basis in the balance sheet. Henry Energy has not designated any derivative instruments as hedges for accounting purposes. Gains and losses on commodity derivative contracts are presented in the revenue section of the consolidated statements of operations of Henry Energy as a net gain or loss on commodity derivatives. Henry Energy's cash flow is only impacted when the actual settlements under the derivative contracts result in it making a payment to or receiving a payment from the counterparty. Cash flows from all derivative activity for the periods presented appear in the operating section on the consolidated statements of cash flows.

Fair Value Measurements

Certain assets and liabilities of Henry Energy are measured at fair value at each reporting date. Fair value represents the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants. This price is commonly referred to as the "exit price." Fair value measurements are classified according to a hierarchy that prioritizes the inputs underlying the valuation techniques and requires that assets and liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement. This hierarchy consists of three broad levels:

- Level 1 – Observable inputs that are based upon quoted market prices for identical assets and liabilities within active markets.

- Level 2 – Observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

- Level 3 – Inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Oil and Natural Gas Properties

Henry Energy uses the full-cost method of accounting for its exploration and development activities. Under this method of accounting, costs of both successful and unsuccessful exploration and development activities are capitalized as property and equipment. This includes any internal costs that are directly related to exploration and development activities, but does not include any costs related to production, general corporate overhead or similar activities. Proceeds from the sale or disposition of oil and gas properties are accounted for as a reduction to capitalized costs unless a significant portion of Henry Energy's reserve quantities are sold such that it results in a significant alteration of the relationship between capitalized costs and remaining proved reserves, in which case a gain or loss is generally recognized in income.

Unevaluated Property

Oil and gas unevaluated properties and properties under development include costs that are not being depleted or amortized. These costs represent investments in unproved properties. Henry Energy excludes these costs until proved reserves are found, until it is determined that the costs are impaired or until major development projects are placed in service, at which time the costs are moved into oil and natural gas properties subject to amortization. All unproved property costs are reviewed at least annually to determine if impairment has occurred. In addition, impairment assessments are made for interim reporting periods if facts and circumstances exist that suggest impairment may have occurred. During any period in which impairment is indicated, the accumulated costs associated with the impaired property are transferred to proved properties, become part of our depletion base and become subject to the full cost ceiling limitation.

During the year ended December 31, 2022, Henry Energy transferred $26.0 million of unevaluated property to the full cost pool as a result of drilling activities. Henry Energy had no impairments of unevaluated property during the years ended December 31, 2022, 2021 and 2020.

Oil and Natural Gas Reserves

Proved oil, NGLs and natural gas reserves utilized in the preparation of the consolidated financial statements are estimated in accordance with the rules established by the Securities and Exchange Commission (“SEC”) and the Financial Accounting Standards Board (“FASB”), which require that reserve estimates be prepared under existing economic and operating conditions using a 12-month average price with no provision for price and cost escalations in future years except by contractual arrangements.

Reserve estimates are inherently imprecise. Accordingly, the estimates are expected to change as more current information becomes available. It is possible that, because of changes in market conditions or the inherent imprecision of reserve estimates, the estimates of future cash inflows, future gross revenues, the amount of oil and natural gas reserves, the remaining estimated lives of oil and natural gas properties, or any combination of the above may be increased or reduced. Increases in recoverable economic volumes generally reduce per unit depletion rates while decreases in recoverable economic volumes generally increase per unit depletion rates.

Impairment of Oil and Natural Gas Properties

Henry Energy performs a full-cost ceiling test on an annual basis. The test establishes a limit, or ceiling, on the book value of oil and gas properties. The capitalized costs of proved oil and gas properties, net of accumulated depreciation, depletion and amortization (“DD&A”) and the related deferred income taxes, may not exceed this ceiling. The ceiling limitation is equal to the sum of: (i) the present value of estimated future net revenues from the projected production of proved oil and gas reserves, excluding future cash outflows associated with settling asset retirement obligations accrued on the balance sheet, calculated using the average oil and natural gas sales prices received by Henry Energy as of the first trading day of each month over the preceding twelve months (such prices are held constant throughout the life of the properties) and a discount factor of 10%; (ii) the cost of unproved and unevaluated properties excluded from the costs being amortized; (iii) the lower of cost or estimated fair value of unproved properties included in the costs being amortized; and (iv) related income tax effects. If capitalized costs exceed this ceiling, the excess is charged to expense in the accompanying consolidated statements of operations.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization of capitalized drilling and development costs of producing crude oil and natural gas properties, including related support equipment and facilities, are computed using the unit-of-production method ("UOP"). The UOP calculation multiplies the percentage of estimated proved reserves produced by the cost of those reserves. The result is to recognize expense at the same pace that the reserves are estimated to be depleting. The amortization base in the UOP calculation includes the sum of proved property costs net of accumulated depletion, estimated future development costs (future costs to access and develop proved reserves) and asset retirement costs that are not already included in oil and gas property, less related salvage value. The rates utilized under UOP are based upon quantities of recoverable crude oil and natural gas reserves, which are established based on estimates made by the external independent reserve engineers.

Asset Retirement Obligations

Henry Energy recognizes liabilities for retirement obligations associated with tangible long-lived assets, such as producing well sites when there is a legal obligation associated with the retirement of such assets and the amount can be reasonably estimated. The initial measurement of an asset retirement obligation is recorded as a liability at its fair value, with an offsetting asset retirement cost recorded as an increase to the associated property and equipment on the consolidated balance sheets. When the assumptions used to estimate a recorded asset retirement obligation change, a revision is recorded to both the asset retirement obligation and the asset retirement cost. The asset retirement cost is depreciated over the useful life of the associated asset. Accretion of the discount on asset retirement obligations is charged to expense.

Other Property and Equipment

Other property and equipment includes buildings, pipelines, land improvements, computer and office equipment, software and an airplane. All other property and equipment is recorded at cost and depreciated using the straight line method over the following useful lives:

	Years
Buildings	39
Pipeline	14
Land improvements	7 - 15
Equipment and software	3 - 7
Airplane	15

Other Assets

Other assets include costs associated with a subscription to certain geological data in potential drilling areas. Geological data is used to assess potential investment in these areas.

In addition, other assets include tubular stock, which is stated at cost using the first in, first out method of accounting. Tubular stock costs are billed to working interest owners on a monthly basis through the joint interest billing process.

Drilling Advances

Henry Energy receives advances from its contractual partners for drilling and development costs to be incurred in oil and natural gas ventures in which it serves as the operator. These advances are classified as current liabilities on the consolidated balance sheet and are expected to be utilized or relinquished within 12 months.

Revenue Recognition

Revenues include the sale of crude oil, natural gas and NGL production. Crude oil, natural gas and NGL sales are recognized when production is sold to a purchaser at a fixed or determinable price, delivery has occurred, control has transferred and collectability of the revenue is probable. These performance obligations are satisfied at a point in time. This occurs when control is transferred to the purchaser upon delivery of contract specified production volumes at a specified point. The transaction price used to recognize revenue is a function of the contract billing terms. Taxes assessed by governmental authorities on crude oil, natural gas and NGL sales are presented separately from such revenues in the accompanying consolidated statements of operations.

In addition, revenues include drilling and overhead fees, water disposal fees and pipeline income, and service fee income. The transaction price used to recognize these revenue streams is a function of the contract billing terms.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which includes a five-step model that requires an entity to identify performance obligations in its contracts, estimate the amount of consideration to be received, allocate the consideration to each separate performance obligation, and recognize revenue as obligations are satisfied. ASU 2014-09 requires expanded disclosures surrounding revenue recognition and is intended to improve the financial reporting requirements for revenue from contracts with customers and converge these requirements with international standards. Subsequently, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, pertaining to the presentation of revenues on a gross basis (revenues presented separately from associated expenses) versus a net basis.

Oil

Sales under oil contracts of Henry Energy are generally considered performed when it sells the oil production at the wellhead and receives an agreed-upon index price, net of any price differentials. Henry Energy recognizes revenue when control transfers to the purchaser at the wellhead based on the net price received.

Natural Gas and NGLs

A control-based assessment is performed to identify whether Henry Energy is a principal or an agent in the transaction, which determines whether revenue and the related expenses are presented on a gross or net basis. Henry Energy acts as a principal in sales transactions when it has the ability to take-in-kind, which is not the case in the majority of its gas processing and transportation contracts. Henry Energy recognizes revenue on a net basis, with the gathering, processing and transportation costs associated with its arrangements being recorded as a reduction to natural gas and NGL sales in the consolidated statements of operations. Natural gas and NGL processing fees are reported as a reduction of natural gas and NGL revenues.

Drilling and Overhead Fees

Henry Energy recognizes operating revenues from drilling and producing overhead income as drilling and production occurs, services are performed, pricing is fixed or determinable and collectability of the revenue is probable.

Water Disposal Fee and Pipeline Income

Henry Energy has pipelines for the transfer of frac water and saltwater. For wells in the service area, Henry Energy will transfer the water at a certain price per barrel, recognizing an additional fee to pay for the capitalization of the pipeline. Once the water is transferred, the service is considered rendered.

Service Fee Income

Henry Energy recognizes service fee revenues over time according to the various general and administrative service contracts. Henry Energy's service fee contracts are performed on a monthly or quarterly basis at the end of which the obligations are fulfilled and revenue is recognized. Under Henry Energy's contracts, it performs certain services, such as accounting services, management of investments and properties and other items. Please see "—Note 17. Transactions with Affiliates" for further information.

Performance Obligations and Contract Balances

The majority of product sale commitments of Henry Energy are short-term in nature with a contractual term of one year or less. For these contracts, Henry Energy applies the practical expedient in Accounting Standards Codification ("ASC") 606-10-50-14, which exempts entities from disclosing the transaction price allocated to remaining performance obligations, if any, if the performance obligation is part of a contract that has an original expected duration of one year or less.

For contracts with terms greater than one-year, Henry Energy does not disclose the value of unsatisfied performance obligations under its contracts with customers as it applies the practical expedient in ASC 606-10-50-14A, which applies to variable consideration that is recognized as control of the product is transferred to the customer. Since each unit of product represents a separate performance obligation, future volumes are wholly unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required.

Henry Energy typically satisfies its performance obligations upon transfer of control and records the related revenue in the month production is delivered to the purchaser. Settlement statements for crude oil, natural gas and NGLs may not be received for 30 to 60 days after the date the volumes are delivered, and as a result, Henry Energy is required to estimate the amount of volumes delivered to the purchaser and the price that will be received from the sale of the product. Henry Energy records the difference between estimated volumes and prices for production and actual volumes and production in the month that payment is received from the purchaser. Historically, differences between revenue estimates and actual revenue received have not been significant.

Contract Balances

Henry Energy recognizes revenue after its performance obligations have been satisfied, at which point it has an unconditional right to receive payment for its activities that give rise to revenues. Therefore, the product sales contracts of Henry Energy do not give rise to contract assets or contract liabilities. Instead, the unconditional right of Henry Energy to receive consideration are presented as a receivable within "accounts receivable, net" in its consolidated balance sheet.

Income Taxes

The net taxable income of Henry Energy and any related tax credits, for United States federal income tax purposes, are deemed to pass to the partners and are included in in their respective tax returns even though such net taxable income or tax credits may not have actually been distributed. Accordingly, no tax provision has been made in the consolidated financial statements of Henry Energy since the income tax is an obligation of the partners. Distributions are paid to partners, in part, to cover their tax liability from flow-through income from Henry Energy.

Henry Energy, and by extension its subsidiaries, are all wholly owned subsidiaries of Henry Reserves LP. For purposes of federal income tax, Henry Energy and its subsidiaries are disregarded entities and, as such, do not file individual or consolidated income tax returns but are included in the federal income tax return of Henry Reserves LP. For purposes of the Texas margin tax, Henry Energy and subsidiaries are considered members of an affiliated group, and as such, it does not file an individual margin tax report.

Leases

Prior to January 1, 2022, Henry Energy applied ASC 840, *Leases* to all agreements considered to be a lease. On January 1, 2022, Henry Energy adopted Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842) and all subsequent amendments to the ASU (collectively, "ASC 842"), which requires the assets and liabilities that arise from leases to be recognized on the balance sheet. ASC 842 requires the lessee to recognize a lease liability equal to the present value of the lease payments and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term for all leases longer than 12 months.

Henry Energy has adopted the following practical expedients in ASC 842-10-65-1(f) that, upon adoption of ASC 842, allowed entities to (1) not reassess whether any expired or existing contracts are or contain leases, (2) retain the classification of leases (e.g., operating or finance lease) existing as of the date of adoption, and (3) not reassess initial direct costs for any existing lease. Adoption of the standard did not have an impact on the beginning consolidated statements of operations, consolidated statements of changes in partner's capital or consolidated statements of cash flows of Henry Energy.

Operating lease ROU assets represent Henry Energy's right to use an underlying asset for the lease term, and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Henry Energy uses its estimated incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. The operating lease ROU asset also includes any upfront lease payments made and excludes lease incentives and initial direct costs incurred. Henry Energy has elected the practical expedients allowing (1) the short-term lease recognition exemption whereby ROU assets and lease liabilities will not be recognized for leasing arrangements with terms less than one year and (2) the combination of lease and non-lease components and expensing variable payments as rent/lease expense in the period incurred.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Liabilities for environmental remediation or restoration claims resulting from allegations of improper operation of assets are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated.

Segments

The crude oil and natural gas and production activities of Henry Energy are solely focused in the United States. Henry Energy aggregates its United States operating segments into one reporting segment, exploration and production, due to the similarity of these operations.

Noncontrolling Interests

Noncontrolling interests represent third-party ownership in the net assets of Henry Energy's subsidiaries and are presented as a component of partner's capital. Changes in Henry Energy's ownership interests in subsidiaries that do not result in deconsolidation are recognized in partner's capital.

Recent Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, "*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*" ("ASU 2020-04"). ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions that reference London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. In December 2022, the FASB issued ASU 2022-06, "*Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848"* ("ASU 2022-06"), which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. Henry Energy does not believe ASU 2020-04 will have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" ("ASU 2016-13"). ASU 2016-13 requires that a financial asset measured at amortized cost be presented at the net amount expected to be collected. ASU 2016-13 is intended to provide more timely decision-useful information about the expected credit losses on financial instruments. In November 2019, the FASB ASU 2019-19, "*Codification Improvements to Topic 326: Financial Instruments – Credit Losses*", which makes amendments to clarify the scope of the guidance, including clarification that receivables arising from operating leases are not within its scope. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. Henry Energy does not believe ASU 2016-13 will have a material impact on its consolidated financial statements.

Note 2. Accounts Receivable

Components of accounts receivable include the following (in thousands):

	December 31,		
	2022	**2021**	**2020**
Crude oil, natural gas and NGL sales	$ 28,748	$ 17,651	$ 3,608
Joint interest billings	14,815	12,803	3,158
Gross accounts receivable	43,563	30,454	6,766
Allowance for doubtful accounts	—	—	—
Net accounts receivable	$ 43,563	$ 30,454	$ 6,766

Note 3. Oil and Natural Gas Properties

Capitalized Costs

The following table reflects the aggregate capitalized costs associated with Henry Energy (in thousands):

	December 31,		
	2022	**2021**	**2020**
Oil and natural gas properties:			
Proved properties	$ 867,419	$ 746,915	$ 568,629
Unevaluated properties	—	26,003	—
Total oil and natural gas properties	867,419	772,918	568,629
Less: Accumulated depreciation, depletion and amortization	(459,882)	(423,312)	(404,531)
Oil and natural gas properties, net	$ 407,537	$ 349,606	$ 164,098

During the year ended December 31, 2020, Henry Energy recorded proved property impairments of $126.4 million. There were no proved property impairments for the years ended December 31, 2022 and 2021. Depletion expense was $36.6 million, $18.8 million and $22.6 million for the years ended December 31, 2022, 2021 and 2020, respectively.

2021 Acquisitions

MHP Acquisition

Prior to August 31, 2021, Henry Energy held a 15.0% investment in MHP and accounted for its investment under the equity method of accounting. Please see "—Note 5. Equity Method Investments" for further information. On August 31, 2021, Henry Energy acquired the remaining 85.0% ownership interest in MHP for cash consideration of $88.9 million. As a result, MHP became a wholly owned consolidated subsidiary of Henry Energy. MHP is engaged in the exploration, development, and production of oil and natural gas primarily located in Midland and Uptown counties, Texas.

The MHP acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations* ("ASC 805"), using the acquisition method of accounting. Under the acquisition method of accounting, the assets and liabilities of MHP were recorded at their respective fair values as of the date of closing and added to those of Henry Energy. Determining the fair value of the assets and liabilities of MHP required judgment and certain assumptions to be made, the most significant of these being related to the valuation of MHP's oil and natural gas properties. Significant judgments and assumptions included, among other things, estimates of reserve quantities, estimates of future commodity prices, expected development costs, lease operating costs, reserve risk adjustment factors and an estimate of an applicable market participant discount rate that reflected the risk of the underlying cash flow estimates. The inputs and assumptions related to the oil and natural gas properties were categorized as level 3 in the fair value hierarchy.

The following table summarizes the fair values assigned to assets acquired and liabilities assumed as of the acquisition date (in thousands):

Fair value of consideration transferred:		
Cash consideration for acquisition of 85.0% interest	$	88,885
Fair value of previously held interest		15,685
Total fair value of consideration transferred	$	104,570
Fair value of assets acquired:		
Cash and cash equivalents	$	4,075
Accounts receivable, net		2,855
Oil and natural gas properties, net		143,209
Total assets acquired	$	150,139
Fair value of liabilities assumed:		
Accounts payable	$	1,017
Accrued liabilities		1,283
Commodity derivative liability		2,020
Other current liabilities		249
Long-term debt, net		41,000
Total liabilities assumed	$	45,569
Net assets acquired	$	104,570

Prior to closing on August 31, 2021, Henry Energy's 15.0% investment in MHP had a carrying value of $11.1 million. Upon acquisition of the remaining 85.0% ownership interest, the previously held interest was remeasured at fair value, resulting in the recognition of a non-cash gain of $4.6 million in the consolidated statement of operations for the year ended December 31, 2021. The fair value measurement of the equity interest was estimated by applying the income approach. Under this approach, the fair value measurement is based on significant inputs that are not observable in the market and thus the fair value measurement is categorized within Level 3 of the fair value hierarchy. The assumptions include future cash flow projections, and a discount rate based on weighted average cost of capital.

Wildhorse Acquisition

On December 1, 2021, Henry Energy acquired working interests in certain oil and gas properties in Reeves county, Texas for total cash consideration of $56.6 million. The acquisition was accounted for as an asset acquisition in accordance with ASC 805. As a result, the cash consideration was allocated to the underlying assets acquired on a relative fair value basis. Determining the fair value of the assets and liabilities acquired requires judgment and certain assumptions to be made, the most significant of these being related to the valuation of the oil and natural gas properties. Significant judgments and assumptions included, among other things, estimates of reserve quantities, estimates of future commodity prices, expected development costs, lease operating costs, reserve risk adjustment factors and an estimate of an applicable market participant discount rate that reflected the risk of the underlying cash flow estimates. The inputs and assumptions related to the oil and natural gas properties were categorized as level 3 in the fair value hierarchy.

The following table represents the allocation of the total acquisition costs to the assets acquired and liabilities assumed as of the acquisition date (in thousands):

Relative fair value of net assets:		
Proved oil and natural gas properties	$	31,983
Unproved oil and natural gas properties		26,003
Total assets acquired	$	57,986
Fair value of liabilities assumed:		
Suspense liability	$	1,183
ARO liability acquired		171
Total liabilities assumed	$	1,354
Net assets acquired	$	56,632

2020 Acquisition

On May 6, 2020, Henry Energy acquired working interests in certain oil and natural gas properties in Martin county, Texas, for total cash consideration of $0.7 million. The acquisition was accounted for as an asset acquisition in accordance with ASC 805. As a result, the cash consideration was allocated to the underlying assets acquired on a relative fair value basis.

2022 Divestitures

During the year ended December 31, 2022, Henry Energy divested various properties in Upton, Gaines and Reeves counties, Texas. The total proceeds from these divestitures was $53.9 million. The proceeds from these divestitures have been reflected as a reduction of oil and natural gas properties, with no gain or loss recognized.

2021 Divestitures

During the year ended December 31, 2021, Henry Energy divested various properties in Crockett, Crane, Loving, Martin, Midland, Upton and Winkler counties, Texas and Lea County, New Mexico. The total proceeds from these divestitures was $70.1 million. The proceeds from these divestitures have been reflected as a reduction of oil and natural gas properties, with no gain or loss recognized.

2020 Divestitures

During the year ended December 31, 2020, Henry Energy divested various properties in Pecos, Terrell and Upton counties, Texas. The total proceeds from these divestitures was $3.5 million. The proceeds from these divestitures have been reflected as a reduction of oil and natural gas properties, with no gain or loss recognized.

Note 4. Other Property and Equipment

The following table presents the other property and equipment of Henry Energy (in thousands):

	December 31,		
	2022	**2021**	**2020**
Building and improvements	$ 5,412	$ 5,412	$ 4,764
Office furniture and equipment	3,128	3,104	3,048
Land	1,814	1,853	1,198
Pipeline	14,900	10,231	4,013
Production equipment	425	411	411
Airplane	18,588	18,588	19,744
Total property and equipment	44,267	39,599	33,178
Less: accumulated depreciation	(8,361)	(6,292)	(8,183)
Total property and equipment, net	$ 35,906	$ 33,307	$ 24,995

For the years ended December 31, 2022, 2021 and 2020, Henry Energy recorded depreciation expense for other property and equipment of $2.1 million, $1.4 million and $0.8 million, respectively.

Note 5. Equity Method Investments

Henry Energy owns an approximate 25.0% interest in Eagles Nest Aviation, LLC (“Eagles Nest”). Eagles Nest owns and operates an airplane hanger that is utilized by Henry Energy along with other equity owners.

In addition, Henry Energy held a 15.0% investment in MHP at December 31, 2020. Henry Energy had the ability to exercise significant influence over operating and financial policies of MHP due to its representation on the MHP board of directors, involvement in various day to day activities and the fact it acted as operator for a significant number of MHP oil and natural gas properties. On August 31, 2021, Henry Energy acquired the remaining 85.0% of MHP. Please see "—Note 3. Oil and Natural Gas Properties" for further information regarding the acquisition of MHP.

The following table presents Henry Energy's proportionate investment in Eagles Nest for the years ended December 31, 2022, 2021 and 2020 and Henry Energy's proportionate investment in MHP for the years ended December 31, 2021 and 2020 only, as MHP was acquired on August 31, 2021 (in thousands):

	Year Ended December 31,		
	2022	**2021**	**2020**
Investment balance, beginning of year	$ 1,789	$ 11,691	$ 17,332
Contributions	72	72	1,947
Acquisition of MHP	—	(11,124)	—
Income (loss) from equity investments	(54)	1,150	(7,588)
Investment balance, end of year	$ 1,807	$ 1,789	$ 11,691

The following tables present summarized financial information for Eagles Nest as of and for the years December 31, 2022, 2021 and 2020 and MHP as of and for the year December 31, 2020 only, in total (in thousands):

	December 31,		
	2022	**2021**	**2020**
Current assets	$ 118	$ 102	$ 10,549
Noncurrent assets	4,741	4,757	95,064
Total assets	$ 4,859	$ 4,859	$ 105,613
Current liabilities	$ —	$ 33	$ 34,253
Noncurrent liabilities	—	—	1,233
Total liabilities	$ —	$ 33	$ 35,486
Equity	$ 4,859	$ 4,826	$ 70,127

	Year Ended December 31,		
	2022	**2021**	**2020**
Revenue	$ —	$ —	$ 24,134
Net loss	$ (214)	$ (294)	$ (50,008)

Note 6. Revenue

Disaggregation of Revenue

The following table presents the disaggregation of crude oil, natural gas and NGL revenue of Henry Energy (in thousands):

	Year Ended December 31,		
	2022	**2021**	**2020**
Crude oil	$ 253,390	$ 125,162	$ 50,138
Natural gas and NGL sales	42,855	22,692	4,974
Total crude oil, natural gas and NGL sales, net	$ 296,245	$ 147,854	$ 55,112

Receivable Balances

At December 31, 2022, 2021 and 2020, the accounts receivable balance representing amounts due or billable under the terms of contracts with purchasers was $28.0 million, $17.5 million and $3.6 million, respectively. As of January 1, 2020, the accounts receivable balance representing amounts due or billable under the terms of contracts with purchasers was $3.4 million.

Note 7. Derivative Financial Instruments

Commodity Derivatives

In conjunction with the MHP Acquisition, Henry Energy assumed various crude oil and natural gas derivatives instruments. These derivative instruments were initially recognized at fair value and subsequently settled over the contract terms through the remainder of 2021 and the year ended December 31, 2022. As of December 31, 2022 and 2020, Henry Energy did not have any open derivative positions.

Derivative Gains and Losses

Cash receipts and payments reflect the gains or losses on derivative contracts which matured during the applicable period, calculated as the difference between the contract price and the market settlement price of matured contracts. The derivative contracts of Henry Energy are settled based upon reported settlement prices on commodity exchanges, with crude oil derivative settlements based on the New York Mercantile Exchange (“NYMEX”) West Texas Intermediate pricing and natural gas derivative settlements based primarily on NYMEX Henry Hub pricing. Non-cash gains and losses represent the change in fair value of derivative instruments which continued to be held at period end and the reversal of previously recognized non-cash gains or losses on derivative contracts that matured during the period.

The following table summarizes the commodity derivative activity of Henry Energy (in thousands):

	Year Ended December 31,	
	2022	**2021**
Cash paid on derivatives	$ (5,460)	$ (2,341)
Non-cash gain on derivatives	1,331	689
Loss on derivatives, net	$ (4,129)	$ (1,652)

Financial Statement Presentation

All derivative financial instruments are recognized at their current fair value as either assets or liabilities in the consolidated balance sheets. Henry Energy determines the current and long-term classification based on the timing of expected future cash flows of individual trades. Amounts related to contracts allowed to be netted upon payment subject to a master netting arrangement with the same counterparty are reported on a net basis in the consolidated balance sheets.

The following table presents the fair value of the commodity derivative instruments of Henry Energy on a gross basis and on a net basis as presented in the consolidated balance sheets as of December 31, 2021 (in thousands):

	December 31, 2021		
	Gross Fair Value	**Amounts Netted**	**Net Fair Value**
Commodity derivative assets:			
Commodity derivative asset, current	$ 535	$ (535)	$ —
Commodity derivative asset, noncurrent	—	—	—
Total commodity derivative assets	$ 535	$ (535)	$ —
Commodity derivative liabilities:			
Commodity derivative liability, current	$ (1,866)	$ 535	$ (1,331)
Commodity derivative liability, noncurrent	—	—	—
Total commodity derivative liabilities	$ (1,866)	$ 535	$ (1,331)

Note 8. Asset Retirement Obligations

The following table presents changes in asset retirement obligations of Henry Energy (in thousands):

	Year Ended December 31,		
	2022	**2021**	**2020**
Asset retirement obligations at beginning of year	$ 1,509	$ 756	$ 525
Liabilities incurred and assumed through acquisitions	188	2,025	199
Liabilities settled and divested	(367)	(1,368)	(27)
Revision of estimated obligation	(23)	(8)	2
Accretion expense on discounted obligation	132	104	57
Asset retirement obligations at end of year	$ 1,439	$ 1,509	$ 756

Note 9. Debt and Related Expenses

The following table presents the outstanding debt and related expenses of Henry Energy (in thousands):

	December 31,		
	2022	**2021**	**2020**
Senior Secured Credit Facility	$ 53,000	$ 98,500	$ 29,375
Airplane Note	14,504	15,743	—
Total debt, including current portion	67,504	114,243	29,375
Less: current portion of debt	1,274	1,239	—
Long-term debt, net	$ 66,230	$ 113,004	$ 29,375

Debt maturities as of December 31, 2022, including current portion, are as follows (in thousands):

2023	$ 1,274
2024	54,310
2025	1,347
2026	10,573
Total	$ 67,504

Senior Secured Credit Facility

On May 10, 2016, Henry Energy, as borrower, and InterBank, as lender, entered into a loan agreement (“Senior Secured Credit Facility”). Henry Energy Exploration LP and Henry Reserves LP are jointly and severally liable for the Senior Secured Credit Facility. The Senior Secured Credit Facility is secured by a first lien on at least 80.0% of the proved developed producing and proved developed nonproducing oil and natural gas properties of Henry Energy, Henry Exploration LP and Henry Reserves LP. The Senior Secured Credit Facility had an initial borrowing base of $35.0 million and a maturity date of June 1, 2018. The borrowing base is subject to annual redeterminations on or about April 1 of each year, subject to the various amendments to the Senior Secured Credit Facility, as discussed below.

On September 18, 2020, Henry Energy entered into the Sixth Amendment to the Senior Secured Credit Facility (“Sixth Amendment”). The Sixth Amendment extended the maturity date to June 1, 2022 and reaffirmed the borrowing base at $50.0 million.

On March 17, 2021, Henry Energy entered into the Seventh Amendment to the Senior Secured Credit Facility (“Seventh Amendment”). The Seventh Amendment updated scheduled redeterminations of the borrowing base to be annually on or about June 1 of each year and required Henry Energy to provide an engineering report from an independent petroleum engineering firm acceptable to InterBank by May 1 of each year.

On June 1, 2021, Henry Energy entered into the Eighth Amendment to the Senior Secured Credit Facility (“Eighth Amendment”). The Eighth Amendment extended the maturity date to June 1, 2023, reaffirmed the borrowing base at $50.0 million, and added oil and natural gas properties in Reeves and Upton counties, Texas, into the first lien requirements.

On August 30, 2021, Henry Energy entered into the Ninth Amendment to the Senior Secured Credit Facility ("Ninth Amendment"). The Ninth Amendment increased the borrowing base to $100.0 million until March 31, 2022, when the borrowing base would decrease to $75.0 million, and added Henry TAW LP as a limited guarantor of up to $30.0 million in borrowings under the Senior Secured Credit Facility.

On January 14, 2022, Henry Energy entered into the Tenth Amendment to the Senior Secured Credit Facility ("Tenth Amendment"). The Tenth Amendment increased the borrowing base to $115.0 million and removed the automatic downward redetermination on March 1, 2022 from the Ninth Amendment.

On July 12, 2022, Henry Energy entered into the Eleventh Amendment to the Senior Secured Credit Facility ("Eleventh Amendment"). The Eleventh Amendment reaffirmed the borrowing base at $115.0 million, extended the maturity date to June 1, 2024, and from June 1, 2022 to June 1, 2023, temporarily waived the requirement Henry Energy provide a first lien on at least 80.0% of its proved developed producing and proved developed nonproducing oil and natural gas properties.

On December 20, 2022, Henry Energy entered into the Twelfth Amendment to the Senior Secured Credit Facility ("Twelfth Amendment"). The Twelfth Amendment reduced the borrowing base to $100.0 million and updated the annual redetermination to be on March 15 of each year.

As of December 31, 2022, the Senior Secured Credit Facility has a borrowing base of $100.0 million and matures on June 1, 2024. As of December 31, 2022, Henry Energy had $53.0 million in outstanding borrowings under the Senior Secured Credit Facility. Amounts borrowed under the Senior Secured Credit Facility bear interest, payable quarterly, at a floating rate per annum equal to the Prime Rate, a per annum rate of interest equal to the base rate on corporate loans posted by at least seventy percent (70.0%) of the ten largest U.S. banks plus 0.5%. The effective interest rate for the Senior Secured Credit Facility was 5.3%, 3.8% and 4.1% during the years ended December 31, 2022, 2021 and 2020, respectively.

In addition to interest on outstanding borrowings, a one-eighth of one percent unused commitment fee is due quarterly, calculated on the difference between the commitment amount and total outstanding borrowings.

The Senior Secured Credit Facility contains various covenants that restrict Henry Energy's indebtedness, limits its ability to create liens securing certain indebtedness, make restricted payments and make or permit investments, among other matters. These covenants are subject to a number of important exceptions and qualifications.

Airplane Note

On March 11, 2021, Henry Energy entered into a loan and security agreement with JP Morgan Chase Bank, N.A., maturing in March 2026 on a 60-month term for $16.7 million to finance the acquisition of an airplane ("Airplane Note"). The Airplane Note is an amortizing loan with monthly payments of $0.1 million and a lump sum payment of $10.4 million due on March 11, 2026. The Airplane Note has a stated interest rate of 2.8%. As of December 31, 2022 and 2021, Henry Energy had an outstanding balance of $14.5 million and $15.7 million, respectively, on the Airplane Note.

Note 10. Affiliate Note Payable

On August 15, 2018, Henry Energy entered into a promissory note with an affiliate ("Affiliate Note") for the purpose of acquiring oil and gas interests. The Affiliate Note requires quarterly payments of principal and accrued interest at a rate of 2.8% and matures on July 1, 2023. The Affiliate Note is unsecured and had a balance of $0.4 million, $1.0 million and $1.5 million at December 31, 2022, 2021 and 2020, respectively. Interest expense on the Affiliate Note was $0.1 million for each of the years ended December 31, 2022, 2021 and 2020.

Note 11. Leases

Adoption of ASC 842

Henry Energy adopted ASC 842 as of January 1, 2022, using the modified retrospective transition approach. Comparative periods have been presented in accordance with ASC 840 and do not include any retrospective adjustments to reflect the adoption of ASC 842. In accordance with ASC 842, Henry Energy records a ROU asset and corresponding liability on the consolidated balance sheets for all operating with a lease term in excess of 12 months.

Henry Energy has elected the accounting policy election as described in ASC 842-20-25-2 to not apply the recognition requirements within ASC 842 to short-term leases for all applicable asset classes. Henry also elected the discount rate practical expedient to apply the risk-free treasury rate for all asset classes.

Lease Recognition

Henry Energy was required to make certain significant assumptions and judgments in determining its right-of-use asset and lease liability balances. First was the determination of whether a contract contains a lease. Henry Energy believes an identified asset that is physically distinct, and for which the supplier does not have substantive substitution rights, along with whether it has the right to control the underlying asset, are indicators of a lease arrangement. Additionally, Henry Energy reviewed the lease terms and considered whether it is reasonably certain to extend leases or exercise purchase options. For options to renew that Henry Energy is reasonably certain to exercise, these costs are recognized as part of the right-of-use assets and lease liabilities.

Henry Energy's right-of-use operating lease assets are primarily for certain leases related to compressors, gas treaters and vehicles related to the exploration, development and production of oil and natural gas. The vehicle leases are considered finance leases under ASC 842. However, as the amounts of such finance leases are immaterial, vehicle leases are recorded within operating leases in the consolidated balance sheet. Henry Energy's lease agreements do not contain any material residual value guarantees or restrictive covenants.

Short-term leases are variable costs included in "general and administrative" and "lease operating and workover expenses" in the consolidated statements of operations. The lease costs of Henry Energy were as follows for the year ended December 31, 2022 (in thousands):

Operating lease cost	$	5,149
Short term costs		9,697
Variable lease cost		1,036
Total lease costs	$	15,882

The following table presents additional lease information of Henry Energy for the year ended December 31, 2022:

Operating cash flows for operating leases	$	5,149
Right-of-use assets obtained in exchange for operating lease liabilities	$	12,408
Weighted-average remaining lease term (years) — operating		1.6
Weighted-average discount rate — operating		1.0%

The following table presents the maturity analysis of Henry Energy as of December 31, 2022 for leases expiring in each of the next 5 years and thereafter.

2023	$	5,241
2024		2,111
2025		54
2026		9
2027		—
Thereafter		—
Total lease payments		7,415
Less: interest		(66)
Present value of lease liabilities	$	7,349

Note 12. Fair Value Measurements

Assets Measured at Fair Value on a Nonrecurring Basis

Certain assets of Henry Energy are reported at fair value on a nonrecurring basis in the consolidated financial statements. The following methods and assumptions were used to estimate the fair values for those assets.

Asset retirement obligations – The fair value of asset retirement obligations is estimated using discounted cash flow projections using numerous estimates, assumptions and judgments regarding such factors as the existence of a legal obligation, estimated plugging and abandonment costs, timing of remediation, the credit-adjusted risk-free rate and inflation rate. Significant unobservable inputs (level 3) utilized in the determination of asset retirement obligations include estimated plugging and abandonment costs of approximately $0.1 million per well, the timing of remediation, which is estimated based on the aggregate average useful life of Henry's Energy's wells, and the credit adjusted risk free rate, which was estimated at approximately 9.0% at December 31, 2022.

Acquisition date fair value – Under ASC 805, the assets and liabilities of acquisitions are recorded at their respective fair values as of the date of closing and added to those of Henry Energy. Determining the fair value of the assets acquired and liabilities assumed requires judgment and certain assumptions to be made. These inputs and assumptions related to the oil and natural gas properties were categorized as level 3 in the fair value hierarchy. Please see "— Note 3. Oil and Natural Gas Properties" for further information regarding acquisition activity during the years ended December 31, 2022, 2021 and 2020 and significant assumptions and judgements made regarding the estimated acquisition date fair values.

Note 13. Partner's Capital

Henry Reserves LP is the sole limited partner of Henry Energy and Henry Energy Mgmt LLC ("HEM") serves as the general partner. HEM has full and exclusive authority to manage and control the business and affairs of Henry Energy, to make all decisions, and perform any and all other activities customary or incident to the management of Henry Energy's business.

No limited partner will be personally liable for all or part of the debts, liabilities or other obligations of Henry Energy. No limited partner will have the right to withdraw from Henry Energy or to receive a return of its contributions until Henry Energy is terminated and its affairs wound up.

Note 14. Commitments and Contingencies

Environmental Remediation

Various federal, state and local laws and regulations covering the discharge of materials into the environment, or otherwise relating to the protection of the environment, may affect the operations and the cost of crude oil and natural gas exploration, development, and production operations of Henry Energy. Henry Energy does not anticipate that it will be required in the near future to expend significant amounts for compliance with such federal, state and local laws and regulations, and therefore, no amounts have been accrued for such purposes.

Litigation

Henry Energy is involved in various legal proceedings including, but not limited to, commercial disputes, claims from royalty and surface owners, property damage claims, personal injury claims, regulatory compliance matters, disputes with tax authorities and other matters. While the outcome of these legal matters cannot be predicted with certainty, Henry Energy does not expect any such matters to have a material effect on its financial condition, results of operations or cash flows.

Note 15. Retirement Plan

Henry Energy provides a 401(k) Plan (the "Plan") for the benefit of its employees. Henry Energy provides a discretionary match of the first 6.0% of the employee's contribution. Employees are eligible to participate in the Plan on the first day of the month following employment. The matching contribution is discretionary and is subject to annual review, adjustment and certain limitations. During the years ended December 31, 2022, 2021 and 2020, Henry Energy contributed a total of $0.6 million, $0.5 million and $0.5 million, respectively, to the Plan in matching contributions.

Note 16. Concentrations of Credit Risk

Henry Energy is subject to credit risk resulting from the concentration of its crude oil, natural gas and NGL receivables with significant purchasers. Receivables from purchasers are generally unsecured as Henry Energy does not require collateral. Henry Energy does not believe the loss of any single purchaser would materially impact its financial position, results of operations, or cash flows as crude oil, natural gas and NGLs are fungible products with well-established markets and numerous purchasers in its areas of operations. For the years ended December 31, 2022, 2021 and 2020, Henry Energy has experienced no such credit losses.

For the years ended December 31, 2022, 2021, and 2020, parties that accounted for 10.0% or more of gross receipts were as follows:

	For the year ended December 31,		
Purchasers greater than 10%	**2022**	**2021**	**2020**
Amid Energy Products Supply	38.9%	22.6%	14.6%
Enlink Midstream Partners	14.3%	32.3%	44.0%
LPC Crude Oil Marketing	11.3%	*	*
Plains Marketing	*	11.5%	15.9%
Rio Energy International	10.2%	*	*
Trafigura US	*	11.1%	10.1%

*Oil and natural gas receipts less than 10.0% for the period indicated

Derivative financial instruments may expose Henry Energy to market and credit risks and, at times, be concentrated with certain counterparties. The credit worthiness of the counterparties is subject to continual review. Henry Energy also has netting arrangements in place with counterparties to reduce its credit exposure. Henry Energy has not historically experienced any losses from such instruments.

Henry Energy maintains cash and cash equivalents in bank deposit accounts which, at times, may exceed the federally insured limits. Henry Energy has not experienced any losses related to amounts in excess of FDIC limits and believes it is not exposed to significant credit risk in this area.

Note 17. Transactions with Affiliates

Oil and Natural Gas Operations

Certain affiliates of Henry Energy as well as employees participate in wells operated by it. Henry Energy invoices these affiliates for drilling and completion, lease operating costs and other related expenses and service and incentive fees.

During the years ended December 31, 2022, 2021 and 2020, these affiliates were invoiced the following amounts (in thousands):

	Year Ended December 31,		
	2022	**2021**	**2020**
Henry Reserves	$ 6,801	$ 11,100	$ 14,301
Henry TAW LP	452	2,775	4,001
Davlin LLC	980	764	38
DSD, LTD	100	75	50
Henry Exploration LP	—	3	8
Challenger Crude, LTD	20	—	1
Henry Heirs LTD	1	—	1
Moriah Henry Partners LLC	—	23,956	9,960
Henry Production LLC	1	—	11
Employee participants and affiliated companies	7,499	5,625	1,609
Total	$ 15,854	$ 44,298	$ 29,980

Henry Energy has received reimbursement for all amounts shown above, with the exception of certain amounts reflected as affiliate receivables on the consolidated balance sheet. Affiliate receivables were $0.8 million, $0.6 million and $1.2 million at December 31, 2022, 2021 and 2020, respectively.

Henry Energy receives revenue earned by its oil and natural gas properties and distributes such revenues to the various working interest owners. Certain affiliates and employees of Henry Energy receive a portion of these revenue distributions. During the years ended December 31, 2022, 2021 and 2020, these affiliates received revenue distributions in the following amounts (in thousands):

	Year Ended December 31,		
	2022	**2021**	**2020**
Davlin LLC	$ 2,921	$ 899	$ —
Moriah Henry Partners LLC	—	19,179	20,159
Employee participants and affiliated companies	13,556	4,440	1,055
Total	$ 16,477	$ 24,518	$ 21,214

Affiliate Service Fee Income

For the years ended December 31, 2022, 2021 and 2020, Henry Energy entered into two separate agreements ("G&A Agreements") with Henry Reserves LP and Henry TAW LP. These G&A Agreements were both entered into to pay all the general and administrative expenses of Henry Reserves LP and Henry Taw LP. These expenses include accounting fees, bank fees, consulting fees, interest charges, payroll expenses and other expenses as outlined in the G&A Agreements. In return, Henry Energy will receive a monthly fee based upon predetermined rates. The affiliate service fee income is presented net of interest expense paid by Henry Energy. For the years ended December 31, 2022, 2021 and 2020, Henry Energy recorded $33.5 million, $21.1 million and $20.9 million of affiliate service fee income in the consolidated statements of operations.

Note 18. Supplemental Disclosures to Consolidated Financial Statements

Accrued Liabilities

Accrued liabilities consisted of the following at the dates indicated (in thousands):

	December 31,		
	2022	**2021**	**2020**
Accrued oil and natural gas capital expenditures	$ 3,215	$ 11,025	$ 33,639
Accrued lease operating and workover expenses	7,965	2,968	1,241
Total accrued liabilities	$ 11,180	$ 13,993	$ 34,880

Supplemental Cash Flow Information

The following table provides certain supplemental cash flow information for the periods indicated (in thousands):

	December 31,		
	2022	**2021**	**2020**
Supplemental Disclosure of Cash Flow Information:			
Interest paid	$ 5,394	$ 2,249	$ 1,101
Supplemental Disclosure of Non- Cash Information:			
Additions to oil and natural gas properties included in accounts payable and accrued liabilities	$ 7,810	$ 22,614	$ 3,259
Revisions and additions to asset retirement obligations, net	$ 165	$ 2,017	$ 201
Non-Cash Financing Activities:			
Assumption of MHP debt	$ —	$ 41,000	$ —
ROU assets obtained in exchange for operating lease liabilities	$ 12,408	—	—

Note 19. Subsequent Events

In preparing the accompanying consolidated financial statements of Henry Energy, management has evaluated all subsequent events and transactions for potential recognition or disclosure through September 5, 2023, the date the consolidated financial statements of Henry Energy were available for issuance.

Subsequent to December 31, 2022, the following events and transactions have occurred:

- On April 1, 2023, Henry Energy entered into the Thirteenth Amendment to the Senior Secured Credit Facility (“Thirteenth Amendment”). The Thirteenth Amendment reduced the borrowing base to $50.0 million, updated the annual redetermination to be on June 1 of each year, and extended the maturity date to June 1, 2025.

- On July 1, 2023, Henry Energy paid the balance of the Affiliate Note in full, including accrued interest.

- As of August 31, 2023, Henry Energy had reduced the outstanding balance of the Senior Secured Credit Facility to approximately $10.0 million.

Note 20. Supplemental Oil and Natural Gas Information (Unaudited)

As of and for the year ended December 31, 2020, Henry Energy held an investment in MHP, which was accounted for using the equity method of accounting. During 2021, Henry Energy purchased all of MHP, ceased utilizing the equity method of accounting, and consolidated MHP. As such, the below table presents the proportionate interest held by Henry Energy in MHP under the equity method of accounting for the year ended December 31, 2020 only. For the years ended December 31, 2022 and 2021, MHP is included within the information presented for Henry Energy on a consolidated basis.

The following tables provide an analysis of the changes in estimated proved reserve quantities of oil and natural gas for the years ended December 31, 2022, 2021 and 2020, all of which are located within the United States:

	Year ended December 31, 2022			
Henry Energy Consolidated	**Oil (Bbl)**	**Natural Gas (Mcf)**	**Liquids* (Bbl)**	**Total Boe**
Proved reserves as of December 31, 2021	28,909,284	88,558,792	—	43,669,083
Revisions of previous estimates	(1,560,073)	353,764	—	(1,501,112)
Extensions, discoveries and other additions	4,707,235	15,134,281	—	7,229,615
Production	(2,688,475)	(5,789,290)	—	(3,653,356)
Sales of minerals in place	(3,069,186)	(11,707,321)	—	(5,020,407)
Purchase of minerals in place	22,591	62,166	—	32,952
Proved reserves as of December 31, 2022	26,321,376	86,612,392	—	40,756,775
Proved developed reserves				
Beginning of year	11,356,719	36,572,681	—	17,452,167
End of year	12,690,754	49,396,854	—	20,923,563
Proved undeveloped reserves				
Beginning of year	17,552,565	51,986,111	—	26,216,916
End of year	13,630,622	37,215,538	—	19,833,212

HENRY ENERGY LP
Supplemental Oil and Natural Gas Information (Unaudited)
December 31, 2022, 2021 and 2020

	Year ended December 31, 2021			
Henry Energy Consolidated	**Oil (Bbl)**	**Natural Gas (Mcf)**	**Liquids* (Bbl)**	**Total Boe**
Proved reserves as of December 31, 2020	13,538,013	39,947,132	—	20,195,868
Revisions of previous estimates	(189,100)	4,834,925	—	616,721
Extensions, discoveries and other additions	9,759,232	26,284,050	—	14,139,907
Production	(1,858,616)	(4,088,657)	—	(2,540,059)
Sales of minerals in place	(3,129,969)	(12,944,651)	—	(5,287,410)
Purchase of minerals in place	10,789,724	34,525,993	—	16,544,056
Proved reserves as of December 31, 2021	28,909,284	88,558,792	—	43,669,083
Proved developed reserves				
Beginning of year	9,249,662	28,786,705	—	14,047,446
End of year	11,356,719	36,572,681	—	17,452,167
Proved undeveloped reserves				
Beginning of year	4,288,351	11,160,427	—	6,148,422
End of year	17,552,565	51,986,111	—	26,216,916

HENRY ENERGY LP
Supplemental Oil and Natural Gas Information (Unaudited)
December 31, 2022, 2021 and 2020

	Year ended December 31, 2020			
	Oil (Bbl)	**Natural Gas (Mcf)**	**Liquids* (Bbl)**	**Total Boe**
Henry Energy Consolidated				
Proved reserves as of December 31, 2019	18,339,076	50,618,960	—	26,775,569
Revisions of previous estimates	(5,305,437)	(12,986,178)	—	(7,469,800)
Extensions, discoveries and other additions	1,750,250	4,781,219	—	2,547,120
Production	(1,245,876)	(2,466,869)	—	(1,657,021)
Sales of minerals in place	—	—	—	—
Purchase of minerals in place	—	—	—	—
Proved reserves as of December 31, 2020	13,538,013	39,947,132	—	20,195,868
Equity Affiliate – MHP				
Proved reserves as of December 31, 2019	1,671,925	4,839,083	—	2,478,439
Revisions of previous estimates	(636,647)	(1,701,761)	—	(920,275)
Extensions, discoveries and other additions	—	—	—	—
Production	(79,505)	(141,454)	—	(103,080)
Sales of minerals in place	—	—	—	—
Purchase of minerals in place	—	—	—	—
Proved reserves as of December 31, 2020	955,773	2,995,868	—	1,455,084
Henry Energy Consolidated				
Proved developed reserves				
Beginning of year	9,317,078	29,846,291	—	14,291,459
End of year	9,249,662	28,786,705	—	14,047,446
Proved undeveloped reserves				
Beginning of year	9,021,998	20,772,669	—	12,484,110
End of year	4,288,351	11,160,427	—	6,148,422

*Henry Energy has not historically separately reported reserve quantities for liquids

For the year ended December 31, 2022, extensions, discoveries and other additions resulted primarily from 15 new wells drilled for 2,106,166 Boe and 18 new proved undeveloped locations for 5,123,362 Boe.

For the year ended December 31, 2021, extensions, discoveries and other additions resulted primarily from 6 new wells drilled for 1,143,250 BOE and 29 new proved undeveloped locations for 12,263,774 Boe.

For the year ended December 31, 2020, extensions, discoveries and other additions resulted primarily from 5 new wells drilled for 1,105,047 Boe and 3 new proved undeveloped locations for 779,087 Boe. Revisions for the year ended December 31, 2020 were largely driven by lower commodity prices during the year. Lower commodity prices decrease the overall value of reserves along with the amount of economically recoverable reserves quantities.

Standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves

The standardized measure of discounted future net cash flows does not purport to be, nor should it be interpreted to present, the fair value of the oil and natural gas reserves of the property. An estimate of fair value would take into account, among other things, the recovery of reserves not presently classified as proved, the value of proved properties and consideration of expected future economic and operating conditions.

Proved reserves were estimated in accordance with guidelines established by the SEC, which require that reserve estimates be prepared under existing economic and operating conditions based upon the 12-month unweighted average of the first day of the month spot prices prior to the end of the reporting period. These prices as of December 31, 2022, 2021 and 2020 were $93.67, $66.56 and $39.57 per barrel of oil and $6.36, $3.60 and $1.99 per MMBtu of natural gas, respectively.

The estimated realized prices used in computing Henry Energy's reserves as of December 31, 2022 were as follows: (i) $92.73 per barrel of oil, and (ii) $8.40 per Mcf of natural gas. The estimated realized prices used in computing Henry Energy's reserves as of December 31, 2021 were as follows: (i) $65.38 per barrel of oil, and (ii) $5.25 per Mcf of natural gas. The estimated realized prices used in computing the Henry Energy's reserves as of December 31, 2020 were as follows: (i) $38.42 per barrel of oil, and (ii) $2.87 per Mcf of natural gas.

All realized prices are held flat over the forecast period for all reserve categories in calculating the discounted future net cash flows. Any effect from Henry Energy's commodity hedges is excluded. In accordance with SEC regulations, the proved reserves were anticipated to be economically producible from the "as of date" forward based on existing economic conditions, including prices and costs at which economic producibility from a reservoir was determined. These costs, held flat over the forecast period, include development costs, operating costs, ad valorem and production taxes and abandonment costs after salvage. Future income tax expenses would have been computed using the appropriate year-end statutory tax rates applied to the future pretax net cash flows from proved oil and natural gas reserves, less the tax basis of the oil and natural gas properties of Henry Energy. The estimated future net cash flows are then discounted at a rate of 10.0%.

As of and for the year ended December 31, 2020, Henry Energy held an investment in MHP, which was accounted for using the equity method of accounting. During 2021, Henry Energy purchased all of MHP, ceased utilizing the equity method of accounting, and consolidated MHP. As such, the below tables present the proportionate interest held by Henry Energy in MHP under the equity method of accounting for the year ended December 31, 2020 only. For the years ended December 31, 2022 and 2021, MHP is included within the information presented for Henry Energy on a consolidated basis.

HENRY ENERGY LP
Supplemental Oil and Natural Gas Information (Unaudited)
December 31, 2022, 2021 and 2020

The following table presents the standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves for the periods presented (in thousands):

	December 31,		
	2022	**2021**	**2020**
Future cash inflows	$ 3,168,036	$ 2,354,825	$ 681,845
Future production costs	(768,534)	(634,760)	(277,141)
Future development and abandonment costs	(307,979)	(268,196)	(87,191)
Future income taxes	(16,632)	(12,363)	(3,580)
Future net cash flows	2,074,891	1,439,506	313,933
10% annual discount for estimated timing of cash flows	(1,021,177)	(709,648)	(141,317)
Standardized measure of discounted future net cash flows	$ 1,053,714	$ 729,858	$ 172,616

It is not intended that the FASB's standardized measure of discounted future net cash flows represent the fair market value of the proved reserves of Henry Energy. Henry Energy cautions that the disclosures shown are based on estimates of proved reserve quantities and future production schedules which are inherently imprecise and subject to revision, and the 10.0% discount rate is arbitrary. In addition, prices and costs as of the measurement date are used in the determinations, and no value may be assigned to probable or possible reserves.

The following table presents the changes in the standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves for the periods presented:

	Year Ended December 31,		
	2022	**2021**	**2020**
Standardized measure of discounted future net cash flows at January 1	$ 729,858	$ 172,616	$ 295,084
Net change in prices and production costs	439,859	243,352	(106,415)
Changes in estimated future development and abandonment costs	(39,818)	17,697	4,123
Sales of crude oil and natural gas produced, net of production costs	(249,624)	(120,401)	(38,305)
Extensions, discoveries and improved recoveries, less related costs	160,439	189,585	23,325
Purchases (sales) of minerals in place, net	(78,262)	183,797	—
Revisions of previous quantity estimates	(25,671)	21,507	(73,343)
Development costs incurred during the period	69,721	15,938	30,680
Change in income taxes	(2,206)	(4,501)	1,321
Accretion of discount	73,616	16,388	29,309
Change in timing of estimated future production and other	(24,198)	(6,120)	6,837
Net change	323,856	557,242	(122,468)
Standardized measure of discounted future net cash flows at December 31	$ 1,053,714	$ 729,858	$ 172,616

Estimates of economically recoverable oil and natural gas reserves and of future net cash flows are based upon a number of variable factors and assumptions, all of which are, to some degree, subjective and may vary considerably from actual results. Therefore, actual production, revenues, development and operating expenditures may not occur as estimated. The reserve data are estimates only, are subject to many uncertainties and are based on data gained from production histories and on assumptions as to geologic formations and other matters. Actual quantities of oil and natural gas may differ materially from the amounts estimated.

Exhibit 99.3

HENRY ENERGY LP

Condensed Consolidated Unaudited Interim Financial Statements

June 30, 2023 and 2022

HENRY ENERGY LP
Table of Contents

HENRY ENERGY LP
Condensed Consolidated Unaudited Balance Sheets
(in thousands)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 49,649	$ 53,833
Accounts receivable, net	31,056	43,563
Affiliate receivable	477	830
Prepaid expenses and other current assets	624	591
Total current assets	81,806	98,817
Oil and natural gas property and equipment, based on full cost method of accounting, net	440,523	407,537
Other property and equipment, net	34,108	35,906
Right-of-use assets	12,356	7,349
Equity method investment	1,814	1,807
Other assets	1,040	1,104
Total assets	$ 571,647	$ 552,520
LIABILITIES AND PARTNER'S CAPITAL		
Current liabilities:		
Accounts payable	$ 16,171	$ 22,872
Accrued liabilities	8,601	11,180
Affiliate note payable	139	418
Drilling advances	12,818	2,498
Current portion of debt	1,292	1,274
Operating lease liability	6,822	5,190
Total current liabilities	45,843	43,432
Long-term debt, net	30,080	66,230
Other noncurrent liabilities:		
Asset retirement obligation	1,466	1,439
Operating lease liability	5,534	2,159
Total other noncurrent liabilities	7,000	3,598
Total liabilities	82,923	113,260
Commitments and contingencies		
Partner's capital:		
Limited partner	485,408	435,939
Noncontrolling interests	3,316	3,321
Total partner's capital	488,724	439,260
Total liabilities and partner's capital	$ 571,647	$ 552,520

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

HENRY ENERGY LP
Condensed Consolidated Unaudited Statements of Operations
(in thousands)

	Six Months Ended June 30,	
	2023	**2022**
REVENUES:		
Crude oil, natural gas, and NGL sales, net	$ 107,931	$ 152,520
Drilling and overhead fees	1,860	1,834
Water disposal fees and pipeline income	5,133	3,495
Affiliate service fee income	29,279	18,174
Loss on derivatives, net	—	(5,002)
Other income	420	343
Total revenues, net	144,623	171,364
OPERATING EXPENSES:		
Lease operating and workover expenses	18,645	15,229
Pipeline operating expenses	3,885	1,003
Severance and ad valorem taxes	5,216	7,518
Depletion, depreciation and amortization expense	21,647	17,337
Accretion expense	59	66
General and administrative	23,429	15,144
Total operating expenses	72,881	56,297
Income from operations	71,742	115,067
OTHER INCOME (EXPENSE):		
Other expense	(1,788)	(324)
Interest expense	(904)	(2,319)
Interest income	339	—
Gain (loss) on sale of assets	16	(57)
Loss from equity method investments	(29)	(26)
Total other expense	(2,366)	(2,726)
NET INCOME	69,376	112,341
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	180	479
NET INCOME ATTRIBUTABLE TO HENRY ENERGY LP	$ 69,196	$ 111,862

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

HENRY ENERGY LP

Condensed Consolidated Unaudited Statements of Changes in Partner's Capital

(in thousands)

	Limited Partner	Noncontrolling Interests	Total Partner's Capital
BALANCE, JANUARY 1, 2022	$ 283,572	$ 3,431	$ 287,003
Distributions to parent, net	(32,919)	—	(32,919)
Distributions to noncontrolling interests	—	(387)	(387)
Net income	111,862	479	112,341
BALANCE, JUNE 30, 2022	362,515	3,523	366,038

	Limited Partner	Noncontrolling Interests	Total Partner's Capital
BALANCE, JANUARY 1, 2023	$ 435,939	$ 3,321	$ 439,260
Distributions to parent, net	(19,727)	—	(19,727)
Distributions to noncontrolling interests	—	(185)	(185)
Net income	69,196	180	69,376
BALANCE, JUNE 30, 2023	485,408	3,316	488,724

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

HENRY ENERGY LP
Condensed Consolidated Unaudited Statements of Cash Flows
(in thousands)

	Six Months Ended June 30,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 69,376	$ 112,341
Adjustments to reconcile net income to net cash provided by operating activities		
Depletion, depreciation and amortization	21,647	17,337
Accretion expense	59	66
Loss on derivatives, net	—	5,002
Cash settlements on commodity derivatives	—	(3,054)
Loss from equity method investments	29	26
(Gain) loss on sale of assets	(16)	57
Changes in operating assets and liabilities:		
Accounts receivable, net and affiliate receivable	12,860	(5,770)
Prepaid expenses and other current assets	(33)	(1,848)
Other assets	63	(783)
Accounts payable	(6,700)	13,941
Accrued liabilities	1,119	(183)
Drilling advances	10,320	3,236
Other long-term liabilities	(36)	(5)
Net cash provided by operating activities	108,688	140,363
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to oil and natural gas properties	(57,232)	(71,651)
Additions to other property and equipment	(97)	(2,461)
Proceeds from the sale of other property and equipment	817	—
Additions to equity method investments	(36)	(36)
Net cash used in investing activities	(56,548)	(74,148)

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

HENRY ENERGY LP
Condensed Consolidated Unaudited Statements of Cash Flows
(in thousands)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to parent, net	(19,727)	(32,919)
Distributions to noncontrolling interests	(185)	(387)
Payments on airplane note	(633)	(616)
Payments on affiliate note payable	(279)	(270)
Proceeds from senior secured credit facility	8,000	5,000
Payments on senior secured credit facility	(43,500)	(11,500)
Net cash used in financing activities	(56,324)	(40,692)
Net increase (decrease) in cash and cash equivalents	(4,184)	25,523
Cash and cash equivalents at beginning of period	53,833	37,670
Cash and cash equivalents at end of period	$ 49,649	$ 63,193

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

Description of the Company

The condensed consolidated unaudited interim financial statements and associated footnotes presented herein represent the financial statements of Henry Energy LP and subsidiaries ("Henry Energy"). The subsidiaries of Henry Energy include TAW Reserves 11C Mgmt LLC and subsidiary; Henry TAW Prod Mgmt LLC and subsidiaries; Henry Resources LLC and subsidiary; BITS Energy Mgmt LLC and subsidiary; and Moriah Henry Partners LLC.

Henry Energy is engaged in the exploration, development and production of crude oil, natural gas and natural gas liquids ("NGLs") in the Midland and Delaware Basins, located in Texas. In addition, Henry Energy also operates certain pipelines for the transfer of frac water and saltwater.

Basis of Presentation of Condensed Consolidated Unaudited Interim Financial Statements

Henry Energy and all wholly owned subsidiaries are considered disregarded entities for federal income tax purposes. Disregarded entities are treated similarly to consolidated subsidiaries under accounting principles generally accepted in the United States of America ("US GAAP"), whereby the financial results are included in Henry Energy and all intercompany transactions are eliminated. As such, all subsidiaries of Henry Energy are consolidated and all intercompany accounts and transactions have been eliminated.

The condensed consolidated unaudited interim financial statements ("consolidated financial statements") have been prepared in accordance with US GAAP and include the accounts of Henry Energy. Certain disclosures normally included in consolidated financial statements prepared in accordance with US GAAP have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. The accompanying consolidated financial statements and notes should be read in conjunction with the financial statements and notes included in the Henry Energy consolidated financial statements as of and for the years ended December 31, 2022, 2021 and 2020. The accompanying consolidated financial statements in this report reflect all adjustments that are, in the opinion of management, necessary for a fair statement of Henry Energy's results of operations and cash flows for the six month periods ended June 30, 2023 and 2022 and its financial position as of June 30, 2023.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" ("ASU 2016-13"). ASU 2016-13 requires that a financial asset measured at amortized cost be presented at the net amount expected to be collected. ASU 2016-13 is intended to provide more timely decision-useful information about the expected credit losses on financial instruments. In November 2019, the FASB ASU 2019-19, "*Codification Improvements to Topic 326: Financial Instruments – Credit Losses*", which makes amendments to clarify the scope of the guidance, including clarification that receivables arising from operating leases are not within its scope. The amended guidance was effective for Henry Energy on January 1, 2023.

Henry Energy determines its allowance for each type of receivable based on the length of time the receivable is past due, its previous loss history, and customers current ability to pay its obligation. Henry Energy also bases its allowance for each type of receivable on its respective credit risks. Henry Energy writes off specific receivables when they become uncollectible. Once an allowance is recorded, any subsequent payments received on such receivables are credited to the allowance for credit losses. To date, Henry Energy has not experienced any pattern of credit losses and therefore has no allowance as of June 30, 2023 or December 31, 2022. Henry Energy will continually monitor the creditworthiness of its counterparties by reviewing credit ratings, financial statements, and payment history. The adoption of ASU 2016-13 did not result in a material impact to the financial position, cash flows, or results of operations of Henry Energy.

Note 2. Accounts Receivable

Components of accounts receivable include the following (in thousands):

	June 30, 2023	December 31, 2022
Crude oil, natural gas and NGL sales	$ 17,329	$ 28,748
Joint interest billings	13,727	14,815
Gross accounts receivable	31,056	43,563
Allowance for doubtful accounts	—	—
Net accounts receivable	$ 31,056	$ 43,563

Note 3. Oil and Natural Gas Properties

Capitalized Costs

The following table reflects the aggregate capitalized costs associated with Henry Energy (in thousands):

	June 30, 2023	December 31, 2022
Oil and natural gas properties:		
Proved properties	$ 921,094	$ 867,419
Total oil and natural gas properties	921,094	867,419
Less: Accumulated depreciation, depletion and amortization	(480,571)	(459,882)
Oil and natural gas properties, net	$ 440,523	$ 407,537

There were no proved property impairments for the six months ended June 30, 2023 and 2022. Depletion expense was $20.6 million and $16.4 million for the six months ended June 30, 2023 and 2022, respectively.

Note 4. Other Property and Equipment

The following table presents the other property and equipment of Henry Energy (in thousands):

	June 30, 2023	December 31, 2022
Building and improvements	$ 4,764	$ 5,412
Office furniture and equipment	3,137	3,128
Land	1,635	1,814
Pipeline	14,991	14,900
Production equipment	425	425
Airplane	18,588	18,588
Total property and equipment	43,540	44,267
Less: accumulated depreciation	(9,432)	(8,361)
Total property and equipment, net	$ 34,108	$ 35,906

For the six months ended June 30, 2023 and 2022, depreciation expense for other property and equipment was $1.1 million and $1.0 million, respectively.

Note 5. Equity Method Investments

Henry Energy owns an approximate 25.0% interest in Eagles Nest Aviation, LLC (“Eagles Nest”). Eagles Nest owns and operates an airplane hanger that is utilized by Henry Energy along with other equity owners.

The following table presents Henry Energy’s proportionate investment in Eagles Nest at June 30, 2023 and December 31, 2022 (in thousands):

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Investment balance, beginning of period	$ 1,807	$ 1,789
Contributions	36	72
Loss from equity investments	(29)	(54)
Investment balance, end of period	$ 1,814	$ 1,807

Note 6. Revenue

Disaggregation of Revenue

The following table presents the disaggregation of crude oil, natural gas and NGL revenue of Henry Energy (in thousands):

	Six Months Ended June 30,	
	2023	**2022**
Crude oil	$ 96,011	$ 131,810
Natural gas and NGL sales	11,920	20,710
Total crude oil, natural gas and NGL sales, net	$ 107,931	$ 152,520

Receivable Balances

At June 30, 2023 and December 31, 2022, the accounts receivable balance representing amounts due or billable under the terms of contracts with purchasers was $15.0 million and $28.0 million, respectively. As of January 1, 2022, the accounts receivable balance representing amounts due or billable under the terms of contracts with purchasers was $17.5 million.

Note 7. Derivative Financial Instruments

Commodity Derivatives

Derivative instruments are recognized at fair value and subsequently settled over the contract terms. As of June 30, 2023 and December 31, 2022, Henry Energy did not have any open derivative positions.

Derivative Gains and Losses

Cash receipts and payments reflect the gains or losses on derivative contracts which matured during the applicable period, calculated as the difference between the contract price and the market settlement price of matured contracts. The derivative contracts of Henry Energy are settled based upon reported settlement prices on commodity exchanges, with crude oil derivative settlements based on the New York Mercantile Exchange (“NYMEX”) West Texas Intermediate pricing and natural gas derivative settlements based primarily on NYMEX Henry Hub pricing. Non-cash gains and losses represent the change in fair value of derivative instruments which continued to be held at period end and the reversal of previously recognized non-cash gains or losses on derivative contracts that matured during the period. There were no derivative gains or losses for the six months ended June 30, 2023 as Henry Energy did not have any open derivative positions during that time period.

The following table summarizes the commodity derivative activity of Henry Energy (in thousands):

	Six Months Ended June 30, 2022
Cash paid on derivatives	$ (3,054)
Non-cash loss on derivatives	(1,948)
Loss on derivatives, net	$ (5,002)

Note 8. Asset Retirement Obligations

The following table presents changes in asset retirement obligations of Henry Energy (in thousands):

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Asset retirement obligations at beginning of period	$ 1,439	$ 1,509
Liabilities incurred and assumed through acquisitions	4	188
Liabilities settled and divested	(36)	(367)
Revision of estimated obligation	—	(23)
Accretion expense on discounted obligation	59	132
Asset retirement obligations at end of period	$ 1,466	$ 1,439

Note 9. Debt and Related Expenses

The following table presents the outstanding debt and related expenses of Henry Energy (in thousands):

	June 30, 2023	December 31, 2022
Senior Secured Credit Facility	$ 17,500	$ 53,000
Airplane Note	13,872	14,504
Total debt, including current portion	31,372	67,504
Less: current portion of debt	1,292	1,274
Long-term debt, net	$ 30,080	$ 66,230

Senior Secured Credit Facility

On May 10, 2016, Henry Energy, as borrower, and InterBank, as lender, entered into a loan agreement (“Senior Secured Credit Facility”). Henry Energy Exploration LP and Henry Reserves LP are jointly and severally liable for the Senior Secured Credit Facility. The Senior Secured Credit Facility is secured by a first lien on at least 80.0% of the proved developed producing and proved developed nonproducing oil and natural gas properties of Henry Energy, Henry Exploration LP and Henry Reserves LP.

On April 1, 2023, Henry Energy entered into the Thirteenth Amendment to the Senior Secured Credit Facility (“Thirteenth Amendment”). The Thirteenth Amendment reduced the borrowing base to $50.0 million, updated the annual redetermination to be on June 1 of each year, and extended the maturity date to June 1, 2025

As of June 30, 2023, the Senior Secured Credit Facility has a borrowing base of $50.0 million and matures on June 1, 2025. As of June 30, 2023, Henry Energy had $17.5 million in outstanding borrowings under the Senior Secured Credit Facility. Amounts borrowed under the Senior Secured Credit Facility bear interest, payable quarterly, at a floating rate per annum equal to the Prime Rate, a per annum rate of interest equal to the base rate on corporate loans posted by at least seventy percent (70.0%) of the ten largest U.S. banks plus 0.5%. The effective interest rate during the six months ended June 30, 2023 and 2022 was 8.4% and 4.1%, respectively.

The Senior Secured Credit Facility contains various covenants that restrict Henry Energy's indebtedness, limits its ability to create liens securing certain indebtedness, make restricted payments and make or permit investments, among other matters.

Airplane Note

On March 11, 2021, Henry Energy entered into a loan and security agreement with JP Morgan Chase Bank, N.A., maturing in March 2026 on a 60-month term for $16.7 million to finance the acquisition of an airplane ("Airplane Note"). The Airplane Note is an amortizing loan with monthly payments of $0.1 million and a lump sum payment of $10.4 million due on March 11, 2026. The Airplane Note has a stated interest rate of 2.8%. As of June 30, 2023 and December 31, 2022, Henry Energy had an outstanding balance of $13.9 million and $14.5 million, respectively, on the Airplane Note.

Note 10. Affiliate Note Payable

On August 15, 2018, Henry Energy entered into a promissory note with an affiliate ("Affiliate Note") for the purpose of acquiring oil and gas interests. The Affiliate Note requires quarterly payments of principal and accrued interest at a rate of 2.8% and matures on July 1, 2023. The Affiliate Note is unsecured and had a balance of $0.1 million and $0.4 million at June 30, 2023 and December 31, 2022, respectively.

Note 11. Leases

Short-term leases are variable costs included in "general and administrative" and "lease operating and workover expenses" in the condensed consolidated unaudited interim statements of operations. The lease costs of Henry Energy were as follows for the six months ended June 30, 2023 (in thousands):

	Six Months Ended June 30, 2023
Operating lease cost	$ 3,609
Short term costs	9,031
Variable lease cost	1,283
Total lease costs	$ 13,923

The following table presents additional lease information of Henry Energy for the six months ended June 30, 2023:

Operating cash flows for operating leases	$ 3,609
Right-of-use assets obtained in exchange for operating lease liabilities	$ 8,481
Weighted-average remaining lease term (years) — operating	2.0
Weighted-average discount rate — operating	2.9%

The following table presents the maturity analysis of Henry Energy as of June 30, 2023 for leases expiring in each of the next 5 years and thereafter.

2023	$ 7,105
2024	3,844
2025	1,857
2026	2
2027	—
Thereafter	—
Total lease payments	12,808
Less: interest	(452)
Present value of lease liabilities	$ 12,356

Note 12. Commitments and Contingencies

Environmental Remediation

Various federal, state and local laws and regulations covering the discharge of materials into the environment, or otherwise relating to the protection of the environment, may affect the operations and the cost of crude oil and natural gas exploration, development, and production operations of Henry Energy. Henry Energy does not anticipate that it will be required in the near future to expend significant amounts for compliance with such federal, state and local laws and regulations, and therefore, no amounts have been accrued for such purposes.

Litigation

Henry Energy is involved in various legal proceedings including, but not limited to, commercial disputes, claims from royalty and surface owners, property damage claims, personal injury claims, regulatory compliance matters, disputes with tax authorities and other matters. While the outcome of these legal matters cannot be predicted with certainty, Henry Energy does not expect any such matters to have a material effect on its financial condition, results of operations or cash flows.

Note 13. Concentrations of Credit Risk

Henry Energy is subject to credit risk resulting from the concentration of its crude oil, natural gas and NGL receivables with significant purchasers. Receivables from purchasers are generally unsecured as Henry Energy does not require collateral. Henry Energy does not believe the loss of any single purchaser would materially impact its financial position, results of operations, or cash flows as crude oil, natural gas and NGLs are fungible products with well-established markets and numerous purchasers in its areas of operations. For the years six months ended June 30, 2023 and 2022, Henry Energy has experienced no such credit losses.

Henry Energy maintains cash and cash equivalents in bank deposit accounts which, at times, may exceed the federally insured limits. Henry Energy has not experienced any losses related to amounts in excess of FDIC limits and believes it is not exposed to significant credit risk in this area.

Note 14. Transactions with Affiliates

Oil and Natural Gas Operations

Certain affiliates of Henry Energy as well as employees participate in wells operated by it. Henry Energy invoices these affiliates for drilling and completion, lease operating costs and other related expenses and service and incentive fees.

During the six months ended June 30, 2023 and 2022, these affiliates were invoiced the following amounts (in thousands):

	Six Months Ended June 30,	
	2023	**2022**
Henry Reserves	$ 1	$ 5,101
Henry TAW LP	1	451
Davlin LLC	1,695	99
DSD, LTD	100	100
Challenger Crude, LTD	100	20
Henry Heirs LTD	50	1
Henry Production LLC	1	1
Employee participants and affiliated companies	3,793	2,925
Total	$ 5,741	$ 8,698

Henry Energy has received reimbursement for all amounts shown above, with the exception of certain amounts reflected as affiliate receivables on the condensed consolidated unaudited interim balance sheet. Affiliate receivables were $0.5 million and $0.8 million at June 30, 2023 and December 31, 2022, respectively.

Henry Energy receives revenue earned by its oil and natural gas properties and distributes such revenues to the various working interest owners. Certain affiliates and employees of Henry Energy receive a portion of these revenue distributions. During the six months ended June 30, 2023 and 2022, these affiliates received revenue distributions in the following amounts (in thousands):

	Six Months Ended June 30,	
	2023	**2022**
Davlin LLC	$ 755	$ 1,664
Employee participants and affiliated companies	4,347	6,763
Total	$ 5,102	$ 8,427

Affiliate Service Fee Income

Henry Energy has two separate agreements ("G&A Agreements") with Henry Reserves LP and Henry TAW LP. These G&A Agreements were both entered into to pay all the general and administrative expenses of Henry Reserves LP and Henry Taw LP. These expenses include accounting fees, bank fees, consulting fees, interest charges, payroll expenses and other expenses as outlined in the G&A Agreements. In return, Henry Energy will receive a monthly fee based upon predetermined rates. The affiliate service fee income is presented net of interest expense paid by Henry Energy. For the six months ended June 30, 2023 and 2022, Henry Energy recorded $29.3 million and $18.2 million of affiliate service fee income in the condensed consolidated unaudited statements of operations.

Note 15. Supplemental Disclosures to Consolidated Financial Statements

Accrued Liabilities

Accrued liabilities consisted of the following at the dates indicated (in thousands):

	June 30, 2023	December 31, 2022
Accrued oil and natural gas capital expenditures	$ 4,268	$ 3,215
Accrued lease operating and workover expenses	4,333	7,965
Total accrued liabilities	$ 8,601	$ 11,180

Supplemental Cash Flow Information

The following table provides certain supplemental cash flow information for the periods indicated (in thousands):

	Six Months Ended June 30,	
	2023	2022
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 904	$ 2,319
Supplemental Disclosure of Non-Cash Information:		
Additions to oil and natural gas properties included in accounts payable and accrued liabilities	$ 3,697	$ 2,921
Revisions and additions to asset retirement obligations, net	$ 4	$ 56
Non-Cash Financing Activities:		
ROU assets obtained in exchange for operating lease liabilities	$ 8,481	$ —

Note 16. Subsequent Events

In preparing the accompanying consolidated financial statements of Henry Energy, management has evaluated all subsequent events and transactions for potential recognition or disclosure through September 7, 2023, the date the consolidated financial statements of Henry Energy were available for issuance.

Subsequent to June 30, 2023, the following events and transactions have occurred:

- On July 1, 2023, Henry Energy paid the balance of the Affiliate Note in full, including accrued interest.

- As of August 31, 2023, Henry Energy had reduced the outstanding balance of the Senior Secured Credit Facility to approximately $10.0 million.

Exhibit 99.4

2022

Maple Energy Holdings, LLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Report of Independent Auditors

The Board of Directors and Member
Maple Energy Holdings, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maple Energy Holdings, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, member equity, and cash flows for the year ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Maple Energy Holdings, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Maple Energy Holdings, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022, Maple Energy Holdings, LLC adopted new accounting guidance Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Maple Energy Holdings, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Maple Energy Holdings, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Maple Energy Holdings, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

/s/ Moss Adams LLP
Houston, Texas
April 28, 2023

Maple Energy Holdings, LLC
Balance Sheet

	December 31, 2022
Assets	
Current assets	
Cash and cash equivalents	$ 12,350,682
Accounts receivable	
Receivables from oil and gas sales	17,546,438
Joint interest billings	887,537
Assets from derivative contracts	3,885,172
Debt issuance costs, net	98,037
Prepaid expenses and other	621,260
Total current assets	35,389,126
Oil and natural gas properties, full cost method of accounting	
Proved properties, subject to amortization	152,873,713
Less: accumulated depletion	(20,564,353)
Total oil and natural gas properties, net	132,309,360
Other property and equipment	
Other property and equipment	172,389
Less: accumulated depreciation	(44,591)
Total other property and equipment, net	127,798
Other noncurrent assets:	
Deposits	50,000
Debt issuance costs, net	159,692
Operating lease right-of-use assets	14,360,231
Assets from derivative contracts	1,415,570
Total other noncurrent assets	15,985,493
Total assets	**$ 183,811,777**
Liabilities and Member Equity	
Current liabilities	
Accounts payable	$ 691,096
Accrued liabilities and other	14,011,721
Ad valorem taxes payable	919,027
Operating lease liabilities	2,152,418
Term loan, net of $82,211 of debt issuance costs	9,917,789
Liabilities from derivative contracts	1,149,039
Total current liabilities	28,841,090
Long-term liabilities	
Revolving credit facility	15,277,555
Term loan, net of $162,653 debt issuance costs	19,837,347
Operating lease liabilities	12,250,251
Liabilities from derivative contracts	896,694
Asset retirement obligations	3,552,667
Total liabilities	80,655,604
Commitments and contingencies (Note 11)	
Member equity	103,156,173
Total liabilities and member equity	**$ 183,811,777**

The accompanying notes are an integral part of these financial statements.

Maple Energy Holdings, LLC
Statement of Operations

	Year Ended December 31, 2022
Revenues	
Oil	$ 63,803,055
Natural gas	17,480,314
Natural gas liquids	19,470,346
Total revenues	100,753,715
Expenses	
Lease operating expenses	31,910,592
Production and other taxes	5,052,140
Depletion - oil and natural gas properties	17,625,697
Depreciation - other property and equipment	34,522
Accretion of asset retirement obligations	106,746
General and administrative	5,172,551
Total expenses	59,902,248
Income from operations	40,851,467
Other (income) expense	
Interest expense and other	382,810
Net (gain) loss on derivative contracts	1,240,228
Total other (income) expense	1,623,038
Income before income taxes	39,228,429
Income taxes	287,898
Net income	**$ 38,940,531**

The accompanying notes are an integral part of these financial statements.

Maple Energy Holdings, LLC
Statement of Member Equity

	Total Member Equity
Balance at December 31, 2021	$ 69,215,642
Distributions	(5,000,000)
Net income	38,940,531
Balance at December 31, 2022	**$ 103,156,173**

The accompanying notes are an integral part of these financial statements.

Maple Energy Holdings, LLC
Statement of Cash Flows

	Year Ended December 31, 2022
Cash flows provided by operating activities	
Net income	$ 38,940,531
Adjustments to reconcile net income to net cash provided by operating activities:	
Depletion, depreciation, and accretion	17,766,964
Amortization of debt issuance costs	25,426
Unrealized (gain) loss on derivative contracts	(3,386,727)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed:	
Accounts receivable	(672,934)
Prepaid expenses and other	(124,941)
Accounts payable, accrued liabilities, and other	(10,851,967)
Net cash provided by operating activities	41,696,352
Cash flows from investing activities	
Acquisition of oil and natural gas properties	(56,939,170)
Development of oil and natural gas properties	(15,368,431)
Proceeds from sale of oil and natural gas properties	3,331,322
Net cash used in investing activities	(68,976,279)
Cash flows from financing activities	
Distributions	(5,000,000)
Debt issuance costs	(528,019)
Proceeds from revolving line of credit	22,277,555
Payments on revolving line of credit	(7,000,000)
Proceeds from term loan	30,000,000
Payments of net profits interest financing	(12,618,076)
Net cash provided by financing activities	27,131,460
Net change in cash and cash equivalents	(148,467)
Cash and cash equivalents, beginning of year	12,499,149
Cash and cash equivalents, end of year	**$ 12,350,682**
Supplemental disclosures of cash flow information:	
Cash interest paid	$ 36,422
Cash taxes paid	43,392
Disclosure of non-cash investing and financing activities:	
Asset retirement obligations	$ (423,336)
Increase (decrease) in accrued capital expenditures	(916,093)
Operating lease right of use assets obtained in exchange for lease obligations	16,729,531

The accompanying notes are an integral part of these financial statements

MAPLE ENERGY HOLDINGS, LLC
NOTES TO THE FINANCIAL STATEMNETS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Maple Energy Holdings, LLC ("the Company" or "Maple"), a Delaware limited liability company formed on November 6, 2020, is an independent oil and gas company engaged in the development and operation of oil and natural gas properties in the United States. The Company's producing assets consist of operated and nonoperated working interests in the Permian Basin in West Texas. The Company operates in one segment, upstream oil and gas.

Maple is owned by Riverstone Maple Investor. The Company is under the direction of a three-member Board of Managers comprised of two representatives appointed by Riverstone and the Company's Chief Executive Officer.

MDC Transaction

On November 8, 2019, MDC Energy, LLC, MDC Reeves Energy, LLC, MDC Texas Operator, LLC, and Ward I, LLC (collectively "MDC") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. On June 18, 2021, the Company entered into an Asset Purchase Agreement ("APA") pursuant to which Maple agreed to purchase substantially all the oil and natural gas assets owned by MDC (the "MDC Transaction") in accordance with the plan of reorganization. The transaction closed on September 17, 2021, with an effective date of March 1, 2021. Upon consummation of the MDC Transaction, Maple acquired proved developed oil and natural gas assets with an approximate 75% average working interest and 50% average net revenue interest in the Permian Basin in Reeves and Glasscock Counties, Texas, as well as certain insignificant other assets and assumed liabilities associated with the acquired assets. As a result, the Company recorded acquired assets and assumed liabilities of approximately $90.5 million and $18.3 million, respectively.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items subject to such estimates and assumptions include: (i) oil and natural gas reserves; (ii) impairment tests of long-lived assets; (iii) depreciation, depletion and amortization; (iv) asset retirement obligations; (v) assignment of fair value and allocation of purchase price in connection with asset acquisitions; (vi) accrued liabilities; (vii) valuation of derivative instruments; and (viii) accrued revenue and related receivables. Management emphasizes that reserve estimates are inherently imprecise and that estimates of reserves of non-producing properties and more recent discoveries are more imprecise than those for properties with long production histories. Although management believes these estimates are reasonable, actual results could differ from estimates. Additionally, see Note 10 – "*Fair Value Measurements*."

Cash and Cash Equivalents

Investments in highly liquid securities with original maturities of three months or less are considered to be cash equivalents. At December 31, 2022, the Company had no cash equivalents.

The Company places cash and cash equivalents with high quality financial institutions and at times may exceed the federally insured limits. The Company has not experienced a loss in such accounts nor does it expect any related losses in the near-term.

Accounts Receivable and Allowance for Doubtful Accounts

The Company's accounts receivable are primarily receivables from joint interest owners and oil and natural gas purchasers. Accounts receivable are recorded at the amount due, less an allowance for doubtful accounts, when applicable. We establish provisions for losses on accounts receivable if it is determined that collection of all or a part of an outstanding balance is not probable. Collectability is reviewed regularly, and an allowance is established or adjusted, as necessary, using the specific identification method. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts, and other specific information known to management that may affect collectability. At December 31, 2022, management determined that no allowance for doubtful accounts was necessary.

Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and the Company's revolving credit and term loan facilities approximate their fair value due to their short-term nature and variable interest rates. The carrying values of commodity derivatives are reported at fair value as further discussed in Note 10 – "*Fair Value Measurements*."

Debt Issuance Costs

The Company capitalizes certain borrower fees related to its revolving credit and term loan facilities ("loan origination fees and costs") in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 310-20 "Nonrefundable Fees and Other Costs." The Company amortizes loan origination fees and costs on a straight-line basis over the life of the loan as a component of "Interest expense and other." See Note 7 – "*Long Term Debt*" for more details.

Concentration of Credit Risk

The Company's primary concentrations of credit risk are the risks of uncollectible accounts receivable and of nonperformance by counterparties under the Company's derivative contracts. Each reporting period, the Company assesses the recoverability of material receivables using historical data, current market conditions and reasonable and supportable forecasts of future economic conditions to determine expected collectability of its material receivables.

The Company's accounts receivable are primarily receivables from joint interest owners and oil and natural gas purchasers. The purchasers of the Company's oil and natural gas production consist primarily of independent marketers and gas pipeline companies. The Company operates a substantial portion of its oil and natural gas properties. As the operator of a property, the Company makes full payments for costs associated with the property and seeks reimbursement from the other working interest owners in the property for their share of those costs. Joint operating agreements govern the operations of an oil or natural gas well and, in most instances, provide for the offsetting of amounts payable or receivable between the Company and its joint interest owners. The Company's joint interest partners consist primarily of independent oil and natural gas producers. If the oil and natural gas exploration and production industry in general was adversely affected, the ability of the Company's joint interest partners to reimburse the Company could be adversely affected.

The Company's exposure to credit risk under its derivative contracts is associated with one major financial institution which has an investment grade credit rating. The Company has a master netting agreement in place which provides for offsetting of amounts payable or receivable between the Company and the counterparty. To manage counterparty risk associated with derivative contracts, the Company selects, and monitors counterparties based on an assessment of their financial strength and/or credit ratings. See Note 9 – "*Derivatives and Risk Management*" for further discussion.

Revenue

The Company sells its oil, natural gas and NGLs production to various purchasers in the industry. The table below presents purchasers that account for 10% or more of total oil, natural gas and NGLs sales for the year ended December 31, 2022. Although changes in our primary purchasers or the loss of any single purchaser may have a short-term impact on the Company, management believes there would not be a long-term material adverse effect on the Company's financial position or results of operations due to the availability of alternative purchasers.

Purchaser	Year Ended December 31, 2022
Purchaser #1	64%
Purchaser #2	36%

Oil and Gas Properties

The Company utilizes the full cost method of accounting for its investment in oil and natural gas properties as prescribed by the United States Securities and Exchange Commission ("SEC"). Accordingly, all costs incurred in the acquisition, exploration and development of proved and unproved oil and natural gas properties, including the costs of abandoned properties, treating equipment and gathering support facilities, dry holes, geophysical costs, and annual lease rentals are capitalized. All general and administrative corporate costs unrelated to drilling activities are expensed as incurred. Depletion of evaluated oil and natural gas properties is computed on the units of production method based on estimated proved reserves.

Costs associated with unevaluated properties are excluded from the full cost pool until the Company has made a determination as to the existence of proved reserves. The Company reviews its unevaluated properties at the end of each quarter to determine whether the costs incurred should be transferred to the full cost pool and thereby subject to amortization. Management assesses the Company's unproved properties for impairment considering factors such as the current exploration program and intent to drill, remaining lease term and the assignment of proved reserves. Significant unproved properties are assessed individually. Investments in unevaluated oil and natural gas properties and exploration and development projects for which depletion expense is not currently recognized, and for which exploration or development activities are in progress, qualify for interest capitalization. The Company had no unevaluated properties as of December 31, 2022.

Capitalized costs are subject to a ceiling test which is performed quarterly. The full cost ceiling test is a limitation on capitalized costs prescribed by SEC Regulation S-X Rule 4-10. The ceiling test is not a fair value-based measurement, rather it is a standardized mathematical calculation. The ceiling test provides that capitalized costs less related accumulated depletion and deferred income taxes may not exceed the sum of (1) the present value of future net revenue from estimated production of proved oil and gas reserves using the unweighted arithmetic average of the first-day-of-the month price for the previous twelve-month period, excluding the future cash outflows associated with settling asset retirement obligations that have been accrued on the balance sheet, at a discount factor of 10%; plus (2) the cost of properties not being amortized, if any; plus (3) the lower of cost or estimated fair value of unproved properties included in the costs being amortized, if any; less (4) income tax effects related to differences in the book and tax basis of oil and gas properties. Should the net capitalized costs exceed the sum of the components noted above, a ceiling test write-down or impairment would be recognized to the extent of the excess capitalized costs. Such impairments are permanent and cannot be recovered in future periods even if the sum of the components noted above exceeds capitalized costs in future periods. Future declines in oil and natural gas prices, increases in future operating expenses and future development costs could result in impairments of the Company's oil and gas properties in future periods. Impairments are non-cash expenses, which would not affect reported cash flows, but would adversely affect net income and member equity. For the year ended December 31, 2022 , the Company did not recognize a ceiling test impairment as the Company's net book value of its oil and gas properties did not exceed the ceiling amount. Typically, the sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized. However, in circumstances where such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, the Company would recognize a gain or loss in the statement of operations. All costs related to production activities, including workover costs incurred solely to maintain production from an existing completion interval, are charged to expense as incurred.

Asset Retirement Obligations and Environmental Costs

Asset retirement obligations ("ARO") relate to future costs associated with the plugging and abandonment of oil and gas wells, removal of equipment and facilities from leased acreage and returning such land to its original condition. The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 410 "Asset Retirement and Environmental Obligations", to determine its asset retirement obligation amounts by calculating the present value of the estimated future cash outflows associated with its plug and abandonment obligations. The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred (typically when a well is completed or acquired or when an asset is installed at the production location), and the cost of such liability increases the carrying amount of the related long-lived asset by the same amount. The liability is accreted each period through charges to accretion expense, and the capitalized cost is depleted as a component of oil and gas properties. Revisions typically occur due to changes in estimated abandonment costs or well economic lives, or if federal or state regulators enact new requirements regarding the abandonment of wells, and such revisions result in adjustments to the related capitalized asset and corresponding liability. See further discussion in Note 6 – "*Asset Retirement Obligations*."

Other Property and Equipment

Other property and equipment is stated at cost upon acquisition less accumulated depreciation. Costs of renewals and improvements that substantially extend the useful lives of these assets are capitalized. Repairs and maintenance are expensed as incurred. Leasehold improvements are depreciated, using the straight-line method, over the shorter of the lease term or the useful life of the asset. When other property and equipment is sold or retired, the capitalized costs and related accumulated depreciation and amortization are removed from the account. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment and software	4 Years
Furniture and office equipment	7 Years
Automobiles	5 Years

Impairment of Other Property and Equipment

The Company reviews its other operating property and equipment for impairment in accordance with ASC 360, *Property, Plant, and Equipment* ("ASC 360"). ASC 360 requires the Company to evaluate other operating property and equipment for impairment as events occur or circumstances change that would more likely than not reduce the fair value below the carrying amount. If the carrying amount is not recoverable from its undiscounted cash flows, then the Company would recognize an impairment loss for the difference between the carrying amount and the current fair value. Further, the Company evaluates the remaining useful lives of its other operating property and equipment at each reporting period to determine whether events and circumstances warrant a revision to the remaining depreciation periods. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its other property and equipment does not exceed their estimated recoverable amount.

Revenue Recognition

The Company's revenues are comprised solely of revenues from customers from the sale of oil, natural gas, and natural gas liquids. The Company believes that the disaggregation of revenue on its statement of operations into these three major product types appropriately depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors based on our geographic locations. Oil, natural gas, and natural gas liquids revenues are recognized at a point in time when production is sold to a purchaser at an index-based, determinable price, delivery has occurred, control has transferred, and collectability of the revenue is probable. The transaction price used to recognize revenue is a function of the contract billing terms which reference index price sources used by the industry. Revenue is calculated by calendar month based on volumes at contractually based rates with payment typically required within 30 days for oil and 60 days for natural gas and natural gas liquids after the end of the production month. At the end of each month when the performance obligations have been satisfied, the consideration can be reasonably estimated and amounts due from customers are accrued in "Receivables from oil and gas sales" in our balance sheet. As of December 31, 2022, receivables from contracts with customers were $17.5 million. Production imbalances are not material, thus as of December 31, 2022, there is no asset or liability recorded for imbalances. For additional revenue recognition information see Note 2 – "*Operating Revenues."*

Acquisitions

In accordance with ASC Topic 805 “Business Combinations”, the Company determines whether an acquisition is a business combination, which requires that the assets acquired, and liabilities assumed constitute a business. Each business combination is then accounted for by applying the acquisition method of accounting. If the assets acquired are not a business, the Company accounts for the transaction as an asset acquisition. For transactions that are business combinations, the Company evaluates the existence of goodwill or a gain from a bargain purchase. The excess, if any, of the purchase price over the net fair value amounts assigned to assets acquired and liabilities assumed is recognized as goodwill. Conversely, if the fair value of assets acquired exceeds the purchase price, including liabilities assumed, the excess is immediately recognized in earnings as a bargain purchase gain. Business combination acquisition related costs and fees are expensed as incurred.

The Company estimates the fair values of assets acquired and liabilities assumed in acquisitions using various assumptions (many of which are Level 3 inputs within the fair value hierarchy). The most significant assumptions typically relate to the estimated fair values assigned to proved and unproved oil and natural gas properties. To estimate the fair values of the proved and unproved oil and natural gas properties, the Company develops estimates of oil, natural gas and NGLs reserves. Estimates of reserves are based on the quantities of oil, natural gas and NGLs that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under existing economic and operating conditions. Additionally, a risk factor is applied to reserves by reserve type based on industry standards. The Company estimates future prices to apply to the estimated net quantities of reserves based on the applicable ownership percentage acquired and estimates future operating and development costs to arrive at estimates of future net cash flows. The future net cash flows are discounted using a market-based weighted average cost of capital rate determined appropriate at the time of the acquisition.

For asset acquisitions, the Company allocates the costs of the acquisition to the assets acquired and liabilities assumed based on a relative fair value basis of the assets acquired and liabilities assumed, with no recognition of goodwill or bargain purchase gain recorded. Incremental legal and professional fees related directly to the acquisitions are capitalized as part of the acquisition cost.

For discussion about fair value measurements, see Note 10 – “Fair Value Measurements.”

Income Taxes

The Company is not a taxable entity for federal income tax purposes. The accompanying financial statements do not include a provision for federal income taxes because the member is taxed on its share of the Company’s earnings. Certain transactions of the Company may be subject to accounting methods for income tax purposes which differ from the accounting methods used in preparing these financial statements in accordance with GAAP.

Income taxes in the State of Texas are calculated on the basis of an entity’s “margin.” The following discussion applies to the Company’s accounting for state income taxes.

Accounting for income taxes requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the 11 expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized. The Company believes its tax positions are more likely than not of being upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits. The Company also has no unrecognized tax benefits. The Company does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months. To the extent applicable, the Company includes interest and penalties related to taxes as a component of income tax expense. In 2022, the Company did not incur any interest or penalties related to taxes.

All the Company's tax returns filed since its inception date are subject to audit by federal or state tax authorities. The Company is subject to partnership audit rules enacted as part of the Bipartisan Budget Act of 2015 (the Centralized Partnership Audit Regime). Under the Centralized Partnership Audit Regime, any IRS audit of the Company would be conducted at the Company level, and if the IRS determines an adjustment, the default rule is that the Company would pay an "imputed underpayment" including interest and penalties, if applicable. The Company may instead elect to make a "push-down" election, in which case the partners for the year that is under audit would be required to take into account the adjustments on their own personal income tax returns. In the event of an examination of the Company's tax return, the tax liability of the member could be changed if an adjustment in the Company's income is ultimately sustained by the taxing authorities. If the Company received an imputed underpayment notice, a determination will be made based on the relevant facts and circumstances that exist at the time. Any payments that the Company ultimately makes on behalf of its current member will be reflected as a dividend, rather than tax expense at the time such dividend is declared.

The Accounting Standards Update No. 2015-17, Balance Sheet Classification of Deferred Taxes, requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage defined commodity price risks and does not use them for speculative trading purposes. The Company uses derivative instruments to financially protect sales of natural gas, oil, and NGLs. Since the Company does not designate its derivatives for hedge accounting treatment, gains and losses resulting from the settlement of derivative contracts are recognized in (gain) loss on derivatives in the statement of operations when cash is received or paid. Changes in the fair value of the unsettled portion of the derivative contracts are also recognized in (gain) loss on derivatives in the statement of operations. See Note 9 – "*Derivatives and Risk Management"* for a discussion of the Company's derivative financial instruments.

Recently Adopted Accounting Pronouncements - Leases

In February 2016, an accounting standard update 2016-02, Leases, codified under the Topic 842 ("ASC 842"), was issued that requires an entity to recognize a right-of-use ("ROU") asset and lease liability for all leases. Classification of leases as either a finance or operating lease determines the recognition, measurement and presentation of expenses. This accounting standards update also requires certain quantitative and qualitative disclosures about leasing arrangements.

Adoption of ASC 842 is mandatory and effective for all private companies for fiscal years beginning after December 15, 2021. Effective January 1, 2022, the Company adopted the new standard using a modified retrospective approach and recognized a ROU asset (or operating lease right-of-use asset) and a lease liability with no retained earnings impact.

The Company applied the following practical expedients as provided in the standards update which provide elections to:

- not apply the recognition requirements to short-term leases (a lease that at commencement date has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Company is reasonably certain to exercise);
- not reassess whether an expired or existing pre-adoption date contract contained a lease;
- not reassess whether a contract contains a lease, lease classification and initial direct costs;
- apply a risk-free discount rate in place of the incremental borrowing rate where an implicit rate is not readily determinable; and
- not reassess certain land easements in existence prior to adoption of the standard.

Certain of the Company's lease agreements include lease and non-lease components. For all existing asset classes with multiple component types, the Company has utilized the practical expedient that exempts it from separating lease components from non-lease components. Accordingly, the Company accounts for the lease and non-lease components in an arrangement as a single lease component. The Company recognizes lease payments related to its short-term leases in the statement of operations on a straight-line basis over the lease term which has not changed from its prior recognition. To the extent that there are variable lease payments, the Company recognizes those payments in the statement of operations in the period in which the obligation for those payments is incurred.

The Company evaluated each of its lease arrangements and enhanced its systems to track and calculate additional information required upon adoption of this standards update. The Company's adoption had an impact to the balance sheet as of December 31, 2022 relating to the recognition of operating lease ROU assets and operating lease liabilities. See Note 4 – "Leases."

The Company determines if an arrangement is a lease at inception of the arrangement. A lease exists when a contract conveys to the customer the right to control the use of an identified asset for a period of time in exchange for consideration. The definition of a lease embodies two conditions: (1) there is an identified asset in the contract that is land or a depreciable asset, and (2) the customer has the right to control the use of the identified asset.

To the extent that it is determined that an arrangement represents a lease, the Company classifies that lease as an operating lease or a finance lease. Currently, the Company does not have any finance leases. The Company capitalizes its operating leases on its balance sheet through a ROU asset and a corresponding lease liability. ROU assets represent the Company's right to use underlying assets for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Short-term leases that have an initial term of one year or less are not capitalized but are disclosed below. Short-term lease costs exclude expenses related to leases with a lease term of one month or less.

Operating leases are reflected as operating lease ROU assets and operating lease liabilities on the Company's balance sheet. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. In addition to the present value of lease payments, the operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement less any lease incentives and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Nature of Leases

H2S Treatment Leases

The Company rents four active H2S treatment facilities from third parties. The Company's H2S treatment equipment agreements are typically structured with three-year cancellable terms. The Company has concluded that these H2S treatment equipment commitments are not considered leases due to the cancellable terms in the agreements.

Natural Gas Compression Leases

The Company rents natural gas compression equipment from third parties to support its operations. The Company's natural gas compression agreements are typically structured with non-cancelable terms of twelve months to two years. The Company has concluded that its natural gas compression commitments are operating leases.

Impairment Review

The Company reviews its right of use assets for impairment in accordance with ASC 360. ASC 360 requires the Company to evaluate right of use assets for impairment as events occur or circumstances change that would more likely than not reduce the fair value below the carrying amount. If the carrying amount is not recoverable from its undiscounted cash flows, then the Company would recognize an impairment loss for the difference between the carrying amount and the current fair value.

The Company monitors for events or changes in circumstances that would require a reassessment of a lease. When a reassessment results in the remeasurement of a lease liability, an adjustment is made to the carrying amount of the corresponding right of use asset unless doing so would reduce the carrying amount of the right of use asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative right of use asset balance is recorded in the statements of operations.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (*Topic 326*)*, which requires the measurement of expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. It is effective for interim and annual periods beginning after December 15, 2022. The Company has not completed an evaluation of the impact the pronouncement will have on its financial statements and related disclosures.

Other accounting standards that have been issued by the FASB or other standard setting bodies are not expected to have a material impact on the Company's financial statements.

NOTE 2. OPERATING REVENUES

Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenue. Revenues from the sale of crude oil, natural gas and natural gas liquids are recognized, at a point in time, when a performance obligation is satisfied by the transfer of control of the commodity to the customer. Transfer of control drives the presentation of post-production expenses such as transportation, gathering, and processing deductions within the statement of operations. Fees and other deductions incurred prior to control transfer are presented as a component within the "Lease operating expenses" on the statement of operations, while fees and other deductions incurred subsequent to control transfer are embedded in the price and are presented as a reduction of oil, natural gas, and natural gas liquids production revenue.

The Company’s contractual performance obligations arise upon the production of hydrocarbons from wells in which the Company has an ownership interest. The performance obligations are considered satisfied at a point in time upon control transferring to a customer at a specified delivery point. Consideration is allocated to completed performance obligations at the end of an accounting period. Because the Company’s performance obligations have been satisfied and an unconditional right to consideration exists as of the balance sheet date, the Company recognized amounts due from contracts with customers of $17.5 million at December 31, 2022, as "Receivables from oil and gas sales” on the balance sheet. Because of the unconditional right to consideration, the Company’s product sales do not give rise to contract assets or liabilities.

All the Company’s revenues are derived from its single basin operations, the Delaware Basin primarily in Reeves County, Texas. The accompanying statement of operations disaggregates the Company’s revenues by major product in order to depict how the nature, timing, and uncertainty of revenue and cash flows are affected by economic factors in the Company’s single basin operations.

For the year ended December 31, 2022, revenues recognized in the reporting period related to performance obligations satisfied in prior reporting periods was not material.

Oil Sales

The Company’s oil sales contracts are structured where the Company delivers crude oil to the customer at a contractual delivery point at which the customer takes custody, title and risk of loss of the product. The Company receives a specified index price from the customer, net of applicable market-related adjustments. Revenue is recognized when control of the crude oil transfers at the delivery point at the net price received. Settlement statements for the Company’s crude oil production are typically received within the month following the date of production and therefore the amount of production delivered to the customer and the price that will be received for that production are known at the time the revenue is recorded. Payment under the Company’s crude oil contracts is typically due on or before the 20th of the month following the delivery month.

Natural Gas and Natural Gas Liquids Sales

The Company evaluates its natural gas sales and natural gas gathering and processing arrangements in place with midstream companies to determine when control of the natural gas is transferred. Under contracts where it is determined that control of the natural gas transfers at the wellhead, any fees incurred to gather or process the unprocessed natural gas are treated as a reduction of the sales price of unprocessed natural gas, and therefore revenues from such transactions are presented on a net basis. Under contracts where it is determined that control of the natural gas transfers at the tailgate of the midstream entity’s processing plant, revenues are presented on a gross basis for amounts expected to be received from the midstream company or third party purchasers through the gathering and treating process and presented as "Natural gas" or "Natural gas liquids" and any fees incurred to gather or process the natural gas are presented as a component of “Lease operating expenses” on the statement of operations. Under certain contracts, the Company may elect to take its residue gas and/or natural gas liquids in-kind at the tailgate of the midstream entity’s processing plant. The Company then sells the products to a customer at contractual delivery points at prices based on an index. In these instances, revenues are presented on a gross basis and any fees incurred to gather, process, or transport the commodities are presented as a component of “Lease operating expenses” on the statement of operations.

Settlement statements for the Company’s natural gas and natural gas liquids production are typically received 30 days after the date of production and therefore the Company estimates the amount of production delivered to the customer and the price that will be received for that production are known at the time the revenue is recorded. Payment under the Company’s natural gas contracts is typically due on or before the end of the month following the delivery month.

NOTE 3. ACQUISITIONS, DISPOSITIONS AND OTHER TRANSACTIONS

Nonoperated Transaction

On December 23, 2022, the Company entered into and simultaneously closed a letter agreement (the "Nonoperated Agreement") with Colgate Energy, LLC ("Colgate") to acquire all of Colgate's interests in wells that the Company operates (the "Assets") for a purchase price of $60 million before customary purchase price adjustments (the "Nonoperated Transaction"). The Nonoperated Transaction was completed to increase the Company's interests in the wells it operated which increased its operation and financial scale. The Nonoperated Agreement had an effective date of November 1, 2022.

The Company accounted for the Nonoperated Transaction as an asset acquisition and allocated all of the purchase price (including capitalized transaction costs) to proved oil and natural gas properties. The Company also recognized $0.5 million in non-cash asset retirement obligations. In connection with the Nonoperated Transaction, the Company amended its existing Revolving Credit Agreement to increase the total facility to $60 million, which included a new Term Loan facility. Refer to Note 7, *"Long Term Debt"* for more details. The transaction was funded by a combination of cash on hand and $45 million in borrowings.

Glasscock County Divestiture

On January 7, 2022, the Company signed and closed on the sale of all of its interests in Glasscock County, Texas to New Height Energy, LLC, for $3.25 million before customary closing adjustments. The transaction had an effective date of January 1, 2022. Proceeds from the sale were recorded as a reduction to the carrying value of the Company's full cost pool with no gain or loss recorded. The Company used the net proceeds from the sale for general corporate purposes.

NOTE 4. LEASES

Adoption of Accounting Standards Codification Topic 842, Leases

On January 1, 2022, the Company adopted ASC 842 using the modified retrospective approach as of the adoption date. Reporting period beginning after January 1, 2022, is presented under ASC 842. The table below details the impact of adoption on the Company's balance sheet as of January 1, 2022 and the remaining balance at December 31, 2022:

	Balance at December 31, 2022	Adjustment at Adoption January 1, 2022
Assets		
Operating lease right-of-use assets	$ 14,360,231	$ 16,729,531
Finance lease right-of-use assets	-	-
Total right-of-use assets	$ 14,360,231	$ 16,729,531
Liabilities		
Current		
Operating	$ 2,152,418	$ 2,560,572
Finance	-	-
Non-current		
Operating	12,250,251	14,168,959
Finance	-	-
Total Lease Liabilities	$ 14,402,669	$ 16,729,531

The Company leases compressors pursuant to operating leases. Operating leases where the Company is the lessee are included in "Operating lease right-of-use assets" and "Operating lease liabilities" on the balance sheet. The lease liabilities are initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. The operating leases for compressors have initial lease terms ranging from 6 months to 24 months, with the last lease expiring January 2024. The Company believes there is a reasonable certainty that renewal options will be exercised on a portion of these leases through 2031. Payments due under the lease contracts include fixed payments plus, in some instances, variable payments.

The table below summarizes the Company's leases:

	Year Ended December 31, 2022
Operating lease cost included in lease operating expenses in the Company's statements of operations	$ 2,625,468
Short-term lease cost included in lease operating expenses in the Company's statements of operations	3,618,464
Finance lease cost:	-
Amortization of right-of-use assets	-
Interest on lease liabilities	-
Total finance lease cost	$ -
Variable lease cost	$ -
Sublease income	$ -

Supplemental cash flow information related to leases:

	Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ (2,582,772)
Operating cash flows from finance leases	$ -
Finance cash flows from finance leases	$ -

Future minimum lease payments associated with the Company's non-cancellable operating leases as of December 31, 2022, are presented in the table below:

	Operating Lease Liability
2023	$ 2,274,312
2024	1,640,112
2025	1,640,112
2026	1,640,112
2027	1,640,112
Thereafter	6,623,096
Total future minimum rental commitments	15,457,856
Less Imputed Interest	(1,055,187)
Total Lease Liability	$ 14,402,669

Other information related to leases as of December 31, 2022 are as follows:

Weighted average remaining lease term	10 Years
Weighted average discount rate	1.70%

NOTE 5. OTHER PROPERTY AND EQUIPMENT

Other property and equipment consisted of the following at December 31, 2022:

Automobiles	$ 172,389
Less: accumulated depreciation	(44,591)
Total other propety and equipment, net	$ 127,798

During the year ended December 31, 2022, the Company recognized $34,522 of depreciation expense and did not recognize an impairment.

NOTE 6. ASSET RETIREMENT OBLIGATIONS

The Company records ARO on oil and natural gas properties when it can reasonably estimate the fair value of an obligation to perform site reclamation, dismantle facilities or plug and abandon costs. The Company records ARO on the balance sheet and capitalizes the cost in *"Oil and natural gas properties"* during the period in which the obligation is incurred. The Company records the accretion of its ARO in *"Accretion of asset retirement obligations"* expense in the statement of operations. The additional capitalized costs are depreciated on a unit-of-production basis. ARO are initially valued utilizing Level 3 fair value measurement inputs (see Note 10 – "*Fair Value Measurements*"), including estimated costs to abandon wells in the future and credit-adjusted risk-free rates.

The following presents changes in asset retirement obligations for the year ended December 31, 2022:

Asset retirement obligations at December 31, 2021	$	3,871,161
Obligations divested [1]		(848,576)
Acquisition [2]		459,653
Additions		9,793
Revisions		(46,110)
Accretion expense		106,746
Asset retirement obligations at December 31, 2022	$	3,552,667

(1) On January 7, 2022, the Company closed the sale of all of its interests in Glasscock County, Texas. See Note 3 – *"Acquisitions, Dispositions and Other Transactions"* for more details.

(2) On December 23, 2022, the Company closed the Nonoperated Transaction. See Note 3 – *"Acquisitions, Dispositions and Other Transactions"* for more details.

NOTE 7. LONG TERM DEBT

Revolving Credit Facility

On August 17, 2022, the Company entered into a three-year reserve-based credit facility ("Facility") with MidFirst Bank (the "Lenders") in an amount up to $100.0 million with an initial borrowing base of $20.0 million. The borrowing base will be redetermined on a semi-annual basis, with the Lenders and the Company each having the right to not more than two interim unscheduled redeterminations per calendar year. The borrowing base takes into account the estimated value of the Company's oil and natural gas properties, proved reserves, total indebtedness, and other relevant factors consistent with customary oil and natural gas lending criteria. The Facility included a placement fee of 0.60% on the initial borrowing base amounting to $20.0 million and carries a commitment fee of 0.50% per annum on the undrawn portion of the borrowing base. Any borrowings under the Facility will bear interest at the Secured Overnight Funding ("SOF") rate, as defined under the Facility, plus the applicable margin based upon the utilization percentage in effect on such day as follows:

Utilization Percentage	Applicable Margin
≥ 75%	3.50%
≥ 50% and < 75%	3.25%
≥ 25% and < 50%	3.00%
< 25%	2.75%

The Company may elect, at its option, to prepay any borrowings outstanding under the Facility without premium or penalty. Amounts outstanding under the Facility are guaranteed by a security interest in substantially all of the properties of the Company and its subsidiaries. Borrowings from the Facility may be used for the acquisition and development of oil and natural gas properties, investments in cash flow generating assets complimentary to the production of oil and natural gas, and for letters of credit or other general corporate purposes.

The Facility contains certain events of default, including non-payment; breaches or representation and warranties; non-compliance with covenants; cross-defaults to material indebtedness; voluntary or involuntary bankruptcy; judgments and change in control. The Facility also contains financial covenants including a requirement that the Company maintain, as of the last day of each fiscal quarter, (i) a maximum total leverage ratio of not more than 3.00 to 1.00, and (ii) a current ratio of not less than 1.00 to 1.00, both as defined under the Facility. At December 31, 2022, the Company had $15.3 million outstanding under the Facility with an interest rate of 7.34% and was in compliance with the financial covenants under the Facility.

On December 23, 2022, the Company entered into the First Amendment to the Facility (the “Frist Amendment”). This amendment, among other things, increased the available borrowing base to $60.0 million from $20.0 million and added a hedging covenant whereby the Company must hedge a minimum of 50% of future production on a rolling 12-month basis. The First Amendment allows the Company to elect to utilize one month, three month or six month Secured Overnight Funding Rates (“SOFR”) with respect to any loan. The First Amendment also included an adjustment to the annualized percentage rate of 0.00% for one month, 0.15% for three months and 0.25% for six months designations.

Term Loan

In connection with the First Amendment, the Company and the Lenders entered in a new Promissory Note for $30.0 million (the “Term Loan”). In accordance with the Term Loan, the Company is required to make monthly payments of $833,333.33. The Term Loan expires on December 23, 2025, and includes the same general financial covenants as the Facility discussed above. Any borrowings under the Term Loan will bear interest at the same rate as the Revolving Credit Facility rate above. At December 31, 2022, the interest rate was 7.82%. The Company has the ability to prepay the Term Loan, in whole or in part, at any time without premium or penalty, but with accrued interest to the date of the prepayment.

The Term Loan also requires the Company to make excess cash flow payments to the Lenders equal to EBITDAX (as defined by the Term Loan) plus decreases in consolidated working capital minus (1) the sum of cash interest expense and scheduled principal payments on debt actually made; (2) plus permitted tax distributions; (3) increases in working capital; (4) capital expenditures; (5) prepayments of the Term Loan; (6) cash on hand not to exceed $10 million; and (7) costs and expenses incurred in connection with the Colgate acquisition.

At December 31, 2022, the Company had $30.0 million outstanding under the Term Loan, $10.0 million of which has been classified as current, and was in compliance with the financial covenants under the Term Loan.

Debt Maturities

Aggregate maturities required on debt at December 31, 2022, due in future years are as follows (excluding $0.3 million of discount on the revolving credit facility and $0.2 million on the term loan):

2023	$10,000,000
2024	10,000,000
2025	25,277,555
2026	-
2027	-
Thereafter	-
Total	$45,277,555

NOTE 8. ACCRUED LIABILITES AND OTHER

Accrued liabilities and other consisted of the following:

	December 31, 2022
Suspended revenue payable	$ 3,147,072
Revenue payable	5,828,137
Accrued operated capital and lease operating expenditures	3,805,759
Accrued franchise taxes	291,056
Other	939,697
Total accrued liabilities and other	$ 14,011,721

NOTE 9. DERIVATIVES AND RISK MANAGEMENT

The Company is exposed to volatility in market prices and basis differentials for natural gas, oil and natural gas liquids which impacts the predictability of its cash flows related to the sales of those commodities. In accordance with the Company's policy, it generally hedges a substantial, but varying, portion of its anticipated oil, natural gas and natural gas liquids production for future periods. Derivatives are carried at fair value on the balance sheet as assets or liabilities, with the changes in the fair value included in the statement of operations for the period in which the change occurs. The Company does not enter into derivative contracts for speculative trading purposes.

It is the Company's policy to enter into derivative contracts only with counterparties that are creditworthy financial or commodity hedging institutions deemed by management as competent and competitive market makers. As of December 31, 2022, the Company did not post collateral under any of its derivative contracts.

The Company's crude oil, natural gas and natural gas liquids derivative positions at any point in time may consist of fixed-price swaps, costless put/call collars, and basis swaps. Fixed-price swaps are designed so that the Company receives or makes payments based on a differential between fixed and variable prices for crude oil and natural gas. A costless collar consists of a sold call, which establishes a maximum price the Company will receive for the volumes under contract and a purchased put that establishes a minimum price. Basis swaps effectively lock in a price differential between regional prices where the product is sold and the relevant pricing index under which the gas production is hedged. The Company has elected not to designate any of its derivative contracts for hedge accounting. Accordingly, the Company records the net change in the mark-to-market valuation of these derivative contracts, as well as all payments and receipts on settled derivative contracts, in *"Net (gain) loss on derivative contracts"* on the statement of operations.

All derivative contracts are recorded at fair market value in accordance with ASC 815 and ASC 820 and included in the balance sheet as assets or liabilities. The following table summarizes the location and fair value amounts of all derivative contracts in the balance sheet as of December 31, 2022:

Derivative contracts not designated as hedging contracts under ASC 815	Asset derivative contracts		Liability derivative contracts	
	Balance sheet location	December 31, 2022	Balance sheet location	December 31, 2022
Commodity contracts	Current assets - assets from derivative contracts	$ 3,885,172	Current liabilities - liabilities from derivative contracts	$ (1,149,039)
Commodity contracts	Other noncurrent assets - assets from derivative contracts	1,415,570	Long-term liabilities - liabilities from derivative contracts	(896,694)
Total derivative contracts not designated as hedging contracts under ASC 815		$ 5,300,742		$ (2,045,733)

The following table summarizes the location and amounts of the Company's realized and unrealized gains and losses on derivative contracts in the Company's statement of operations:

Derivatives not designated as hedging contracts under ASC 815	Location of (gain) or loss recognized in income on derivative contracts	Amount of (gain) or loss recognized in income on derivative contracts period ended December 31, 2022
Commodity contracts:		
Unrealized (gain) loss on derivative contracts	Other (income) expense - net (gain) loss on derivative contracts	$ (3,386,727)
Realized (gain) loss on derivative contracts	Other (income) expense - net (gain) loss on derivative contracts	4,626,955
Total net loss on derivative contracts	Other (income) expense - net (gain) loss on derivative contracts	$ 1,240,228

At December 31, 2022, the Company had the following open derivative contracts:

Period	Instrument	Commodity	Volume in Mmbtu's / Bbl's	Price / Price Range	Weighted Average Price
January 2023 to March 2023	Fixed-Price Swap	Oil	46,278	$69.92 - $70.00	$ 69.96
January 2023 to March 2023	Producer Collar (Floor)	Natural Gas	209,120	3.25	3.25
January 2023 to March 2023	Producer Collar (Ceiling)	Natural Gas	209,120	6.25	6.25
January 2023 to March 2023	Basis swaps	Natural gas	209,120	0.30	0.30
January 2023 to March 2023	Fixed-Price Swap	Natural gas	540,000	8.87	8.87
April 2023 to December 2024	Producer Collar (Floor)	Natural Gas	3,735,000	4.00	4.00
April 2023 to December 2024	Producer Collar (Ceiling)	Natural Gas	3,735,000	5.75	5.75

The Company enters into an International Swap Dealers Association Master Agreement ("ISDA") with each counterparty prior to a derivative contract with such counterparty. The ISDA is a standard contract that governs all derivative contracts entered into between the Company and the respective counterparty. The ISDA allows for offsetting of amounts payable or receivable between the Company and the counterparty, at the election of both parties, for transactions that occur on the same date and in the same currency.

NOTE 10. FAIR VALUE MEASUREMENTS

Pursuant to ASC 820, *Fair Value Measurement* ("ASC 820"), certain of the Company's financial and nonfinancial assets and liabilities are reported at fair value on the balance sheet. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs.

As required by ASC 820, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There were no transfers between fair value hierarchy levels for any period presented.

The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value as of December 31, 2022:

	December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Assets from derivative contracts	$ -	$ 5,300,742	$ -	$ 5,300,742
Liabilities				
Liabilities from derivative contracts	$ -	$ 2,045,733	$ -	$ 2,045,733

Derivative contracts listed above as Level 2 include fixed-price swaps, costless collars and basis swaps that are carried at fair value. The Company records the net change in the fair value of these positions in *"Net (gain) loss on derivative contracts"* in the Company's statement of operations. The Company is able to value the assets and liabilities based on observable market data for similar instruments, which resulted in the Company reporting its derivatives as Level 2. This observable data includes the forward curves for commodity prices based on quoted market prices and implied volatility factors related to changes in the forward curves. See Note 9, *"Derivatives and Risk Management,"* for additional discussion of derivatives.

The Company's derivative contracts are with a major financial institution with investment grade credit ratings which is believed to have minimal credit risk. As such, the Company is exposed to credit risk to the extent of nonperformance by its counterparty in the derivative contracts; however, the Company does not anticipate such nonperformance.

The estimated fair value of cash and cash equivalents, accounts receivable, accounts payable and the Company's revolving credit and term loan facilities approximate their carrying value due to their short-term nature and variable interest rates. The Company has classified its derivatives into fair value levels depending upon the data utilized to determine their fair values. All the Company's derivative financial instruments are classified as Level 2.

The Company follows the provisions of ASC 820, for nonfinancial assets and liabilities measured at fair value on a non-recurring basis. These provisions apply to the Company's initial recognition of asset retirement obligations for which fair value is used. The asset retirement obligation estimates are derived from historical costs and management's expectation of future cost environments; and therefore, the Company has designated these liabilities as Level 3. See Note 6, *"Asset Retirement Obligations,"* for a reconciliation of the beginning and ending balances of the liability for the Company's asset retirement obligations. For fair value measurements on a non-recurring basis in connection with oil and gas properties upon acquisition see Note 3 – "*Acquisitions, Dispositions and Other Transactions*."

NOTE 11. COMMITMENTS AND CONTINGENCIES

Operating Commitments

The Company does not have any office space leases in its name and therefore does not pay any rent expense.

Environmental Risk

The Company is subject to laws and regulations relating to the protection of the environment. Environmental and cleanup related costs of a non-capital nature are accrued when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. The Company believes any future remediation or other compliance related costs will not have a material effect on the financial position, results of operations or cash flows of the Company.

Contingencies

From time to time, the Company may be involved in certain litigation that arise in the normal course of its operations. The Company records a loss contingency for these matters when it is probable that a liability has been incurred and the amount of the loss can reasonably be estimated. The Company does not believe the resolution of these matters will have a material effect on the Company's financial position, results of operations or cash flows and no amounts are accrued relative to these matters at December 31, 2022.

NOTE 12. MEMBER EQUITY

Maple is owned by Riverstone Maple Investor. All revenues, costs, and expenses of the Company are allocated to the Member. On June 10, 2022, the Company distributed $5,000,000 to Riverstone Maple Investor.

NOTE 13. INCOME TAXES

The Company has recorded a current provision for state income taxes of $287,898 for the year ended December 31, 2022 net of refunds of $3,158 related to 2021. The Company's state deferred income tax provision is not material. The effective income tax rate for the year ended December 31, 2022, differs from the United States federal statutory income tax rate due to the entity's pass-through classification for federal tax purposes and the Texas margin tax rate of 0.75%.

NOTE 14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 28, 2023, the date the financial statements were available to be issued.

MAPLE ENERGY HOLDINGS, LLC
SUPPLEMENTAL OIL AND GAS RESERVE INFORMATION (UNAUDITED)

Capitalized costs relating to oil and natural gas producing activities

The following table summarizes the amounts of capitalized costs relating to oil and natural gas producing activities and the amount of related accumulated depletion.

	December 31, 2022
Oil and natural gas properties	
Property costs subject to amortization	$ 152,873,713
Less: Accumulated depletion, depreciation and amortization	(20,564,353)
Oil and natural gas properties, net	$ 132,309,360

Costs incurred for oil and natural gas property acquisition, exploration, and development activities

The following table summarizes costs incurred and capitalized in oil and natural gas property acquisition, exploration, and development activities. Property acquisition costs are those costs incurred to lease property, including both undeveloped leasehold, and the purchase of reserves in place. Exploration costs include costs of identifying areas that may warrant examination, examining specific areas that are considered to have prospects containing oil and natural gas reserves, costs of drilling exploratory wells, geologic and geophysical assessment costs, and carrying costs on undeveloped properties. Development costs are incurred to obtain access to proved reserves, including the cost of drilling.

	For the Year Ended December 31, 2022
Oil and natural gas activities	
Property acquisition costs:	
Proved property	$ 56,939,170
Unproved property	-
Exploration costs	-
Development costs	15,368,431
Total costs incurred for oil and natural gas activities	$ 72,307,601

Results of operations of oil, natural gas and natural gas liquids producing activities

The following table presents the results of operations of oil, natural gas and natural gas liquids producing activities (excluding corporate overhead and interest costs) for the period presented:

	For the Year Ended December 31, 2022
Revenues	
Oil, natural gas and natural gas liquids	$ 100,753,715
Production costs:	
Lease operating expenses	31,910,592
Production and other taxes	5,052,140
Total production costs	36,962,732
Other costs:	
Depletion - oil and natural gas properties	17,625,697
Accretion of asset retirement obligations	106,746
Income taxes	287,898
Total other costs	18,020,341
Results of operations	**$ 45,770,642**

Oil and Natural Gas Reserves

Users of this information should be aware that the process of estimating quantities of "proved" and "proved developed" oil and natural gas reserves is very complex, requiring significant subjective decisions in the evaluation of all available geological, engineering and economic data for each reservoir. The data for a given reservoir may also change substantially over time as a result of numerous factors including, but not limited to, additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. As a result, revisions to existing reserve estimates may occur from time to time. Although every reasonable effort is made to ensure reserve estimates reported represent the most accurate assessments possible, the subjective decisions and variances in available data for various reservoirs make these estimates generally less precise than other estimates included in the financial statement disclosures.

The following reserves information represents only estimates. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may lead to revising the original estimate. Accordingly, initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Except to the extent the Company acquires additional properties containing proved reserves or conducts successful exploration and development activities or both, the Company's proved reserves will decline as reserves are produced.

Proved reserves represent estimated quantities of natural gas, crude oil and NGLs that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under economic and operating conditions in effect when the estimates were made. Proved developed reserves are proved reserves expected to be recovered through wells and equipment in place and under operating methods used when the estimates were made.

Netherland, Sewell & Associates, the Company's independent reserve engineers, estimated 100% of the Company's proved reserves as of December 31, 2022. In accordance with SEC regulations, the reserves as of December 31, 2022 were estimated using the Realized Prices, which reflect adjustments to the Benchmark Prices for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point. The Company's reserves are reported in three streams: oil, natural gas and NGLs.

The following tables illustrate changes in the Company's estimated net proved developed and proved undeveloped reserves for the periods indicated. The oil and natural gas liquids prices as of December 31, 2022, are based on the 12-month unweighted average of the first of the month prices of the West Texas Intermediate spot price which equates to $94.14 per barrel. The natural gas prices as of December 31, 2022, are based on the 12-month unweighted average of the first of the month prices of the Henry Hub spot price which equates to $6.36 per MMBtu. All prices are adjusted by lease or field for energy content, transportation fees, and market differentials. All prices are held constant in accordance with SEC guidelines. All proved reserves are located in Reeves County, Texas.

	Oil (Bbls)	Natural Gas (Mcf)	Natural Gas Liquids (Bbls)	Total (BOE)
Proved reserves, December 31, 2021	4,810,100	15,168,100	5,216,400	12,554,517
Extensions and discoveries	5,204,090	36,144,278	5,285,547	16,513,683
Acquisitions	1,658,800	9,837,900	1,436,500	4,734,950
Production	(719,426)	(3,928,398)	(541,542)	(1,915,701)
Sales of minerals in place	(195,630)	(15,802)	-	(198,264)
Revisions of previous estimates	312,366	18,504,422	(342,205)	3,054,231
Proved reserves, December 31, 2022	11,070,300	75,710,500	11,054,700	34,743,416
Proved developed reserves:				
December 31, 2021	4,810,100	15,168,100	5,216,400	12,554,517
December 31, 2022	6,840,841	42,166,564	6,156,879	20,025,481
Proved undeveloped reserves:				
December 31, 2021	-	-	-	-
December 31, 2022	4,229,459	33,543,936	4,897,821	14,717,935

The Company had extensions and discoveries of 16,513,683 BOE in 2022, which is primarily related to the addition of new proved undeveloped locations. Also contributing to this increase are the additions related to drilling activities associated with the Company's nonoperated leasehold interests and the completion of four drilled but uncompleted locations in 2022 by the Company.

Acquisitions increased the Company's proved reserves by 4,734,950 BOE related to the additional interests acquired by the Company in wells it operates in December 2022.

The Company had positive revisions of previous estimates of 3,054,231 in 2022 primarily related to higher natural gas yields from the Company's oil and natural gas wells that were previously flared.

Reliable technologies were used to determine areas where PUD locations are more than one offset location away from a producing well. These technologies include seismic data, wire line open hole log data, core data, log cross-sections, performance data, and statistical analysis. In such areas, these data demonstrated consistent, continuous reservoir characteristics in addition to significant quantities of economic EURs from individual producing wells.

Standardized Measure of Discounted Cash Flows

The following Standardized Measure of Discounted Future Net Cash Flows ("Standardized Measure") has been developed utilizing ASC 932, Extractive Activities—Oil and Gas procedures and based on oil and natural gas reserve and production volumes estimated by the Company's engineering staff. It can be used for some comparisons but should not be the only method used to evaluate the Company or its performance. Further, the information in the following table may not represent realistic assessments of future cash flows, nor should the Standardized Measure be viewed as representative of the current value of the Company.

The Company believes that the following factors should be taken into account when reviewing the following information:

- future costs and selling prices will probably differ from those required to be used in these calculations;
- due to future market conditions and governmental regulations, actual rates of production in future years may vary significantly from the rate of production assumed in the calculations;
- a 10% discount rate may not be reasonable as a measure of the relative risk inherent in realizing future net oil and natural gas revenues; and
- future net revenues may be subject to different rates of income taxation.

The following table presents the standardized measure of future net cash flows related to estimated proved oil and natural gas reserves as of December 31, 2022:

Future cash inflows	$ 1,888,501,000
Future production costs	(487,091,600)
Future development costs	(186,382,200)
Future income tax expense	(9,914,631)
Future net cash flows	1,205,112,569
10% discount for estimated timing of cash flows	(604,304,733)
Standardized measure of future discounted cash flows	$ 600,807,836

The following table presents the changes in the standardized measure of discounted future net cash flows related to the proved oil and natural gas reserves of the Company for the year ended December 31, 2022:

Standardized measure, December 31, 2021	$ 164,941,057
Changes in the year resulting from:	
Sales, less production costs	(63,790,983)
Revisions of previous quantity estimates	63,968,664
Extensions, discoveries and other additions	262,429,187
Acquisitions of reserves	37,594,013
Divestiture of reserves	(5,706,145)
Net change in prices and production costs	94,940,714
Net change in estimated future development costs	(7,878,166)
Previously estimated development costs incurred	393,471
Net change in taxes	(3,687,721)
Accretion of discount	16,636,600
Timing difference and other	40,967,145
Standardized measure, December 31, 2022	$ 600,807,836

Exhibit 99.5

2023

Maple Energy Holdings, LLC

FINANCIAL STATEMENTS AS OF JUNE 30, 2023 AND DECEMBER 31, 2022 AND FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

Maple Energy Holdings, LLC
Balance Sheets
(Unaudited)

	June 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 6,160,818	$ 12,350,682
Accounts receivable		
Receivables from oil and gas sales	13,682,436	17,546,438
Joint interest billings	485,018	887,537
Severance tax refunds	233,144	-
Assets from derivative contracts	2,894,454	3,885,172
Debt issuance costs, net	98,037	98,037
Prepaid expenses and other	415,754	621,260
Total current assets	23,969,661	35,389,126
Oil and natural gas properties, full cost method of accounting		
Proved properties, subject to amortization	157,028,579	152,873,713
Less: accumulated depletion	(34,405,397)	(20,564,353)
Total oil and natural gas properties, net	122,623,182	132,309,360
Other property and equipment		
Other property and equipment	245,511	172,389
Less: accumulated depreciation	(66,105)	(44,591)
Total other property and equipment, net	179,406	127,798
Other noncurrent assets:		
Deposits	50,000	50,000
Debt issuance costs, net	110,673	159,692
Operating lease right-of-use assets	13,096,833	14,360,231
Assets from derivative contracts	875,851	1,415,570
Total other noncurrent assets	14,133,357	15,985,493
Total assets	**$ 160,905,606**	**$ 183,811,777**
Liabilities and Member Equity		
Current liabilities		
Accounts payable	$ 615,815	$ 691,096
Accrued liabilities and other	9,446,089	14,011,721
Ad valorem taxes payable	919,027	919,027
Operating lease liabilities	2,152,418	2,152,418
Term loan, net of $0 and $82,211 of debt issuance costs	-	9,917,789
Liabilities from derivative contracts	2,643,556	1,149,039
Total current liabilities	15,776,905	28,841,090
Long-term liabilities		
Revolving credit facility	15,277,555	15,277,555
Term loan, net of $0 and $162,653 of debt issuance costs	-	19,837,347
Operating lease liabilities	10,971,331	12,250,251
Liabilities from derivative contracts	1,859,182	896,694
Asset retirement obligations	3,550,599	3,552,667
Total liabilities	47,435,572	80,655,604
Commitments and contingencies (Note 11)		
Member equity	113,470,034	103,156,173
Total liabilities and member equity	**$ 160,905,606**	**$ 183,811,777**

The accompanying notes are an integral part of these financial statements.

Maple Energy Holdings, LLC
Statements of Operations
(Unaudited)

	Six Months Ended June 30,	
	2023	**2022**
Revenues		
Oil	$ 36,781,425	$ 28,361,588
Natural Gas	4,207,461	9,047,028
Natural gas liquids	10,850,929	10,268,136
Total Revenues	51,839,815	47,676,752
Expenses		
Lease operating expenses	20,364,999	14,191,770
Production and other taxes	3,533,583	2,334,980
Depletion - oil and gas properties	13,841,044	5,587,817
Depreciation - other property and equipment	21,514	17,261
Accretion of asset retirement obligations	67,932	53,542
General and administrative	2,129,495	3,405,073
Total expenses	39,958,567	25,590,443
Income from operations	11,881,248	22,086,309
Other (income) expense		
Interest expense and other	1,537,744	225,831
Net (gain) loss on derivative contracts	(48,295)	7,959,260
Total other (income) expense	1,489,449	8,185,091
Income before income taxes	10,391,799	13,901,218
Income taxes	77,938	101,125
Net Income	$ 10,313,861	$ 13,800,093

The accompanying notes are an integral part of these financial statements.

Maple Energy Holdings, LLC
Statements of Member Equity
(Unaudited)

	Total Member Equity
Balance at December 31, 2021	$ 69,215,642
Distribution	(5,000,000)
Net income	13,800,093
Balance at June 30, 2022	**$ 78,015,735**
Balance at December 31, 2022	$103,156,173
Net income	10,313,861
Balance at June 30, 2023	**$113,470,034**

The accompanying notes are an integral part of these financial statements.

Maple Energy Holdings, LLC
Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2023	**2022**
Cash flows provided by operating activities		
Net income	$ 10,313,861	$ 13,800,093
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation, and accretion	13,930,490	5,658,620
Amortization of debt issuance costs	293,882	-
Unrealized loss on derivative contracts	3,987,441	3,904,194
Changes in operating assets and liabilities:		
Accounts receivable	4,033,377	(8,030,305)
Prepaid expenses and other	205,506	125,232
Accounts payable, accrued liabilities, and other	(4,662,268)	(3,071,610)
Net cash provided by operating activities	28,102,289	12,386,224
Cash flows used in investing activities		
Acquisition of oil and natural gas properties	(893,822)	-
Development of oil and natural gas properties	(3,380,636)	(4,585,189)
Other property and equipment purchases and other	(73,122)	-
Proceeds from sale of oil and natural gas properties	55,427	3,325,509
Net cash used in investing activities	(4,292,153)	(1,259,680)
Cash flows used in financing activities		
Payments of net profits interest financing	-	(9,370,042)
Distributions	-	(5,000,000)
Payments on term loan	(30,000,000)	-
Net cash used in financing activities	(30,000,000)	(14,370,042)
Net change in cash and cash equivalents	(6,189,864)	(3,243,498)
Cash and cash equivalents, beginning of period	12,350,682	12,499,149
Cash and cash equivalents, end of period	**$ 6,160,818**	**$ 9,255,651**
Supplemental disclosures of cash flow information:		
Cash interest paid	$ 502,167	$ -
Cash taxes paid	-	-
Disclosure of non-cash investing and financing activities:		
Asset retirement obligations	$ -	$ 848,576
Increase (decrease) in accrued capital expenditures	(5,833)	(5,170,354)
Operating lease right of use assets obtained in exchange for lease obligations	-	16,729,531

The accompanying notes are an integral part of these financial statements

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Maple Energy Holdings, LLC ("the Company" or "Maple"), a Delaware limited liability company formed on November 6, 2020, is an independent oil and gas company engaged in the development and operation of oil and natural gas properties in the United States. The Company's producing assets consist of operated and nonoperated working interests in the Permian Basin in West Texas. The Company operates in one segment, upstream oil and gas.

The Company's oil and gas operations commenced September 17, 2021, when it closed on the acquisition from an unrelated third party of proved developed oil and gas assets in the Permian Basin in Reeves and Glasscock Counties, Texas and assumed certain associated liabilities.

Maple is owned by Riverstone Maple Investor. The Company is under the direction of a three-member Board of Managers comprised of two representatives appointed by Riverstone and the Company's Chief Executive Officer.

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. Accordingly, these financial statements do not include all the information required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with the audited financial statements and notes therein for the year ended December 31, 2022. The unaudited financial statements included herein contain all adjustments which are in the opinion of management, necessary to present fairly the Company's financial position as of June 30, 2023, and its statements of operations, member equity and cash flows for the six months ended June 30, 2023 and 2022. The unaudited statements of operation for the six months ended June 30, 2023 and 2022 are not necessarily indicative of the results to be expected for future periods. During interim periods, the Company follows the same accounting policies as those disclosed in the audited financial statements for the year ended December 31, 2022.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items subject to such estimates and assumptions include: (i) oil and natural gas reserves; (ii) impairment tests of long-lived assets; (iii) depreciation, depletion and amortization; (iv) asset retirement obligations; (v) assignment of fair value and allocation of purchase price in connection with asset acquisitions; (vi) accrued liabilities; (vii) valuation of derivative instruments; and (viii) accrued revenue and related receivables. Management emphasizes that reserve estimates are inherently imprecise and that estimates of reserves of non-producing properties and more recent discoveries are more imprecise than those for properties with long production histories. Although management believes these estimates are reasonable, actual results could differ from estimates. Additionally, see Note 10 – "*Fair Value Measurements*."

Cash and Cash Equivalents

Investments in highly liquid securities with original maturities of three months or less are considered to be cash equivalents. At June 30, 2023 and December 31, 2022, the Company had no cash equivalents.

The Company places cash and cash equivalents with high quality financial institutions and at times may exceed the federally insured limits. The Company has not experienced a loss in such accounts nor does it expect any related losses in the near-term.

Accounts Receivable and Allowance for Doubtful Accounts

The Company's accounts receivable are primarily receivables from joint interest owners and oil and natural gas purchasers. Accounts receivable are recorded at the amount due, less an allowance for doubtful accounts, when applicable. We establish provisions for losses on accounts receivable if it is determined that collection of all or a part of an outstanding balance is not probable. Collectability is reviewed regularly, and an allowance is established or adjusted, as necessary, using the specific identification method. The primary factors considered in determining the amount of the allowance for credit losses are collection history, the aging of the accounts, current market conditions, and reasonable and supportable forecasts of future economic conditions. The Company's historical credit losses have been immaterial and are expected to remain so in the future assuming no substantial changes in the business or creditworthiness of the Company's counterparties. At June 30, 2023 and December 31, 2022, management determined that no allowance for doubtful accounts was necessary.

Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and the Company's revolving credit and term loan facilities approximate their fair value due to their short-term nature and variable interest rates. The carrying values of commodity derivatives are reported at fair value as further discussed in Note 10 – "*Fair Value Measurements*."

Debt Issuance Costs

The Company capitalizes certain borrower fees related to its revolving credit and term loan facilities ("loan origination fees and costs") in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 310-20 "Nonrefundable Fees and Other Costs." The Company amortizes loan origination fees and costs on a straight-line basis over the life of the loan as a component of "Interest expense and other." See Note 7 – "*Long Term Debt*" for more details.

Concentration of Credit Risk

The Company's primary concentrations of credit risk are the risks of uncollectible accounts receivable and of nonperformance by counterparties under the Company's derivative contracts. Each reporting period, the Company assesses the recoverability of material receivables using historical data, current market conditions and reasonable and supportable forecasts of future economic conditions to determine expected collectability of its material receivables.

The Company's accounts receivable are primarily receivables from joint interest owners and oil and natural gas purchasers. The purchasers of the Company's oil and natural gas production consist primarily of independent marketers and gas pipeline companies. The Company operates a substantial portion of its oil and natural gas properties. As the operator of a property, the Company makes full payments for costs associated with the property and seeks reimbursement from the other working interest owners in the property for their share of those costs. Joint operating agreements govern the operations of an oil or natural gas well and, in most instances, provide for the offsetting of amounts payable or receivable between the Company and its joint interest owners. The Company's joint interest partners consist primarily of independent oil and natural gas producers. If the oil and natural gas exploration and production industry in general was adversely affected, the ability of the Company's joint interest partners to reimburse the Company could be adversely affected.

The Company's exposure to credit risk under its derivative contracts is associated with one major financial institution which has an investment grade credit rating. The Company has a master netting agreement in place which provides for offsetting of amounts payable or receivable between the Company and the counterparty. To manage counterparty risk associated with derivative contracts, the Company selects, and monitors counterparties based on an assessment of their financial strength and/or credit ratings. See Note 9 – "*Derivatives and Risk Management*" for further discussion.

Revenue

The Company sells its oil, natural gas and NGLs production to various purchasers in the industry. The table below presents purchasers that account for 10% or more of total oil, natural gas and NGLs sales for the six months ended June 30, 2023 and 2022. Although changes in our primary purchasers or the loss of any single purchaser may have a short-term impact on the Company, management believes there would not be a long-term material adverse effect on the Company's financial position or results of operations due to the availability of alternative purchasers.

	Six Months Ended June 30,	
Purchaser	**2023**	**2022**
Purchaser #1	28%	36%
Purchaser #2	0%	1%
Purchaser #3	72%	63%

Oil and Gas Properties

The Company utilizes the full cost method of accounting for its investment in oil and natural gas properties as prescribed by the United States Securities and Exchange Commission ("SEC"). Accordingly, all costs incurred in the acquisition, exploration and development of proved and unproved oil and natural gas properties, including the costs of abandoned properties, treating equipment and gathering support facilities, dry holes, geophysical costs, and annual lease rentals are capitalized. All general and administrative corporate costs unrelated to drilling activities are expensed as incurred. Depletion of evaluated oil and natural gas properties is computed on the units of production method based on estimated proved reserves.

Costs associated with unevaluated properties are excluded from the full cost pool until the Company has made a determination as to the existence of proved reserves. The Company reviews its unevaluated properties at the end of each quarter to determine whether the costs incurred should be transferred to the full cost pool and thereby subject to amortization. Management assesses the Company's unproved properties for impairment considering factors such as the current exploration program and intent to drill, remaining lease term and the assignment of proved reserves. Significant unproved properties are assessed individually. Investments in unevaluated oil and natural gas properties and exploration and development projects for which depletion expense is not currently recognized, and for which exploration or development activities are in progress, qualify for interest capitalization. The Company had no unevaluated properties as of June 30, 2023 and December 31, 2022.

Capitalized costs are subject to a ceiling test which is performed quarterly. The full cost ceiling test is a limitation on capitalized costs prescribed by SEC Regulation S-X Rule 4-10. The ceiling test is not a fair value-based measurement, rather it is a standardized mathematical calculation. The ceiling test provides that capitalized costs less related accumulated depletion and deferred income taxes may not exceed the sum of (1) the present value of future net revenue from estimated production of proved oil and gas reserves using the unweighted arithmetic average of the first-day-of-the month price for the previous twelve-month period, excluding the future cash outflows associated with settling asset retirement obligations that have been accrued on the balance sheet, at a discount factor of 10%; plus (2) the cost of properties not being amortized, if any; plus (3) the lower of cost or estimated fair value of unproved properties included in the costs being amortized, if any; less (4) income tax effects related to differences in the book and tax basis of oil and gas properties. Should the net capitalized costs exceed the sum of the components noted above, a ceiling test write-down or impairment would be recognized to the extent of the excess capitalized costs. Such impairments are permanent and cannot be recovered in future periods even if the sum of the components noted above exceeds capitalized costs in future periods. Future declines in oil and natural gas prices, increases in future operating expenses and future development costs could result in impairments of the Company's oil and gas properties in future periods. Impairments are non-cash expenses, which would not affect reported cash flows, but would adversely affect net income and member equity. At June 30, 2023 and December 31, 2022, the Company did not recognize a ceiling test impairment as the Company's net book value of its oil and gas properties did not exceed the ceiling amount. Typically, the sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized. However, in circumstances where such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, the Company would recognize a gain or loss in the statement of operations. All costs related to production activities, including workover costs incurred solely to maintain production from an existing completion interval, are charged to expense as incurred.

Asset Retirement Obligations and Environmental Costs

Asset retirement obligations ("ARO") relate to future costs associated with the plugging and abandonment of oil and gas wells, removal of equipment and facilities from leased acreage and returning such land to its original condition. The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 410 "Asset Retirement and Environmental Obligations", to determine its asset retirement obligation amounts by calculating the present value of the estimated future cash outflows associated with its plug and abandonment obligations. The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred (typically when a well is completed or acquired or when an asset is installed at the production location), and the cost of such liability increases the carrying amount of the related long-lived asset by the same amount. The liability is accreted each period through charges to accretion expense, and the capitalized cost is depleted as a component of oil and gas properties. Revisions typically occur due to changes in estimated abandonment costs or well economic lives, or if federal or state regulators enact new requirements regarding the abandonment of wells, and such revisions result in adjustments to the related capitalized asset and corresponding liability. See further discussion in Note 6 – "*Asset Retirement Obligations*."

Other Property and Equipment

Other property and equipment is stated at cost upon acquisition less accumulated depreciation. Costs of renewals and improvements that substantially extend the useful lives of these assets are capitalized. Repairs and maintenance are expensed as incurred. Leasehold improvements are depreciated, using the straight-line method, over the shorter of the lease term or the useful life of the asset. When other property and equipment is sold or retired, the capitalized costs and related accumulated depreciation and amortization are removed from the account. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment and software	4 Years
Furniture and office equipment	7 Years
Automobiles	5 Years

Impairment of Other Property and Equipment

The Company reviews its other operating property and equipment for impairment in accordance with ASC 360, *Property, Plant, and Equipment* ("ASC 360"). ASC 360 requires the Company to evaluate other operating property and equipment for impairment as events occur or circumstances change that would more likely than not reduce the fair value below the carrying amount. If the carrying amount is not recoverable from its undiscounted cash flows, then the Company would recognize an impairment loss for the difference between the carrying amount and the current fair value. Further, the Company evaluates the remaining useful lives of its other operating property and equipment at each reporting period to determine whether events and circumstances warrant a revision to the remaining depreciation periods. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its other property and equipment does not exceed their estimated recoverable amount.

Revenue Recognition

The Company's revenues are comprised solely of revenues from customers from the sale of oil, natural gas, and natural gas liquids. The Company believes that the disaggregation of revenue on its statement of operations into these three major product types appropriately depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors based on our geographic locations. Oil, natural gas, and natural gas liquids revenues are recognized at a point in time when production is sold to a purchaser at an index-based, determinable price, delivery has occurred, control has transferred, and collectability of the revenue is probable. The transaction price used to recognize revenue is a function of the contract billing terms which reference index price sources used by the industry. Revenue is calculated by calendar month based on volumes at contractually based rates with payment typically required within 30 days for oil and 60 days for natural gas and natural gas liquids after the end of the production month. At the end of each month when the performance obligations have been satisfied, the consideration can be reasonably estimated and amounts due from customers are accrued in "Receivables from oil and gas sales" in our balance sheet. As of June 30, 2023 and December 31, 2022, receivables from contracts with customers were $13.7 million and $17.5 million, respectively. Production imbalances are not material, thus as of June 30, 2023 and December 31, 2022, there is no asset or liability recorded for imbalances. For additional revenue recognition information see Note 2 – "*Operating Revenues.*"

Acquisitions

In accordance with ASC Topic 805 "Business Combinations", the Company determines whether an acquisition is a business combination, which requires that the assets acquired, and liabilities assumed constitute a business. Each business combination is then accounted for by applying the acquisition method of accounting. If the assets acquired are not a business, the Company accounts for the transaction as an asset acquisition. For transactions that are business combinations, the Company evaluates the existence of goodwill or a gain from a bargain purchase. The excess, if any, of the purchase price over the net fair value amounts assigned to assets acquired and liabilities assumed is recognized as goodwill. Conversely, if the fair value of assets acquired exceeds the purchase price, including liabilities assumed, the excess is immediately recognized in earnings as a bargain purchase gain. Business combination acquisition related costs and fees are expensed as incurred.

The Company estimates the fair values of assets acquired and liabilities assumed in acquisitions using various assumptions (many of which are Level 3 inputs within the fair value hierarchy). The most significant assumptions typically relate to the estimated fair values assigned to proved and unproved oil and natural gas properties. To estimate the fair values of the proved and unproved oil and natural gas properties, the Company develops estimates of oil, natural gas and NGLs reserves. Estimates of reserves are based on the quantities of oil, natural gas and NGLs that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under existing economic and operating conditions. Additionally, a risk factor is applied to reserves by reserve type based on industry standards. The Company estimates future prices to apply to the estimated net quantities of reserves based on the applicable ownership percentage acquired and estimates future operating and development costs to arrive at estimates of future net cash flows. The future net cash flows are discounted using a market-based weighted average cost of capital rate determined appropriate at the time of the acquisition.

For asset acquisitions, the Company allocates the costs of the acquisition to the assets acquired and liabilities assumed based on a relative fair value basis of the assets acquired and liabilities assumed, with no recognition of goodwill or bargain purchase gain recorded. Incremental legal and professional fees related directly to the acquisitions are capitalized as part of the acquisition cost.

For discussion about fair value measurements, see Note 10 – "Fair Value Measurements."

Income Taxes

The Company is not a taxable entity for federal income tax purposes. The accompanying financial statements do not include a provision for federal income taxes because the member is taxed on its share of the Company's earnings. Certain transactions of the Company may be subject to accounting methods for income tax purposes which differ from the accounting methods used in preparing these financial statements in accordance with GAAP.

Income taxes in the State of Texas are calculated on the basis of an entity's "margin." The following discussion applies to the Company's accounting for state income taxes.

Accounting for income taxes requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized. The Company believes its tax positions are more likely than not of being upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits. The Company also has no unrecognized tax benefits. The Company does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months. To the extent applicable, the Company includes interest and penalties related to taxes as a component of income tax expense. During the six months ended June 30, 2023 and 2022, the Company did not incur any interest or penalties related to taxes.

The Accounting Standards Update No. 2015-17, Balance Sheet Classification of Deferred Taxes, requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage defined commodity price risks and does not use them for speculative trading purposes. The Company uses derivative instruments to financially protect sales of natural gas, oil, and NGLs. Since the Company does not designate its derivatives for hedge accounting treatment, gains and losses resulting from the settlement of derivative contracts are recognized in (gain) loss on derivatives in the statement of operations when cash is received or paid. Changes in the fair value of the unsettled portion of the derivative contracts are also recognized in (gain) loss on derivatives in the statement of operations. See Note 9 – "*Derivatives and Risk Management"* for a discussion of the Company's derivative financial instruments.

Recently Adopted Accounting Pronouncements - Leases

In February 2016, an accounting standard update 2016-02, Leases, codified under the Topic 842 ("ASC 842"), was issued that requires an entity to recognize a right-of-use ("ROU") asset and lease liability for all leases. Classification of leases as either a finance or operating lease determines the recognition, measurement and presentation of expenses. This accounting standards update also requires certain quantitative and qualitative disclosures about leasing arrangements.

Adoption of ASC 842 is mandatory and effective for all private companies for fiscal years beginning after December 15, 2021. Effective January 1, 2022, the Company adopted the new standard using a modified retrospective approach and recognized a ROU asset (or operating lease right-of-use asset) and a lease liability with no retained earnings impact.

The Company applied the following practical expedients as provided in the standards update which provide elections to:

- not apply the recognition requirements to short-term leases (a lease that at commencement date has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Company is reasonably certain to exercise);
- not reassess whether an expired or existing pre-adoption date contract contained a lease;
- not reassess whether a contract contains a lease, lease classification and initial direct costs;
- apply a risk-free discount rate in place of the incremental borrowing rate where an implicit rate is not readily determinable; and
- not reassess certain land easements in existence prior to adoption of the standard.

Certain of the Company's lease agreements include lease and non-lease components. For all existing asset classes with multiple component types, the Company has utilized the practical expedient that exempts it from separating lease components from non-lease components. Accordingly, the Company accounts for the lease and non-lease components in an arrangement as a single lease component. The Company recognizes lease payments related to its short-term leases in the statement of operations on a straight-line basis over the lease term which has not changed from its prior recognition. To the extent that there are variable lease payments, the Company recognizes those payments in the statement of operations in the period in which the obligation for those payments is incurred.

The Company evaluated each of its lease arrangements and enhanced its systems to track and calculate additional information required upon adoption of this standards update. The Company's adoption had an impact to the balance sheet as of December 31, 2022 relating to the recognition of operating lease ROU assets and operating lease liabilities. See Note 4 – "Leases."

The Company determines if an arrangement is a lease at inception of the arrangement. A lease exists when a contract conveys to the customer the right to control the use of an identified asset for a period of time in exchange for consideration. The definition of a lease embodies two conditions: (1) there is an identified asset in the contract that is land or a depreciable asset, and (2) the customer has the right to control the use of the identified asset.

To the extent that it is determined that an arrangement represents a lease, the Company classifies that lease as an operating lease or a finance lease. Currently, the Company does not have any finance leases. The Company capitalizes its operating leases on its balance sheet through a ROU asset and a corresponding lease liability. ROU assets represent the Company's right to use underlying assets for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Short-term leases that have an initial term of one year or less are not capitalized but are disclosed below. Short-term lease costs exclude expenses related to leases with a lease term of one month or less.

Operating leases are reflected as operating lease ROU assets and operating lease liabilities on the Company's balance sheet. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. In addition to the present value of lease payments, the operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement less any lease incentives and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Nature of Leases

H2S Treatment Leases

The Company rents four active H2S treatment facilities from third parties. The Company's H2S treatment equipment agreements are typically structured with three-year cancellable terms. The Company has concluded that these H2S treatment equipment commitments are not considered leases due to the cancellable terms in the agreements.

Natural Gas Compression Leases

The Company rents natural gas compression equipment from third parties to support its operations. The Company's natural gas compression agreements are typically structured with non-cancelable terms of twelve months to two years. The Company has concluded that its natural gas compression commitments are operating leases.

Impairment Review

The Company reviews its right of use assets for impairment in accordance with ASC 360. ASC 360 requires the Company to evaluate right of use assets for impairment as events occur or circumstances change that would more likely than not reduce the fair value below the carrying amount. If the carrying amount is not recoverable from its undiscounted cash flows, then the Company would recognize an impairment loss for the difference between the carrying amount and the current fair value.

The Company monitors for events or changes in circumstances that would require a reassessment of a lease. When a reassessment results in the remeasurement of a lease liability, an adjustment is made to the carrying amount of the corresponding right of use asset unless doing so would reduce the carrying amount of the right of use asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative right of use asset balance is recorded in the statements of operations.

Recently Adopted Accounting Pronouncements – Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (*Topic 326*)*, which requires the measurement of expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. It is effective for interim and annual periods beginning after December 15, 2022. The adoption of this standard did not have a material impact on the Company's financial statements and related disclosures.

Other accounting standards that have been issued by the FASB or other standard setting bodies are not expected to have a material impact on the Company's financial statements.

NOTE 2. OPERATING REVENUES

Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenue. Revenues from the sale of crude oil, natural gas and natural gas liquids are recognized, at a point in time, when a performance obligation is satisfied by the transfer of control of the commodity to the customer. Transfer of control drives the presentation of post-production expenses such as transportation, gathering, and processing deductions within the statement of operations. Fees and other deductions incurred prior to control transfer are presented as a component within the "Lease operating expenses" on the statement of operations, while fees and other deductions incurred subsequent to control transfer are embedded in the price and are presented as a reduction of oil, natural gas, and natural gas liquids production revenue.

The Company's contractual performance obligations arise upon the production of hydrocarbons from wells in which the Company has an ownership interest. The performance obligations are considered satisfied at a point in time upon control transferring to a customer at a specified delivery point. Consideration is allocated to completed performance obligations at the end of an accounting period. Because the Company's performance obligations have been satisfied and an unconditional right to consideration exists as of the balance sheet date, the Company recognized amounts due from contracts with customers of $13.7 million and $17.5 million at June 30, 2023 and December 31, 2022, as "Receivables from oil and gas sales" on the balance sheet. Because of the unconditional right to consideration, the Company's product sales do not give rise to contract assets or liabilities.

All the Company's revenues are derived from its single basin operations, the Delaware Basin primarily in Reeves County, Texas. The accompanying statement of operations disaggregates the Company's revenues by major product in order to depict how the nature, timing, and uncertainty of revenue and cash flows are affected by economic factors in the Company's single basin operations.

For the six months ended June 30, 2023 and 2022, revenues recognized in the reporting period related to performance obligations satisfied in prior reporting periods was not material.

Oil Sales

The Company's oil sales contracts are structured where the Company delivers crude oil to the customer at a contractual delivery point at which the customer takes custody, title and risk of loss of the product. The Company receives a specified index price from the customer, net of applicable market-related adjustments. Revenue is recognized when control of the crude oil transfers at the delivery point at the net price received. Settlement statements for the Company's crude oil production are typically received within the month following the date of production and therefore the amount of production delivered to the customer and the price that will be received for that production are known at the time the revenue is recorded. Payment under the Company's crude oil contracts is typically due on or before the 20th of the month following the delivery month.

Natural Gas and Natural Gas Liquids Sales

The Company evaluates its natural gas sales and natural gas gathering and processing arrangements in place with midstream companies to determine when control of the natural gas is transferred. Under contracts where it is determined that control of the natural gas transfers at the wellhead, any fees incurred to gather or process the unprocessed natural gas are treated as a reduction of the sales price of unprocessed natural gas, and therefore revenues from such transactions are presented on a net basis. Under contracts where it is determined that control of the natural gas transfers at the tailgate of the midstream entity's processing plant, revenues are presented on a gross basis for amounts expected to be received from the midstream company or third party purchasers through the gathering and treating process and presented as "Natural gas" or "Natural gas liquids" and any fees incurred to gather or process the natural gas are presented as a component of "Lease operating expenses" on the statement of operations. Under certain contracts, the Company may elect to take its residue gas and/or natural gas liquids in-kind at the tailgate of the midstream entity's processing plant. The Company then sells the products to a customer at contractual delivery points at prices based on an index. In these instances, revenues are presented on a gross basis and any fees incurred to gather, process, or transport the commodities are presented as a component of "Lease operating expenses" on the statement of operations.

Settlement statements for the Company's natural gas and natural gas liquids production are typically received 30 days after the date of production and therefore the Company estimates the amount of production delivered to the customer and the price that will be received for that production are known at the time the revenue is recorded. Payment under the Company's natural gas contracts is typically due on or before the end of the month following the delivery month.

NOTE 3. ACQUISITIONS, DISPOSITIONS AND OTHER TRANSACTIONS

Nonoperated Transaction

On December 23, 2022, the Company entered into and simultaneously closed a letter agreement (the "Nonoperated Agreement") with Colgate Energy, LLC ("Colgate") to acquire all of Colgate's interests in wells that the Company operates (the "Assets") for a purchase price of $60 million before customary purchase price adjustments (the "Nonoperated Transaction"). The Nonoperated Transaction was completed to increase the Company's interests in the wells it operated which increased its operation and financial scale. The Nonoperated Agreement had an effective date of November 1, 2022.

The Company accounted for the Nonoperated Transaction as an asset acquisition and allocated all of the purchase price (including capitalized transaction costs) to proved oil and natural gas properties. The Company also recognized $0.5 million in non-cash asset retirement obligations. In connection with the Nonoperated Transaction, the Company amended its existing Revolving Credit Agreement to increase the total facility to $60 million, which included a new Term Loan facility. Refer to Note 7, *"Long Term Debt"* for more details. The transaction was funded by a combination of cash on hand and $45 million in borrowings.

Glasscock County Divestiture

On January 7, 2022, the Company signed and closed on the sale of all of its interests in Glasscock County, Texas to New Height Energy, LLC, for $3.25 million before customary closing adjustments. The transaction had an effective date of January 1, 2022. Proceeds from the sale were recorded as a reduction to the carrying value of the Company's full cost pool with no gain or loss recorded. The Company used the net proceeds from the sale for general corporate purposes.

NOTE 4. LEASES

Adoption of Accounting Standards Codification Topic 842, Leases

On January 1, 2022, the Company adopted ASC 842 using the modified retrospective approach as of the adoption date. Reporting periods beginning after January 1, 2022, are presented under ASC 842. The table below details the impact of adoption on the Company's balance sheet as of January 1, 2022 and the remaining balance at June 30, 2023 and December 31, 2022:

	Balance at		Adjustment at Adoption
	June 30, 2023	December 31, 2022	January 1, 2022
Assets			
Operating lease right-of-use assets	$ 13,096,833	$ 14,360,231	$ 16,729,531
Finance lease right-of-use assets	-	-	-
Total right-of-use assets	$ 13,096,833	$ 14,360,231	$ 16,729,531
Liabilities			
Current			
Operating	$ 2,152,418	$ 2,152,418	$ 2,560,572
Finance	-	-	-
Non-current			
Operating	10,971,331	12,250,251	14,168,959
Finance	-	-	-
Total Lease Liabilities	$ 13,123,749	$ 14,402,669	$ 16,729,531

The Company leases compressors pursuant to operating leases. Operating leases where the Company is the lessee are included in "Operating lease right-of-use assets" and "Operating lease liabilities" on the balance sheet. The lease liabilities are initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. The operating leases for compressors have initial lease terms ranging from 6 months to 24 months, with the last lease expiring January 2024. The Company believes there is a reasonable certainty that renewal options will be exercised on a portion of these leases through 2031. Payments due under the lease contracts include fixed payments plus, in some instances, variable payments.

The table below summarizes the Company's leases:

	Six Months Ended June 30,	
	2023	2022
Operating lease cost included in lease operating expenses in the Company's statements of operations	$ 1,378,734	$ 1,306,734
Short-term lease cost included in lease operating expenses in the Company's statements of operations	2,783,616	909,224
Finance lease cost:	-	-
Amortization of right-of-use assets	-	-
Interest on lease liabilities	-	-
Total finance lease cost	$ -	$ -
Variable lease cost	$ -	$ -
Sublease income	$ -	$ -

Supplemental cash flow information related to leases:

	Six Months Ended June 30,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,394,256	$ 1,291,936
Operating cash flows from finance leases	$ -	$ -
Finance cash flows from finance leases	$ -	$ -

Future minimum lease payments associated with the Company's non-cancellable operating leases as of June 30, 2023, are presented in the table below:

	Operating Lease Liability
2023	$ 888,551
2024	1,640,112
2025	1,640,112
2026	1,640,112
2027	1,640,112
2028	1,640,112
Thereafter	4,982,984
Total future minimum rental commitments	14,072,095
Less Imputed Interest	(948,346)
Total Lease Liability	$ 13,123,749

Other information related to leases as of June 30, 2023 are as follows:

Weighted average remaining lease term	9 Years
Weighted average discount rate	1.63%

NOTE 5. OTHER PROPERTY AND EQUIPMENT

Other property and equipment consisted of the following at June 30, 2023 and December 31, 2022:

Automobiles	$ 245,511	$ 172,389
Less: accumulated depreciation	(66,105)	(44,591)
Total other propety and equipment, net	$ 179,406	$ 127,798

During the six months ended June 30, 2023 and 2022, the Company recognized $21,514 and $17,261 of depreciation expense and did not recognize an impairment.

NOTE 6. ASSET RETIREMENT OBLIGATIONS

The Company records ARO on oil and natural gas properties when it can reasonably estimate the fair value of an obligation to perform site reclamation, dismantle facilities or plug and abandon costs. The Company records ARO on the balance sheet and capitalizes the cost in *"Oil and natural gas properties"* during the period in which the obligation is incurred. The Company records the accretion of its ARO in *"Accretion of asset retirement obligations"* expense in the statement of operations. The additional capitalized costs are depreciated on a unit-of-production basis. ARO are initially valued utilizing Level 3 fair value measurement inputs (see Note 10 – "*Fair Value Measurements*"), including estimated costs to abandon wells in the future and credit-adjusted risk-free rates.

The Company recorded the following activity related to its asset retirement obligations:

Asset retirement obligations at December 31, 2022	$ 3,552,667
Liabilities settled	(70,000)
Accretion expense	67,932
Asset retirement obligations at June 30, 2023	$ 3,550,599

NOTE 7. LONG TERM DEBT

Revolving Credit Facility

On August 17, 2022, the Company entered into a three-year reserve-based credit facility ("Facility") with MidFirst Bank (the "Lenders") in an amount up to $100.0 million with an initial borrowing base of $20.0 million. The borrowing base will be redetermined on a semi-annual basis, with the Lenders and the Company each having the right to not more than two interim unscheduled redeterminations per calendar year. The borrowing base takes into account the estimated value of the Company's oil and natural gas properties, proved reserves, total indebtedness, and other relevant factors consistent with customary oil and natural gas lending criteria. The Facility included a placement fee of 0.60% on the initial borrowing base amounting to $20.0 million and carries a commitment fee of 0.50% per annum on the undrawn portion of the borrowing base. Any borrowings under the Facility will bear interest at the Secured Overnight Funding ("SOF") rate, as defined under the Facility, plus the applicable margin based upon the utilization percentage in effect on such day as follows:

Utilization Percentage	Applicable Margin
≥ 75%	3.50%
≥ 50% and < 75%	3.25%
≥ 25% and < 50%	3.00%
< 25%	2.75%

The Company may elect, at its option, to prepay any borrowings outstanding under the Facility without premium or penalty. Amounts outstanding under the Facility are guaranteed by a security interest in substantially all the properties of the Company and its subsidiaries. Borrowings from the Facility may be used for the acquisition and development of oil and natural gas properties, investments in cash flow generating assets complimentary to the production of oil and natural gas, and for letters of credit or other general corporate purposes.

The Facility contains certain events of default, including non-payment; breaches or representation and warranties; non-compliance with covenants; cross-defaults to material indebtedness; voluntary or involuntary bankruptcy; judgments and change in control. The Facility also contains financial covenants including a requirement that the Company maintain, as of the last day of each fiscal quarter, (i) a maximum total leverage ratio of not more than 3.00 to 1.00, and (ii) a current ratio of not less than 1.00 to 1.00, both as defined under the Facility. At June 30, 2023 and December 31, 2022, the Company had $15.3 million outstanding under the Facility with an interest rate of 8.40% and 7.34%, respectively, and was in compliance with the financial covenants under the Facility.

On December 23, 2022, the Company entered into the First Amendment to the Facility (the “First Amendment”). This amendment, among other things, increased the available borrowing base to $60.0 million from $20.0 million and added a hedging covenant whereby the Company must hedge a minimum of 50% of future production on a rolling 12-month basis. The First Amendment allows the Company to elect to utilize one month, three month or six month Secured Overnight Funding Rates (“SOFR”) with respect to any loan. The First Amendment also included an adjustment to the annualized percentage rate of 0.00% for one month, 0.15% for three months and 0.25% for six months designations.

On August 8, 2023, the Company entered into the Second Amendment to the Facility (the “Second Amendment”). This amendment, among other things, reduced the available borrowing base from $60.0 million to $45.0 million in consideration of the repayment of the Company’s Term Loan facility discussed below. In addition, the applicable margin based upon the utilization percentage in effect on such day was increased as follows:

Utilization Percentage	Applicable Margin
≥ 75%	4.00%
≥ 50% and < 75%	3.50%
≥ 25% and < 50%	3.00%
< 25%	2.75%

Term Loan

In connection with the First Amendment, the Company and the Lenders entered in a new Promissory Note for $30.0 million (the “Term Loan”). In accordance with the Term Loan, the Company is required to make monthly payments of $833,333.33. The Term Loan expires on December 23, 2025, and includes the same general financial covenants as the Facility discussed above. Any borrowings under the Term Loan will bear interest at the same rate as the Revolving Credit Facility rate above. At December 31, 2022, the interest rate was 7.82%. The Company has the ability to prepay the Term Loan, in whole or in part, at any time without premium or penalty, but with accrued interest to the date of the prepayment.

The Term Loan also requires the Company to make excess cash flow payments to the Lenders equal to EBITDAX (as defined by the Term Loan) plus decreases in consolidated working capital minus (1) the sum of cash interest expense and scheduled principal payments on debt actually made; (2) plus permitted tax distributions; (3) increases in working capital; (4) capital expenditures; (5) prepayments of the Term Loan; (6) cash on hand not to exceed $10.0 million; and (7) costs and expenses incurred in connection with the Colgate acquisition.

At June 30, 2023 no amounts remained outstanding under the Term Loan. At December 31, 2022, the Company had $30.0 million outstanding under the Term Loan, $10.0 million of which was classified as current. The Company was in compliance with the financial covenants under the Term Loan at June 30, 2023 and December 31, 2022.

Debt Maturities

Aggregate maturities required on debt at June 30, 2023, due in future years are as follows (excluding $0.2 million of debt issuance costs on the revolving credit facility):

2023	$ -
2024	-
2025	15,277,555
2026	-
2027	-
Thereafter	-
Total	$ 15,277,555

NOTE 8. ACCRUED LIABILITES AND OTHER

Accrued liabilities and other consisted of the following:

	June 30, 2023	December 31, 2022
Suspended revenue payable	$ 3,641,727	$ 3,147,072
Revenue payable	3,818,805	5,828,137
Accrued operated capital and lease operating expenditures	1,907,581	3,805,759
Accrued franchise taxes	77,938	291,056
Other	38	939,697
Total accrued liabilities and other	$ 9,446,089	$ 14,011,721

NOTE 9. DERIVATIVES AND RISK MANAGEMENT

The Company is exposed to volatility in market prices and basis differentials for natural gas, oil and natural gas liquids which impacts the predictability of its cash flows related to the sales of those commodities. In accordance with the Company's policy, it generally hedges a substantial, but varying, portion of its anticipated oil, natural gas and natural gas liquids production for future periods. Derivatives are carried at fair value on the balance sheet as assets or liabilities, with the changes in the fair value included in the statement of operations for the period in which the change occurs. The Company does not enter into derivative contracts for speculative trading purposes.

It is the Company's policy to enter into derivative contracts only with counterparties that are creditworthy financial or commodity hedging institutions deemed by management as competent and competitive market makers. As of June 30, 2023 and December 31, 2022, the Company did not post collateral under any of its derivative contracts.

The Company's crude oil, natural gas and natural gas liquids derivative positions at any point in time may consist of fixed-price swaps, costless put/call collars, and basis swaps. Fixed-price swaps are designed so that the Company receives or makes payments based on a differential between fixed and variable prices for crude oil and natural gas. A costless collar consists of a sold call, which establishes a maximum price the Company will receive for the volumes under contract and a purchased put that establishes a minimum price. Basis swaps effectively lock in a price differential between regional prices where the product is sold and the relevant pricing index under which the gas production is hedged. The Company has elected not to designate any of its derivative contracts for hedge accounting. Accordingly, the Company records the net change in the mark-to-market valuation of these derivative contracts, as well as all payments and receipts on settled derivative contracts, in *"Net (gain) loss on derivative contracts"* on the statement of operations.

All derivative contracts are recorded at fair market value in accordance with ASC 815 and ASC 820 and included in the balance sheet as assets or liabilities. The following table summarizes the location and fair value amounts of all derivative contracts in the balance sheet as of June 30, 2023 and December 31, 2022:

	Asset derivative contracts			Liability derivative contracts		
Derivative contracts not designated as hedging contracts under ASC 815	**Balance sheet location**	**June 30, 2023**	**December 31, 2022**	**Balance sheet location**	**June 30, 2023**	**December 31, 2022**
Commodity contracts	Current assets - assets from derivative contracts	$ 2,894,454	$ 3,885,172	Current liabilities - liabilities from derivative contracts	$ (2,643,556)	$ (1,149,039)
Commodity contracts	Other noncurrent assets - assets from derivative contracts	875,851	1,415,570	Long-term liabilities - liabilities from derivative contracts	(1,859,182)	(896,694)
Total derivative contracts not designated as hedging contracts under ASC 815		$ 3,770,305	$ 5,300,742		$ (4,502,738)	$ (2,045,733)

The following table summarizes the location and amounts of the Company's realized and unrealized gains and losses on derivative contracts in the Company's statement of operations:

Derivatives not designated as hedging contracts under ASC 815	**Location of (gain) or loss recognized in income on derivative contracts**	**Amount of (gain) or loss recognized in income on derivative contracts period ended June 30, 2023**	**Amount of (gain) or loss recognized in income on derivative contracts period ended June 30, 2022**
Commodity contracts:			
Unrealized (gain) loss on derivative contracts	Other (income) expense - net (gain) loss on derivative contracts	$ 3,987,441	3,904,194
Realized (gain) loss on derivative contracts	Other (income) expense - net (gain) loss on derivative contracts	(4,035,736)	4,055,066
Total net (gain) loss on derivative contracts	Other (income) expense - net (gain) loss on derivative contracts	$ (48,295)	7,959,260

At June 30, 2023, the Company had the following open derivative contracts:

Period	**Instrument**	**Commodity**	**Volume in Mmbtu's / Bbl's**	**Price**
July 2023 - February 2024	Producer Collar (Floor)	Oil	281,000	$ 60.00
July 2023 - February 2024	Producer Collar (Ceiling)	Oil	281,000	83.01
August 2023 - September 2024	Producer Collar (Floor)	Oil	245,000	50.00
August 2023 - September 2024	Producer Collar (Ceiling)	Oil	245,000	95.00
September 2023 to September 2024	Producer Collar (Floor)	Natural Gas	1,077,000	3.00
September 2023 to September 2024	Producer Collar (Ceiling)	Natural Gas	1,077,000	3.56
July 2023 to December 2024	Producer Collar (Floor)	Natural Gas	3,100,000	4.00
July 2023 to December 2024	Producer Collar (Ceiling)	Natural Gas	3,100,000	5.75
July 2023 to December 2024	Producer Collar (Floor)	Natural Gas	974,000	2.50
July 2023 to December 2024	Producer Collar (Ceiling)	Natural Gas	974,000	3.85
September 2023 to September 2024	Basis Swaps	Natural Gas	1,077,000	0.69
July 2023 to December 2024	Basis Swaps	Natural Gas	2,872,626	1.21
November 2023 to December 2024	Basis Swaps	Natural Gas	1,201,374	1.35

At December 31, 2022, the Company had the following open derivative contracts:

Period	Instrument	Commodity	Volume in Mmbtu's / Bbl's	Price / Price Range	Weighted Average Price
January 2023 to March 2023	Fixed-Price Swap	Oil	46,278	$69.92 - $70.00	$ 69.96
January 2023 to March 2023	Producer Collar (Floor)	Natural Gas	209,120	3.25	3.25
January 2023 to March 2023	Producer Collar (Ceiling)	Natural Gas	209,120	6.25	6.25
January 2023 to March 2023	Basis Swaps	Natural Gas	209,120	0.30	0.30
January 2023 to March 2023	Fixed-Price Swap	Natural Gas	540,000	8.87	8.87
April 2023 to December 2024	Producer Collar (Floor)	Natural Gas	3,735,000	4.00	4.00
April 2023 to December 2024	Producer Collar (Ceiling)	Natural Gas	3,735,000	5.75	5.75

The Company enters into an International Swap Dealers Association Master Agreement (“ISDA”) with each counterparty prior to a derivative contract with such counterparty. The ISDA is a standard contract that governs all derivative contracts entered into between the Company and the respective counterparty. The ISDA allows for offsetting of amounts payable or receivable between the Company and the counterparty, at the election of both parties, for transactions that occur on the same date and in the same currency.

NOTE 10. FAIR VALUE MEASUREMENTS

Pursuant to ASC 820, *Fair Value Measurement* (“ASC 820”), certain of the Company’s financial and nonfinancial assets and liabilities are reported at fair value on the balance sheet. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs.

As required by ASC 820, a financial instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There were no transfers between fair value hierarchy levels for any period presented.

The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value as of June 30, 2023 and December 31, 2022:

	June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Assets from derivative contracts	$ -	$ 3,770,305	$ -	$ 3,770,305
Liabilities				
Liabilities from derivative contracts	$ -	$ 4,502,738	$ -	$ 4,502,738

	December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Assets from derivative contracts	$ -	$ 5,300,742	$ -	$ 5,300,742
Liabilities				
Liabilities from derivative contracts	$ -	$ 2,045,733	$ -	$ 2,045,733

Derivative contracts listed above as Level 2 include fixed-price swaps, costless collars and basis swaps that are carried at fair value. The Company records the net change in the fair value of these positions in *"Net (gain) loss on derivative contracts"* in the Company's statement of operations. The Company is able to value the assets and liabilities based on observable market data for similar instruments, which resulted in the Company reporting its derivatives as Level 2. This observable data includes the forward curves for commodity prices based on quoted market prices and implied volatility factors related to changes in the forward curves. See Note 9, *"Derivatives and Risk Management,"* for additional discussion of derivatives.

The Company's derivative contracts are with a major financial institution with investment grade credit ratings which is believed to have minimal credit risk. As such, the Company is exposed to credit risk to the extent of nonperformance by its counterparty in the derivative contracts; however, the Company does not anticipate such nonperformance.

The estimated fair value of cash and cash equivalents, accounts receivable, accounts payable and the Company's revolving credit and term loan facilities approximate their carrying value due to their short-term nature and variable interest rates. The Company has classified its derivatives into fair value levels depending upon the data utilized to determine their fair values. All the Company's derivative financial instruments are classified as Level 2.

The Company follows the provisions of ASC 820, for nonfinancial assets and liabilities measured at fair value on a non-recurring basis. These provisions apply to the Company's initial recognition of asset retirement obligations for which fair value is used. The asset retirement obligation estimates are derived from historical costs and management's expectation of future cost environments; and therefore, the Company has designated these liabilities as Level 3. See Note 6, *"Asset Retirement Obligations,"* for a reconciliation of the beginning and ending balances of the liability for the Company's asset retirement obligations. For fair value measurements on a non-recurring basis in connection with oil and gas properties upon acquisition see Note 3 – "*Acquisitions, Dispositions and Other Transactions*."

NOTE 11. COMMITMENTS AND CONTINGENCIES

Operating Commitments

The Company does not have any office space leases in its name and therefore does not pay any office rent expense.

Environmental Risk

The Company is subject to laws and regulations relating to the protection of the environment. Environmental and cleanup related costs of a non-capital nature are accrued when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. The Company believes any future remediation or other compliance related costs will not have a material effect on the financial position, results of operations or cash flows of the Company.

Contingencies

From time to time, the Company may be involved in certain litigation that arise in the normal course of its operations. The Company records a loss contingency for these matters when it is probable that a liability has been incurred and the amount of the loss can reasonably be estimated. The Company does not believe the resolution of these matters will have a material effect on the Company's financial position, results of operations or cash flows and no amounts are accrued relative to these matters at June 30, 2023 and December 31, 2022.

NOTE 12. MEMBER EQUITY

Maple is owned by Riverstone Maple Investor. All revenues, costs, and expenses of the Company are allocated to the Member. On June 10, 2022, the Company distributed $5,000,000 to Riverstone Maple Investor.

NOTE 13. INCOME TAXES

The Company has recorded a current provision for state income taxes of $77,938 and $101,125 for the six months ended June 30, 2023 and 2022, respectively. The Company's state deferred income tax provision is not material. The effective income tax rate for the six months ended June 30, 2023 and 2022, differs from the United States federal statutory income tax rate due to the entity's pass-through classification for federal tax purposes and the Texas margin tax rate of 0.75%.

NOTE 14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 8, 2023, the date the financial statements were available to be issued. On August 8, 2023, the Company entered into the Second Amendment to the Facility. See Note 7, "*Long Term Debt*" for information.

Exhibit 99.6

Tall City Exploration III LLC
and Subsidiaries
Consolidated Financial Statements
Years ended December 31, 2022 and 2021

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Report of Independent Auditors

The Board of Directors
Tall City Exploration III LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of Tall City Exploration III LLC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Ernst & Young LLP

April 28, 2023

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Tall City Exploration III LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	$ 9,094,962	$ 7,411,198
Accounts receivable, net	29,231,174	19,544,287
Derivative assets, short term	629,979	-
Prepaid expenses and other current assets	380,840	736,518
Total current assets	39,336,955	27,692,003
Property and Equipment		
Proved oil and gas properties, net	655,830,252	351,598,520
Unproved oil and gas properties, not being amortized	13,859,247	26,143,132
Other property and equipment, net	276,469	3,385,616
Net Property and Equipment	669,965,968	381,127,268
Other Assets		
Right of use asset, net	4,833,335	-
Other non-current assets	26,230	41,864
Total non-current assets	4,859,565	41,864
Total Assets	$ 714,162,488	$ 408,861,135

Tall City Exploration III LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 109,224,430	$ 48,115,624
Revenue payable	41,147,988	13,524,873
Derivative liabilities, short term	5,679,076	13,456,988
Asset retirement obligations, current	200,000	200,000
Lease obligations, current	2,029,586	-
Total Current Liabilities	158,281,080	75,297,485
Long-Term Liabilities		
Note payable, net	178,442,593	58,784,358
Lease obligations, noncurrent	2,818,799	-
Asset retirement obligations	2,119,026	1,778,961
Derivative liabilities, LT	490,227	2,129,861
Total Long-Term Liabilities	183,870,645	62,693,180
Total Liabilities	342,151,725	137,990,665
Members' Equity	372,010,763	270,870,470
Total Liabilities and Members' Equity	$ 714,162,488	$ 408,861,135

Tall City Exploration III LLC and Subsidiaries
Consolidated Statements of Operations
Years ended December 31, 2022 and 2021

	Year Ended December 31, 2022	Year Ended December 31, 2021
Revenues:		
Oil and natural gas	$ 249,363,865	$ 124,157,978
Unrealized and realized losses, net	(27,929,056)	(37,502,639)
Total Revenues	221,434,809	86,655,339
Expenses:		
Lease operating expense	41,259,548	31,488,895
Production and ad valorem tax expense	12,532,050	6,250,310
Gathering, processing, and transportation expenses	5,461,887	6,021,054
Equity-based compensation expense	2,617,310	2,875,812
Accretion of asset retirement obligations	127,634	88,149
Depreciation, depletion, and amortization	42,787,688	22,606,180
General and administrative expenses	10,479,491	8,598,424
Total Operating Expenses	115,265,608	77,928,824
Income from operations	106,169,201	8,726,515
Other income (expense):		
Interest expense, net	(7,646,218)	(1,547,058)
Total other income (expense)	(7,646,218)	(1,547,058)
Net Income	$ 98,522,983	$ 7,179,457

Tall City Exploration III LLC and Subsidiaries
Consolidated Statements of Changes in Members' Equity
Years ended December 31, 2022 and 2021

	Member Units		Accumulated	Members'
	Series A	Series B	Deficit	Equity
Balance, December 31, 2020	$ 354,233,100	$ -	$ (93,417,900)	$ 260,815,201
Members' contributions	-	-	-	-
Equity-based compensation expense	-	2,875,812	-	2,875,812
Net income	-	(2,875,812)	10,055,269	7,179,457
Balance, December 31, 2021	$ 354,233,100	$ -	$ (83,362,631)	$ 270,870,470
Members' contributions	-	-	-	-
Equity-based compensation expense	-	2,617,310	-	2,617,310
Net income	-	(2,617,310)	101,140,293	98,522,983
Balance, December 31, 2022	$ 354,233,100	$ -	$ 17,777,662	$ 372,010,763

Tall City Exploration III LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2022 and 2021

	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash flows from operating activities:		
Net income (loss)	$ 98,522,983	$ 7,179,457
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	42,787,688	22,606,180
Asset Impairment and write-offs		-
Accretion of asset retirement obligations	127,632	88,149
Equity based compensation expense	2,617,310	2,875,812
Derivative (gain) loss not associated with cash settlement	(10,047,525)	14,426,270
Amortization of deferred financing costs	967,893	288,999
Changes in operating assets and liabilities:		
Accounts receivable	(9,686,887)	(9,507,267)
Prepaid expenses	355,678	7,991,666
Accounts payable, accrued liabilities and other	17,614,856	23,368,639
Net Cash Provided by (Used in) Operating Activities	143,259,628	69,317,905
Cash flows from investing activities:		
Capital expenditures - property and equipment	(260,281,840)	(86,358,844)
Deposits	15,634	500
Net Cash Used in Investing Activities	(260,266,206)	(86,358,344)
Cash flows from financing activities:		
Debt proceeds	120,000,000	25,000,000
Debt payments	-	(20,000,000)
Deferred loan costs	(1,309,658)	(1,005,968)
Net Cash Provided by Financing Activities	118,690,342	3,994,032
Net increase in cash and cash equivalents	1,683,764	(13,046,408)
Cash and Cash equivalents, beginning of period	7,411,198	20,457,606
Cash and Cash equivalents, end of period	9,094,962	7,411,198
Supplemental Cash flow disclosures:		
Cash paid for interest	$ 4,937,371	$ 1,555,038
Asset retirement obligation	212,431	87,117
Capital expenditures financed by accounts payable (not included in capital expenditures — property and equipment above)	97,668,108	26,323,560

1. Organization and Nature of Business

Tall City Exploration III LLC ("TCE3") and Subsidiaries, was organized on August 10, 2018 as a Delaware limited liability company and is governed by a Limited Liability Company Agreement (the "LLC Agreement"). TCE3 and its subsidiaries are collectively referred to in the accompanying consolidated financial statements as the "Company".

Subsidiaries to TCE3 include: Tall City Operations III LLC ("TCO3" – owned 100% by TCE3) which operates TCE3's oil and gas properties, Tall City Property Holdings III LLC ("TCPH3" – owned 100% by TCE3) which owns all of the oil and gas property interests for TCE3, Mucaro Minerals LLC ("Mucaro" – owned 100% by TCE3) which holds the mineral and royalty interests for TCE3, and Tall City Management Holdings III LLC ("Holdings" – owned 100% by TCE3) which is a holding company organized as a corporation to hold the interest of Tall City Management III LLC ("TCM3" – owned 99.99% by TCE3 and 0.01% by Holdings) which has all of the employees of TCE3.

The Company is primarily engaged in the domestic exploration, acquisition, development, production and sale of oil and gas. All of the Company's operations are conducted in the United States within the Permian Basin of West Texas. The Company is substantially owned (98%) by entities controlled by Warburg Pincus LLC ("Warburg"). In accordance with the Company's LLC Agreement, Warburg, along with the Company's other owners, agreed to contribute up to $500 million of equity financing, subject to certain terms and conditions. As of December 31, 2022, Warburg and the Company's other owners had contributed approximately $354,233,100.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions are eliminated upon consolidation.

Use of Estimates

The preparation of the Company's consolidated financial statements requires the Company to make estimates, judgments, and assumptions that affect the accompanying consolidated financial statements and disclosures. Items subject to such estimates and assumptions include (1) cash flow estimates used in impairment tests of long-lived assets; (2) depreciation, depletion, and accretion; (3) evaluation of asset retirement obligations; (4) valuation of derivative instruments; (5) accrued oil and gas sales and other receivables; (6) accrued expenses and related payables; and (7) the grant date fair value of equity-based awards. Actual results could differ from the estimates.

Oil, natural gas, and NGL reserve estimates, which are the basis for unit-of-production depletion and the impairment analysis, have a number of inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing, and production subsequent to the date of the estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities of oil, natural gas, and NGLs that are ultimately recovered. In addition, reserve estimates are vulnerable to changes in prices of crude oil, natural gas, and NGLs. Such prices have been volatile in the past and can be expected to be volatile in the future.

Cash and Cash Equivalents

Cash equivalents consist of cash and highly liquid investments, which are readily convertible into cash and have maturities of three months or less when acquired.

The Company's cash is held with a single financial institution in amounts that exceed the insurance limits of the Federal Deposit Insurance Corporation. Management believes that the Company's counter-party risk is minimal based on the reputation and history of the institution selected.

Accounts Receivable, net

The Company's receivables are generally unsecured and consist primarily of trade and joint interest owner receivables of approximately $29,231,174 and $19,544,287 as of December 31, 2022 and 2021 respectively. The allowance for doubtful accounts is determined based on management's assessment of the creditworthiness of the customer. Past due accounts are written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. The Company recorded no allowance for doubtful accounts as of December 31, 2022 and 2021, and has not written off any receivables during the years ended December 31, 2022 and 2021.

Prepaid Expenses

Prepaid expenses are recorded at cost and primarily represent cash calls to other operators, prepaid insurance and license fees. These expenses are amortized straight-line over the term of the related capitalized expense.

Proved Oil and Natural Gas Properties, net

The Company's oil and gas exploration and production activities are accounted for using the full cost method. Under this method of accounting, the costs of successful, as well as unsuccessful, exploration and development activities are capitalized as oil and gas properties. This includes any internal costs that are directly related to exploration and development activities but does not include any costs related to production, general corporate overhead or similar activities. The carrying amount of oil and natural gas properties also includes estimated asset retirement costs recorded based on the fair value of the asset retirement obligation when incurred. Gain or loss on the sale or other disposition of oil and natural gas properties is not recognized, unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves of oil and natural gas attributable to a country.

The sum of net capitalized costs and estimated future development costs of oil and natural gas properties are amortized using the units-of-production method based on the Company's proved reserves. Oil and natural gas reserves and production are converted into equivalent units based on relative energy content. Asset retirement costs are included in the base costs for calculating depletion. Depletion expense totaled $42,769,834 and $22,536,804 for the years ended December 31, 2022 and 2021, respectively.

Companies that use the full cost method of accounting for oil and natural gas exploration and development activities are required to perform a ceiling test calculation annually. The ceiling test is performed utilizing the average of prices in effect on the first day of the month for the preceding twelve-month period. The ceiling limits such pooled costs to the aggregate of the present value of future net revenues attributable for proved crude oil and natural gas reserves discounted at 10%, plus the lower of cost or market value of unproved properties, less any associated tax effects. If such capitalized costs exceed the ceiling, the Company will record a write-down to the extent of such excess as a non-cash charge to earnings. Any such write-down will reduce earnings in the period of occurrence and results in a lower depletion, depreciation and amortization ("DD&A") rate in future periods. A write-down may not be reversed in future periods even though higher oil and natural gas prices may subsequently increase the ceiling.

There was no impairment recorded in 2022 and 2021.

Unproved Oil and Natural Gas Properties, not being amortized

Unproved oil and natural gas properties are periodically assessed for impairment on a project-by-project basis. The assessment of the movement into the full cost pool is affected by the results of exploration activities, commodity price outlooks, future development plans, or expiration of leases.

Other Property and Equipment, net

Furniture, equipment and other are recorded at cost and depreciated on a straight-line basis over their estimated useful lives ranging from 2 to 5 years. Depreciation expense totaled $17,854 and $69,376 for the years ended December 31, 2022 and 2021, respectively.

Upon sale or retirement of the assets, the applicable costs and accumulated depreciation are removed from the accounts and a gain or loss is recognized in the current period.

Derivative Instruments

The Company enters into derivative contracts to manage its exposure to oil and gas price volatility in order to achieve more predictable cash flows from the Company's oil and gas production activities.

The Company has not elected hedge accounting treatment on any derivative positions and, therefore, all derivative instruments are recorded at fair value with changes in fair value recorded in earnings. The Company records the income or expense associated with gains or losses resulting from i) the change in the fair value of derivatives and ii) the gains or losses resulting from the settlement of matured derivatives in gain/loss on derivatives on the consolidated statement of operations.

Cash settlements of derivative instruments used to manage commodity price risk are classified as cash flows provided by operating activities in the consolidated statement of cash flows along with the cash flows from the related oil and natural gas production activities. The Company nets derivative assets and liabilities of a given counterparty whenever it has a legally enforceable master netting agreement with the counterparty to a derivative contract. The Company uses these netting agreements to manage and reduce its potential counterparty credit risk.

Asset Retirement Obligation

The Company's asset retirement obligations relate to future costs associated with plugging and abandoning oil and natural gas wells, removal of equipment and facilities from leased acreage and returning such land to its original condition. The fair value liability of an asset retirement obligation is recorded as an asset and liability in the period in which it is incurred, typically when the asset is installed at the production location. The cost of such liability increases the carrying amount of the related long-lived asset by the same amount. The liability is accreted each period through charges to accretion expense, and the capitalized cost is depleted on a units-of-production basis over the proved reserves of the related asset. Revisions may occur due to changes in estimated abandonment costs or well economic lives, or if federal or state regulators enact new requirements regarding the abandonment of wells, and such revisions result in adjustments to the related capitalized asset and corresponding liability.

Revenue Recognition

Product Revenues

The Company enters into contracts with customers to sell its oil, gas and natural gas liquids ("NGLs") production. Revenue is recognized when the Company's performance obligations under the sales contracts are satisfied, which occurs at the point in time at which control of the oil, natural gas or NGLs transfers to the customer, which differs depending on the contractual terms of each of the Company's arrangements.

Revenue is recorded in the month when contractual performance obligations are satisfied. However, settlement statements from the purchasers of hydrocarbons and the related cash consideration are generally received 30 to 60 days after production has occurred.

The Company's disaggregated product revenue for the twelve months ended December 31, 2022 and 2021:

	2022	2021
Revenues		
Oil sales	$ 202,034,577	$ 88,877,963
Natural gas sales	21,153,564	16,236,347
NGL sales	26,175,724	19,043,668
Total revenues	249,363,865	124,157,978

Oil Sales Contracts

The majority of the Company's oil revenue contracts are structured so that the Company delivers oil to the purchaser at a contractually agreed-upon delivery point at which the purchaser takes custody, title, and risk of loss of the product. The Company's oil production is sold under contracts using market-based index pricing, which is adjusted for differentials based upon delivery location and oil quality.

The Company has determined that each barrel of oil represents a distinct performance obligation under an oil sales contract. Revenue is recognized when control transfers to the purchaser upon delivery to the custody transfer point at the net price received, as the market differentials represent part of the transaction price of the sales contract. Generally, under these arrangements, the Company collects a price net of transportation incurred by the purchaser. The Company has concluded that the corresponding transportation deductions related to these arrangements are part of the overall transaction price and should continue to be treated as a reduction to revenue rather than an expense. To the extent that transportation or other costs are incurred by the Company prior to the transfer of control of the oil, those costs are included in transportation expense on the Company's consolidated statements of operations.

Natural Gas and NGLs Revenue Contracts

Under the Company's natural gas processing contracts, the Company delivers natural gas to a processing entity at the wellhead or the inlet of the processing entity's system. In these contracts, the Company may elect to take residue gas and/or NGLs in-kind at the tailgate of the processing plant and subsequently market the product. Through the marketing process, the Company delivers the product to the purchaser at a contractually agreed-upon delivery point and receives a specified index price from the purchaser. When the purchaser is the natural gas processor, the Company has concluded that the control transfers to the natural gas processor at the point of delivery (i.e. wellhead or the inlet of the processing entity's system) and revenue is recognized when control transfers. In these instances, revenue is recorded net of any gathering, processing and compression fees attributable to the gas processing contract. Any fees incurred prior to the transfer of control is presented as a component of operating expense.

Deferred Financing Costs

The Company includes the costs for issuing debt as a direct deduction from the carrying amount of the related debt liability and amortized over the term of the related agreement.

Income Taxes

TCE3 is not a taxpaying entity for federal income tax purposes. Accordingly, a provision for federal income taxes has not been recorded in the Company's consolidated financial statements since TCE3's income or losses are reflected in the members' income tax returns in accordance with their ownership percentages. One of the Company's wholly-owned subsidiaries, however, is a tax-paying entity, but the related tax assets and liabilities associated with this entity are insignificant. All other subsidiaries are not taxpaying entities for federal income tax purposes.

The Company is subject to the State of Texas margin-based franchise tax law, which is commonly referred to as the Texas margin tax. The tax is considered an income tax and is determined by applying a tax rate to a base that considers both revenues and certain expenses. For the years ended December 31, 2022 and 2021, the Company's Texas margin taxes were $2,653 and $2,785, respectively.

The Company had no uncertain tax positions as of December 31, 2022 and 2021. As of December 31, 2022 and 2021, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2019 forward.

Fair Value Measurements

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and payable, long term debt, and derivative instruments. Cash and cash equivalents, accounts receivable and payable are carried at cost, which approximates their fair value because of the short-term maturity of these instruments. The Company's term loan agreement has a recorded value that approximates its fair value since its variable interest rate is tied to market rates. The Company's derivative instruments are recorded at fair value.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases" which sets out the principles for the identification, measurement, recognition, presentation and disclosure of leases and its related updates. Topic 842 impacts the accounting for both lessors and lessees. The Company adopted the standard effective January 1, 2022, using the modified retrospective transition method. Prior year information has not been restated and continues to be reported under ASC 840, Leases

The Company has elected the 'package of practical expedients' permitted under the transition guidance within ASC 842, which permits the Company to carry forward the historical lease classification and not reassess whether any expired or existing contracts are or contain leases. In addition, the Company is not required to reassess initial direct costs for any existing leases. The initial asset and liability balances upon the adoption of the policy were approximately $2.03 million. Adoption of the accounting standard did not have a material impact on our operations or cash flows. See Note 13 (Leases) for further discussion of the Company's leases.

Under this update, a lessee should recognize in the consolidated statements of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. While there were no major changes to the lessor accounting, changes were made to align key aspects with the revenue recognition guidance. The FASB subsequently issued various ASUs that provided additional implementation guidance and practical expedient election options. This update, and related ASUs, will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Entities will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses, which adds a new impairment model, known as the current expected credit loss (CECL) model, that is based on expected losses, rather than incurred losses. Under the new guidance, an entity recognizes an allowance for its estimate of expected credit losses and applies it to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments. The CECL model does not have a minimum threshold for recognition of impairment losses and entities will need to measure expected credit losses on assets that have a low risk of loss. The amendment is effective for fiscal years beginning after December 15, 2022. Early adoption of the guidance is permitted for fiscal years beginning after December 15, 2018, including interim periods within these fiscal years. The Company is currently evaluating the effects of this guidance on the consolidated financial statements.

3. Concentrations, Risks, and Uncertainties

Oil and Natural Gas Reserve Quantities

The Company's estimate of proved reserves is based on the quantities of oil, natural gas, and NGLs that engineering and geological analyses demonstrate, with reasonable certainty, to be recoverable from established reservoirs in the future under current operating and economic parameters. Reserve and economic evaluations of all the Company's properties are prepared utilizing information provided by management and other information available, including information from the operators of the properties. Reserves and their relation to estimated future net cash flows impact the depletion and impairment calculations. The projected cash flows derived from these reserve estimates are prepared by Ryder Scott, the independent engineering firm engaged by the Company.

Environmental and Regulatory Compliance

The Company is subject to extensive federal, state and local environmental laws and regulations. These laws, which are often changing, regulate discharge 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 that relate to an existing condition caused by past operations and that have no future economic benefits are expensed. Liabilities for expenditures of a noncapital nature are recorded when environmental assessment and/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 liabilities of this nature existed for the years ended December 31, 2022 and 2021.

Concentrations of Credit Risk

The Company's accounts receivable consists primarily of receivables from oil, natural gas, and NGL purchasers and joint interest owners in properties the Company operates. This concentration of accounts receivable from, natural gas, and NGL purchasers and joint interest owners in the oil and gas industry may impact the Company's overall credit risk in that these entities may be similarly affected by changes in economic and other industry conditions. The Company generally does not require collateral from its purchasers or joint interest owners. The Company generally has the right to withhold revenue distributions to recover past due receivables from joint interest owners.

The Company does not believe the loss of any one of its purchasers would materially affect its ability to sell the oil and gas it produces as other purchasers are available in its primary areas of activity. The Company's two largest customers represented 47% and 23% and 31% and 20%, of the Company's total revenues for the years ended December 31, 2022 and 2021, respectively.

4. Acquisitions and Divestitures

On May 1, 2021 the Company entered into a "drill-to-earn" agreement with Chevron USA Inc. ("Chevron") to earn additional acreage through Company's drilling on portions of Chevron's acreage. This drill-to-earn allows the Company to acquire approximately 1400 net mineral acres from Chevron through participation in the drilling and completion and the carrying of Chevron's interest associated with their cost in the four wells on Chevron's acreage. No significant acquisitions or divestitures occurred in 2022.

5. Accounts Receivable, net

The following table presents the components of accounts receivable, net as of December 31, 2022 and 2021:

	2022	2021
Accounts receivable - trade	$ 20,737,763	$ 14,203,031
Joint interest billings receivable	8,493,411	5,341,256
Total accounts receivable, net	29,231,174	19,544,287

6. Property, and Equipment

Property and equipment, net consisted of the following:

	2022	2021
Oil and natural gas properties		
Proved oil and natural gas properties	$ 850,054,541	$ 503,052,974
Unproved oil and natural gas properties, not being amortized	13,859,248	26,143,133
Accumulated depletion	(102,506,287)	(59,736,453)
Accumulated impairment	(91,718,002)	(91,718,002)
Oil and natural gas properties, full cost method, net	669,689,499	377,741,652
Other property and equipment		
Other property and equipment	512,791	3,604,085
Accumulated depreciation	(236,322)	(218,469)
Other property and equipment, net	276,469	3,385,616
Net property and equipment	$ 669,965,968	$ 381,127,268

The total transfers from unproved oil and natural gas properties to proved oil and natural gas properties was $15,296,000 and $35,700,000 in 2022 and 2021 respectively.

7. Derivatives

The following tables presents gross derivative balances prior to applying netting adjustments and net balances as recorded in the consolidated balance sheet as of December 31, 2022 and December 31, 2021:

	December 31, 2022		
	Asset	**Liability**	**Net Position**
Current	629,979	(5,679,076)	(5,049,097)
Long Term	-	(490,227)	(490,227)

	December 31, 2021		
	Asset	**Liability**	**Net Position**
Current	1,271,516	(14,728,504)	(13,456,988)
Long Term	2,560,588	(4,690,449)	(2,129,861)

For the year ended December 31, 2022, the amount of the derivative instrument gains and losses reported on the consolidated statements of operations as losses on derivatives, net was $27,929,056, comprised of unrealized gains of approximately $10,047,525 and realized losses of $37,976,581. The following tables presents the Company’s outstanding future commodity derivative positions as of December 31, 2022 and December 31, 2021, respectively:

		December 31, 2022		
Wells Fargo Period	**Contract Type**	**Volume BBLS**	**Weighted Average Contract Price**	**Asset / (Liability)**
Crude Oil				
01/01/23 - 12/31/23	Collar	365,000	$ 55.00 - 63.55	(6,092,621)
01/01/24 - 12/31/24	Collar	73,200	$ 57.50 - 70.50	(597,200)
01/01/23 - 12/31/23	Collar	146,000	$ 60.00 - 75.00	(1,210,918)
01/01/23 - 12/31/23	Collar	219,000	$ 70.00 - 84.85	(268,956)
01/01/24 - 12/31/24	Collar	292,800	$ 65.00 - 78.80	(526,425)
01/01/23 - 12/31/23	Collar	109,500	$ 80.00 - 94.25	602,202
01/01/24 - 12/31/24	Collar	73,200	$ 75.00 - 84.68	347,432
01/01/24 - 12/31/24	Collar	109,800	$ 70.00 - 85.25	285,966
Total Crude Oil				(7,460,520)

Wells Fargo Period	**Contract Type**	**Volume MCF**	**Weighted Average Contract Price**	**Asset / (Liability)**
Natural Gas				
01/01/23 - 03/31/23	Collar	225,000	$ 3.95 - 5.23	16,952
01/01/23 - 03/31/23	Collar	450,000	$ 7.25 - 10.85	1,274,265
Total Natural Gas				1,291,217
Total Wells Fargo Derivatives, net				$ (6,169,303)

		December 31, 2022		
Fifth Third Bank Period	**Contract Type**	**Volume BBLS**	**Weighted Average Contract Price**	**Asset / (Liability)**
Crude Oil				
01/01/23 - 12/31/23	Collar	109,500	$ 80.00 - 95.50	629,979
Total Crude Oil				629,979
Total Fifth Third Derivatives, net				$ 629,979

		December 31, 2021		
Wells Fargo Period	**Contract Type**	**Volume BBLS**	**Weighted Average Contract Price**	**Asset / (Liability)**
Crude Oil				
01/01/22 - 12/31/22	Collar	365,000	$ 40.00 - 48.58	(8,923,836)
01/01/22 - 12/31/22	Swap	365,000	Basis swap	(69,106)
01/01/22 - 12/31/22	Collar	63,165	$ 40.00 - 52.40	(1,347,129)
01/01/22 - 12/31/22	Collar	146,000	$ 57.08	(2,208,338)
01/01/22 - 12/31/22	Collar	109,500	$ 60.00 - 69.00	(623,245)
01/01/22 - 12/31/22	Collar	365,000	$ 55.00 - 63.55	(2,191,078)
Total Crude Oil				(15,362,732)

Wells Fargo Period	**Contract Type**	**Volume MCF**	**Weighted Average Contract Price**	**Asset / (Liability)**
Natural Gas				
01/01/22 - 03/31/22	Collar	495,000	$ 2.90 - 3.25	(279,542)
01/01/22 - 03/31/22	Swap	495,000	Basis swap	(111,929)
01/01/22 - 03/31/22	Collar	225,000	$ 4.00 - 4.31	61,542
04/01/22 - 10/31/22	Collar	535,000	$ 2.95 - 3.40	(198,989)
04/01/22 - 12/31/22	Collar	535,000	$ 3.75 - 4.71	191,122
110/1/22 - 12/31/22	Collar	152,500	$ 3.95 - 5.23	52,463
01/01/23 - 03/31/23	Collar	225,000	$ 3.95 - 5.23	61,217
Total Natural Gas				(224,116)
Total Derivatives, net				$ (15,586,849)

8. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable parties who are willing and able to transact for an asset or liability at the measurement date. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value and then ranks the estimated values based on the reliability of the inputs used following the fair value hierarchy.

The three input levels of the fair value hierarchy are as follows:

Level 1: Observable inputs, such as quoted market prices for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable. Instruments categorized in Level 2 include non-exchange traded derivatives, such as over-the-counter swaps.

Level 3: Unobservable inputs in which little or no market data exists.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable requires significant judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Unobservable inputs reflect the assumptions of the Company with regard to what assumptions a market participant would use to price an asset or liability based on the best information available under the circumstances. The guidance requires the evaluator to maximize the use of observable inputs.

Recurring Fair Value Measurements

The Company's recurring financial assets and liabilities measured at fair value as of December 31, 2022 and December 31, 2021 are comprised of commodity derivatives that consist of privately negotiated OTC swap contracts that are valued based on a specific market index and are classified as Level 2. See footnote 7. Changes in market values represent gains or losses that occur due to fluctuations in commodity prices. Specifically, as of December 31, 2022, commodity derivatives are valued using NYMEX values.

9. Asset Retirement Obligations

The Company's asset retirement obligations represent the present value of estimated future costs associated with the plugging and abandonment of oil and gas wells, removal of equipment and facilities from leased acreage, and land restoration in accordance with applicable local, state and federal laws. The Company follows FASB ASC Topic 410, "Asset Retirement and Environmental Obligations". The offsetting amount associated with the asset retirement costs are capitalized as part of the carrying amount of proved properties and are reflected in oil and gas properties, full cost method on the consolidated balance sheets. Revisions in estimated liabilities can result from changes in estimated inflation, changes in service and equipment costs and changes in the estimated timing of an asset's retirement. Subsequent to initial measurement, the asset retirement liability is required to be accreted each period over the estimated productive life of the related assets.

The following table provides a reconciliation of the Company's asset retirement obligations for the year ended December 31, 2022:

Asset retirement obligations as of December 31, 2020		1,877,520
Additions		13,292
Accretion		88,149
Asset retirement obligations as of December 31, 2021	$	1,978,961
Additions		212,431
Accretion		127,634
Asset retirement obligations as of December 31, 2022	$	2,319,026

10. Note Payable, net

Note payable, net consisted of the following as of December 31, 2022:

	December 31, 2022
Note payable	$ 180,000,000
Deferred financing costs	(1,557,407)
Note payable, net	**$ 178,442,593**

On March 21, 2019, the Company entered into a credit agreement with Wells Fargo Bank for an initial lender commitment of $60 million with a maturity date of March 21, 2024. As of December 31, 2022, the lender increased the borrowing base to $250 million along with an increase in the commitment to $225 million and extended the maturity date to March 21, 2025. The interest rate charged on the loan is calculated as a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1%, and (c) the Adjusted LIBO Rate for a one month Interest Period beginning on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%, provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate (rounded upwards, if necessary, to the next 1/100 of 1%) at which dollar deposits of $5,000,000 with a one month maturity are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time on such day (or the immediately preceding Business Day if such day is not a day on which banks are open for dealings in dollar deposits in the London interbank market). The Company's obligations under the credit agreement are secured by a pledge of the majority of the Company's proved oil and gas properties.

The Company is subject to certain financial covenants as a result of the credit agreement described above. These financial covenants consist of a consolidated total leverage ratio not to exceed 3.00 to 1.00 and a current ratio, which includes the remaining capacity on the credit facility, not to be less than 1.0 to 1.0. As of December 31, 2022, the Company was not in compliance with the financial covenant related to its current ratio. However, in March 2023, the lending group provided a waiver for the current ratio requirement for the quarters ending December 31, 2022 and March 31, 2023.

11. Members' Equity

The LLC Agreement provides for two classes of membership interests referred to as "Series A Units" and "Series B Units," collectively referred to as "Members". As of December 31, 2022 and 2021, the Company had issued 35,423,310 Series A Units and 9,575,000 Series B Units and 35,423,310 Series A Units and 8,650,000 Series B Units, respectively. The LLC Agreement provides for the issuance of up to 10,000,000 Series B Units. Series B Units are intended to constitute profit interests.

Per the Company's LLC Agreement, available cash may be distributed as declared by the Board of Directors and is allocated first to Series A Units in accordance with their respective class sharing percentages until they have received an amount equal to an internal rate of return of 8% from the date of contributions and, thereafter, split between Series A and Series B Units in accordance with certain agreed-upon threshold sharing ratios.

Cumulative net earnings and losses are allocated among the holders of Series A Units and Series B Units in accordance with the distribution provisions described above. Under this approach, cumulative losses are allocated to Series A Units and cumulative earnings are allocated either entirely to Series A Units or between Series A Units and Series B Units in proportion to their entitled share of the liquidated earnings. In addition, available cash may be distributed to each Member in respect of the Members' assumed tax liability as of each tax distribution date. If, as of any tax distribution date, the Company has insufficient available cash to make distributions in an amount equal to the aggregate of the Members' assumed tax liabilities, the Company may make distributions to the Members, pro rata, in proportion to the Members' assumed tax liabilities. No Member has any obligation to make any capital contribution to fund any distributions described above. Any such distribution is treated as an advance against the next distribution payable.

The Company has made no distributions as of December 31, 2022 and 2021.

Equity-Based Compensation

Equity-based compensation expense recorded for the years ended December 31, 2022 and 2021 was approximately $2,617,310 and $2,875,812, respectively.

Series B Units: Series B Units are granted from time to time to certain members of management and employees of the Company. The Series B Units require no initial investment, have no voting rights, are not freely transferable, and vest 15% upon issuance and 60% on a graded basis at each anniversary of the grant date over a four-year period, subject to continued employment. The remaining 25% of Series B Units vest upon the occurrence of a final exit event, as defined in the Company's LLC Agreement.

Series B Units are considered equity-based awards, and the fair value of Series B Units is determined on the grant date.

For awards that vest at the end of the service period, expense is recognized ratably using a straight-line approach over the service period. The Company uses the Option Pricing Method within a Monte Carlo simulation framework to determine the fair value of all the outstanding units on the grant date. This simulation model requires multiple input variables that determine the probability of satisfying the performance condition stipulated in the award granted. In addition, this simulation model requires assumptions and estimates of the volatility in the value of the underlying unit price, which affects the resultant values and hence the amount of compensation expense recognized. We determine the estimate of volatility based on the averages for the stocks of comparable publicly traded companies. The Company has elected to account for forfeitures as they occur, and any compensation cost previously recognized for an award that is forfeited because of a failure to satisfy a service or performance condition is reversed in the period of the forfeiture.

The following table summarizes the activity for Series B Units during the years ending December 31, 2022 and 2021:

	2022	
	Number of Units Series B	Grant Date Fair Value
Balance @ December 31, 2021	3,520,000	
Granted	1,000,000	$ 2.35
Vested	(1,595,000)	(2.35)
Forfeited	(75,000)	(2.35)
Total unvested, December 31, 2022	2,850,000	

	2021	
	Number of Units Series B	Grant Date Fair Value
Balance @ December 31, 2020	4,967,500	
Granted	0	$ 2.35
Vested	(1,297,500)	(2.35)
Forfeited	(150,000)	(2.35)
Total unvested, December 31, 2021	3,520,000	

The following table presents information regarding the assumptions used in determining the fair value of Series B Unit awards granted from inception (August 10, 2018) through December 31, 2022.

Risk-free rate	2.70%
Expected time to liquidity event	2.5 years
Expected volatility	50%
Discount for lack of marketability	30%

Total unrecognized compensation expense expected to be recognized in the future related to Series B Units awards was $6.8 million and $7.1 million at the end of 2022 and 2021, respectively. The portion of this expense related to the vesting upon the occurrence of the final exit event was $5.6 million and $5.1 million at the end of 2022 and 2021 respectively. These amounts were expected to be recognized over a weighted-average period of 2 years The compensation expense related to the remaining 25% of the awards that vest upon a final exit event will be recognized when the occurrence of such event becomes probable.

12. Related Party Transactions

The Company entered into agreements with affiliates owned by the Company's Chief Executive Officer ("CEO") and other parties for the Company's Midland headquarters office space. Rental expense under these agreements was approximately $386,111 for the year ended December 31, 2022 and $382,540 during the year ended December 31, 2021, which has been included in general and administrative expenses in the accompanying consolidated statements of operations.

13. Leases

On January 1, 2022, the Company adopted ASC 842, "Leases" with an effective date of January 1, 2022 using the modified retrospective approve for all leases that existed at the date of adoption. The standard provides optional practical expedients to ease the burden of transition. The Company elected the following practical expedients through implementation:

- an election not to apply the recognition requirement in the short term leases and recognize lease payments in the Consolidated Statement of Operations (a lease that at commencement date has an initial term of 12 months or less which does not contain a purchase option that the Company is reasonably certain to exercise);

- a package of practical expedients to not reassess whether a contract is or contains a lease, lease classification, and initial direct costs;

- a practical expedient that permits combining lease and non-lease components in a contract and accounting for the combination as a lease (elected by asset class);

- a practical expedient not to reassess certain land easements in existence prior to January 1, 2022;

- an election to adopt the modified retrospective approach for all leases existing at or entered into after the data of adoption which does not require a restatement as a result of the prior period. No cumulative-effect adjustment to retained earnings was required as a result of the modified retrospective approach.

The Company determines if a contract contains a lease at inception. A lease is defined as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset and corresponding lease liability are recognized on the balance sheet at commencement as an amount based on the present value of the remaining lease payments over the lease term. As the implicit rate of the lease is not always readily determinable, the Company has decided to use the practical expedient available to non-public business entities under Topic 842 that allows us to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. Operating right-of-use assets and operating lease liabilities are presented separately on the Consolidated Statements of Financial Position. The Company only has operating leases as of December 31, 2022. By policy election, lease with an initial term of twelve months or less are not recorded on the Consolidated Statements of Financial Position. The Company recognizes lease expense for these leases on a straight-line basis, and variable lease payments are recognized in the period as incurred.

Nature of Leases

The Company currently has leases associated contracts for a drilling rig, office space, vehicles, and other equipment that support our operations.

Drilling Rig: We enter into daywork contracts for a drilling rig with third parties to support our drilling activities. Our agreements are typically structured with a term that is in effect until drilling operations are completed on a specific well(s) or well pad(s). With mutual agreement with the contractor, we have the option to extend the contract term for additional wells or well pads. The accounting guidance requires us to make an assessment at contract commencement if we are reasonably certain that we will exercise the option to extend the term. Due to the evolving nature of our drilling schedule and the volatility of commodity prices over an annual period, our strategy to enter into short term drilling arrangements allows us the flexibility to respond to change in the operating and economic environment. We exercise discretion in choosing to extend or not extend contracts on a rig-by-rig basis depending on the condition present at the time the contract expires. At the time of contract commencement, we cannot conclude, with reasonable certainty, whether we will choose to extend the contract beyond its initial term. We have concluded that our drilling rig arrangements represent short-term operating leases. In accordance with the full cost method of accounting, these costs are capitalized as part of our proved oil and gas properties on our Consolidated Statement of Financial Position when paid.

Office Space: We rent office space from a third party for our corporate offices. Our office agreement is structured with non-cancelable terms for a total period of 60 months. We have concluded that our office agreement represents an operating lease with a lease term that equals the primary, non-cancelable term.

Vehicles: We occasionally rent vehicles for our drilling and operations personal from a third party. Our vehicle agreements are non-cancelable and generally are for a period of three years. We have concluded our vehicle commitments qualify as operating leases.

Other Equipment: We use compressors, hydrogen sulfide scavengers, and downhole pumps in our operations. These agreements are generally non-cancellable and vary in length from one year to three years.

Discount Rate

Our leases typically do not provide an implicit rate. Accordingly, we use the risk free rate in determining the present value of the lease payments based on the information available at commencement date. The rate used for operating leases may be adjusted if modifications to the agreement terms occur.

The table below presents the lease-related assets and liabilities at December 31, 2022:

Type	Balance Sheet Location	Year Ended December 2022	2021
Assets			
Operating lease right-of-use asset	Right of use asset, net	$ 4,833,335	$ -
Liabilities			
Operating lease liabilities, current	Lease obligations, current	$ 2,029,586	$ -
Operating lease liabilities, noncurrent	Lease obligations, noncurrent	2,818,799	-
		$ 4,848,385	

The estimated future minimum lease payments are as follows:

Years Ending December 31,	
2023	$ 2,111,136
2024	2,014,977
2025	817,818
2026	43,326
Total lease payments	4,987,257
Less present value discount	(138,872)
Present value of lease liabilities	$ 4,848,385

At December 31, 2022, the weighted average remaining lease term for operating leases was 28 months and the weighted average discount rate was 2.07%. Additionally, short term lease costs for 2022 totaled $21,637,932. Total operating lease expense for the years ended December 31, 2022 and 2021 was approximately $1,649,438, including approximately $382,000 paid to related parties and $435,163, including approximately $385,000 paid to related parties, respectively. These amounts are recorded in general and administrative expenses in the accompanying consolidated statements of operations.

14. Commitments and Contingencies

Commitments are discussed in Footnote 13 under Leases. In the course of its operations, the Company is subject to possible loss contingencies arising from federal, state and local environmental, health and safety laws and regulations and third-party litigation. There are no matters pending that, in the opinion of the Company, will have a material adverse effect on the consolidated financial position, results of operations, or cash flows of the Company.

15. Supplemental Oil and Gas Information (Unaudited)

Net Proved Crude Oil, NGLs and Natural Gas Reserves

For the years ended December 31, 2022 and 2021, the Company utilized Ryder Scott in the preparation of its oil and gas reserves. In accordance with Securities and Exchange Commission ("SEC") regulations, the reserves as of December 31, 2022 and 2021 were estimated using realized prices, which reflect adjustments to the benchmark prices for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point. The Company's reserves are reported in three streams; crude oil, natural gas and NGLs.

The SEC has defined proved reserves as the estimated quantities of crude oil, natural gas, and NGLs that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. The process of estimating crude oil, natural gas and NGLs reserves is complex, requiring significant decisions in the evaluation of available geological, geophysical, engineering and economic data. The data for a given property may also change substantially over time as a result of numerous factors, including additional development activity, evolving production history and a continual reassessment of the viability of production under changing economic conditions. As a result, material revisions to existing reserve estimates occur from time to time. Although every reasonable effort is made to ensure that reserve estimates reported represent the most accurate assessments possible, the subjective decisions and variances in available data for various properties increase the likelihood of significant changes in these estimates. If such changes are material, they could significantly affect future amortization of capitalized costs and result in impairment of assets that may be material.

The following tables provide an analysis of the changes in estimated proved reserve quantities of crude oil, natural gas and NGLs for the years ended December 31, 2022 and 2021, all of which are located within the United States:

	Year ended December 31, 2022			
Description	**Oil (Bbl)**	**Gas (Mcf)**	**Liquids (Bbl)**	**BOE**
Prev. Period Reserves	156,440,000	485,457,000	102,573,000	339,922,500
Revisions	(81,547,774)	(221,720,539)	(48,802,308)	(167,303,505)
Extensions	336,491	903,485	184,867	671,939
Production	(2,010,717)	(4,321,946)	(781,559)	(3,512,600)
Total Reserves	73,218,000	260,318,000	53,174,000	169,778,333
Reserve Category Rollforward				
Previous Period Proved Developed	9,672,867	34,627,452	7,146,280	22,590,389
Current Period Proved Developed	16,649,451	51,609,057	10,468,532	35,719,493
Previous Period Proved Undeveloped	146,767,011	450,829,239	95,426,542	317,331,759
Current Period Proved Undeveloped	56,568,400	208,708,917	42,705,055	134,058,275

	Year ended December 31, 2021			
Description	**Oil (Bbl)**	**Gas (Mcf)**	**Liquids (Bbl)**	**BOE**
Prev. Period Reserves	59,014,000	185,337,000	41,107,000	131,010,500
Revisions	(3,988,206)	(29,211,878)	(8,060,486)	(16,917,338)
Extensions	94,837,093	300,944,806	63,700,665	208,695,225
Acquisition of Reserves	7,881,924	31,153,775	6,594,286	19,668,506
Production	(1,304,811)	(2,766,703)	(768,465)	(2,534,393)
Total Reserves	156,440,000	485,457,000	102,573,000	339,922,500
Reserve Category Rollforward				
Previous Period Proved Developed	8,959,588	29,619,656	6,407,127	20,303,325
Current Period Proved Developed	9,672,867	34,627,452	7,146,280	22,590,389
Previous Period Proved Undeveloped	50,054,173	155,717,843	34,700,355	110,707,501
Current Period Proved Undeveloped	146,767,011	450,829,239	95,426,542	317,331,759

For the year ended December 31, 2022, revisions of 167,304 Mboe was caused by 151 locations moving out of proved and into the probable category. This was largely due to reduced rig cadence of 4 rigs to 2 rigs. Extensions, discoveries, and other additions resulted from the addition of one proved undeveloped location for 672 Mboe.

For the year ended December 31, 2021, extensions, discoveries, and other additions resulted from the addition of 224 proved undeveloped locations for 207,342 Mboe and 1,353 Mboe from two new wells drilled.

Standardized measure of discounted future net cash flows relating to proved crude oil, NGLs and natural gas reserves

The standardized measure of discounted future net cash flows does not purport to be, nor should it be interpreted to present, the fair value of the oil, NGLs and natural gas reserves of the property. An estimate of fair value would take into account, among other things, the recovery of reserves not presently classified as proved, the value of proved properties and consideration of expected future economic and operating conditions.

The estimates of future cash flows and future production and development costs as of December 31, 2022 and 2021 are based on realized prices, which reflect adjustments to the benchmark prices for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point. All realized prices are held flat over the forecast period for all reserve categories in calculating the discounted future net cash flows. Any effect from the Company's commodity hedges is excluded. In accordance with SEC regulations, the proved reserves were anticipated to be economically producible from the "as of date" forward based on existing economic conditions, including prices and costs at which economic producibility from a reservoir was determined. These costs, held flat over the forecast period, include development costs, operating costs, ad valorem and production taxes and abandonment costs after salvage. Future income tax expenses would have been computed using the appropriate year-end statutory tax rates applied to the future pretax net cash flows from proved oil, NGLs and natural gas reserves, less the tax basis of the Company's oil and natural gas properties. The estimated future net cash flows are then discounted at a rate of 10%.

The following table presents the standardized measure of discounted future net cash flows relating to proved oil, NGLs and natural gas reserves for the periods presented:

	Year ended December 31, 2022		
Description	**Pretax Amount**	**Taxes**	**After Tax Amount**
Future cash inflows (total revenues)	10,349,128,000		10,349,128,000
Future production costs (severance and ad valorem taxes plus LOE)	(3,051,348,000)		(3,051,348,000)
Future development costs (capital costs)	(1,367,034,000)		(1,367,034,000)
Future income tax expense	-	(54,332,922)	(54,332,922)
Future net cash flows	5,930,746,000	(54,332,922)	5,876,413,078
10% annual discount for estimated timing of cash flows	(3,399,173,000)	(29,191,962)	(3,369,981,038)
Standardized measure of DFNCF	2,531,573,000	(25,140,960)	2,506,432,040

	Year ended December 31, 2021		
Description	**Pretax Amount**	**Taxes**	**After Tax Amount**
Future cash inflows (total revenues)	14,354,144,000		14,354,144,000
Future production costs (severance and ad valorem taxes plus LOE)	(4,281,446,000)		(4,281,446,000)
Future development costs (capital costs)	(2,462,538,000)		(2,462,538,000)
Future income tax expense	-	(75,359,256)	(75,359,256)
Future net cash flows	7,610,160,000	(75,359,256)	7,534,800,744
10% annual discount for estimated timing of cash flows	(4,850,910,000)	(43,264,361)	(4,807,645,639)
Standardized measure of DFNCF	2,759,250,000	(32,094,895)	2,727,155,105

It is not intended that the FASB's standardized measure of discounted future net cash flows represent the fair market value of the Company's proved reserves. The Company cautions that the disclosures shown are based on estimates of proved reserve quantities and future production schedules which are inherently imprecise and subject to revision, and the 10% discount rate is arbitrary. In addition, prices and costs as of the measurement date are used in the determinations, and no value may be assigned to probable or possible reserves.

The following table presents the changes in the standardized measure of discounted future net cash flows relating to proved oil, NGLs and natural gas reserves for the periods presented:

Description	12/31/21
Prev. Period Balance	222,216,982
Net change in prices and production costs	1,167,984,542
Net change in future development costs	(70,649,753)
Oil & Gas net revenue	(77,035,391)
Extensions	1,543,995,099
Acquisition of reserves	170,879,816
Revisions of previous quantity estimates	(95,377,313)
Previously estimated development costs incurred	39,408,993
Net change in taxes	(25,027,877)
Accretion of discount	22,928,400
Changes in timing and other	(172,168,393)
Period Balance	2,727,155,105

Description	12/31/2022 Amount
Prev. Period Balance	2,727,155,105
Net change in prices and production costs	1,143,739,305
Net change in future development costs	(152,267,151)
Oil & Gas net revenue	(188,310,950)
Extensions	7,841,455
Revisions of previous quantity estimates	(1,453,700,163)
Previously estimated development costs incurred	231,391,467
Net change in taxes	6,953,935
Accretion of discount	275,925,000
Changes in timing and other	(92,295,963)
Period Balance	2,506,432,040

Estimates of economically recoverable oil, NGLs and natural gas reserves and of future net cash flows are based upon a number of variable factors and assumptions, all of which are, to some degree, subjective and may vary considerably from actual results. Therefore, actual production, revenues, development and operating expenditures may not occur as estimated. The reserve data are estimates only, are subject to many uncertainties and are based on data gained from production histories and on assumptions as to geologic formations and other matters. Actual quantities of oil, NGLs and natural gas may differ materially from the amounts estimated.

16. Subsequent Events

On March 15, 2023, the Company executed the Seventh Amendment to the Credit Agreement which raised the elected lender commitments under the borrowing base for the debt facility from $225 million to $250 million. During 2023, the Company has made incremental debt draws on that credit facility totaling $50 million, increasing its principal outstanding to $230 million as of the date of this report. Additionally, in 2023 the Company has called incremental equity during 2023 totaling $15 million. As of the date of this report, there is $369,233,100 of equity financing outstanding (36,923,310 of Series A Units outstanding).

Other than those described above, the Company has evaluated and not identified any subsequent events that require additional disclosure through April 28, 2023 the date that these consolidated financial statements were available to be issued.

Exhibit 99.7

Tall City Exploration III LLC and Subsidiaries
Condensed Consolidated Financial Statements
Interim Periods Ended June 30, 2023 and 2022

Tall City Exploration III LLC and Subsidiaries
Consolidated Financial Statements
Six months ended June 30, 2023 and 2022
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Consolidated Financial Statements

Tall City Exploration III LLC and Subsidiaries
Consolidated Balance Sheets
June 30, 2023 and December 31, 2022

	June 30, 2023 (unaudited)	December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	14,889,668	9,094,962
Accounts receivable, net	37,585,817	29,231,174
Derivative assets, short term	2,769,360	629,979
Prepaid expenses and other current assets	518,912	380,840
Total current assets	55,763,757	39,336,955
Property and Equipment		
Proved oil and gas properties, net	709,262,783	655,830,252
Unproved oil and gas properties, not being amortized	6,073,131	13,859,247
Other property and equipment, net	284,234	276,469
Net Property and Equipment	715,620,148	669,965,968
Other Assets		
Right of use asset, net	3,833,117	4,833,335
Derivative assets, long term	1,717,371	-
Other non-current assets	26,230	26,230
Total non-current assets	5,576,718	4,859,565
Total Assets	$ 776,960,623	$ 714,162,488
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	33,717,415	109,224,430
Revenue payable	49,376,312	41,147,988
Derivative liabilities, short term	-	5,679,076
Asset retirement obligations, current	200,000	200,000
Lease obligations, current	2,053,310	2,029,586
Total Current Liabilities	85,347,037	158,281,080
Long-Term Liabilities		
Note payable, net	238,642,242	178,442,593
Lease obligations, noncurrent	1,796,684	2,818,799
Asset retirement obligations	2,332,910	2,119,026
Derivative liabilities, long term	-	490,227
Total Long-Term Liabilities	242,771,836	183,870,645
Total Liabilities	328,118,873	342,151,725
Members' Equity	448,841,750	372,010,763
Total Liabilities and Members' Equity	$ 776,960,623	$ 714,162,488

Tall City Exploration III LLC and Subsidiaries
Consolidated Statements of Operations
Six months ended June 30, 2023 and 2022

	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Revenues:		
Oil	143,090,971	112,916,093
Gas	3,787,390	11,415,055
Natural gas liquids	12,839,070	15,995,087
Unrealized and realized gains/losses, net	11,152,813	(41,808,537)
Total Revenues	170,870,244	98,517,698
Expenses:		
Lease operating expense	43,357,259	16,454,191
Production and ad valorem tax expense	7,109,777	6,968,385
Gathering, processing, and transportation expenses	5,881,150	3,181,898
Equity-based compensation expense	127,781	2,047,438
Accretion of asset retirement obligations	70,097	66,390
Depreciation, depletion, and amortization	37,555,167	21,947,724
General and administrative expenses	4,560,693	6,103,007
Total Operating Expenses	98,661,924	56,769,033
Gain from operations	72,208,320	41,748,665
Other income (expense):		
Interest expense, net	(10,537,818)	(2,441,640)
Other non-operating income	32,704	-
Total other income (expense)	(10,505,114)	(2,441,640)
Net Income	$ 61,703,206	$ 39,307,025

Tall City Exploration III LLC and Subsidiaries
Consolidated Statements of Changes in Members' Equity
Six months ended June 30, 2023 and 2022 (unaudited)

Balance, December 31, 2021	$	270,870,470
Equity-based compensation expense		2,047,438
Net income		39,307,025
Balance, June 30, 2022	$	312,224,933
Balance, December 31, 2022	$	372,010,763
Members' contributions		15,000,000
Equity-based compensation expense		127,781
Net income		61,703,206
Balance, June 30, 2023	$	448,841,750

Tall City Exploration III LLC and Subsidiaries
Consolidated Statements of Cash Flows
Six months ended June 30, 2023 and 2022

	Six Months Ending	
	June 30, 2023 (unaudited)	**June 30, 2022 (unaudited)**
Cash flows from operating activities:		
Net income	$ 61,703,206	$ 39,307,025
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	37,555,167	21,947,724
Accretion of asset retirement obligations	70,097	66,390
Equity-based compensation expense	127,781	2,047,438
Amortization of debt issuance costs	967,893	365,082
Unrealized (gain) loss on derivatives	(10,026,055)	18,632,503
Changes in operating assets and liabilities:		
Accounts receivable, net	(8,354,643)	(22,719,825)
Prepaid expenses and other current assets	(138,072)	142,593
Accounts payable and accrued liabilities and other	16,503,826	13,982,078
Net cash provided by operating activities	98,409,200	73,771,008
Cash flows from investing activities		
Additions to oil and gas properties	(166,846,250)	(127,569,977)
Net cash used in investing activitites	(166,846,250)	(127,569,977)
Cash flows from financing activities		
Contributions from members	15,000,000	-
Proceeds from note payable	60,000,000	70,000,000
Deferred financing costs	(768,244)	(775,837)
Net cash provided by financing activities	74,231,756	69,224,163
Net change in cash and cash equivalents	5,794,706	15,425,194
Cash and cash equivalents, beginning of period	9,094,962	7,411,198
Cash and cash equivalents, end of period	$ 14,889,668	$ 22,836,392
Supplemental Cash flow disclosures:		
Cash paid for interest	7,888,448	507,741
Changes in capital expenditures financed by accounts payable	83,636,903	5,623,737

1. Organization and Nature of Business

Tall City Exploration III LLC (“TCE3”) and Subsidiaries, was organized on August 10, 2018 as a Delaware limited liability company and is governed by a Limited Liability Company Agreement (the “LLC Agreement”). TCE3 and its subsidiaries are collectively referred to in the accompanying consolidated financial statements as the “Company”.

Subsidiaries to TCE3 include: Tall City Operations III LLC (“TCO3” – owned 100% by TCE3) which operates TCE3’s oil and gas properties, Tall City Property Holdings III LLC (“TCPH3” – owned 100% by TCE3) which owns all of the oil and gas property interests for TCE3, Mucaro Minerals LLC (“Mucaro” – owned 100% by TCE3) which holds the mineral and royalty interests for TCE3, and Tall City Management Holdings III LLC (“Holdings” – owned 100% by TCE3) which is a holding company organized as a corporation to hold the interest of Tall City Management III LLC (“TCM3” – owned 99.99% by TCE3 and 0.01% by Holdings) which has all of the employees of TCE3.

The Company is primarily engaged in the domestic exploration, acquisition, development, production and sale of oil and gas. All of the Company’s operations are conducted in the United States within the Permian Basin of West Texas. The Company is substantially owned (98%) by entities controlled by Warburg Pincus LLC (“Warburg”). In accordance with the Company’s LLC Agreement, Warburg, along with the Company’s other owners, agreed to contribute up to $500 million of equity financing, subject to certain terms and conditions. As of June 30, 2023, Warburg and the Company’s other owners had contributed approximately $369,233,100.

2. Basis of Presentation

(a) Presentation

In the opinion of management, the unaudited interim consolidated financial statements of the Company as of June 30, 2023 and for the six months ended June 30, 2023 and 2022 include all adjustments and accruals, consisting of normal, recurring adjustments and accruals necessary for a fair presentation of the results of the interim periods in conformity with U.S. GAAP. The operating results for the six months ended June 30, 2023 are not necessarily indicative of results for a full year.

Certain information and footnote disclosures normally included in financial statements in accordance with U.S. GAAP have been condensed or omitted. These unaudited interim consolidated financial statements should be read together with the audited consolidated financial statements and notes for the year ended December 31, 2022.

(b) Recent accounting pronouncements

In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," ("ASU 2016-13") which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2022. It requires a cumulative effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. On January 1, 2023, we adopted ASC 326 "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," ("ASC 326") using the prospective transition approach. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

(c) Use of Estimates

The preparation of the Company's consolidated financial statements requires the Company to make estimates, judgments, and assumptions that affect the accompanying consolidated financial statements and disclosures. Items subject to such estimates and assumptions include (1) cash flow estimates used in impairment tests of long-lived assets; (2) depreciation, depletion, and accretion; (3) evaluation of asset retirement obligations; (4) valuation of derivative instruments; (5) accrued oil and gas sales and other receivables; (6) accrued expenses and related payables; and (7) the grant date fair value of equity-based awards. Actual results could differ from the estimates.

Oil, natural gas, and NGL reserve estimates, which are the basis for unit-of-production depletion and the impairment analysis, have a number of inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing, and production subsequent to the date of the estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities of oil, natural gas, and NGLs that are ultimately recovered. In addition, reserve estimates are vulnerable to changes in prices of crude oil, natural gas, and NGLs. Such prices have been volatile in the past and can be expected to be volatile in the future.

3. Accounts Receivable, net

The following table presents the components of accounts receivable, net as of June 30, 2023 and December 31, 2022:

	2023	2022
Accounts receivable - trade	36,807,841	20,737,763
Joint interest billing receceivable	777,976	8,493,411
Total accounts receivable, net	37,585,817	29,231,174

4. Property, and Equipment

Property and equipment, net consisted of the following:

	2023	2022
Oil and natural gas properties		
Proved oil and natural gas properties	$ 941,034,837	$ 850,054,541
Unproved oil and natural gas properties, not being amortized	6,073,131	13,859,248
Accumulated depletion	(140,054,051)	(102,506,287)
Accumulated impairment	(91,718,002)	(91,718,002)
Oil and natural gas properties, full cost method, net	715,335,915	669,689,499
Other property and equipment		
Other property and equipment	527,959	512,791
Accumulated depreciation	(243,726)	(236,322)
Other property and equipment, net	284,233	276,469
Net property and equipment	$ 715,620,148	$ 669,965,968

The total transfers from unproved oil and natural gas properties to proved oil and natural gas properties was $9,138,735 and $9,699,793 for the six months ended June 30, 2023 and 2022, respectively.

5. Derivatives

The following tables presents gross derivative balances prior to applying netting adjustments and net balances as recorded in the consolidated balance sheet as of June 30, 2023 and December 31, 2022:

	June 30, 2023		
	Asset	**Liability**	**Net Position**
Current	6,766,109	(3,996,749)	2,769,360
Long Term	3,970,384	(2,253,013)	1,717,371

	December 31, 2022		
	Asset	**Liability**	**Net Position**
Current	629,979	(5,679,076)	(5,049,097)
Long Term	-	(490,227)	(490,227)

For the six months ended June 30, 2023, the amount of the derivative instrument gains and losses reported on the consolidated statements of operations as losses on derivatives, net was $11,152,813, comprised of unrealized gains of approximately $10,026,055 and realized gains of $1,126,758. For the six months ended June 30, 2022, the amount of the derivative instrument gains and losses reported on the consolidated statements of operations as losses on derivatives, net was $41,808,537, comprised of unrealized losses of $18,632,503 and realized losses of $23,176,034. The following tables presents the Company’s outstanding future commodity derivative positions as of June 30, 2023 and December 31, 2022, respectively:

Wells Fargo		**June 30, 2023**		
Period	**Contract Type**	**Volume BBLS**	**Weighted Average Contract Price**	**Asset / (Liability)**
Crude Oil				
07/01/23 - 12/31/23	Collar	184,000	$ 55.00 - 63.55	(1,495,101)
01/01/24 - 12/31/24	Collar	73,200	$ 57.50 - 70.50	(233,818)
07/01/23 - 12/31/23	Collar	73,600	$ 60.00 - 75.00	(92,267)
07/01/23 - 12/31/23	Collar	110,400	$ 70.00 - 84.85	370,864
01/01/24 - 12/31/24	Collar	292,800	$ 65.00 - 78.80	744,697
07/01/23 - 12/31/23	Collar	55,200	$ 80.00 - 94.25	574,331
01/01/24 - 12/31/24	Collar	73,200	$ 75.00 - 84.68	649,475
01/01/24 - 12/31/24	Collar	109,800	$ 70.00 - 85.25	695,468
07/01/23 - 12/31/23	Collar	165,600	$ 70.00 - 82.20	509,468
01/01/24 - 12/31/24	Collar	183,000	$ 65.00 - 79.15	484,384
10/01/23 - 12/31/23	Swap	46,000	$ 77.70	214,454
01/01/24 - 03/31/24	Swap	45,500	$ 73.80	180,782
07/01/24 - 09/30/24	Swap	18,400	$ 71.40	57,282
10/01/24 - 12/31/24	Swap	9,200	$ 70.45	26,758
Total Crude Oil				$ 2,686,776

Fifth Third				
Period	**Contract Type**	**Volume BBLS**	**Weighted Average Contract Price**	**Asset / (Liability)**
Crude Oil				
07/01/23 - 12/31/23	Collar	55,200	$ 80.00 - 95.50	574,417
07/01/23 - 09/30/23	Swap	92,000	$ 76.55	532,208
04/01/24 - 06/30/24	Swap	27,300	$ 72.53	93,568
				$ 1,200,193

Comerica				
Period	**Contract Type**	**Volume BBLS**	**Weighted Average Contract Price**	**Asset / (Liability)**
Crude Oil				
01/01/24 - 12/31/24	Collar	183,000	$ 65.00 - 77.60	360,884
07/01/23 - 12/31/23	Collar	107,000	$ 70.00 - 79.00	238,878
				$ 599,762

Wells Fargo		December 31, 2022		
Period	Contract Type	Volume BBLS	Weighted Average Contract Price	Asset / (Liability)
Crude Oil				
01/01/23 - 12/31/23	Collar	365,000	$ 55.00 - 63.55	(6,092,621)
01/01/24 - 12/31/24	Collar	73,200	$ 57.50 - 70.50	(597,200)
01/01/23 - 12/31/23	Collar	146,000	$ 60.00 - 75.00	(1,210,918)
01/01/23 - 12/31/23	Collar	219,000	$ 70.00 - 84.85	(268,956)
01/01/24 - 12/31/24	Collar	292,800	$ 65.00 - 78.80	(526,425)
01/01/23 - 12/31/23	Collar	109,500	$ 80.00 - 94.25	602,202
01/01/24 - 12/31/24	Collar	73,200	$ 75.00 - 84.68	347,432
01/01/24 - 12/31/24	Collar	109,800	$ 70.00 - 85.25	285,966
Total Crude Oil				$ (7,460,520)

Wells Fargo			Weighted Average	
Period	Contract Type	Volume MCF	Contract Price	Asset / (Liability)
Natural Gas				
01/01/23 - 03/31/23	Collar	225,000	$ 3.95 - 5.23	16,952
01/01/23 - 03/31/23	Collar	450,000	$ 7.25 - 10.85	1,274,265
Total Natural Gas				1,291,217
Total Wells Fargo Derivatives, net				$ (6,169,303)

Fifth Third Bank		December 31, 2022		
Period	Contract Type	Volume BBLS	Weighted Average Contract Price	Asset / (Liability)
Crude Oil				
01/01/23 - 12/31/23	Collar	109,500	$ 80.00 - 95.50	629,979
Total Crude Oil				629,979
Total Fifth Third Derivatives, net				$ 629,979

6. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable parties who are willing and able to transact for an asset or liability at the measurement date. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value and then ranks the estimated values based on the reliability of the inputs used following the fair value hierarchy.

The three input levels of the fair value hierarchy are as follows:

Level 1: Observable inputs, such as quoted market prices for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable. Instruments categorized in Level 2 include non-exchange traded derivatives, such as over-the-counter swaps.

Level 3: Unobservable inputs in which little or no market data exists.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable requires significant judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Unobservable inputs reflect the assumptions of the Company with regard to what assumptions a market participant would use to price an asset or liability based on the best information available under the circumstances. The guidance requires the evaluator to maximize the use of observable inputs.

Recurring Fair Value Measurements

The Company's recurring financial assets and liabilities measured at fair value as of June 30, 2023 and December 31, 2022 are comprised of commodity derivatives that consist of privately negotiated OTC swap contracts that are valued based on a specific market index and are classified as Level 2. See footnote 5. Changes in market values represent gains or losses that occur due to fluctuations in commodity prices. Specifically, as of June 30, 2023, commodity derivatives are valued using NYMEX values. The Company has a master netting arrangement with each counterparty which supports the netting of derivative positions on the consolidated financial statements. The estimated fair value of cash and cash equivalents, prepaid expenses, accounts receivable, and accounts payable approximate the carrying amounts due to the relatively short maturity of these instruments. The fair value of the Company's debt obligations is considered to approximate carrying value due to its variable interest rates. None of these instruments are held for trading purposes.

7. Asset Retirement Obligations

The Company's asset retirement obligations represent the present value of estimated future costs associated with the plugging and abandonment of oil and gas wells, removal of equipment and facilities from leased acreage, and land restoration in accordance with applicable local, state and federal laws. The Company follows FASB ASC Topic 410, "Asset Retirement and Environmental Obligations". The offsetting amount associated with the asset retirement costs are capitalized as part of the carrying amount of proved properties and are reflected in oil and gas properties, full cost method on the consolidated balance sheets. Revisions in estimated liabilities can result from changes in estimated inflation, changes in service and equipment costs and changes in the estimated timing of an asset's retirement. Subsequent to initial measurement, the asset retirement liability is required to be accreted each period over the estimated productive life of the related assets.

The following table provides a reconciliation of the Company's asset retirement obligations for the six months ended June 30, 2023:

Asset retirement obligations as of December 31, 2022	2,319,026
Additions	143,787
Accretion	70,097
Asset retirement obligations as of June 30, 2023	$ 2,532,910

8. Note Payable, net

Note payable, net consisted of the following as of June 30, 2023:

	June 30, 2023
Note payable	$ 240,000,000
Deferred financing costs	(1,357,758)
Note payable, net	**$ 238,642,242**

On March 21, 2019, the Company entered into a credit agreement with Wells Fargo Bank for an initial lender commitment of $60 million with a maturity date of March 21, 2024. As of June 30, 2023, the lender increased the borrowing base to $250 million along with an increase in the commitment to $240 million and extended the maturity date to March 21, 2025. The interest rate charged on the loan is calculated the applicable Interest Period on the day (such day, the "Periodic Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided that, if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day. The Company's obligations under the credit agreement are secured by a pledge of the majority of the Company's proved oil and gas properties.

The Company is subject to certain financial covenants as a result of the credit agreement described above. These financial covenants consist of a consolidated total leverage ratio not to exceed 3.00 to 1.00 and a current ratio, which includes the remaining capacity on the credit facility, not to be less than 1.0 to 1.0. As of June 30, 2023, the Company was not in compliance with the financial covenant related to its current ratio. However, in September 2023, the lending group provided a waiver for the current ratio requirement for the quarter ending June 30, 2023.

9. Members' Equity

The LLC Agreement provides for two classes of membership interests referred to as "Series A Units" and "Series B Units," collectively referred to as "Members". As of June 30, 2023 and December 31, 2022, the Company had issued 36,923,310 Series A Units and 9,575,000 Series B Units and 35,423,310 Series A Units and 9,575,000 Series B Units, respectively. The LLC Agreement provides for the issuance of up to 10,000,000 Series B Units. Series B Units are intended to constitute profit interests.

Per the Company's LLC Agreement, available cash may be distributed as declared by the Board of Directors and is allocated first to Series A Units in accordance with their respective class sharing percentages until they have received an amount equal to an internal rate of return of 8% from the date of contributions and, thereafter, split between Series A and Series B Units in accordance with certain agreed-upon threshold sharing ratios.

Cumulative net earnings and losses are allocated among the holders of Series A Units and Series B Units in accordance with the distribution provisions described above. Under this approach, cumulative losses are allocated to Series A Units and cumulative earnings are allocated either entirely to Series A Units or between Series A Units and Series B Units in proportion to their entitled share of the liquidated earnings. In addition, available cash may be distributed to each Member in respect of the Members' assumed tax liability as of each tax distribution date. If, as of any tax distribution date, the Company has insufficient available cash to make distributions in an amount equal to the aggregate of the Members' assumed tax liabilities, the Company may make distributions to the Members, pro rata, in proportion to the Members' assumed tax liabilities. No Member has any obligation to make any capital contribution to fund any distributions described above. Any such distribution is treated as an advance against the next distribution payable.

The Company received a contribution of $15,000,000 during the six months ended June 30, 2023 and has made no distributions as of June 30, 2023 and December 31, 2022.

Equity-Based Compensation

Equity-based compensation expense recorded for the six months ended June 30, 2023 and 2022 was approximately $127,781 and $2,047,438, respectively.

Total unrecognized compensation expense expected to be recognized in the future related to Series B Units awards was $6.4 million and $6.8 million as of June 30, 2023 and December 31, 2022, respectively. The portion of this expense related to the vesting upon the occurrence of the final exit event was $5.6 million and $5.6 million as of June 30, 2023 and December 31, 2022, respectively. The compensation expense related to the remaining 25% of the awards that vest upon a final exit event will be recognized upon consummation of the event.

10. Related Party Transactions

The Company entered into agreements with affiliates owned by the Company's Chief Executive Officer ("CEO") and other parties for the Company's Midland headquarters office space. Rental expense under these agreements was $195,844 for the six months ended June 30, 2023 and $192,666 during the six months ended June 30, 2022, which has been included in general and administrative expenses in the accompanying consolidated statements of operations.

11. Leases

On January 1, 2022, the Company adopted ASC 842, "Leases" with an effective date of January 1, 2022 using the modified retrospective approve for all leases that existed at the date of adoption.

At June 30, 2023, the weighted average remaining lease term for operating leases was 22.3 months and the weighted average discount rate was 2.09%. Total operating lease expense for the six months ended June 30, 2023 and 2022 was $1,055,568, including approximately $195,800 paid to related parties and $1,428,435, including approximately $196,700 paid to related parties, respectively. These amounts are recorded in general and administrative expenses in the accompanying consolidated statements of operations.

12. Commitments and Contingencies

In the course of its operations, the Company is subject to possible loss contingencies arising from federal, state and local environmental, health and safety laws and regulations and third-party litigation. There are no matters pending that, in the opinion of the Company, will have a material adverse effect on the consolidated financial position, results of operations, or cash flows of the Company.

13. Subsequent Events

On September 8, 2023, the Company executed the Eighth Amendment to the Credit Agreement which adjusted the borrowing base and elected lender commitments under the borrowing base for the debt facility from $250 million to $240 million along with other lender provisions.

Other than those described above, the Company has evaluated and not identified any subsequent events that require additional disclosure through September 12, 2023 the date that these consolidated financial statements were available to be issued.

Exhibit 99.8

Vital Energy, Inc.

Unaudited Pro Forma Condensed Combined Financial Information

Maple Energy Acquisition

On September 13, 2023, Vital Energy, Inc., a Delaware corporation ("Vital" or the "Company"), as buyer, entered into a purchase and sale agreement (the "Maple Purchase Agreement"), with Maple Energy Holdings, LLC ("Maple Properties Seller"). Pursuant to the Maple Purchase Agreement, Vital agreed to acquire certain oil and natural gas properties (the "Acquired Maple Assets") located in the Delaware Basin including approximately 15,500 net acres located in Reeves County ("Maple Acquisition").

Total consideration payable to the Maple Properties Seller is estimated at $211.7 million at September 8, 2023, subject to closing and post-closing adjustments. The consideration payable to the Maple Properties Seller is payable in the form of 3.58 million shares of common stock of Vital. In addition, Vital will assume suspended revenue obligations of $3.6 million and asset retirement obligations of $1.9 million, both based upon estimated fair value as of September 8, 2023.

The Maple Acquisition has been assumed to be an asset acquisition for purposes of these unaudited pro forma condensed combined financial statements under ASC 805. The fair value of the consideration paid by Vital and the allocation of that amount to the underlying assets acquired is recorded on a relative fair value basis. Additionally, costs directly related to the Maple Acquisition are capitalized as a component of the purchase price. The unaudited pro forma condensed combined financial statements presented herein have been prepared to reflect the transaction accounting adjustments to Vital's historical condensed consolidated financial information in order to account for the Maple Acquisition and include the assumption of liabilities as set forth in the Maple Purchase Agreement.

Henry Acquisition

On September 13, 2023, Vital, as buyer, entered into a purchase and sale agreement (the "Henry Purchase Agreement"), with Henry Energy LP, Henry Resources LLC and Moriah Henry Partners LLC (collectively, the "Henry Properties Seller"). Pursuant to the Henry Purchase Agreement, Vital agreed to acquire approximately 93.0% of the working interests in certain oil and natural gas properties (the "Acquired Henry Assets") located in the Midland and Delaware Basins including approximately 15,900 net acres located in Midland, Reeves and Upton Counties ("Henry Acquisition"). In addition, Vital acquired certain pipelines and associated infrastructure used in the transfer of frac water and saltwater.

Total consideration payable to the Henry Properties Seller is estimated at $514.5 million at September 8, 2023, subject to closing and post-closing adjustments. The consideration payable to the Henry Properties Seller is payable in the form of 3.72 million shares of common stock of Vital and the issuance of 4.98 million shares of newly created 2.0% Cumulative Mandatorily Convertible Series A preferred stock, par value $0.01 per share ("Preferred Stock"), both subject to closing and post-closing adjustments. In addition, Vital will assume drilling advance liabilities of $12.8 million, revenues in suspense of $24.4 million and asset retirement obligations of $1.5 million, all based upon estimated fair value as of September 8, 2023.

When and if declared, the Preferred Stock will be entitled to cumulative preferred cash dividends at an initial rate of 2.0% per annum of the liquidation preference per share, payable quarterly in arrears commencing on October 1, 2023. The liquidation preference, with respect to each share of Preferred Stock, is $54.96. The dividend rate automatically increases to 5.0% on September 15, 2024, and 8.0% on September 15, 2025, provided the Preferred Stock is not redeemed or converted into Vital common stock before these dates. To the extent dividends are not declared and paid on each quarterly dividend payment date, the unpaid dividends shall accumulate. Accumulation of dividends does not bear any interest.

The Preferred Stock is convertible into common stock at such time as stockholder approval is received, which is defined as the date requisite approval from holders of capital stock of Vital is received as required by law or under the applicable securities exchange rules (currently the NYSE stock exchange). Upon receiving stockholder approval, Vital shall convert all the outstanding shares of Preferred Stock into shares of Vital's common stock on a one-to-one basis, subject to adjustments for various dilutive events.

At any time, from and after the issuance date of the Preferred Stock, Vital may elect to redeem all, or any portion thereof, of the Preferred Stock for cash at a price equal to the greater of (i) liquidation preference plus any accumulated dividends, and (ii) the average volume weighted average price of our common stock for the twenty consecutive trading day period ending on the date immediately preceding the redemption date.

The Henry Acquisition has been assumed to be an asset acquisition for purposes of these unaudited pro forma condensed combined financial statements under Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"). The fair value of the consideration paid by Vital and the allocation of that amount to the underlying assets acquired is recorded on a relative fair value basis. Additionally, costs directly related to the Henry Acquisition are capitalized as a component of the purchase price. The unaudited pro forma condensed combined financial statements presented herein have been prepared to reflect the transaction accounting adjustments to Vital's historical condensed consolidated financial information in order to account for the Henry Acquisition and include the assumption of liabilities as set forth in the Henry Purchase Agreement.

Tall City Acquisition

On September 13, 2023, Vital, as buyer, entered into a purchase and sale agreement (the "Tall City Purchase Agreement"), with Tall City Property Holdings III LLC and Tall City Operations III LLC (collectively, the "Tall City Properties Seller"). Pursuant to the Tall City Purchase Agreement, Vital agreed to acquire certain oil and natural gas properties (the "Acquired Tall City Assets") located in the Delaware Basin including approximately 21,450 net acres located in Reeves County ("Tall City Acquisition").

Total consideration payable to the Tall City Properties Seller is estimated at $434.2 million at September 8, 2023, subject to closing and post-closing adjustments. The consideration payable to the Tall City Properties Seller is payable in the form of $300.0 million in cash, before closing and post-closing adjustments, and 2.27 million shares of common stock of Vital, before closing and post-closing adjustments. In addition, Vital will assume suspended revenue obligations of $31.3 million and asset retirement obligations of $2.7 million, both based upon estimated fair value as of September 8, 2023.

The Tall City Acquisition has been assumed to be an asset acquisition for purposes of these unaudited pro forma condensed combined financial statements under ASC 805. The fair value of the consideration paid by Vital and the allocation of that amount to the underlying assets acquired is recorded on a relative fair value basis. Additionally, costs directly related to the Tall City Acquisition are capitalized as a component of the purchase price. The unaudited pro forma condensed combined financial statements presented herein have been prepared to reflect the transaction accounting adjustments to Vital's historical condensed consolidated financial information in order to account for the Tall City Acquisition and include the assumption of liabilities as set forth in the Tall City Purchase Agreement.

Previously Completed Acquisition - Forge

As previously disclosed in its Current Report on Form 8-K filed on June 30, 2023 with the SEC, Vital and Northern Oil and Gas, Inc. ("NOG") completed the Forge acquisition ("Forge Acquisition") of the assets of Forge Energy II Delaware, LLC, an Encap portfolio company ("Forge") pursuant to the purchase and sale agreement ("Forge Purchase Agreement") on June 30, 2023. Vital and NOG jointly acquired Forge's oil and natural gas properties located in the Delaware Basin in Ward, Reeves and Pecos Counties. Vital acquired an undivided 70% of Forge's oil and natural gas properties, or 24,000 net acres, and NOG agreed to acquire an undivided 30% of Forge's oil and natural gas properties. Aggregate consideration for the Forge Acquisition, excluding the undivided 30.0% acquired by NOG, was $397.2 million, comprised of (i) $391.6 million in cash after closing price adjustments and (ii) $5.7 million in transaction related expenses.

The Forge Acquisition was accounted for as an asset acquisition in accordance with ASC 805. The fair value of the consideration paid by Vital and the allocation of that amount to the underlying assets acquired was recorded on a relative fair value basis. Additionally, costs directly related to the Forge Acquisition were capitalized as a component of the purchase price. The unaudited pro forma condensed combined financial statements presented herein have been prepared to reflect the transaction accounting adjustments to Vital's historical condensed consolidated financial information in order to account for the Forge Acquisition and include the assumption of liabilities as set forth in the Forge Purchase Agreement.

Previously Completed Acquisition - Driftwood

As previously disclosed in its Current Report on Form 8-K filed on April 3, 2023 with the SEC, on April 3, 2023, Vital completed the Driftwood acquisition ("Driftwood Acquisition") of the assets of Driftwood Energy Operating, LLC, a Delaware limited liability company ("Driftwood"). At the closing of the Driftwood Acquisition, among other things, Vital acquired interests in oil and natural gas leases and related property of Driftwood located in the Midland Basin, for aggregate consideration of approximately (i) $117.3 million in cash, after closing price adjustments, (ii) 1.58 million shares of Vital's common stock and (iii) $3.9 million in transaction related expenses.

Unaudited Pro Forma Condensed Combined Financial Statements

The Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2023 gives effect to the Henry Acquisition, Maple Acquisition and Tall City Acquisition as if they had been completed on June 30, 2023. The Forge Acquisition and Driftwood acquisition were completed prior to June 30, 2023 and therefore are reflected in the historical unaudited condensed consolidated balance sheet of Vital at June 30, 2023.

The Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended June 30, 2023 and the year ended December 31, 2022 give effect to the Henry Acquisition, Maple Acquisition, Tall City Acquisition, Driftwood Acquisition and Forge Acquisition (collectively, the "Acquisitions") as if they been completed on January 1, 2022. Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Vital would have been had the Acquisitions and related financing occurred on the dates noted above, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. Future results may vary significantly from the results reflected because of various factors. For income tax purposes, the Acquisitions will be treated as an asset purchase such that the tax bases in the assets and liabilities will generally reflect the allocated fair value at closing. In Vital's opinion, all adjustments that are necessary to present fairly the unaudited pro forma condensed combined financial information have been made.

The unaudited pro forma condensed combined financial information does not reflect the benefits of potential cost savings or the costs that may be necessary to achieve such savings, opportunities to increase revenue generation or other factors that may result from the Acquisitions and, accordingly, does not attempt to predict or suggest future results.

The unaudited pro forma financial statements have been developed from and should be read in conjunction with:

- The audited consolidated financial statements and accompanying notes of Vital contained in Vital's Annual Report on Form 10-K for the year ended December 31, 2022;
- The unaudited consolidated financial statements and accompanying condensed notes contained in Vital's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023;
- The audited financial statements and related notes of Forge as of December 31, 2022 and 2021 and for the years then ended, which are incorporated by reference from Exhibit 99.1 to Vital's Current Report on Form 8-K/A filed with the SEC on July 13, 2023;
- The unaudited condensed financial statements and related notes of Forge as of March 31, 2023, and for the three-month periods ended March 31, 2023 and 2022, which are incorporated by reference from Exhibit 99.2 to Vital's Current Report on Form 8-K/A filed with the SEC on July 13, 2023;
- The audited consolidated financial statements and related notes of Driftwood Energy Partners, LLC and its wholly-owned subsidiaries, Driftwood Energy Operating, LLC, Driftwood Energy Management, LLC and Driftwood Energy Intermediate, LLC (collectively, the "Driftwood Entities") as of December 31, 2022 and 2021 and for the years then ended, which are incorporated by reference from Exhibit 99.1 to Vital's Current Report on Form 8-K/A filed with the SEC on June 15, 2023;
- The unaudited consolidated financial statements and related notes of the Driftwood Entities as of March 31, 2023, and for the three-month periods ended March 31, 2023 and 2022, which are incorporated by reference from Exhibit 99.2 to Vital's Current Report on Form 8-K/A filed with the SEC on June 15, 2023;
- The unaudited pro forma condensed combined financial information of Vital as of March 31, 2023 and for the three-month period ended March 31, 2023 and the year ended December 31, 2022, which are incorporated by reference from Exhibit 99.3 to Vital's Current Report on Form 8-K/A filed with the SEC on June 15, 2023;

- The unaudited pro forma condensed combined financial information of Vital as of March 31, 2023 and for the three-month period ended March 31, 2023 and the year ended December 31, 2022, which are incorporated by reference from Exhibit 99.1 to Vital's Current Report on Form 8-K/A filed with the SEC on August 22, 2023;

- The audited financial statements and related notes of Maple Energy Holdings, LLC ("Maple") as of December 31, 2022 and 2021 and for the years then ended, which are included elsewhere in this filing;

- The unaudited financial statements and related notes of Maple as of June 30, 2023 and for the six-month periods ended June 30, 2023 and 2022, which are included elsewhere in this filing;

- The audited consolidated financial statements and related notes of Henry Energy LP ("Henry") as of December 31, 2022, 2021 and 2020 and for the years then ended, which are included elsewhere in this filing;

- The unaudited condensed consolidated financial statements and related notes of Henry as of June 30, 2023 and for the six-month periods ended June 30, 2023 and 2022, which are included elsewhere in this filing;

- The audited consolidated financial statements and related notes of Tall City Exploration III LLC ("Tall City") and Subsidiaries as of December 31, 2022 and 2021 and for the years then ended, which are included elsewhere in this filing; and

- The unaudited consolidated financial statements and related notes of Tall City as of June 30, 2023 and for the six-month periods ended June 30, 2023 and 2022, which are included elsewhere in this filing.

Vital Energy, Inc.
Pro forma condensed combined balance sheets
As of June 30, 2023
(in thousands)
(Unaudited)

	Historical				Transaction accounting adjustments		
	Vital[1]	Maple Acquisition	Henry Acquisition	Tall City Acquisition	Conforming and reclass	Acquisition Adjustments	Pro forma combined
Assets							
Current assets:							
Cash and cash equivalents	$ 71,696	$ 6,161	$ 49,649	$ 14,890	$ (70,700) (a)	$ 274,603 (j)	$ 55,996
						(274,603) (j)	
						(5,350) (g)	
						(3,450) (h)	
						(6,900) (i)	
Accounts receivable, net	143,672	—	31,056	37,586	(68,642) (a)	—	143,672
Receivables from oil and gas sales	—	13,682	—	—	(13,682) (a)	—	—
Joint interest billings	—	485	—	—	(485) (a)	—	—
Severance tax refunds	—	233	—	—	(233) (a)	—	—
Receivables from derivative contracts	—	2,895	—	—	(2,895) (a)	—	—
Debt issuance, costs, net	—	98	—	—	(98) (a)	—	—
Derivatives	11,942	—	—	2,769	(2,769) (a)	—	11,942
Affiliate receivable	—	—	477	—	(477) (a)	—	—
Prepaid expenses and other	—	416	—	519	(935) (a)	—	—
Other current assets	15,619	—	624	—	(624) (a)	—	15,619
Total current assets	242,929	23,970	81,806	55,764	(161,540)	(15,700)	227,229
Property and equipment:							
Oil and natural gas properties, full cost method:							
Evaluated properties	10,349,348	—	—	—	—	346,118 (d)	11,419,913
						192,112 (e)	
						438,356 (f)	
						5,350 (g)	
						3,450 (h)	
						6,900 (i)	
						2,679 (p)	
						1,929 (q)	
						1,529 (r)	
						3,641 (o)	
						12,818 (o)	
						24,360 (o)	
						31,323 (o)	
Proved oil and gas properties, net	—	157,028	—	709,263	(866,291) (b)	—	—
Unevaluated properties not being depleted	198,805	—	—	—	—	—	198,805
Unproved oil and gas properties, not being amortized	—	—	—	6,073	(6,073) (b)	—	—
Oil and natural gas properties, based on full cost method of accounting, net	—	—	440,523	—	(440,523) (b)	—	—

	Historical				Transaction accounting adjustments		
	Vital[1]	Maple Acquisition	Henry Acquisition	Tall City Acquisition	Conforming and reclass	Acquisition Adjustments	Pro forma combined
Less: accumulated depletion	—	(34,405)	—	—	34,405 (b)	—	—
Less: accumulated depletion and impairment	(7,500,936)	—	—	—	—	—	(7,500,936)
Oil and natural gas properties, net	3,047,217	122,623	440,523	715,336	(1,278,482)	1,070,565	4,117,782
Other property and equipment, net	—	—	34,108	284	(34,392) (a)	—	—
Other property and equipment	—	245	—	—	(245) (a)	—	—
Less: accumulated depreciation	—	(66)	—	—	66 (a)	—	—
Midstream and other fixed assets, net	128,792	—	—	—	—	12,963 (s)	141,755
Property and equipment, net	3,176,009	122,802	474,631	715,620	(1,313,053)	1,083,528	4,259,537
Right of use assets, net	—	—	12,356	3,833	(16,189) (t)	—	—
Equity method investment	—	—	1,814	—	(1,814) (a)	—	—
Derivatives	24,314	—	—	1,718	(1,718) (a)	—	24,314
Receivables from derivative contracts	—	876	—	—	(876) (a)	—	—
Operating lease right-of-use assets	127,958	13,097	—	—	(13,097) (t)	29,329 (t)	157,287
Deposits	—	50	—	—	(50) (a)	—	—
Debt issuance costs, net	—	111	—	—	(111) (a)	—	—
Deferred income taxes	222,217	—	—	—	—	—	222,217
Other assets	—	—	1,040	—	(1,040) (a)	—	—
Other noncurrent assets, net	22,002	—	—	26	(26) (a)	—	22,002
Total assets	$ 3,815,429	$ 160,906	$ 571,647	$ 776,961	$ (1,509,514)	$ 1,097,157	$ 4,912,586
Liabilities and stockholders' equity							
Current liabilities:							
Accounts payable and accrued liabilities	$ 84,803	$ —	$ —	$ 33,718	$ (33,718) (a)	$ 3,641 (o)	$ 88,444
Accounts payable	—	616	16,171	—	(16,787) (a)	24,360 (o)	24,360
Accrued liabilities	—	—	8,601	—	(8,601) (a)	—	—
Accrued liabilities and other	—	9,446	—	—	(9,446) (a)	—	—
Accrued capital expenditures	66,488	—	—	—	—	—	66,488
Ad valorem taxes payable	—	919	—	—	(919) (a)	—	—
Affiliate note payable	—	—	139	—	(139) (a)	—	—
Undistributed revenue and royalties	166,663	—	—	49,376	(49,376) (n)	31,323 (o)	197,986
Derivatives	2,338	—	—	—	—	—	2,338
Liabilities from derivative contracts	—	2,644	—	—	(2,644) (a)	—	—
Drilling advances	—	—	12,818	—	(12,818) (n)	12,818 (o)	12,818
Current portion of debt	—	—	1,292	—	(1,292) (a)	—	—
Asset retirement obligations, current	—	—	—	200	(200) (a)	—	—
Lease obligations, current	—	—	—	2,053	(2,053) (t)	—	—
Operating lease liabilities	48,961	2,152	6,822	—	(8,974) (t)	11,027 (t)	59,988
Other current liabilities	64,492	—	—	—	—	—	64,492
Total current liabilities	433,745	15,777	45,843	85,347	(146,967)	83,169	516,914
Long-term debt, net	1,619,599	—	30,080	—	(30,080) (a)	274,603 (j)	1,894,202
Note payable, net of unamortized debt costs	—	—	—	238,642	(238,642) (a)	—	—
Revolving credit facility	—	15,278	—	—	(15,278) (a)	—	—
Derivatives	3,025	—	—	—	—	—	3,025
Liabilities from derivative contracts	—	1,859	—	—	(1,859) (a)	—	—

	Historical				Transaction accounting adjustments		
	Vital[1]	Maple Acquisition	Henry Acquisition	Tall City Acquisition	Conforming and reclass	Acquisition Adjustments	Pro forma combined
Asset retirement obligations	74,428	3,551	1,466	2,333	(7,350) (a)	2,679 (p)	80,565
						1,929 (q)	
						1,529 (r)	
Lease obligations, non-current	—	—	—	1,797	(1,797) (t)	—	—
Operating lease liabilities	75,844	10,971	5,534	—	(16,505) (t)	18,302 (t)	94,146
Other noncurrent liabilities	5,215	—	—	—	—	—	5,215
Total liabilities	2,211,856	47,436	82,923	328,119	(458,478)	382,211	2,594,067
Commitments and contingencies							
Stockholders' equity:							
Preferred stock	—	—	—	—	—	39 (c)	39
Common stock	186	—	—	—	—	12 (k)	267
						32 (l)	
						37 (m)	
Members' equity	—	113,470	—	448,842	(562,312) (a)	—	—
Limited partner	—	—	485,408	—	(485,408) (a)	—	—
Noncontrolling interests	—	—	3,316	—	(3,316) (a)	—	—
Additional paid-in capital	2,838,143	—	—	—	—	71,503 (k)	3,552,969
						192,080 (l)	
						219,964 (m)	
						231,279 (c)	
Accumulated deficit	(1,234,756)	—	—	—	—	—	(1,234,756)
Total stockholders' equity	1,603,573	113,470	488,724	448,842	(1,051,036)	714,946	2,318,519
Total liabilities and stockholders' equity	$ 3,815,429	$ 160,906	$ 571,647	$ 776,961	$ (1,509,514)	$ 1,097,157	$ 4,912,586

(1) Vital's historical balance sheet, as shown in the table above, includes the assets acquired and liabilities assumed from both the Forge Acquisition and the Driftwood Acquisition, as both closed prior to June 30, 2023.

Vital Energy, Inc.
Pro forma condensed combined statements of operations
For the six months ended June 30, 2023
(in thousands, except per share data)
(Unaudited)

	Historical						Transaction accounting adjustments		
	Vital[1]	Vital[2] - Three Months Ended June 30, 2023	Forge[3] - Three Months Ended June 30, 2023	Maple Acquisition	Henry Acquisition	Tall City Acquisition	Conforming and reclass	Acquisition Adjustments	Pro forma combined
Revenues:									
Oil sales	$ 328,512	$ 299,085	$ 56,930	$ 36,781	$ —	$ 143,091	$ 96,011 (a)	$ (6,721) (u)	$ 953,689
NGL sales	37,858	25,887	5,927	10,851	—	12,839	7,390 (a)	(517) (u)	100,235
Natural gas sales	20,599	8,952	2,789	4,208	—	3,787	4,530 (a)	(317) (u)	44,548
Crude oil, natural gas, and NGL sales, net	—	—	—	—	107,931	—	(107,931) (a)		—
Sales of purchased oil	13,851	338	—	—	—	—			14,189
Drilling and overhead fees	—	—	—	—	1,860	—	(1,860) (w)		—
Water disposal fees and pipeline income	—	—	—	—	5,133	—	—	(359) (u)	4,774
Affiliate service fee income	—	—	—	—	29,279	—	(29,279) (l)		—
Unrealized and realized gains/losses, net	—	—	—	—	—	11,153	(11,153) (b)	—	—
Other income	—	—	—	—	420	—	(420) (c)		—
Other operating revenues	920	800	—	—		—	420 (c)	(29) (u)	2,111
Total revenues	401,740	335,062	65,646	51,840	144,623	170,870	(42,292)	(7,943)	1,119,546
Costs and expenses:									
Lease operating expenses	64,606	57,718	15,209	20,365	—	43,357	19,903 (d)	(1,305) (u)	218,123
							(1,860) (w)	130 (u)	
Workover expenses	—	—	1,258	—	—	—	(1,258) (d)		—
Lease operating and workover expenses	—	—	—	—	18,645	—	(18,645) (d)		—
Pipeline operating expenses	—	—	—	—	3,885	—	(3,885) (z)		—
Gathering, processing and transportation expenses	—	—	—	—	—	5,881	(5,881) (n)		—
Production and ad valorem taxes	24,108	21,607	4,508	—	—	7,110	8,749 (e)	(365) (u)	65,717
Production tax and other	—	—	—	3,533	—	—	(3,533) (e)		—
Severance and ad valorem taxes	—	—	—	—	5,216	—	(5,216) (e)		—
Transportation and marketing expenses	10,915	10,681	—	—	—	—	5,881 (n)		27,477
Costs of purchased oil	14,167	588	—	—	—	—			14,755
General and administrative	27,130	18,482	452	2,129	23,429	4,561	128 (f)		60,633
							(15,678) (x)		
Equity-based compensation expense	—	—	—	—	—	128	(128) (f)		—
Depletion, depreciation and amortization	103,687	103,340	—	—	21,647	—	(21,647) (g)	30,402 (q)	292,120

	Historical						Transaction accounting adjustments			
	Vital[1]	Vital[2] - Three Months Ended June 30, 2023	Forge[3] - Three Months Ended June 30, 2023	Maple Acquisition	Henry Acquisition	Tall City Acquisition	Conforming and reclass	Acquisition Adjustments		Pro forma combined
								14,898	(r)	
								27,097	(s)	
								12,169	(t)	
								527	(y)	
Depletion, depreciation, amortization and impairment	—	—	—	—	—	37,555	(37,555) (g)			—
Depletion - oil and gas properties	—	—	—	13,841	—	—	(13,841) (g)			—
Depletion - other property and equipment	—	—	—	22	—	—	(22) (g)			—
Depletion and depreciation	—	—	12,096	—	—	—	(12,096) (g)			—
Accretion of asset retirement obligations	—	—	119	68	59	70	(316) (h)			—
Other operating expenses, net	1,550	1,351	—	—	—	—	3,885 (z)	238	(h)	6,752
								(272)	(u)	
Total costs and expenses	246,163	213,767	33,642	39,958	72,881	98,662	(103,015)	83,519		685,577
Gain on disposal of assets, net	237	154	—	—	—	—				391
Operating income	155,814	121,449	32,004	11,882	71,742	72,208	60,723	(91,462)		434,360
Non-operating income (expense):										
Gain (loss) on derivatives, net	25,852	(18,044)	—	48	—	—	12,815 (b)			20,671
Loss on realized derivatives	—	—	(1,674)	—	—	—	1,674 (b)			—
Gain on unrealized derivatives	—	—	3,336	—	—	—	(3,336) (b)			—
Other expense	—	—	—	—	(1,788)	—	1,788 (i)			—
Interest expense	(37,352)	(31,529)	(1,509)	—	(904)	(10,538)	12,951 (j)	(10,954)	(m)	(86,417)
								(6,582)	(m)	
Interest expense and other	—	—	—	(1,538)	—	—	1,538 (j)			—
Interest income	—	—	—	—	339	—	(339) (i)			—
Other income, sale of assets	—	—	—	—	16	33	(49) (o)			—
Loss from equity method investments	—	—	—	—	(29)	—	29 (p)			—
Other income, net	854	1,104	—	—	—	—	(1,449) (i)	(125)	(u)	408
								24	(u)	
Total non-operating income (expense), net	(10,646)	(48,469)	153	(1,490)	(2,366)	(10,505)	25,622	(17,637)		(65,338)
Income before income taxes	145,168	72,980	32,157	10,392	69,376	61,703	86,345	(109,099)		369,022
Income tax expense:										
Current	(1,331)	(503)	—	—	—	—				(1,834)
Deferred	(276)	222,334	—	—	—	—	(78) (v)	(93,542)	(v)	128,438
Income taxes	—	—	—	(78)	—	—	78 (v)			—
Total income tax expense	(1,607)	221,831	—	(78)	—	—	—	(93,542)		126,604
Net income	$ 143,561	$ 294,811	$ 32,157	$ 10,314	$ 69,376	$ 61,703	$ 86,345	$ (202,641)		$ 495,626

	Historical						Transaction accounting adjustments		
	Vital[1]	Vital[2] - Three Months Ended June 30, 2023	Forge[3] - Three Months Ended June 30, 2023	Maple Acquisition	Henry Acquisition	Tall City Acquisition	Conforming and reclass	Acquisition Adjustments	Pro forma combined
Net income per common share:									
Basic	$ 25.43							(k)	$ 18.43
Diluted	$ 25.31							(k)	$ 16.11
Weighted-average common shares outstanding:									
Basic	17,236							(k)	26,772
Diluted	17,319							(k)	30,766

(1) Vital's historical statement of operations, as shown in the table above, include the historical results of Vital, Forge and Driftwood through March 31, 2023, including the effect of pro forma adjustments for the Forge Acquisition and Driftwood Acquisition through March 31, 2023, as presented in Exhibit 99.1 to Vital's Current Report on Form 8-K/A filed with the SEC on August 22, 2023 and incorporated by reference into these unaudited pro forma condensed combined financial statements.

(2) The results of Vital, as shown in the table above, are for the three-months ended March 31, 2023, including the historical results of Forge and Driftwood and the effect of pro forma adjustments through March 31, 2023. As such, the above table incorporates the result of operations of Vital for the three-months ended June 30, 2023 as reported in its unaudited consolidated financial statements and accompanying condensed notes contained in Vital's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023.

(3) The Forge Acquisition was completed on June 30, 2023. As such, the results of operations of Vital, as presented in the above table, do not include the results of operations of Forge for the three-months ended June 30, 2023. Therefore, the above table includes estimates of the results of operations for the three-months ended June 30, 2023 of Forge.

Vital Energy, Inc.
Pro forma condensed combined statements of operations
For the year ended December 31, 2022
(in thousands, except per share data)
(Unaudited)

	Historical				Transaction accounting adjustments		
	Vital[1]	Maple Acquisition	Henry Acquisition	Tall City Acquisition	Conforming and reclass	Acquisition Adjustments	Pro forma combined
Revenues:							
Oil sales	$ 1,596,040	$ 63,803	$ —	$ —	$ 253,390 (a)	$ (17,737) (u)	$ 2,097,531
					202,035 (a)		
NGL sales	259,720	19,471	—	—	26,176 (a)		330,077
					26,570 (a)	(1,860) (u)	
Natural gas sales	226,851	17,480	—	—	16,285 (a)	(1,140) (u)	280,629
					21,153 (a)		
Crude oil, natural gas, and NGL sales, net	—	—	296,245	—	(296,245) (a)		—
Oil and natural gas	—	—	—	249,364	(249,364) (a)		—
Sales of purchased oil	119,408	—	—	—	—		119,408
Drilling and overhead fees	—	—	3,819	—	(3,819) (w)		—
Water disposal fees and pipeline income	—	—	10,433	—	—	(730) (u)	9,703
Affiliate service fee income	—	—	33,524	—	(33,524) (l)		—
Loss on derivatives, net	—	—	(4,129)	—	4,129 (b)		—
Unrealized and realized losses, net	—	—	—	(27,929)	27,929 (b)		—
Other income	—	—	606	—	(606) (c)		—
Other operating revenues	7,333	—	—	—	606 (c)	(42) (u)	7,897
Total revenues	2,209,352	100,754	340,498	221,435	(5,285)	(21,509)	2,845,245
Costs and expenses:							
Lease operating expenses	210,835	31,910	—	41,260	36,162 (d)	(2,531) (u)	314,084
					(3,819) (w)	267 (u)	
Lease operating and workover expenses	—	—	36,162	—	(36,162) (d)		—
Pipeline operating expenses	—	—	5,150	—	(5,150) (z)		—
Production and ad valorem taxes	127,851	—	—	12,532	19,794 (e)	(1,032) (u)	159,145
Production and other taxes	—	5,052	—	—	(5,052) (e)		—
Severance and ad valorem taxes	—	—	14,742	—	(14,742) (e)		—
Transportation and marketing expenses	53,692	—	—	—	5,462 (n)		59,154
Gathering, processing, and transportation expenses	—	—	—	5,462	(5,462) (n)		—
Costs of purchased oil	122,118	—	—	—	—		122,118
General and administrative	72,518	5,172	28,853	10,479	2,617 (f)		103,363
					(16,276) (x)		
Equity-based compensation expense	—	—	—	2,617	(2,617) (f)		—
Organizational restructuring expenses	10,420	—	—	—	—		10,420
Depletion, depreciation and amortization	369,324	—	38,651	42,788	(81,439) (g)	35,577 (q)	489,496
						20,267 (r)	
						63,430 (s)	
						898 (y)	

	Historical				Transaction accounting adjustments				
	Vital[1]	Maple Acquisition	Henry Acquisition	Tall City Acquisition	Conforming and reclass		Acquisition Adjustments		Pro forma combined
Depletion - oil and natural gas properties	—	17,626	—	—	(17,626)	(g)			—
Depreciation - other property and equipment	—	35	—	—	(35)	(g)			—
Accretion expense	—	107	132	128	(367)	(h)			—
Impairment expense	40	—	—	—	—				40
Other operating expenses, net	8,846	—	—	—	5,150	(z)	477	(h)	14,112
							(361)	(u)	
Total costs and expenses	975,644	59,902	123,690	115,266	(119,562)		116,992		1,271,932
Loss on disposal of assets, net	(1,079)								(1,079)
Operating income	1,232,629	40,852	216,808	106,169	114,277		(138,501)		1,572,234
Non-operating income (expense):									
Gain on sale of assets	—	—	51	—	(51)	(o)			—
Loss on derivatives, net	(330,761)	(1,240)	—	—	(27,929)	(b)			(363,770)
					(4,129)	(b)	289	(u)	
Interest income	—	—	3	—	(3)	(i)			—
Interest expense	(160,310)	—	(5,394)	(7,646)	13,040	(j)	(21,908)	(m)	(182,218)
Interest expense and other	—	(383)	—	—	383	(j)			—
Loss on extinguishment of debt, net	(1,459)	—	—	—	—				(1,459)
Loss from equity method investments	—	—	(54)	—	54	(p)			—
Other income, net	2,155	—	(1,066)	—	3	(i)	—	(u)	1,167
							75	(u)	
Total non-operating income (expense), net	(490,375)	(1,623)	(6,460)	(7,646)	(18,632)		(21,544)		(546,280)
Income before income taxes	742,254	39,229	210,348	98,523	95,645		(160,045)		1,025,954
Income tax expense:									
Current	(6,121)	—	—	—	—				(6,121)
Deferred	619	—	—	—	(288)	(v)	—	(v)	331
Income taxes	—	(288)	—	—	288	(v)			—
Total income tax expense	(5,502)	(288)	—	—	—		—		(5,790)
Net income	$ 736,752	$ 38,941	$ 210,348	$ 98,523	$ 95,645		$ (160,045)		$ 1,020,164
Net income per common share:									
Basic	$ 40.37							(k)	$ 38.44
Diluted	$ 39.94							(k)	$ 33.41
Weighted-average common shares outstanding:									
Basic	18,251							(k)	26,429
Diluted	18,446							(k)	30,535

(1) Vital's historical statement of operations, as shown in the table above, include the historical results of Vital, Forge and Driftwood through December 31, 2022, including the effect of pro forma adjustments for the Forge Acquisition and Driftwood Acquisition through December 31, 2022, as presented in Exhibit 99.1 to Vital's Current Report on Form 8-K/A filed with the SEC on August 22, 2023 and incorporated by reference into these unaudited pro forma condensed combined financial statements.

Vital Energy, Inc.

Notes to Unaudited Pro Forma Condensed Combined Financial Information

1. Basis of Presentation

The accompanying unaudited pro forma condensed combined financial statements were prepared based on the historical consolidated financial statements of Vital, Maple, Henry, Tall City, Forge and Driftwood. The Forge Acquisition and Driftwood Acquisition have been accounted for as an asset acquisition in accordance with ASC 805. The Maple Acquisition, Henry Acquisition and Tall City Acquisition have been assumed to be asset acquisitions in accordance with ASC 805 for purposes of these unaudited pro forma condensed combined financial statements. The fair value of the consideration paid by Vital for the Acquisitions and allocation of that amount to the underlying assets acquired were allocated on a relative fair value basis. Additionally, costs directly related to the Acquisitions are assumed to be capitalized as a component of the purchase price. Certain of the historical amounts for the Acquisitions have been reclassified to conform to the financial statement presentation of Vital. Additionally, adjustments have been made to the historical financial information of Maple, Henry, Tall City, Forge and Driftwood to remove certain assets and liabilities retained by the sellers in each separate transaction.

The Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2023 gives effect to the Maple Acquisition, Henry Acquisition and Tall City Acquisition as if they had been completed on June 30, 2023. The Forge Acquisition and Driftwood acquisition were completed prior to June 30, 2023 and therefore are reflected in the historical unaudited condensed consolidated balance sheet of Vital at June 30, 2023.

The Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended June 30, 2023 and the year ended December 31, 2022 give effect to Acquisitions as if they been completed on January 1, 2022.

The unaudited pro forma condensed combined financial information and related notes are presented for illustrative purposes only. If the Acquisitions and other transactions contemplated herein had occurred in the past, Vital's operating results might have been materially different from those presented in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information should not be relied upon as an indication of operating results that Vital would have achieved if the Acquisitions and other transactions contemplated herein had taken place on the specified dates. In addition, future results may vary significantly from the results reflected in the unaudited pro forma condensed combined financial statement of operations and should not be relied upon as an indication of the future results Vital will have after the contemplation of the Acquisitions and the other transactions contemplated by the unaudited pro forma condensed combined financial information. In Vital's opinion, all adjustments that are necessary to present fairly the unaudited pro forma condensed combined financial information have been made.

2. Consideration and Purchase Price Allocation

The preliminary allocation of the total purchase price in the Maple Acquisition, Henry Acquisition and Tall City Acquisition is based upon management's estimates and assumptions related to the fair value of assets to be acquired and liabilities to be assumed as of the closing date of the transaction using currently available information and market data. Because the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final purchase price allocation and the resulting effect on financial position and results of operations may differ significantly from the pro forma amounts included herein.

The preliminary purchase price allocations are subject to change due to several factors, including but not limited to:

- Changes in the value of common stock of Vital up the close date of the Maple Acquisition, Henry Acquisition and Tall City Acquisition, which could significantly change the preliminary amount of consideration transferred used in these unaudited pro forma condensed combined financial statements;
- Changes in the fair value of Preferred Stock, which will be based upon market data as of the close date of the Henry Acquisition and could significantly change the preliminary amount of consideration transferred used in these unaudited pro forma condensed combined financial statements;

- Changes to Vital's assessment as to whether, under ASC 805, the Maple Acquisition, Henry Acquisition and Tall City Acquisition each represent a business combination or asset acquisition, along with changes in estimated direct transaction costs, which could significantly change the preliminary allocation of value to assets acquired and liabilities assumed in these unaudited pro forma condensed combined financial statements;
- Changes in the identified oil and gas properties, specifically related to unevaluated properties not being depleted, which could significantly change the amount of pro forma depletion expense used in these unaudited pro forma condensed combined financial statements; and
- Changes in the estimated fair value of assets acquired and liabilities assumed as of the closing date of the Maple Acquisition, Henry Acquisition and Tall City Acquisition, which could result from changes in future oil and natural gas commodity prices, reserve estimates, interest rates, as well as other factors, which could significantly change the preliminary values assigned to the assets acquired in these unaudited pro forma condensed combined financial statements.

The estimated consideration transferred and the relative fair value of assets acquired and liabilities assumed by Vital are as follows (in thousands, except share amounts, which are rounded and shown in whole shares, and share stock price):

	Maple	Henry	Tall City	Total
Consideration:				
Shares of Vital common stock issued	3,580,000	3,720,000	2,270,000	9,570,000
Less: estimated working capital closing adjustments	(270,000)	—	(690,000)	(960,000)
Net shares of Vital common stock to be issued before consideration of assumed liabilities	3,310,000	3,720,000	1,580,000	8,610,000
Less: estimated closing adjustments for liabilities assumed by Vital	(61,566)	—	(370,749)	(432,315)
Net shares of Vital common stock to be issued	3,248,434	3,720,000	1,209,251	8,177,685
Vital common stock price as of September 8, 2023	$ 59.14	$ 59.14	$ 59.14	$ 59.14
Common stock consideration, net of estimated liabilities assumed by Vital	$ 192,112	$ 220,001	$ 71,515	$ 483,628
Shares of Vital Preferred Stock issued	—	4,980,000	—	4,980,000
Less: estimated working capital closing adjustments	—	(440,000)	—	(440,000)
Net shares of Vital Preferred Stock to be issued before consideration of assumed liabilities	—	4,540,000	—	4,540,000
Less: estimated closing adjustments for liabilities assumed by Vital	—	(628,644)	—	(628,644)
Net shares of Vital Preferred Stock to be issued	—	3,911,356	—	3,911,356
Fair value of Vital Preferred Stock as of September 8, 2023	$ —	$ 59.14	$ —	$ 59.14
Preferred Stock consideration, net of estimated liabilities assumed by Vital	$ —	$ 231,318	$ —	$ 231,318
Cash consideration	$ —	$ —	$ 300,000	$ 300,000
Less: estimated working capital closing adjustments	—	—	(16,000)	(16,000)
Net cash consideration before assumption of liabilities	—	—	284,000	284,000
Less: estimated closing adjustments for liabilities assumed by Vital	—	—	(9,397)	(9,397)
Cash consideration, net of estimated liabilities assumed by Vital	$ —	$ —	$ 274,603	$ 274,603
Estimated fair value of consideration to be paid to sellers	$ 192,112	$ 451,319	$ 346,118	$ 989,549
Estimated direct transaction costs	3,450	6,900	5,350	15,700
Estimated total consideration	$ 195,562	$ 458,219	$ 351,468	$ 1,005,249
Relative fair value of assets acquired:				
Oil and natural gas properties:				
Evaluated properties – full cost method	$ 201,132	$ 483,963	$ 385,470	$ 1,070,565
Other property and equipment	—	12,963	—	12,963
Operating lease right-of-use assets	13,123	12,356	3,850	29,329
Amount attributable to assets acquired	$ 214,255	$ 509,282	$ 389,320	$ 1,112,857

	Maple	Henry	Tall City	Total
Fair value of liabilities assumed:				
Asset retirement obligations	$ 1,929	$ 1,529	$ 2,679	$ 6,137
Suspended revenues	3,641	24,360	31,323	59,324
Drilling advances	—	12,818	—	12,818
Operating lease liabilities	13,123	12,356	3,850	29,329
Amount attributable to liabilities assumed	$ 18,693	$ 51,063	$ 37,852	$ 107,608

The fair value measurements of assets acquired and liabilities assumed are based on inputs that are not observable in the market and therefore represent Level 3 inputs. The fair value of oil and natural gas properties and asset retirement obligations were measured using the discounted cash flow technique of valuation.

Significant unobservable inputs included future commodity prices adjusted for differentials, projections of estimated quantities of recoverable reserves, forecasted production based on decline curve analysis, estimated timing and amount of future operating and development costs, and a weighted average cost of capital.

3. Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet and Unaudited Pro Forma Condensed Combined Statements of Operations

The unaudited pro forma condensed combined financial information has been compiled in a manner consistent with the accounting policies adopted by Vital. Actual results may differ materially from the assumptions and estimates contained herein.

The pro forma adjustments are based on currently available information and certain estimates and assumptions that Vital believes provide a reasonable basis for presenting the significant effects of the Forge Acquisition. General descriptions of the pro forma adjustments are provided below.

Unaudited Pro Forma Condensed Combined Balance Sheet

The following adjustments were made in the preparation of the unaudited pro forma condensed combined balance sheet as of June 30, 2023:

(a) Adjustment to remove assets and liabilities not acquired as part of the Acquisitions as well as associated historical book equity.

(b) Adjustment to eliminate the historical book value and accumulated depreciation, depletion and amortization of Maple, Henry and Tall City's oil and natural gas properties as of June 30, 2023.

(c) Adjustment for the issuance of Preferred Stock pursuant to the Henry Purchase Agreement from the 50,000,000 shares of preferred stock authorized pursuant to the Articles of Incorporation of Vital. The board of directors of Vital authorized approximately 4,980,000 shares of Preferred Stock to be issued as part of the Henry Acquisition, of which approximately 3,911,356 shares of Preferred Stock are estimated to be outstanding after estimated closing adjustments. The Preferred Stock has been assumed to be a part of permanent equity for purposes of these unaudited pro forma condensed combined financial statements as the Preferred Stock is not subject to SEC guidance on redeemable securities for purposes of these pro forma financial statements as Vital controls redemption. The amount is based on the estimated issuance date fair value, which was determined based on estimated Preferred Stock to be issued, after estimated closing costs, multiplied by the estimated fair value per share of Preferred Stock of $59.14, determined as of September 8, 2023.

(d) Adjustment to reflect the assets acquired of Tall City, on a relative fair value basis.

(e) Adjustment to reflect the assets acquired of Maple, on a relative fair value basis.

(f) Adjustment to reflect the assets acquired of Henry, on a relative fair value basis.

(g) Adjustment for the payment of transaction expenses incurred for the Tall City Acquisition.

(h) Adjustment for the payment of transaction expenses incurred for the Maple Acquisition.

(i) Adjustment for the payment of transaction expenses incurred for the Henry Acquisition.

(j) Adjustment to record new borrowings from Vital's revolving credit facility related to the cash consideration used in the Tall City Acquisition.

(k) Adjustment to reflect the issuance of approximately 1,209,251 shares of Vital common stock, net of estimated closing adjustments pursuant to the Tall City Purchase Agreement, based on the September 8, 2023 closing price of Vital of $59.14 per common share.

(l) Adjustment to reflect the issuance of approximately 3,284,434 shares of Vital common stock, net of estimated closing adjustments, pursuant to the Maple Purchase Agreement, based on the September 8, 2023 closing price of Vital of $59.14 per common share.

(m) Adjustment to reflect the issuance of approximately 3,720,000 shares of Vital common stock, net of estimated closing adjustments, pursuant to the Henry Purchase Agreement, based on the September 8, 2023 closing price of Vital of $59.14 per common share.

(n) Adjustment to remove the book value of drilling advances and undistributed revenues and royalties assumed by Vital.

(o) Adjustment to reflect the fair value of drilling advances and suspended revenues assumed by Vital.

(p) Adjustment for the asset retirement obligations incurred for the Tall City Acquisition.

(q) Adjustment for the asset retirement obligations incurred for the Maple Acquisition.

(r) Adjustment for the asset retirement obligations incurred for the Henry Acquisition.

(s) Adjustment to reflect the fair value of certain pipeline assets obtained by Vital as part of the Henry Acquisition.

(t) Adjustments to present the right-of-use assets acquired and operating lease liabilities assumed from Henry, Maple and Tall City.

Unaudited Pro Forma Condensed Combined Statements of Operations

The following adjustments were made in the preparation of the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2023, and the year ended December 31, 2022:

(a) Adjustment to conform Henry and Tall City's presentation of historical crude oil, natural gas and NGL sales to the presentation by Vital.

(b) Adjustment to conform Forge, Henry and Tall City's presentation of historical derivative gains and losses to the presentation by Vital.

(c) Adjustment to conform Henry's historical other income to the presentation by Vital.

(d) Adjustment to conform Forge and Henry's historical lease operating and workover expenses to the presentation by Vital.

(e) Adjustment to conform Maple's historical production and other taxes and Henry's historical severance and ad valorem taxes to the presentation by Vital.

(f) Adjustment to conform Tall City's historical equity-based compensation expense to the presentation by Vital.

(g) Adjustment to remove the historical amount of Forge's depletion and depreciation, Maple's historical depletion - oil and natural gas properties and depreciation - other property and equipment, Henry's historical depletion, depreciation, and amortization and Tall City's historical depletion, depreciation, amortization, and impairment.

(h) Adjustment to remove historical accretion expense of Forge, Maple, Henry and Tall City associated with asset retirement obligations and recalculate accretion expense based upon estimated fair value.

(i) Adjustment to conform Henry's historical other expense and interest income to the presentation by Vital.

(j) Adjustment to remove Forge, Henry and Tall City's historical interest expense, and Maple's historical interest expense and other prior to the acquisition.

(k) The following table provides reconciliation between basic and diluted net income for the six months ended June 30, 2023 and year ended December 31, 2022 (in thousands, except per share amounts):

	Six Months Ended June 30, 2023		Year Ended December 31, 2022	
	Vital[1]	Pro-Forma	Vital[2]	Pro-Forma
Net income	$ 408,751	$ 495,626	$ 736,752	$ 1,020,164
Less: Preferred dividends	—	(2,150)	—	(4,299)
Net income available to common shareholders	408,751	493,476	736,752	1,015,865
Weighted-average common shares outstanding:				
Basic	17,236	26,772	18,251	26,429
Dilutive non-vested restricted stock	83	83	183	183
Dilutive non-vested performance awards	—	—	12	12
Dilutive preferred stock	—	3,911	—	3,911
Diluted	17,319	30,766	18,446	30,535
Net income per share				
Basic	$ 23.71	$ 18.43	$ 40.37	$ 38.44
Diluted	$ 23.60	$ 16.11	$ 39.94	$ 33.41

1. Amounts shown above for Vital are from the unaudited consolidated financial statements and accompanying notes contained in Vital's Quarterly Report on Form 10-Q for the period ended June 30, 2023.
2. Vital historical results, as shown in the table above, include the historical results of Vital, Forge and Driftwood through December 31, 2022, including the effect of pro forma adjustments for the Forge Acquisition and Driftwood Acquisition through December 31, 2022, as presented in Exhibit 99.1 to Vital's Current Report on Form 8-K/A filed with the SEC on August 22, 2023 and incorporated by reference into these unaudited pro forma condensed combined financial statements.

(l) Adjustment to eliminate Henry's affiliate service fee income.

(m) Adjustment to reflect the estimated interest expense in the periods presented with respect to the incremental borrowings necessary to finance the Forge and Tall City Acquisitions. The interest rate utilized as of June 30, 2023, was 7.98% for incremental borrowings. A one-eighth percent increase or decrease in the interest rate would have changed interest expense by $0.3 million for both the six months ended June 30, 2023 and year ended December 31, 2022.

(n) Adjustment to conform Tall City's historical gathering, processing and transportation expenses to the presentation by Vital.

(o) Adjustment to remove gains and losses on the sale of other property and equipment not being acquired by Vital.

(p) Adjustment to remove Henry's historical loss from equity method investments as Vital is not acquiring such investments.

(q) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Tall City Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(r) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Maple Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(s) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Henry Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(t) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Forge Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(u) Adjustment to reflect the approximate 7.0% of oil and gas properties working interest being retained by Henry Properties Seller.

(v) The adjustment pertains to estimated income tax considerations associated with the Henry Acquisition, Maple Acquisition, and Tall City Acquisition. These entities were previously held within a flow-through structure, making them exempt from federal income taxes. In the 2022 proforma income statement, Vital maintained a full valuation allowance for federal deferred tax assets.

The income tax expense generated from the Henry, Maple, and Tall City acquisitions at the effective tax rate of 21.5% was fully offset in 2022 by Vital’s existing valuation allowance. For the 2023 proforma income statement, income tax expenses for the Henry Acquisition, Maple Acquisition, and Tall City Acquisition are recorded at an effective tax rate of 21.5%. Additionally, the release of the valuation allowance, which occurred in Q2 2023 for Vital, was adjusted to account for the impact of the 2022 valuation allowance impact from the Henry Acquisition, Maple Acquisition, and Tall City Acquisition.

(w) Adjustment to reclassify Henry's historical drilling and overhead fees to the presentation by Vital.

(x) Adjustment to remove a portion of general and administrative costs for certain entities related to Henry that are not being acquired by Vital.

(y) Adjustment to include depreciation on other property and equipment pipeline assets acquired as part of the Henry Acquisition.

(z) Adjustment to conform Henry's pipeline operating expenses to the presentation by Vital.

Supplemental Unaudited Pro Forma Combined Oil and Natural Gas Reserves and Standardized Measure Information

The following tables set forth information with respect to the historical and pro forma combined estimated oil and natural gas reserves as of December 31, 2022 for Vital (which includes the Forge Acquisition and Driftwood Acquisition) combined with the estimated oil and natural gas reserves from the Maple Acquisition, Henry Acquisition and Tall City Acquisition. The reserve information has been prepared by the following independent petroleum engineers: (i) Ryder Scott Company, L.P. for Vital, Forge and Tall City; (ii) Netherland, Sewell & Associates, Inc. for the Driftwood Entities and Maple; and (iii) Cawley, Gillespie & Associates, Inc for Henry. The following unaudited pro forma combined proved reserve information is not necessarily indicative of the results that might have occurred had the Maple Acquisition, Henry Acquisition and Tall City Acquisition taken place on January 1, 2022, nor is it intended to be a projection of future results. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Periodic revisions or removals of estimated reserves and future cash flows may be necessary as a result of a number of factors, including reservoir performance, new drilling, crude oil and natural gas prices, changes in costs, technological advances, new geological or geophysical data, changes in business strategies, or other economic factors. Accordingly, proved reserve estimates may differ significantly from the quantities of crude oil and natural gas ultimately recovered. For Vital, Forge, Driftwood, Maple, Henry and Tall City, the reserve estimates shown below were determined using the average first day of the month price for each of the preceding 12 months for oil and natural gas for the year ended December 31, 2022.

Estimated oil and natural gas reserves

	As of December 31, 2022					
	Vital[4]	**Maple**	**Henry**	**Tall City**	**Transaction Adjustment[1]**	**Pro forma combined**
Estimated proved developed reserves:						
Oil (MBbl)	90,604	6,840	12,691	16,649	(888)	125,896
Natural gas (MMcf)	509,137	42,167	49,397	51,609	(3,458)	648,852
Natural gas liquids[3] (MBbl)	83,904	6,157	—	10,469	—	100,530
Total equivalent reserves (Mboe)[2]	259,364	20,025	20,924	35,720	(1,465)	334,568
Estimated proved undeveloped reserves:						
Oil (MBbl)	74,671	4,229	13,630	56,568	(954)	148,144
Natural gas (MMcf)	133,146	33,544	37,216	208,709	(2,605)	410,010
Natural gas liquids[3] (MBbl)	27,870	4,898	—	42,705	—	75,473
Total equivalent reserves (Mboe)[2]	124,733	14,718	19,833	134,058	(1,388)	291,954
Estimated proved reserves:						
Oil (MBbl)	165,275	11,069	26,321	73,217	(1,842)	274,040
Natural gas (MMcf)	642,283	75,711	86,613	260,318	(6,063)	1,058,862
Natural gas liquids[3] (MBbl)	111,774	11,055	—	53,174	—	176,003
Total equivalent reserves (Mboe)[2]	384,097	34,743	40,757	169,778	(2,853)	626,522

(1) Adjustment to remove a portion of the oil and natural gas reserves working interest retained by the Henry Properties Seller in the Henry Acquisition.
(2) BOE is calculated using a conversion rate of six Mcf per one Bbl.
(3) Henry reserve quantities are shown in 2-streams, with natural gas liquids included with natural gas.
(4) Vital reserve volumes, as shown in the table above, include the Forge Acquisition and Driftwood Acquisition, as presented in Exhibit 99.1 Vital's Current Report on Form 8-K/A filed with the SEC on August 22, 2023, and incorporated by reference into these unaudited pro forma condensed combined financial statements.

The following table presents the standardized measure of discounted future net cash flows relating to the proved oil and natural gas reserves of Vital (which includes the Forge Acquisition and Driftwood Acquisition) and of the properties acquired in the Maple Acquisition, Henry Acquisition and Tall City Acquisition on a pro forma combined basis as of December 31, 2022. The pro forma combined standardized measure shown below represents estimates only and should not be construed as the market value of the acquired oil and natural gas reserves attributable to the Maple Acquisition, Henry Acquisition or Tall City Acquisition.

Standardized measure of discounted future cash flows

(in thousands)

	As of December 31, 2022					
	Vital[2]	**Maple**	**Henry**	**Tall City**	**Transaction Adjustment[1]**	**Pro forma combined**
Oil and natural gas producing activities:						
Future cash inflows	$ 21,899,569	$ 1,888,501	$ 3,168,036	$ 10,349,128	$ (221,762)	$ 37,083,472
Future production costs	(5,640,216)	(487,091)	(768,534)	(3,051,348)	53,797	(9,893,392)
Future development costs	(2,084,462)	(186,382)	(307,979)	(1,367,034)	21,559	(3,924,298)
Future income tax expense	(1,616,847)	(9,915)	(16,632)	(54,333)	1,164	(1,696,563)
Future net cash flows	12,558,044	1,205,113	2,074,891	5,876,413	(145,242)	21,569,219
10% discount for estimated timing of cash flows	(6,240,781)	(604,305)	(1,021,177)	(3,369,981)	71,482	(11,164,762)
Standardized measure of discounted future net cash flows	$ 6,317,263	$ 600,808	$ 1,053,714	$ 2,506,432	$ (73,760)	$ 10,404,457

(1) Adjustment to remove a portion of the oil and natural gas reserves working interest retained by the Henry Properties Seller in the Henry Acquisition.

(2) Vital reserve volumes, as shown in the table above, include the Forge Acquisition and Driftwood Acquisition, as presented in Exhibit 99.1 Vital's Current Report on Form 8-K/A filed with the SEC on August 22, 2023, and incorporated by reference into these unaudited pro forma condensed combined financial statements.

The following table sets forth the changes in the standardized measure of discounted future net cash flows attributable to estimated net proved crude oil and natural gas reserves of Vital (which includes the Forge Acquisition and Driftwood Acquisition) and the oil and natural gas properties acquired in the Maple Acquisition, Henry Acquisition and Tall City Acquisition on a pro forma combined basis for the year ending December 31, 2022:

Changes in standardized measure of discounted future net cash flows
(in thousands)

	As of December 31, 2022					
	Vital[2]	**Maple**	**Henry**	**Tall City**	**Transaction Adjustment[1]**	**Pro forma combined**
Standardized measure of discounted future net cash flows, beginning of year	$ 4,290,178	$ 164,941	$ 729,858	$ 2,727,155	$ (51,090)	$ 7,861,042
Changes in the year resulting from:						
Sales, less production costs	(1,705,323)	(63,791)	(249,624)	(188,311)	17,474	(2,189,575)
Revisions of previous quantity estimates	(4,535)	63,969	(25,671)	(1,453,700)	1,797	(1,418,140)
Extensions, discoveries and other additions	1,022,765	262,429	160,439	7,842	(11,231)	1,442,244
Net change in prices and production costs	3,042,656	94,941	439,859	1,143,739	(30,790)	4,690,405
Changes in estimated future development costs	(238,391)	(7,878)	(39,818)	(152,267)	2,787	(435,567)
Previously estimated development incurred capital expenditures during the period	318,267	393	69,721	231,391	(4,880)	614,892
Acquisitions of reserves in place	9,143	37,594	842	—	(59)	47,520
Divestitures of reserves in place	(122,501)	(5,706)	(79,104)	—	5,537	(201,774)
Accretion of discount	458,933	16,637	73,616	275,925	(5,153)	819,958
Net change in income taxes	(424,344)	(3,688)	(2,206)	6,954	154	(423,130)
Timing differences and other	(329,585)	40,967	(24,198)	(92,296)	1,694	(403,418)
Standardized measure of discounted future net cash flows, end of year	$ 6,317,263	$ 600,808	$ 1,053,714	$ 2,506,432	$ (73,760)	$ 10,404,457

(1) Adjustment to remove a portion of the oil and natural gas reserves working interest retained by the Henry Properties Seller in the Henry Acquisition.

(2) Vital reserve volumes, as shown in the table above, include the Forge Acquisition and Driftwood Acquisition, as presented in Exhibit 99.1 Vital's Current Report on Form 8-K/A filed with the SEC on August 22, 2023, and incorporated by reference into these unaudited pro forma condensed combined financial statements.

Exhibit 99.9

CAWLEY, GILLESPIE & ASSOCIATES, INC.
PETROLEUM CONSULTANTS

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AUSTIN, TEXAS 78730
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HOUSTON, TEXAS 77002-5017
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August 11, 2023

Mr. David Bledsoe
President
Henry Resources LLC
3525 Andrews Highway
Midland, Texas 79703

Re: Evaluation Summary – SEC Pricing
Henry Energy LP Interests
Various Counties, Texas
Proved Reserves
As of December 31, 2022

Dear Mr. Bledsoe:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the Henry Energy LP interests in properties located in the Permian Basin in Texas. It is our understanding that the proved reserves estimated in this report constitute 100 percent of all proved reserves owned by Henry Energy LP.

This report, completed on August 11, 2023, utilized an effective date of December 31, 2022 and was prepared using constant prices and costs and conforms to Item 1202(a)(8) of Regulation S-K and the other rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). This report has been prepared for use in filings with the SEC. In our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

Composite reserve estimates and economic forecasts for the reserves are summarized below:

		Proved Developed Producing	Proved Developed Non-Producing	Proved Undeveloped	Proved
Net Reserves					
Oil	– Mbbl	12,668.4	22.3	13,630.6	26,321.4
Gas	– MMcf	49,363.3	33.6	37,215.5	86,612.4
NGL	– Mbbl	0.0	0.0	0.0	0.0
Revenue					
Oil	– M$	1,174,785.3	2,070.2	1,264,012.3	2,440,868.4
Gas	– M$	433,837.0	298.1	293,033.0	727,168.1
NGL	– M$	0.0	0.0	0.0	0.0
Severance and Ad Valorem Taxes	– M$	117,018.8	162.6	109,942.2	227,123.6
Operating Expenses	– M$	287,080.9	1,095.5	253,233.3	541,409.5
Investments	– M$	5,339.9	200.8	302,438.3	307,979.0
Operating Income (BFIT)	– M$	1,199,183.0	909.4	891,431.4	2,091,523.2
Discounted @ 10%	– M$	691,626.0	565.8	370,034.7	1,062,226.6

As requested, we evaluated cases that comprise approximately 95% of the cumulative discounted cash flows of the proved developed producing reserves from the company's internal evaluation and 100% of the proved developed non-producing and proved undeveloped reserves. We refer to these cases as "Major Properties", and composite reserve estimates and economic forecasts for these properties are summarized below:

		Proved Developed Producing	Proved Developed Non-Producing	Proved Undeveloped	Major Proved
Net Reserves					
Oil	– Mbbl	11,803.5	22.3	13,630.6	25,456.4
Gas	– MMcf	46,967.1	33.6	37,215.5	84,216.2
NGL	– Mbbl	0.0	0.0	0.0	0.0
Revenue					
Oil	– M$	1,094,575.4	2,070.2	1,264,012.3	2,360,657.9
Gas	– M$	416,496.1	298.1	293,033.0	709,827.2
NGL	– M$	0.0	0.0	0.0	0.0
Severance and Ad Valorem Taxes	– M$	110,177.3	162.6	109,942.2	220,282.2
Operating Expenses	– M$	251,424.1	1,095.5	253,233.3	505,752.8
Investments	– M$	3,835.3	200.8	302,438.3	306,474.5
Operating Income (BFIT)	– M$	1,145,634.7	909.4	891,431.4	2,037,975.5
Discounted @ 10%	– M$	660,281.7	565.8	370,034.7	1,030,882.2

The remaining cases are referred to as "Minor Properties", and the company's internal reserve estimates and economic forecasts for these properties are summarized below:

		Proved Developed Producing	Minor Proved
Net Reserves			
Oil	– Mbbl	865.0	865.0
Gas	– MMcf	2,396.2	2,396.2
NGL	– Mbbl	0.0	0.0
Revenue			
Oil	– M$	80,210.0	80,210.0
Gas	– M$	17,340.9	17,340.9
NGL	– M$	0.0	0.0
Severance and Ad Valorem Taxes	– M$	6,841.4	6,841.4
Operating Expenses	– M$	35,656.7	35,656.7
Investments	– M$	1,504.6	1,504.6
Operating Income (BFIT)	– M$	53,548.2	53,548.2
Discounted @ 10%	– M$	31,344.5	31,344.5

In accordance with the SEC guidelines, the operating income (BFIT) has been discounted at an annual rate of 10% to determine its "present worth". The discounted value shown above should not be construed to represent an estimate of the fair market value by Cawley, Gillespie & Associates, Inc.

The annual average Henry Hub spot market gas price of $6.36 per MMBtu and the annual average WTI Cushing spot oil price of $93.67 per barrel were used in this report. In accordance with the Securities and Exchange Commission guidelines, these prices are determined as an unweighted arithmetic average of the first-day-of-the-month price for 12 months prior to the effective date of the evaluation. Oil and gas prices were held constant and were adjusted for each property based on historical differentials. Deductions were applied to the net gas volumes for fuel and shrinkage. The adjusted volume-weighted average product prices over the life of the properties are $92.73 per barrel of oil and $8.40 per Mcf of gas.

Operating expenses and capital costs were supplied by Henry Resources and reviewed for reasonableness. Severance tax rates were forecast as 4.6% for oil and 7.5% for gas. Ad valorem taxes were forecast as 2.0% to 2.5% of net revenue. Neither expenses nor investments were escalated. Net plugging costs were scheduled as $80,000 per well.

The proved reserves classifications conform to criteria of the SEC. The estimates of reserves in this report have been prepared in accordance with the definitions and disclosure guidelines set forth in the SEC Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register (SEC regulations). The reserves and economics are predicated on the regulatory agency classifications, rules, policies, laws, taxes and royalties in effect on the effective date except as noted herein. In evaluating the information at our disposal concerning this report, we have excluded from our consideration all matters as to which the controlling interpretation may be legal or accounting, rather than engineering and geoscience. Therefore, the possible effects of changes in legislation or other Federal or State restrictive actions have not been considered. An on-site field inspection of the properties has not been performed. The mechanical operation or conditions of the wells and their related facilities have not been examined nor have the wells been tested by Cawley, Gillespie & Associates, Inc. Possible environmental liability related to the properties has not been investigated nor considered.

The reserves were estimated using a combination of the production performance and analogy methods, in each case as we considered to be appropriate and necessary to establish the conclusions set forth herein. All reserve estimates represent our best judgment based on data available at the time of preparation and assumptions as to future economic and regulatory conditions. It should be realized that the reserves actually recovered, the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts.

The reserve estimates were based on interpretations of factual data furnished by Henry Resources. Ownership interests were supplied by Henry Resources and were accepted as furnished. To some extent, information from public records has been used to check and/or supplement these data. The basic engineering and geological data were utilized subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data. An on-site inspection of these properties has not been made nor have the wells been tested by Cawley, Gillespie & Associates, Inc.

Cawley, Gillespie & Associates, Inc. is independent with respect to Henry Energy LP as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserve Information promulgated by the Society of Petroleum Engineers (“SPE Standards”). Neither Cawley, Gillespie & Associates, Inc. nor any of its employees has any interest in the subject properties. Neither the employment to make this study nor the compensation is contingent on the results of our work or the future production rates for the subject properties.

Our work papers and related data are available for inspection and review by authorized parties.

Respectfully submitted,

/s/ J. Zane Meekins

J. Zane Meekins, P.E.
Executive Vice President

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm F-693

JZM:ptn

NETHERLAND, SEWELL & ASSOCIATES, INC.
WORLDWIDE PETROLEUM CONSULTANTS
ENGINEERING • GEOLOGY • GEOPHYSICS • PETROPHYSICS

September 5, 2023

Mr. Byron Charboneau
Maple Energy Holdings, LLC
602 Sawyer Street, Suite 710
Houston, Texas 77007

Dear Mr. Charboneau:

In accordance with your request, we have estimated the proved reserves and future revenue, as of December 31, 2022, to the Maple Energy Holdings, LLC (Maple) interest in certain oil and gas properties located in Reeves County, Texas. We completed our evaluation on or about January 6, 2023. It is our understanding that the proved reserves estimated in this report constitute all of the proved reserves owned by Maple. The estimates in this report have been prepared in accordance with the definitions and regulations of the U.S. Securities and Exchange Commission (SEC) and conform to the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas, except that future income taxes are excluded and, as requested, insurance costs have not been included in our estimates of future net revenue. Definitions are presented immediately following this letter. This report has been prepared for Maple's use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

We estimate the net reserves and future net revenue to the Maple interest in these properties, as of December 31, 2022, to be:

	Net Reserves			Future Net Revenue (M$)	
Category	Oil (MBBL)	NGL (MBBL)	Gas (MMCF)	Total	Present Worth at 10%
Proved Developed Producing	6,600.2	5,745.5	39,349.0	714,581.5	381,919.7
Proved Developed Non-Producing	240.6	411.4	2,817.6	35,292.3	18,612.3
Proved Undeveloped	4,229.5	4,897.9	33,543.9	465,153.3	205,388.4
Total Proved	11,070.3	11,054.7	75,710.5	1,215,027.2	605,920.5

Totals may not add because of rounding.

The oil volumes shown include crude oil and condensate. Oil and natural gas liquids (NGL) volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases.

Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. As requested, probable and possible reserves that exist for these properties have not been included. The estimates of reserves and future revenue included herein have not been adjusted for risk. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated.

Gross revenue is Maple's share of the gross (100 percent) revenue from the properties prior to any deductions. Future net revenue is after deductions for Maple's share of production taxes, ad valorem taxes, capital costs, abandonment costs, and operating expenses but before consideration of any income taxes. The future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

Prices used in this report are based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for each month in the period January through December 2022. For oil and NGL volumes, the average West Texas Intermediate spot price of $94.14 per barrel is adjusted for quality, transportation fees, and market differentials. For gas volumes, the average Henry Hub spot price of $6.357 per MMBTU is adjusted for energy content, transportation fees, and market differentials. The adjusted product prices of $92.75 per barrel of oil, $41.34 per barrel of NGL, and $5.345 per MCF of gas are held constant throughout the lives of the properties.

Operating costs used in this report are based on operating expense records of Maple. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Operating costs have been divided into per-well costs and per-unit-of-production costs. Headquarters general and administrative overhead expenses of Maple are included to the extent that they are covered under joint operating agreements for the operated properties. As requested, insurance costs have been excluded. Operating costs are not escalated for inflation.

Capital costs used in this report were provided by Maple and are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for workovers, new development wells, and production equipment. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are Maple's estimates of the costs to abandon the wells and production facilities, net of any salvage value. Capital costs and abandonment costs are not escalated for inflation.

For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

We have made no investigation of potential volume and value imbalances resulting from overdelivery or underdelivery to the Maple interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on Maple receiving its net revenue interest share of estimated future gross production. Additionally, we have made no specific investigation of any firm transportation contracts that may be in place for these properties; our estimates of future revenue include the effects of such contracts only to the extent that the associated fees are accounted for in the historical field- and lease-level accounting statements.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be economically producible; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans as provided to us by Maple, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing this report.

For the purposes of this report, we used technical and economic data including, but not limited to, well test data, production data, historical price and cost information, and property ownership interests. The reserves in this report have been estimated using deterministic methods; these estimates have been prepared in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis and analogy, that we considered to be appropriate and necessary to categorize and estimate reserves in accordance with SEC definitions and regulations. A substantial portion of these reserves are for undeveloped locations; such reserves are based on analogy to properties with similar geologic and reservoir characteristics. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

NETHERLAND, SEWELL & ASSOCIATES, INC.

The data used in our estimates were obtained from Maple, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have not examined the titles to the properties or independently confirmed the actual degree or type of interest owned. The technical person primarily responsible for preparing the estimates presented herein meets the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. Lily W. Cheung, a Licensed Professional Engineer in the State of Texas, has been practicing consulting petroleum engineering at NSAI since 2007 and has over 4 years of prior industry experience. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,
NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By: /s/ Richard B. Talley, Jr.
Richard B. Talley, Jr., P.E.
Chief Executive Officer

By: /s/ Lily W. Cheung
Lily W. Cheung, P.E. 107207
Vice President
[SEAL]

Date Signed: September 5, 2023

LWC:DEC

NETHERLAND, SEWELL & ASSOCIATES, INC.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

The following definitions are set forth in U.S. Securities and Exchange Commission (SEC) Regulation S-X Section 210.4-10(a). Also included is supplemental information from (1) the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers, (2) the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas, and (3) the SEC's Compliance and Disclosure Interpretations.

(1) *Acquisition of properties.* Costs incurred to purchase, lease or otherwise acquire a property, including costs of lease bonuses and options to purchase or lease properties, the portion of costs applicable to minerals when land including mineral rights is purchased in fee, brokers' fees, recording fees, legal costs, and other costs incurred in acquiring properties.

(2) *Analogous reservoir*. Analogous reservoirs, as used in resources assessments, have similar rock and fluid properties, reservoir conditions (depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide concepts to assist in the interpretation of more limited data and estimation of recovery. When used to support proved reserves, an "analogous reservoir" refers to a reservoir that shares the following characteristics with the reservoir of interest:

(i) Same geological formation (but not necessarily in pressure communication with the reservoir of interest);
(ii) Same environment of deposition;
(iii) Similar geological structure; and
(iv) Same drive mechanism.

Instruction to paragraph (a)(2): Reservoir properties must, in the aggregate, be no more favorable in the analog than in the reservoir of interest.

(3) *Bitumen.* Bitumen, sometimes referred to as natural bitumen, is petroleum in a solid or semi-solid state in natural deposits with a viscosity greater than 10,000 centipoise measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural state it usually contains sulfur, metals, and other non-hydrocarbons.

(4) *Condensate*. Condensate is a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

(5) *Deterministic estimate*. The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

(6) *Developed oil and gas reserves*. Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Supplemental definitions from the 2018 Petroleum Resources Management System:

Developed Producing Reserves – Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate. Improved recovery Reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves – Shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

(7) *Development costs.* Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. More specifically, development costs, including depreciation and applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(i) Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines, and power lines, to the extent necessary in developing the proved reserves.
(ii) Drill and equip development wells, development-type stratigraphic test wells, and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment, and the wellhead assembly.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(iii) Acquire, construct, and install production facilities such as lease flow lines, separators, treaters, heaters, manifolds, measuring devices, and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems.
(iv) Provide improved recovery systems.

(8) *Development project*. A development project is the means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field, or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

(9) *Development well*. A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

(10) *Economically producible*. The term economically producible, as it relates to a resource, means a resource which generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. The value of the products that generate revenue shall be determined at the terminal point of oil and gas producing activities as defined in paragraph (a)(16) of this section.

(11) *Estimated ultimate recovery (EUR)*. Estimated ultimate recovery is the sum of reserves remaining as of a given date and cumulative production as of that date.

(12) *Exploration costs*. Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and gas reserves, including costs of drilling exploratory wells and exploratory-type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as prospecting costs) and after acquiring the property. Principal types of exploration costs, which include depreciation and applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(i) Costs of topographical, geographical and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews, and others conducting those studies. Collectively, these are sometimes referred to as geological and geophysical or "G&G" costs.
(ii) Costs of carrying and retaining undeveloped properties, such as delay rentals, ad valorem taxes on properties, legal costs for title defense, and the maintenance of land and lease records.
(iii) Dry hole contributions and bottom hole contributions.
(iv) Costs of drilling and equipping exploratory wells.
(v) Costs of drilling exploratory-type stratigraphic test wells.

(13) *Exploratory well*. An exploratory well is a well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. Generally, an exploratory well is any well that is not a development well, an extension well, a service well, or a stratigraphic test well as those items are defined in this section.

(14) *Extension well*. An extension well is a well drilled to extend the limits of a known reservoir.

(15) *Field*. An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field which are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to identify localized geological features as opposed to the broader terms of basins, trends, provinces, plays, areas-of-interest, etc.

(16) *Oil and gas producing activities*.

(i) Oil and gas producing activities include:

(A) The search for crude oil, including condensate and natural gas liquids, or natural gas ("oil and gas") in their natural states and original locations;
(B) The acquisition of property rights or properties for the purpose of further exploration or for the purpose of removing the oil or gas from such properties;
(C) The construction, drilling, and production activities necessary to retrieve oil and gas from their natural reservoirs, including the acquisition, construction, installation, and maintenance of field gathering and storage systems, such as:

(1) Lifting the oil and gas to the surface; and
(2) Gathering, treating, and field processing (as in the case of processing gas to extract liquid hydrocarbons); and

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(A) Extraction of saleable hydrocarbons, in the solid, liquid, or gaseous state, from oil sands, shale, coalbeds, or other nonrenewable natural resources which are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction.

Instruction 1 to paragraph (a)(16)(i): The oil and gas production function shall be regarded as ending at a "terminal point", which is the outlet valve on the lease or field storage tank. If unusual physical or operational circumstances exist, it may be appropriate to regard the terminal point for the production function as:

a. The first point at which oil, gas, or gas liquids, natural or synthetic, are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal; and
b. In the case of natural resources that are intended to be upgraded into synthetic oil or gas, if those natural resources are delivered to a purchaser prior to upgrading, the first point at which the natural resources are delivered to a main pipeline, a common carrier, a refinery, a marine terminal, or a facility which upgrades such natural resources into synthetic oil or gas.

Instruction 2 to paragraph (a)(16)(i): For purposes of this paragraph (a)(16), the term *saleable hydrocarbons* means hydrocarbons that are saleable in the state in which the hydrocarbons are delivered.

(ii) Oil and gas producing activities do not include:

(A) Transporting, refining, or marketing oil and gas;
(B) Processing of produced oil, gas, or natural resources that can be upgraded into synthetic oil or gas by a registrant that does not have the legal right to produce or a revenue interest in such production;
(C) Activities relating to the production of natural resources other than oil, gas, or natural resources from which synthetic oil and gas can be extracted; or
(D) Production of geothermal steam.

(17) *Possible reserves.* Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

(i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.
(ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.
(iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.
(iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.
(v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.
(vi) Pursuant to paragraph (a)(22)(iii) of this section, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

(18) *Probable reserves.* Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

(i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.

(ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.
(iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.
(iv) See also guidelines in paragraphs (a)(17)(iv) and (a)(17)(vi) of this section.

(19) *Probabilistic estimate.* The method of estimation of reserves or resources is called probabilistic when the full range of values that could reasonably occur for each unknown parameter (from the geoscience and engineering data) is used to generate a full range of possible outcomes and their associated probabilities of occurrence.

(20) *Production costs*.

(i) Costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. They become part of the cost of oil and gas produced. Examples of production costs (sometimes called lifting costs) are:

(A) Costs of labor to operate the wells and related equipment and facilities.
(B) Repairs and maintenance.
(C) Materials, supplies, and fuel consumed and supplies utilized in operating the wells and related equipment and facilities.
(D) Property taxes and insurance applicable to proved properties and wells and related equipment and facilities.
(E) Severance taxes.

(ii) Some support equipment or facilities may serve two or more oil and gas producing activities and may also serve transportation, refining, and marketing activities. To the extent that the support equipment and facilities are used in oil and gas producing activities, their depreciation and applicable operating costs become exploration, development or production costs, as appropriate. Depreciation, depletion, and amortization of capitalized acquisition, exploration, and development costs are not production costs but also become part of the cost of oil and gas produced along with production (lifting) costs identified above.

(21) *Proved area.* The part of a property to which proved reserves have been specifically attributed.

(22) *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and
(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.
(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:

932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:

a. Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)
b. Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas is located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).

The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.

932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50-3 through 50-11B:

a. Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price changes shall be considered only to the extent provided by contractual arrangements in existence at year-end.
b. Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.
c. Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.
d. Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.
e. Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.
f. Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(27) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

(28) *Resources.* Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

(29) *Service well.* A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) *Stratigraphic test well.* A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as "exploratory type" if not drilled in a known area or "development type" if drilled in a known area.

(31) *Undeveloped oil and gas reserves.* Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.
(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

From the SEC's Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to, the following:

- *The company's level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);*
- *The company's historical record at completing development of comparable long-term projects;*
- *The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;*
- *The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and*
- *The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).*

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.

Exhibit 99.11

Tall City Exploration III, LLC.

Estimated

Future Reserves and Income

Attributable to Certain

Leasehold and Royalty Interests

SEC Parameters

As of

December 31, 2022

/s/ Timothy W. Smith, P.E.	/s/ Raza Rizvi
Timothy W. Smith, P.E. TBPELS License No. 70195 Managing Senior Vice President	Raza Rizvi Senior Petroleum Engineer

[SEAL]

RYDER SCOTT COMPANY, L.P.
TBPELS Firm Registration No. F-1580

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

TALL CITY EXPLORATION III, LLC.

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August 31, 2023

Tall City Exploration III, LLC. 203
West Wall Street, Suite 600
Midland, Texas 79701

Ladies and Gentlemen:

At your request, Ryder Scott Company, L.P. (Ryder Scott) has prepared an estimate of the proved reserves, future production, and income attributable to certain leasehold and royalty interests of Tall City Exploration III, LLC. (Tall City) as of December 31, 2022. The subject properties are located in the state of Texas. The reserves and income data were estimated based on the definitions and disclosure guidelines of the United States Securities and Exchange Commission (SEC) contained in Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register (SEC regulations). Our third party study, completed on February 17, 2023 and presented herein, was prepared in accordance with the disclosure requirements set forth in the SEC regulations. Our previous report dated March 10, 2023 included both proved and probable reserves. At Tall City's request, this report was prepared to only include proved reserves. No other adjustments were made to our previous report.

The properties evaluated by Ryder Scott represent 100 percent of the total net proved and 100 percent of the total net proved gas reserves of Tall City as of December 31, 2022.

The estimated reserves and future net income amounts presented in this report, as of December 31, 2022 are related to hydrocarbon prices. The hydrocarbon prices used in the preparation of this report are based on the average prices during the 12-month period prior to the "as of date" of this report, determined as the unweighted arithmetic averages of the prices in effect on the first-day-of-the-month for each month within such period, unless prices were defined by contractual arrangements, as required by the SEC regulations. Actual future prices may vary considerably from the prices that were used in this report. The reserves volumes and the income attributable thereto have a direct relationship to the hydrocarbon prices actually received; therefore, volumes of reserves actually recovered and the amounts of income actually received may differ significantly from the estimated quantities presented in this report. The results of this study are summarized as follows.

SEC PARAMETERS
Estimated Net Reserves and Income Data
Certain Leasehold and Royalty Interests of
Tall City Exploration III, LLC.

As of December 31, 2022

	Proved			
	Developed			
	Producing	Non-Producing	Undeveloped	Total Proved
Net Reserves				
Oil/Condensate – Mbbl	10,375	6,274	56,569	73,218
Plant Products – Mbbl	6,701	3,768	42,705	53,174
Gas – MMcf	33,179	18,430	208,709	260,318
MBOE	22,606	13,114	134,059	169,779
Income Data ($M)				
Future Gross Revenue	$ 1,337,741	$ 790,376	$ 7,646,067	$ 9,774,184
Deductions	483,961	185,492	3,173,985	3,843,438
Future Net Income (FNI)	$ 853,780	$ 604,884	$ 4,472,082	$ 5,930,746
Discounted FNI @ 10%	$ 510,478	$ 370,078	$ 1,651,017	$ 2,531,573

Liquid hydrocarbons are expressed in standard 42 U.S. gallon barrels and shown herein as thousands of barrels (Mbbl). All gas volumes are reported on an “as sold basis” expressed in millions of cubic feet (MMcf) at the official temperature and pressure bases of the areas in which the gas reserves are located. The net reserves are also shown herein on an equivalent unit basis wherein natural gas is converted to oil equivalent using a factor of 6,000 cubic feet of natural gas per one barrel of oil equivalent. MBOE means thousand barrels of oil equivalent. In this report, the revenues, deductions, and income data are expressed as thousands of U.S. dollars ($M).

The estimates of the reserves, future production, and income attributable to properties in this report were prepared using the economic software package PHDWin Petroleum Economic Evaluation Software, a copyrighted program of TRC Consultants L.C. The program was used at the request of Tall City. Ryder Scott has found this program to be generally acceptable, but notes that certain summaries and calculations may vary due to rounding and may not exactly match the sum of the properties being summarized. Furthermore, one line economic summaries may vary slightly from the more detailed cash flow projections of the same properties, also due to rounding. The rounding differences are not material.

The future gross revenue is after the deduction of production taxes. The deductions incorporate the normal direct costs of operating the wells, ad valorem taxes, recompletion costs, development costs, and abandonment costs. Certain gas and oil transportation costs are included as “Other” deductions in the cash flow projections included in this report. The future net income is before the deduction state and federal income taxes and general administrative overhead, and has not been adjusted for outstanding loans that may exist nor does it include any adjustment for cash on hand or undistributed income.

Liquid hydrocarbon reserves account for 86 percent of total future gross revenue from proved reserves and gas reserves account for the remaining 14 percent of total future gross revenue from the proved reserves reported herein.

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The discounted future net income shown above was calculated using a discount rate of 10 percent per annum compounded monthly. Future net income was discounted at four other discount rates, which were also compounded monthly. These results are shown in summary form as follows.

Discount Rate Percent	Discounted Future Net Income ($M) As of December 31, 2022 Total Proved
9	$ 2,705,287
12	$ 2,234,702
15	$ 1,884,715
20	$ 1,468,838

The results shown above are presented for your information and should not be construed as our estimate of fair market value.

Reserves Included in This Report

The proved reserves included herein conform to the definitions as set forth in the Securities and Exchange Commission's Regulations Part 210.4-10(a). An abridged version of the SEC reserves definitions from 210.4-10(a) entitled "PETROLEUM RESERVES DEFINITIONS" is included as an attachment to this report.

The various reserves status categories are defined in the attachment entitled "PETROLEUM RESERVES STATUS DEFINITIONS AND GUIDELINES" in this report. The proved developed non- producing reserves included herein consist of the shut-in and behind pipe status categories.

No attempt was made to quantify or otherwise account for any accumulated gas production imbalances that may exist. The proved gas volumes presented herein do not include volumes of gas consumed in operations as reserves.

Reserves are "estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations." All reserves estimates involve an assessment of the uncertainty relating the likelihood that the actual remaining quantities recovered will be greater or less than the estimated quantities determined as of the date the estimate is made. The uncertainty depends primarily on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal categories, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-categorized as probable and possible reserves to denote progressively increasing uncertainty in their recoverability. At Tall City's request, this report addresses only the proved reserves attributable to the properties evaluated herein.

Proved oil and gas reserves are "those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward." The proved reserves included herein were estimated using deterministic methods. The SEC has defined reasonable certainty for proved reserves, when based on deterministic methods, as a "high degree of confidence that the quantities will be recovered."

Proved reserves estimates will generally be revised only as additional geologic or engineering data become available or as economic conditions change. For proved reserves, the SEC states that "as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to the estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease." Moreover, estimates of proved reserves may be revised as a result of future operations, effects of regulation by governmental agencies or geopolitical or economic risks. Therefore, the proved reserves included in this report are estimates only and should not be construed as being exact quantities, and if recovered, the revenues therefrom, and the actual costs related thereto, could be more or less than the estimated amounts.

Tall City's operations may be subject to various levels of governmental controls and regulations. These controls and regulations may include, but may not be limited to, matters relating to land tenure and leasing**,** the legal rights to produce hydrocarbons, drilling and production practices, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax and are subject to change from time to time. Such changes in governmental regulations and policies may cause volumes of proved reserves actually recovered and amounts of proved income actually received to differ significantly from the estimated quantities.

The estimates of proved reserves presented herein were based upon a detailed study of the properties in which Tall City owns an interest; however, we have not made any field examination of the properties. No consideration was given in this report to potential environmental liabilities that may exist nor were any costs included for potential liabilities to restore and clean up damages, if any, caused by past operating practices.

Estimates of Reserves

The estimation of reserves involves two distinct determinations. The first determination results in the estimation of the quantities of recoverable oil and gas and the second determination results in the estimation of the uncertainty associated with those estimated quantities in accordance with the definitions set forth by the Securities and Exchange Commission's Regulations Part 210.4-10(a). The process of estimating the quantities of recoverable oil and gas reserves relies on the use of certain generally accepted analytical procedures. These analytical procedures fall into three broad categories or methods:

(1) performance-based methods, (2) volumetric-based methods and (3) analogy. These methods may be used individually or in combination by the reserves evaluator in the process of estimating the quantities of reserves. Reserves evaluators must select the method or combination of methods which in their professional judgment is most appropriate given the nature and amount of reliable geoscience and engineering data available at the time of the estimate, the established or anticipated performance characteristics of the reservoir being evaluated, and the stage of development or producing maturity of the property.

In many cases, the analysis of the available geoscience and engineering data and the subsequent interpretation of this data may indicate a range of possible outcomes in an estimate, irrespective of the method selected by the evaluator. When a range in the quantity of reserves is identified, the evaluator must determine the uncertainty associated with the incremental quantities of the reserves. If the reserves quantities are estimated using the deterministic incremental approach, the uncertainty for each discrete incremental quantity of the reserves is addressed by the reserves category assigned by the evaluator. Therefore, it is the categorization of reserves quantities as proved, probable and/or possible that addresses the inherent uncertainty in the estimated quantities reported. For proved reserves, uncertainty is defined by the SEC as reasonable certainty wherein the "quantities actually recovered are much more likely to be achieved than not." The SEC states that "probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered." The SEC states that "possible reserves are those additional reserves that are less certain to be recovered than probable reserves and the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves." All quantities of reserves within the same reserves category must meet the SEC definitions as noted above.

Estimates of reserves quantities and their associated reserves categories may be revised in the future as additional geoscience or engineering data become available. Furthermore, estimates of reserves quantities and their associated reserves categories may also be revised due to other factors such as changes in economic conditions, results of future operations, effects of regulation by governmental agencies or geopolitical or economic risks as previously noted herein.

The proved reserves for the properties included herein were estimated by performance methods or analogy. In general, the proved producing reserves attributable to producing wells and/or reservoirs were estimated by performance methods. These performance methods include, but may not be limited to, decline curve analysis, which utilized extrapolations of historical production and pressure data available through December 2022 in those cases where such data were considered to be definitive. The data utilized in this analysis were furnished to Ryder Scott by Tall City or obtained from public data sources and were considered sufficient for the purpose thereof. In certain cases proved producing reserves were estimated by analogy. This method was used where there were inadequate historical performance data to establish a definitive trend and where the use of production performance data as a basis for the reserves estimates was considered to be inappropriate.

All of the proved developed non-producing and all of the undeveloped reserves included herein were estimated by the analogy method using type well profiles. The data utilized from the analogues incorporated into our analysis were considered sufficient for the purpose thereof.

To estimate economically producible proved oil and gas reserves and related future net cash flows, we consider many factors and assumptions including, but not limited to, the use of reservoir parameters derived from geological, geophysical and engineering data which cannot be measured directly, economic criteria based on current costs and SEC pricing requirements, and forecasts of future production rates. Under the SEC regulations 210.4-10(a) (22)(v) and (26), proved reserves must be anticipated to be economically producible from a given date forward based on existing economic conditions including the prices and costs at which economic producibility from a reservoir is to be determined. While it may reasonably be anticipated that the future prices received for the sale of production and the operating costs and other costs relating to such production may increase or decrease from those under existing economic conditions, such changes were, in accordance with rules adopted by the SEC, omitted from consideration in making this evaluation.

Tall City has informed us that they have furnished us all of the material accounts, records, geological and engineering data, and reports and other data required for this investigation. In preparing our forecast of future proved production and income, we have relied upon data furnished by Tall City with respect to property interests owned, production and well tests from examined wells, normal direct costs of operating the wells or leases, other costs such as transportation and/or processing fees, ad valorem and production taxes, recompletion and development costs, development plans, abandonment costs after salvage, product prices based on the SEC regulations, adjustments or differentials to product prices, geological structural and isochore maps, well logs, and pressure measurements. Ryder Scott reviewed such factual data for its reasonableness; however, we have not conducted an independent verification of the data furnished by Tall City. We consider the factual data used in this report appropriate and sufficient for the purpose of preparing the estimates of reserves and future net revenues herein.

In summary, we consider the assumptions, data, methods and analytical procedures used in this report appropriate for the purpose hereof, and we have used all such methods and procedures that we consider necessary and appropriate to prepare the estimates of reserves herein. The proved reserves included herein were determined in conformance with the United States Securities and Exchange Commission (SEC) Modernization of Oil and Gas Reporting; Final Rule, including all references to Regulation S-X and Regulation S-K, referred to herein collectively as the “SEC Regulations.” In our opinion, the proved reserves presented in this report comply with the definitions, guidelines and disclosure requirements as required by the SEC regulations.

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Future Production Rates

For wells currently on production, our forecasts of future production rates are based on historical performance data. If no production decline trend has been established, future production rates were based on analogue performance data until a decline in ability to produce was anticipated. An estimated rate of decline was then applied until depletion of the reserves. If a decline trend has been established, this trend was used as the basis for estimating future production rates.

Test data and other related information were used to estimate the anticipated initial production rates for those wells or locations that are not currently producing. For reserves not yet on production, sales were estimated to commence at an anticipated date furnished by Tall City. Wells or locations that are not currently producing may start producing earlier or later than anticipated in our estimates due to unforeseen factors causing a change in the timing to initiate production. Such factors may include delays due to weather, the availability of rigs, the sequence of drilling, completing and/or recompleting wells and/or constraints set by regulatory bodies.

The future production rates from wells currently on production or wells and locations that are not currently producing may be more or less than estimated because of changes including, but not limited to, reservoir performance, operating conditions related to surface facilities, compression and artificial lift, pipeline capacity and/or operating conditions, producing market demand and/or allowables or other constraints set by regulatory bodies.

Hydrocarbon Prices

The hydrocarbon prices used herein are based on SEC price parameters using the average prices during the 12-month period prior to the “as of date” of this report, determined as the unweighted arithmetic averages of the prices in effect on the first-day-of-the-month for each month within such period, unless prices were defined by contractual arrangements. For hydrocarbon products sold under contract, the contract prices, including fixed and determinable escalations, exclusive of inflation adjustments, were used until expiration of the contract. Upon contract expiration, the prices were adjusted to the 12-month unweighted arithmetic average as previously described.

Tall City furnished us with the above mentioned average benchmark prices in effect on December 31, 2022. These initial SEC hydrocarbon prices were determined using the 12-month average first-day- of-the-month benchmark prices appropriate to the geographic area where the hydrocarbons are sold. These benchmark prices are prior to the adjustments for differentials as described herein. The table below summarizes the “benchmark prices” and “price reference” used for the geographic area included in the report. For certain properties, the price reference and benchmark prices may be defined by contractual arrangements.

The product prices that were actually used to determine the future gross revenue for each property reflect adjustments to the benchmark prices for gravity, quality, local conditions, gathering and transportation fees and/or distance from market, referred to herein as “differentials.” The differentials used in the preparation of this report were furnished to us by Tall City. The differentials furnished to us were accepted as factual data and reviewed by us for their reasonableness; however, we have not conducted an independent verification of the data used by Tall City to determine these differentials.

In addition, the table below summarizes the net volume weighted benchmark prices adjusted for differentials and referred to herein as the "average realized prices." The average realized prices shown in the table below were determined from the total future gross revenue before production taxes and the total net reserves by reserves category for the geographic area and presented in accordance with SEC disclosure requirements for the geographic area included in this report.

Geographic Area	Product	Price Reference	Average Benchmark Prices	Average Proved Realized Prices
North America				
United States	Oil/Condensate	WTI Cushing	$93.67/bbl	$94.47/bbl
	NGLs	WTI Cushing	$93.67/bbl	$36.50/bbl
	Gas	Henry Hub	$6.36/MMBTU	$5.73/Mcf

The effects of derivative instruments designated as price hedges of oil and gas quantities are not reflected in our individual property evaluations.

Costs

Operating costs furnished by Tall City for the leases and wells in this report were based on the operating expense reports of Tall City and include only those costs directly applicable to the leases or wells. The operating costs include a portion of general and administrative costs allocated directly to the leases and wells. The operating costs furnished to us were accepted as factual data and reviewed by us for their reasonableness; however, we have not conducted an independent verification of the operating cost data used by Tall City. No deduction was made for loan repayments, interest expenses, or exploration and development prepayments that were not charged directly to the leases or wells.

Development costs were furnished to us by Tall City and are based on authorizations for expenditure for the proposed work or actual costs for similar projects. The development costs furnished to us were accepted as factual data and reviewed by us for their reasonableness; however, we have not conducted an independent verification of these costs. The estimated net cost of abandonment after salvage was included for properties where abandonment costs net of salvage were material. The estimates of the net abandonment costs furnished by Tall City were accepted without independent verification.

The proved developed non-producing and undeveloped reserves in this report have been incorporated herein in accordance with Tall City's plans to develop these reserves as of December 31, 2022. The implementation of Tall City's development plans as presented to us and incorporated herein is subject to the approval process adopted by Tall City's management. As the result of our inquiries during the course of preparing this report, Tall City has informed us that the development activities included herein have been subjected to and received the internal approvals required by Tall City's management at the appropriate local, regional and/or corporate level. In addition to the internal approvals as noted, certain development activities may still be subject to specific partner AFE processes, Joint Operating Agreement (JOA) requirements or other administrative approvals external to Tall City. Tall City has provided written documentation supporting their commitment to proceed with the development activities as presented to us**.** Additionally, Tall City has informed us that they are not aware of any legal, regulatory, or political obstacles that would significantly alter their plans. While these plans could change from those under existing economic conditions as of December 31, 2022, such changes were, in accordance with rules adopted by the SEC, omitted from consideration in making this evaluation.

Current costs used by Tall City were held constant throughout the life of the properties.

Standards of Independence and Professional Qualification

Ryder Scott is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1937. Ryder Scott is employee-owned and maintains offices in Houston, Texas; Denver, Colorado; and Calgary, Alberta, Canada. We have approximately eighty engineers and geoscientists on our permanent staff. By virtue of the size of our firm and the large number of clients for which we provide services, no single client or job represents a material portion of our annual revenue. We do not serve as officers or directors of any privately-owned or publicly-traded oil and gas company and are separate and independent from the operating and investment decision-making process of our clients. This allows us to bring the highest level of independence and objectivity to each engagement for our services.

Ryder Scott actively participates in industry-related professional societies and organizes an annual public forum focused on the subject of reserves evaluations and SEC regulations. Many of our staff have authored or co-authored technical papers on the subject of reserves related topics. We encourage our staff to maintain and enhance their professional skills by actively participating in ongoing continuing education.

Prior to becoming an officer of the Company, Ryder Scott requires that staff engineers and geoscientists receive professional accreditation in the form of a registered or certified professional engineer’s license or a registered or certified professional geoscientist’s license, or the equivalent thereof, from an appropriate governmental authority or a recognized self-regulating professional organization. Regulating agencies require that, in order to maintain active status, a certain amount of continuing education hours be completed annually, including an hour of ethics training. Ryder Scott fully supports this technical and ethics training with our internal requirement mentioned above.

We are independent petroleum engineers with respect to Tall City. Neither we nor any of our employees have any financial interest in the subject properties and neither the employment to do this work nor the compensation is contingent on our estimates of reserves for the properties which were reviewed.

The results of this study, presented herein, are based on technical analyses conducted by teams of geoscientists and engineers from Ryder Scott. The professional qualifications of the undersigned, the technical person primarily responsible for overseeing, reviewing and approving the evaluation of the reserves information discussed in this report, are included as an attachment to this letter.

Terms of Usage

The results of our third party study, presented in report form herein, were prepared in accordance with the disclosure requirements set forth in the SEC regulations.

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

We have provided Tall City with a digital version of the original signed copy of this report letter. In the event there are any differences between the digital version included in presentations made by Tall City and the original signed report letter, the original signed report letter shall control and supersede the digital version.

The data and work papers used in the preparation of this report are available for examination by authorized parties in our offices. Please contact us if we can be of further service.

Very truly yours,

RYDER SCOTT COMPANY, L.P.
TBPELS Firm Registration No. F-1580

[SEAL]

/s/ Timothy W. Smith
Timothy W. Smith, P.E.
TBPELS License No. 70195

/s/ Raza Rizvi
Raza Rzvi
Senior Petroleum Engineer

TWS-RR (LPC)/pl

Professional Qualifications of Primary Technical Engineer

The conclusions presented in this report are the result of technical analysis conducted by teams of geoscientists and engineers from Ryder Scott Company, L.P. Timothy Wayne Smith was the primary technical person responsible for overseeing the estimate of the reserves, future production and income.

Mr. Smith, an employee of Ryder Scott Company, L.P. (Ryder Scott) since 2008, is a Managing Senior Vice President responsible for coordinating and supervising staff and consulting engineers of the company in ongoing reservoir evaluation studies worldwide. Before joining Ryder Scott, Mr. Smith served in a number of engineering positions with Wintershall Energy and Cities Service Oil Company. For more information regarding Mr. Smith's geographic and job specific experience, please refer to the Ryder Scott Company website at www.ryderscott.com/Employees.

Mr. Smith earned a Bachelor of Science degree in Petroleum Engineering from West Virginia University in 1977 and a Masters of Business (MBA) from the University of Phoenix in 1991 and is a registered Professional Engineer in the State of Texas. He is also a member of the Society of Petroleum Engineers and the Society of Petroleum Evaluation Engineers.

In addition to gaining experience and competency through prior work experience, the Texas Board of Professional Engineers requires a minimum of fifteen hours of continuing education annually, including at least one hour in the area of professional ethics, which Mr. Smith fulfills. Mr. Smith has received extensive training relating to the definitions and disclosure guidelines contained in the United States Securities and Exchange Commission Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register. Mr. Smith has also served as a training instructor for clients regarding Dynamic Analysis and Unconventional Resources. Mr. Smith attended an additional 18 hours of formalized in-house training in the 2022 time period including training for ISO 9001 and 14001. Based on his educational background, professional training and 30 years of practical experience in the estimation and evaluation of petroleum reserves, Mr. Smith has attained the professional qualifications as a Reserves Estimator and Reserves Auditor set forth in Article III of the "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information" promulgated by the Society of Petroleum Engineers as of June 2019.

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

PETROLEUM RESERVES DEFINITIONS

As Adapted From:
RULE 4-10(a) of REGULATION S-X PART 210
UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC)

PREAMBLE

On January 14, 2009, the United States Securities and Exchange Commission (SEC) published the "Modernization of Oil and Gas Reporting; Final Rule" in the Federal Register of National Archives and Records Administration (NARA). The "Modernization of Oil and Gas Reporting; Final Rule" includes revisions and additions to the definition section in Rule 4-10 of Regulation S-X, revisions and additions to the oil and gas reporting requirements in Regulation S-K, and amends and codifies Industry Guide 2 in Regulation S-K. The "Modernization of Oil and Gas Reporting; Final Rule", including all references to Regulation S-X and Regulation S-K, shall be referred to herein collectively as the "SEC regulations". The SEC regulations take effect for all filings made with the United States Securities and Exchange Commission as of December 31, 2009, or after January 1, 2010. Reference should be made to the full text under Title 17, Code of Federal Regulations, Regulation S-X Part 210, Rule 4-10(a) for the complete definitions (direct passages excerpted in part or wholly from the aforementioned SEC document are denoted in italics herein).

Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. All reserve estimates involve an assessment of the uncertainty relating the likelihood that the actual remaining quantities recovered will be greater or less than the estimated quantities determined as of the date the estimate is made. The uncertainty depends primarily on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal categories, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-categorized as probable and possible reserves to denote progressively increasing uncertainty in their recoverability. Under the SEC regulations as of December 31, 2009, or after January 1, 2010, a company may optionally disclose estimated quantities of probable or possible oil and gas reserves in documents publicly filed with the SEC. The SEC regulations continue to prohibit disclosure of estimates of oil and gas resources other than reserves and any estimated values of such resources in any document publicly filed with the SEC unless such information is required to be disclosed in the document by foreign or state law as noted in §229.1202 Instruction to Item 1202.

Reserves estimates will generally be revised only as additional geologic or engineering data become available or as economic conditions change.

Reserves may be attributed to either natural energy or improved recovery methods. Improved recovery methods include all methods for supplementing natural energy or altering natural forces in the reservoir to increase ultimate recovery. Examples of such methods are pressure maintenance, natural gas cycling, waterflooding, thermal methods, chemical flooding, and the use of miscible and immiscible displacement fluids. Other improved recovery methods may be developed in the future as petroleum technology continues to evolve.

Reserves may be attributed to either conventional or unconventional petroleum accumulations. Petroleum accumulations are considered as either conventional or unconventional based on the nature of their in-place characteristics, extraction method applied, or degree of processing prior to sale. Examples of unconventional petroleum accumulations include coalbed or coalseam methane (CBM/CSM), basin-centered gas, shale gas, gas hydrates, natural bitumen and oil shale deposits. These unconventional accumulations may require specialized extraction technology and/or significant processing prior to sale.

Reserves do not include quantities of petroleum being held in inventory.

Because of the differences in uncertainty, caution should be exercised when aggregating quantities of petroleum from different reserves categories.

RESERVES (SEC DEFINITIONS)

Securities and Exchange Commission Regulation S-X §210.4-10(a)(26) defines reserves as follows:

Reserves. *Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.*

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

PROVED RESERVES (SEC DEFINITIONS)

Securities and Exchange Commission Regulation S-X §210.4-10(a)(22) defines proved oil and gas reserves as follows:

Proved oil and gas reserves. *Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.*

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and

(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and

(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

PETROLEUM RESERVES STATUS DEFINITIONS AND GUIDELINES

As Adapted From:
RULE 4-10(a) of REGULATION S-X PART 210
UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC)

and

2018 PETROLEUM RESOURCES MANAGEMENT SYSTEM (SPE-PRMS)
Sponsored and Approved by:
SOCIETY OF PETROLEUM ENGINEERS (SPE)
WORLD PETROLEUM COUNCIL (WPC)
AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS (AAPG)
SOCIETY OF PETROLEUM EVALUATION ENGINEERS (SPEE)
SOCIETY OF EXPLORATION GEOPHYSICISTS (SEG)
SOCIETY OF PETROPHYSICISTS AND WELL LOG ANALYSTS (SPWLA)
EUROPEAN ASSOCIATION OF GEOSCIENTISTS & ENGINEERS (EAGE)

Reserves status categories define the development and producing status of wells and reservoirs. Reference should be made to Title 17, Code of Federal Regulations, Regulation S-X Part 210, Rule 4- 10(a) and the SPE-PRMS as the following reserves status definitions are based on excerpts from the original documents (direct passages excerpted from the aforementioned SEC and SPE-PRMS documents are denoted in italics herein).

DEVELOPED RESERVES (SEC DEFINITIONS)

Securities and Exchange Commission Regulation S-X §210.4-10(a)(6) defines developed oil and gas reserves as follows:

Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and

(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Developed Producing (SPE-PRMS Definitions)

While not a requirement for disclosure under the SEC regulations, developed oil and gas reserves may be further sub-classified according to the guidance contained in the SPE-PRMS as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.

Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.

Shut-In

Shut-in Reserves are expected to be recovered from:

(1) completion intervals that are open at the time of the estimate but which have not yet started producing;
(2) wells which were shut-in for market conditions or pipeline connections; or
(3) wells not capable of production for mechanical reasons.

Behind-Pipe

Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.

In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

UNDEVELOPED RESERVES (SEC DEFINITIONS)

Securities and Exchange Commission Regulation S-X §210.4-10(a)(31) defines undeveloped oil and gas reserves as follows:

Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.