As filed with the U.S. Securities and Exchange Commission on September 22, 2023.
Registration No. 333-

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

Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Mach Natural Resources LP

(Exact name of registrant as specified in its charter)

Delaware	1311	93-1757616
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134
(405) 252-8100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Tom L. Ward
Chief Executive Officer
14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134
(405) 252-8100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Julian J. Seiguer, P.C. **Michael W. Rigdon, P.C.** **Kirkland & Ellis LLP** **609 Main Street, Suite 4700** **Houston, Texas 77002** **(713) 836-3600**	**Joshua Davidson** **Douglas V. Getten** **Baker Botts L.L.P.** **910 Louisiana Street** **Houston, Texas 77002** **(713) 229-1234**

Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐
	Emerging Growth Company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

SUBJECT TO COMPLETION, DATED , 2023

PRELIMINARY PROSPECTUS

MACH
NATURAL RESOURCES

Mach Natural Resources LP

Common Units
Representing Limited Partner Interests

Mach Natural Resources LP is a Delaware limited partnership focused on the acquisition, development and production of oil, natural gas and NGL reserves in the Anadarko Basin region of Western Oklahoma, Southern Kansas and the panhandle of Texas. This is the initial public offering of the common units of Mach Natural Resources LP. We are offering common units representing limited partner interests. No public market currently exists for our common units. We expect the initial public offering price to be between $ and $ per common unit. We intend to apply to list our common units on the New York Stock Exchange, under the symbol "MNR." We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act.

Investing in our common units involves risks. See "Risk Factors" beginning on page 27 of this prospectus.

These risks include the following:

- We may not have sufficient available cash to pay any quarterly distribution on our common units following the payment of expenses, funding of development costs and establishment of cash reserves.
- Oil, natural gas and NGL prices are volatile. A sustained decline in prices could adversely affect our business, financial condition, results of operations, liquidity, ability to meet our financial commitments, ability to make our planned capital expenditures and our cash available for distribution.
- Unless we replace our produced reserves with acquired or developed new reserves, our reserves and production will decline, which would adversely affect our future cash flows, results of operations and cash available for distribution.
- Our operations are subject to stringent environmental laws and regulations that may affect our drilling and production operations and expose us to significant costs and liabilities that could exceed current expectations.
- Our general partner and its affiliates own a controlling interest in us and will have conflicts of interest with, and owe limited duties to, us, which may permit them to favor their own interests to the detriment of us and our unitholders.
- Our unitholders have limited voting rights and are not entitled to elect our general partner or its board of directors, which could reduce the price at which our common units will trade.
- Even if our unitholders are dissatisfied, they cannot remove our general partner without its consent.
- Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service were to treat us as a corporation for U.S. federal income tax purposes or if we were otherwise subject to a material amount of entity-level taxation, then cash available for distribution to our unitholders could be reduced.
- Our unitholders may be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

PRICE $ PER COMMON UNIT

	Per Common Unit	Total
Public offering price	$	$
Underwriting discount[(1)]	$	$
Proceeds, before expenses	$	$

(1) Includes an aggregate structuring fee equal to % of the gross proceeds of this offering payable to Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. Please read "Underwriting."

We have granted the underwriters a 30-day option to purchase up to an additional common units on the same terms and conditions as set forth above if the underwriters sell more than common units in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units on or about , 2023.

Joint Book-Running Managers

Stifel **Raymond James**

, 2023

TABLE OF CONTENTS

Neither we nor the underwriters have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since such dates. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted.

Until , 2023 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common units, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. Please read "Risk Factors" and "Forward-Looking Statements."

INDUSTRY AND MARKET DATA

The market data and certain other statistical information included in this prospectus are based on a variety of sources, including independent industry publications, government publications and other published independent sources. Some data is also based on our good faith estimates, which have been derived from management's knowledge and experience in the industry in which we operate. Although we have not independently verified the accuracy or completeness of the third-party information included in this prospectus, based on management's knowledge and experience, we believe that these third-party sources are reliable and that the third-party information included in this prospectus or in our estimates is accurate and complete. While we are not aware of any misstatements regarding the market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "Forward-Looking Statements" and "Risk Factors" in this prospectus.

TRADEMARKS AND TRADE NAMES

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, ™ or ℠ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

BASIS OF PRESENTATION

Unless otherwise indicated, the historical financial information presented in this prospectus is that of BCE-Mach III LLC ("BCE-Mach III" or "predecessor"), a Delaware limited liability company, our predecessor for accounting purposes. The historical financial information of BCE-Mach LLC, a Delaware limited liability company, and BCE-Mach II LLC, a Delaware limited liability company, is also included herein as indicated.

This prospectus contains unaudited pro forma financial information, which presents certain financial information and operating data of our predecessor, BCE-Mach LLC and BCE-Mach II LLC on a pro forma combined basis to give effect to the initial public offering and the use of proceeds therefrom and the Reorganization Transactions as if they had occurred at the beginning of the periods presented. The production, reserve, acreage, well count, drilling locations, and other historical data in this prospectus are presented on a pro forma combined basis as if the Reorganization Transactions had occurred unless otherwise indicated.

Though the entities to be contributed in connection with the initial public offering and Reorganization Transactions have a high degree of common ownership, no individual or entity controls any of the entities and therefore the Reorganization Transactions are not accounted for as common control transactions.

Unless another date is specified, all production, reserve, acreage, well count and drilling location data presented in this prospectus is as of June 30, 2023.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because this is a summary, it may not contain all of the information that may be important to you and to your investment decision. The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto included elsewhere in this prospectus. You should read the entire prospectus carefully and should consider, among other things, the matters set forth in "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical and unaudited pro forma consolidated financial statements and the related notes to each of those financial statements included elsewhere in this prospectus before deciding to invest in our common units. Unless otherwise indicated, the financial and operating information as well as the estimated proved and probable reserve information presented in this prospectus gives pro forma effect to the initial public offering and the use of proceeds therefrom and the Reorganization Transactions described herein and presents the data of the Mach Companies on a combined basis.

The information presented in this prospectus assumes (i) an initial public offering price of $ per common unit (the mid-point of the price range set forth on the cover of this prospectus) and (ii) that the underwriters do not exercise their option to purchase up to an additional common units, unless otherwise indicated. As used in this prospectus, the term "our general partner" refers to Mach Natural Resources GP LLC, a Delaware limited liability company, and the terms "Mach Natural Resources," "partnership," the "Company," "we," "our," "us" or similar terms refer to Mach Natural Resources LP, a Delaware limited partnership, and its subsidiaries. We include a glossary of some of the oil and natural gas terms and other terms used in this prospectus in Appendix B. Our estimated proved and probable reserve information included in this prospectus is based on reports prepared by Cawley, Gillespie & Associates, Inc., our independent reserve engineers.

Our Company

We are an independent upstream oil and gas company focused on the acquisition, development and production of oil, natural gas and NGL reserves in the Anadarko Basin region of Western Oklahoma, Southern Kansas and the panhandle of Texas. Our experienced management team, led by industry veteran Tom L. Ward, possesses deep operational and industry experience, particularly in Oklahoma and the Anadarko Basin. We leverage our extensive experience to identify the most attractive exploitation and development opportunities and optimize the production of current wells, efficiently drill our existing inventory of undeveloped locations and identify attractive low-risk acquisition opportunities.

Our partnership agreement requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner, which we refer to as "available cash." We believe the lower decline nature of our Legacy Producing Assets (as defined below) and large inventory of horizontal drilling locations with average royalty burdens of less than 25%, coupled with our lower cash operating costs and owned midstream infrastructure, will support our ability to make cash distributions to our unitholders. We expect to maintain a conservative capital structure with the long-term goal of remaining substantially debt free. Nevertheless, our quarterly cash distributions may vary from quarter to quarter as a direct result of variations in the performance of our business, including those caused by fluctuations in commodity prices. Any such variations may be significant, and as a result, we may pay limited or even no cash distributions to our unitholders.

We seek to maximize cash distributions to unitholders through a combination of the development of our existing properties, primarily using our cash flow from operating activities, and the acquisition of producing properties. Our current acreage position in the Anadarko Basin is characterized as oil-rich with considerable natural gas content, notable historical production, low decline rates and average royalty burdens of less than 25%. Through a series of acquisitions since our inception, we have accumulated an acreage position consisting of approximately 936,000 net acres, of which 99% is held by production, and over 2,000 identified horizontal drilling locations, of which more than 750 of these are located in the Oswego formation, a prolific reservoir in north-central Oklahoma. We consider our large inventory of horizontal drilling locations to be low-risk based on information gained from the large number of existing wells in the area, industry activity surrounding our acreage, and the consistent and

predictable geology surrounding our positions. We believe the combination of our large inventory of low-risk drilling locations with the low decline production profile of our Legacy Producing Assets leads to a sustainable production profile.

We focus on controlling costs and maintaining financial discipline, which enables us to prudently develop our assets while generating significant cash available for distribution. Our strategy is to enhance existing production and reduce costs by right-sizing field operations to cost-effectively extract oil and natural gas from producing reservoirs. Our culture of cost control and production optimization has resulted in substantially lower cash operating costs than our peers.

We believe a key competitive advantage that we have over other operators is that we own an extensive portfolio of complementary midstream assets that are integrated with our upstream operations. These assets include gathering systems, processing plants and water infrastructure. Our midstream assets enhance the value of our properties by allowing us to optimize pricing, increase flow assurance and eliminate third-party costs and inefficiencies. In addition, our owned midstream systems generate third-party revenue, which effectively reduces the cost of operating our midstream assets and reduces our average breakeven costs compared to other operators. We believe the Anadarko Basin is uniquely positioned with legacy takeaway pipeline infrastructure enabling our oil, natural gas and NGLs to be easily transported to premium markets, such as Cushing, Oklahoma.

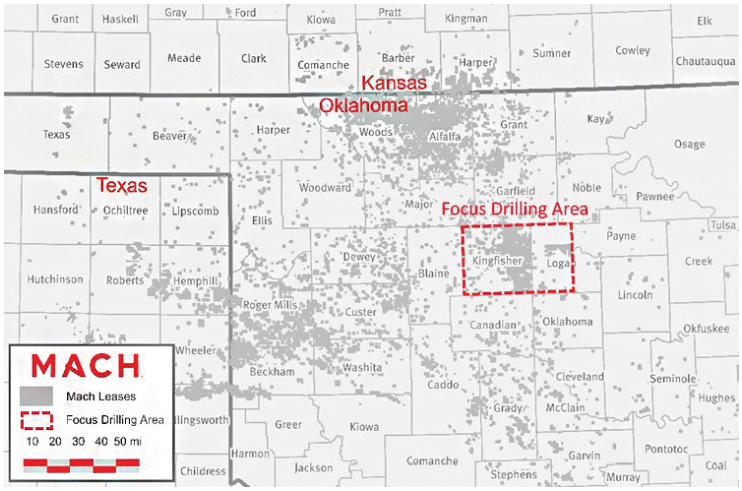
Our Properties

Our assets are located throughout Western Oklahoma, Southern Kansas and the panhandle of Texas and consist of approximately 4,500 gross operated PDP wells. Our average net daily production for the twelve months ended June 30, 2023 was approximately 65 MBoe/d. We define our Focus Drilling Area assets as all of our horizontal properties that are located in Kingfisher and Logan Counties, Oklahoma, which we define as the Focus Drilling Area, and we define our "Legacy Producing Assets" as all of our legacy producing properties which are not in the Focus Drilling Area, as shown in the chart below. Based on our reserve report as of June 30, 2023, 57% of our production is attributable to our Legacy Producing Assets, which have an average expected annual decline rate of approximately 15%. Our wells are located almost exclusively in the Anadarko Basin, which has a more predictable production profile compared to less mature basins. Our production benefits from both the diversity of our well vintage and the lack of concentration in any specific sub-area. Within our large and diversified PDP base, no single well accounts for more than 1% of our PDP PV-10.

Within our operating areas, our assets are prospective for multiple formations, most notably the Oswego, Meramec/Osage and Mississippi Lime formations. Our experience in the Anadarko Basin and these formations allows us to generate significant cash available for distribution from these low declining assets in a variety of commodity price environments.

In addition to our portfolio of producing wells, our properties include over 2,000 identified horizontal drilling locations that we believe will allow us to maintain our production and support future cash distributions to our unitholders.

Additionally, we own a portfolio of midstream assets which support our leases. As of June 30, 2023, approximately 75% of our operated PDP reserves (and approximately 66% of our total PDP reserves) are supported by Company-owned midstream infrastructure.



The following table presents our historical estimated oil, natural gas and NGL proved reserves as of June 30, 2023.

	Estimated Proved Reserves		
	Proved Developed Reserves[1]	Proved Reserves[1]	Estimated Probable Reserves[1][2]
Oil (MBbl)	40,876	53,029	72,868
Natural gas (MMcf)	782,727	811,507	373,477
NGLs (MBbl)	50,190	50,911	19,576
Total equivalent (MBoe)[3]	221,520	239,191	154,690
PV-10 (in millions)[4]	$ 2,131	$ 2,435	$ 1,039
Standardized Measure (in millions)[5]	$ 2,131	$ 2,435	—

(1) Our estimated net proved and probable reserves were determined using average first-day-of-the-month prices for the prior 12 months in accordance with SEC regulations. For more information on the prices used, see "— Summary of Reserve, Production and Operating Data — Summary of Reserves."

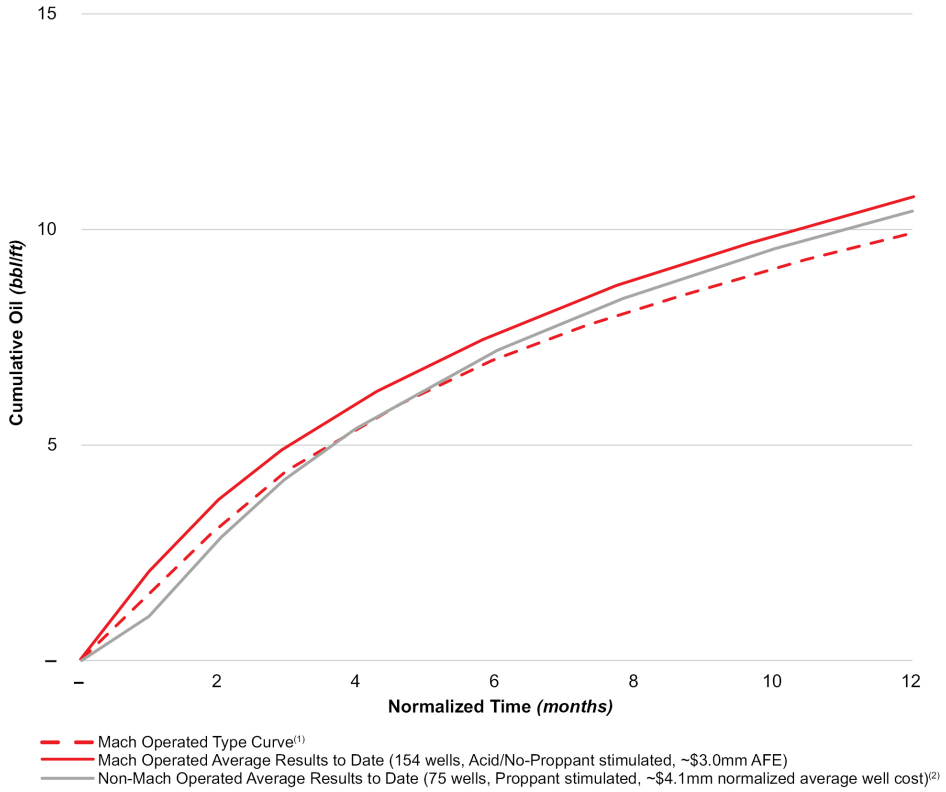
(2) All of our probable reserves are undeveloped. Estimates of probable reserves, and the future cash flows related to such estimates, are inherently imprecise and are more uncertain than estimates of proved reserves and the future cash flows related to such estimates but have not been adjusted for risk due to such uncertainty. Therefore, estimates of probable reserves and the future cash flows related to such estimates may not be comparable to estimates of proved reserves and the future cash flows related to such estimates and should not be summed arithmetically with estimates of proved reserves and the future cash flows related to such estimates. For more information regarding the presentation of probable reserves, see "Business and Properties — Our Operations — Preparation of Reserve Estimates."

(3) Presented on an oil-equivalent basis using a conversion of six thousand cubic feet of natural gas to one stock tank barrel of oil. This conversion is based on energy equivalence and not on price or value equivalence.

(4) For more information on how we calculate PV-10 and a reconciliation of proved reserves PV-10 to its nearest GAAP measure, see "— Summary of Reserve, Production and Operating Data — Summary of Reserves" and "— Non-GAAP Financial Measures — Reconciliation of PV-10 to Standardized Measure." With respect to PV-10 calculated as of an interim date, it is not practicable to calculate the taxes for the related interim period because GAAP does not provide for disclosure of Standardized Measure on an interim basis.

(5) For more information on how we calculate Standardized Measure of proved reserves, see "— Non-GAAP Financial Measures — Reconciliation of PV-10 to Standardized Measure."

Our near-term drilling program is focused on horizontal development in Kingfisher and Logan Counties, Oklahoma. The two primary, productive formations in this area are the Oswego and Meramec/Osage. The Oswego is the most oil rich and economic formation within our inventory. In the early stages of the Oswego horizontal development, a mixture of standard completion fluids and proppant were utilized in the stimulation. We have successfully further lowered our well costs to $3.0 million per well in the Oswego by using drilling efficiencies and utilizing acid in lieu of proppant within the stimulation. As observed in the chart below, the 154 acid-only stimulated wells that we drilled are performing comparably to the proppant-stimulated 75 Oswego wells producing in Kingfisher County, Oklahoma. The below illustrates the average oil production results from the Oswego as of August 2023:



(1) Based on Management's estimates.
(2) Data and analytics derived from Enverus Core. Includes all offset horizontal wells drilled in Oswego formation with reported proppant loading. Normalized to 5,121 feet.

In addition to the Oswego, there have been over 775 wells in the Meramec/Osage formations drilled and over 1,850 wells in the Mississippi Lime formation drilled on our acreage. Our assets have extensive production histories and high drilling success rates. Accordingly, we believe our acreage has been significantly delineated by our own drilling success and by the success of offset operators.

The below table summarizes our identified horizontal drilling locations as of June30, 2023.

	Identified Horizontal Drilling Locations[1][2]			
Target Horizontal Zones	**Focus Drilling Area Operated**	**Focus Drilling Area Non-Operated**	**Legacy Producing Assets**	**Total**
Oswego	437	314	0	751
Meramec/Osage	265	228	0	493
Mississippi Lime	0	0	778	778
Total Horizontal Locations	702	542	778	2,022
Average Working Interest	82.6%	16.4%	29.7%	44.5%
Average Net Revenue Interest	69.0%	14.1%	24.0%	37.0%

(1) "Business and Properties — Our Operations" contains a description of our methodology used to determine our drilling locations.

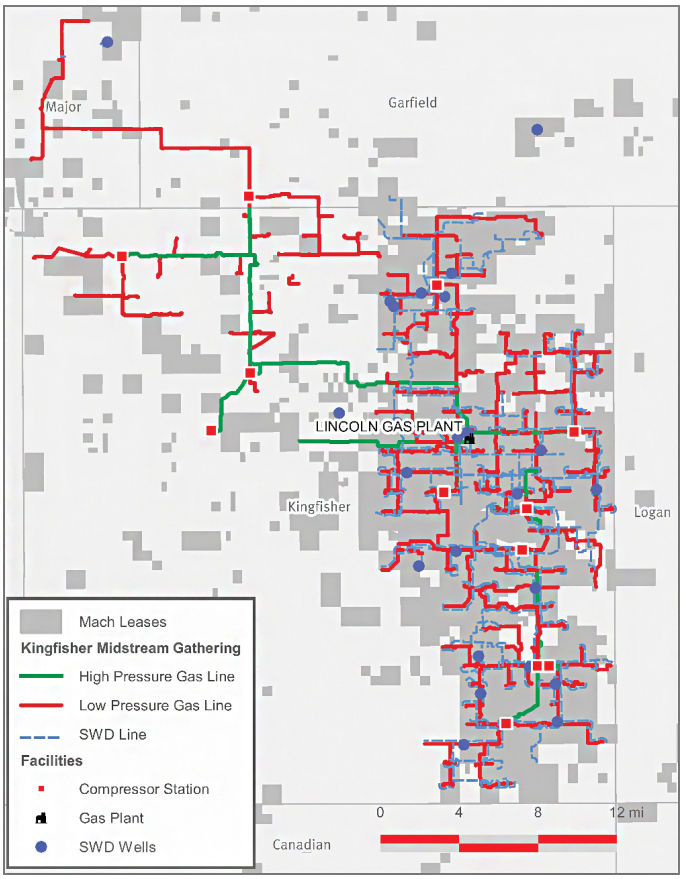
(2) The above table includes 1,357 of our total drilling locations that have been evaluated by Cawley, Gillespie & Associates Inc., our independent reserve engineer, along with 665 drilling locations that have not been evaluated by Cawley, Gillespie & Associates Inc. that were based solely on the internal evaluations of the Company's management. The 665 drilling locations not evaluated by Cawley, Gillespie & Associates Inc. includes 440 non-operated wells in our Focus Drilling Area Non-Operated and 225 non-operated wells in our Legacy Producing Assets. All 702 of the drilling locations listed under the Focus Drilling Area Operated have been evaluated by Cawley, Gillespie & Associates Inc. See "Risk Factors — Risks Related to Our Business — A portion of our estimated drilling locations are based on our management's internal estimates and were not based on evaluations prepared by Cawley, Gillespie & Associates Inc."

We have estimated our drilling locations based on well spacing assumptions for the areas in which we operate and upon the evaluation of our horizontal drilling results and those of other operators in our area, combined with our interpretation of available geologic and engineering data. The drilling locations on which we actually drill will depend on the availability of capital, drilling rigs and labor, regulatory approvals, commodity prices, costs, actual drilling results and other factors. Any drilling activities we are able to conduct on these identified locations may not be successful and may not result in our ability to add proved reserves to our existing proved reserves. See "Risk Factors — Risks Related to Our Business — Our identified drilling locations are scheduled out over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling."

STACK Area Gas Gathering & Processing ("G&P") and Water Infrastructure

We own a significant complementary portfolio of midstream assets, including gas gathering and processing assets and water infrastructure assets, that supports the development of our properties in Kingfisher County in Oklahoma. For example, the recently constructed Lincoln gas processing plant that we acquired in 2020 has 260 MMcf/d of processing capacity, which is supported by approximately 460 miles of gas gathering lines with approximately 430 receipt point connections, and 27 compressors totaling 35,880 horsepower. Our processing complex has interconnects to both the Panhandle Eastern Pipeline ("PEPL") and ONEOK Gas Transmission ("OGT") system.

Our STACK water infrastructure consists of approximately 300 miles of owned gathering pipeline, and our water disposal assets consist of 20 disposal wells with approximately 377,000 BWPD permitted capacity.



Other Gas Gathering & Processing and Water Infrastructure

In addition to our STACK midstream assets, we own and/or operate other midstream assets, including gas gathering and processing, water infrastructure and compression assets that provide additional margin enhancement for our upstream business.

Within these other midstream assets, our 56% owned and operated Laredo gas gathering system, located in Roger Mills County, Oklahoma and Hemphill County, Texas, has approximately 166 MMcf/d of gathering capacity, which is supported by approximately 160 miles of pipeline. Our 50% owned and contract operated McLean processing facility, located in Gray County, Texas, has approximately 23 MMcf/d of processing capacity and is supported by our wholly owned McLean gathering assets consisting of approximately 510 miles of pipeline spanning seven counties in western Oklahoma and the Texas Panhandle. Our 50% owned and contract operated Madill processing facility, located in Marshall County, Oklahoma, has approximately 40 MMcf/d of processing capacity and is supported by our wholly owned Madill gathering assets consisting of approximately 180 miles of pipeline spanning Marshall and Bryan Counties, Oklahoma. Our wholly owned and operated Elmore City gas gathering and processing facility, located in Garvin County, Oklahoma has approximately 30 MMcf/d of processing capacity supported by approximately 60 miles of pipeline. Our 50% owned Mississippi Lime water infrastructure, located in Alfalfa, Woods and Grant Counties, Oklahoma, aids in the disposal of produced water generated by our operations

consisting of approximately 580 miles of pipeline and 35 disposal wells with approximately 300,000 BWPD permitted capacity. Our compression assets consist of a well site compression fleet of approximately 500 units with approximately 89,000 aggregate horsepower.

Development Plan and Capital Budget

Historically, our business plan has focused on acquiring and then exploiting the development and production of our assets. Funding sources for our acquisitions have included proceeds from borrowings under our revolving credit facilities, contributions from our equity partners and cash flow from operating activities. We spent approximately $290.6 million in 2022 on development costs and our budget for 2023 is approximately $316.2 million (of which $207.6 million has been incurred as of June 30, 2023). For purposes of calculating our cash available for distribution, we define development costs as all of our capital expenditures, other than acquisitions. Our development efforts and capital for 2023 is focused on drilling Oswego wells given their high oil reserves and low breakeven costs.

During the year ended December 31, 2022, we spent approximately $270.2 million to drill 87.9 net wells and on related equipment, $9.1 million on remedial workovers and other capital projects, $11.3 million on midstream and other property and equipment capital projects, and $142.9 million on acquisitions. During the six months ended June 30, 2023, we spent approximately $182.0 million to drill 50.4 net wells and on related equipment, $18.4 million on remedial workovers and other capital projects, $7.2 million on midstream and other property and equipment capital projects, and $1.5 million on acquisitions.

Based on current commodity prices and our drilling success rate to date, we expect to be able to fund our 2023 capital development programs from cash flow from operations.

Our development plan and capital budget are based on management's current expectations and assumptions about future events. While we consider these expectations and assumptions to be reasonable, they are subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. The amount and timing of these capital expenditures is largely discretionary and within our control. We could choose to defer a portion of these planned capital expenditures depending on a variety of factors, including, but not limited to, the success of our drilling activities, prevailing and anticipated commodity prices, the availability of necessary equipment, infrastructure, drilling rigs, labor and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions and drilling and completion costs.

Our Business Strategies

Our primary business objective is to maximize cash distributions to our unitholders over time. To achieve our objective, we intend to execute the following business strategies:

- ***Focus on low decline Legacy Producing Assets with additional meaningful horizontal development inventory.*** Our ability to generate significant cash flow is supported by the predictable low decline production profile of our Legacy Producing Assets, which have an average expected annual decline rate of approximately 15%. Based on our reserve report as of June 30, 2023, 57% of our production is attributable to our low decline Legacy Producing Assets. In addition, we believe we have the ability to maintain or modestly grow our average annual production with the development of our horizontal Focus Drilling Area inventory. We have identified over 2,000 horizontal drilling locations within our 936,000 net acre position, of which at a 10% internal rate of return, over 770 are currently economic at $50 per barrel of oil, over 1,100 at $70 per barrel of oil and over 2,000 at $90 per barrel of oil, each assuming a flat natural gas price per Mcf of 1/20th of the assumed oil price.
- ***Maximize well economics by leveraging midstream infrastructure.*** Our midstream infrastructure assets both reduce our overall upstream costs and generate incremental third-party revenue. In our Oswego formation drilling locations, we estimate that, the oil price necessary to yield a 10% rate of return on invested capital would be approximately $45.47 per barrel of oil equivalent without our midstream assets. We estimate that our complementary midstream assets reduce our average breakeven costs for our Oswego formation drilling locations tied to our owned midstream infrastructure by approximately $4.18 per barrel of oil equivalent to approximately $41.29 per barrel. This reduction consists of the average net cost savings attributable to our working interest resulting from the utilization of our owned midstream infrastructure for gas processing and transportation and water disposal, and the

addition of the incremental third-party midstream revenue attributable to the non-operated portion of the working interest that we do not own. After adding the benefit of our midstream infrastructure, we believe these breakeven costs have comparable economics to the Midland and Delaware Basins.

- ***Maintain low operating cost structure to support meaningful cash available for distribution.*** Our average cash operating costs during the twelve months ended June30, 2023, including the benefit of our midstream infrastructure assets, were $12.51 per barrel of oil equivalent, which is 16% lower on average than other unconventional focused operators, and 58% lower on average than other conventional focused operators during the same period. We believe that our low cost structure will help enable us to make unitholder cash distributions during a negative commodity cycle.

- ***Leverage industry expertise to improve operations and pursue opportunistic acquisitions in Oklahoma.*** Led by industry veteran Tom L. Ward, our senior management team has built lasting relationships with sellers and operators throughout the Anadarko Basin and has developed a track record of acquiring assets at consistently attractive valuations. We believe we can continue to execute opportunistic and accretive transactions that complement our operations in the Anadarko Basin, utilizing our technical expertise to identify acquisition opportunities where our production and cost optimization strategies will yield the greatest returns.

- ***Ensure financial flexibility with conservative leverage and ample liquidity.*** We intend to conduct our operations through cash flow generated from operations with a focus on maintaining a disciplined balance sheet with little to no outstanding debt. Due to our historically strong operating cash flows and liquidity, we have substantial flexibility to fund our capital budget and to potentially accelerate our drilling program as conditions warrant. Our focus is on the economic extraction of hydrocarbons while maintaining a strong liquidity profile and remaining substantially debt free. Further, to mitigate the risk associated with volatile commodity prices and to further enhance the stability of our cash flow available for distribution, from time to time we may opportunistically hedge a portion of our production volumes at prices we deem attractive.

Our Strengths

We have a number of differentiated strengths that we believe help us successfully execute our business strategy, including:

- ***Strong production and cash flow across a large acreage position.*** Our average net daily production for the twelve months ended June 30, 2023 was approximately 65 MBoe/d, with approximately 4,500 gross operated wells, and an average working interest of approximately 75%. We own extensive acreage in the Anadarko Basin, with approximately 936,000 net acres, approximately 99% of which is held by production. We believe our large acreage position enables us to optimize our development plan and support significant cash flow generation. For the six months ended June 30, 2023 and year ended December31, 2022, on a pro forma basis, we generated $196 million and $639 million of net income, respectively, $256 million and $714 million of Adjusted EBITDA, respectively, and $43 million and $402 million of cash available for distribution, respectively. See "— Non-GAAP Financial Measures" and "Our Cash Distribution Policy and Restrictions on Distributions — Unaudited Pro Forma Cash Available for Distribution for the Year Ended December 31, 2022 and the Twelve Months Ended June 30, 2023."

- ***Attractive portfolio of large and contiguous core acreage blocks supported by company owned midstream infrastructure.*** Since our founding, we have accumulated an acreage position consisting of approximately 936,000 net acres, of which 99% is held by production, and over 2,000 identified horizontal drilling locations, of which more than 750 are located in the Oswego formation. This large acreage position provides flexibility to accelerate our drilling program or execute opportunistic developments as conditions warrant. In addition, we own substantial gathering and processing assets, which improves our cost structure and enhances the stability of our hydrocarbon flows. We believe our acreage footprint and midstream systems allows us to monetize our production at favorable realized prices and reduces our operating costs while providing us with additional incremental third party revenue streams.

- ***Optimized operations designed to make cash distributions to unitholders.*** Our entrepreneurial culture focuses on operational optimization, cost-minimization, and nimble development to ultimately deliver cash distributions to unitholders across commodity cycles. Our asset profile consists of a large, low cost, and low declining PDP asset, complemented by low-cost horizontal development inventory. Our significant operating experience in the Anadarko Basin and economic advantage conferred by our midstream infrastructure significantly reduces lifting costs relative to other operators. For example, for the twelve months ended June 30, 2023, we achieved a cash operating cost of approximately $12.51 per barrel of oil equivalent, inclusive of the benefit received from our midstream assets. Further, in the early stages of the Oswego horizontal development, a mixture of standard completion fluids and proppant were utilized in the stimulation. Since 2021, we have successfully further lowered our well costs to $3.0 million per well in the Oswego by using drilling efficiencies and utilizing acid in lieu of proppant within the stimulation. Due to our low completion costs, low operating costs, and our midstream advantage, we believe the average breakeven price for our Oswego drilling locations is $41.29 price per barrel of oil.

- ***Experienced management team with established track record of value creation.*** We believe our management team's experience in the Anadarko Basin offers a distinguishing advantage. The members of management have an average of 32 years of experience in the oil and gas industry and have successfully executed on a strategy of acquiring and exploiting long-lived and low decline assets. Additionally, our Chief Executive Officer, Tom L. Ward, has over a 40-year history in the oil and gas industry. Further, through our team's history of operating in Oklahoma, we have built lasting relationships with sellers and developed a track record of successfully acquiring and integrating assets at attractive valuations. From January 2018 to August 2023, we have successfully executed 16 acquisitions for an aggregate purchase price of approximately $960 million, increasing our net acreage to 936,000, and our average net daily production to approximately 65 MBoe/d for the twelve months ended June 30, 2023. Additionally, during the same period, we distributed approximately $630 million in cash to our members. We believe our management team has the experience, expertise and commitment to create significant value in the form of cash distributions to our unitholders.

- ***Conservatively capitalized balance sheet and strong liquidity profile.*** Since our founding, we have practiced financial conservatism and maintained a strong balance sheet with low leverage. Due to our significant existing low-decline production base, our business generates significant operating cash flow. Upon consummation of this offering, we expect to have little debt and substantial liquidity, which will provide us further financial flexibility to fund our capital expenditures and execute our strategic plan.

Risk Factor Summary

An investment in our common units involves risks associated with our business, our partnership structure and the tax characteristics of our common units, among other things. You should carefully consider the risks described in "Risk Factors" and the other information in this prospectus before investing in our common units. Some of the most significant challenges and risks we face include the following:

Risks Related to Cash Distributions

- We may not have sufficient available cash to pay any quarterly distribution on our common units following the payment of expenses, funding of development costs and establishment of cash reserves.

- The amount of our quarterly cash distributions from our available cash, if any, may vary significantly both quarterly and annually and will be directly dependent on the performance of our business. We will not have a minimum quarterly distribution and could pay no distribution with respect to any particular quarter.

Risks Related to Our Business

- Oil, natural gas and NGL prices are volatile. A sustained decline in prices could adversely affect our business, financial condition, results of operations, liquidity, ability to meet our financial commitments, ability to make our planned capital expenditures and our cash available for distribution.

- Currently, our producing properties are concentrated in the Anadarko Basin, making us vulnerable to risks associated with operating in a limited number of geographic areas.

- Drilling for and producing oil, natural gas and NGLs are high risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations.
- Our identified drilling locations are scheduled out over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.
- The development of our estimated proved and probable undeveloped reserves may take longer and may require higher levels of capital expenditures than we currently anticipate. Therefore, our estimated proved and probable undeveloped reserves may not be ultimately developed or produced.
- The marketability of our production is dependent upon gathering, treating, processing and transportation facilities, some of which we do not control. If these facilities are unavailable, our operations could be interrupted and our revenues could decrease.
- Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.
- We depend on Mach Resources LLC ("Mach Resources") to provide us services necessary to operate our business. If Mach Resources were unable or unwilling to provide these services, it would result in a disruption in our business that could have an adverse effect on our financial position, financial results and cash flow.
- The unavailability or high cost of drilling rigs, frac crews, equipment, supplies, personnel and oilfield services could adversely affect our ability to execute our development plans within our budget and on a timely basis.
- Restrictions in our existing and future debt agreements could limit our growth and our ability to engage in certain activities.
- Events outside of our control, including widespread public health crises, epidemics and outbreaks of infectious diseases such as COVID-19, or the threat thereof, and any related threats of recession and other economic repercussions could have a material adverse effect on our business, liquidity, financial condition, results of operations, cash flows and ability to pay distributions on our common units.
- Our business is subject to climate-related transition risks, including evolving climate change legislation, fuel conversation measures, technological advances and negative shift in market perception towards the oil and natural gas industry, which could result in increased operating expenses and capital costs, financial risks and reduction in demand for oil and natural gas.
- Increased scrutiny of environmental, social, and governance ("ESG") matters could have an adverse effect on our business, financial condition and results of operations and damage our reputation.

Risks Inherent in an Investment in Us

- Our general partner and its affiliates own a controlling interest in us and will have conflicts of interest with, and owe limited duties to, us, which may permit them to favor their own interests to the detriment of us and our unitholders.
- Our partnership agreement does not restrict the Sponsor (as defined below) from competing with us. Certain of our directors and officers may in the future spend significant time serving, and may have significant duties with, investment partnerships or other private entities that compete with us in seeking out acquisitions and business opportunities and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities.
- Our partnership agreement replaces our general partner's fiduciary duties to us and our unitholders with contractual standards governing its duties, and restricts the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

- Our unitholders have limited voting rights and are not entitled to elect our general partner or its board of directors, which could reduce the price at which our common units will trade.
- Our general partner has a limited call right that may require you to sell your common units at an undesirable time or price.
- Even if our unitholders are dissatisfied, they cannot remove our general partner without its consent.
- We may issue an unlimited number of additional units, including units that are senior to the common units, without unitholder approval.

Tax Risks to Common Unitholders

- Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service were to treat us as a corporation for U.S. federal income tax purposes or if we were otherwise subject to a material amount of entity-level taxation, then cash available for distribution to our unitholders could be reduced.
- Our unitholders may be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

Reorganization Transactions, Partnership Structure and Expected Refinancing Transactions

Each of the following transactions (collectively, the "Reorganization Transactions") have occurred or will occur immediately prior to the closing of this offering:

- BCE through its affiliate holding companies will contribute 100% of its membership interests in BCE-Mach, BCE-Mach II, and BCE-Mach III (collectively, the "Mach Companies") not already owned by BCE-Mach Aggregator LLC ("BCE-Mach Aggregator") to BCE-Mach Aggregator in exchange for additional membership interests in BCE-Mach Aggregator;
- Each of BCE-Mach Aggregator, the Management Members and Mach Resources will contribute 100% of their respective membership interests in the Mach Companies to the Company in exchange for a pro rata allocation of 100% of the limited partner interests in the Company;
- The Company will contribute 100% of its membership interests in the Mach Companies to Mach Natural Resources Intermediate LLC ("Intermediate") in exchange for 100% of the membership interests in Intermediate; and
- Intermediate will contribute 100% of its membership interests in the Mach Companies to Mach Natural Resources Holdco LLC ("Holdco") in exchange for 100% of the membership interests in Holdco.

Except where specified otherwise, the disclosure in this prospectus gives effect to the Reorganization Transactions.

Expected Refinancing Transaction

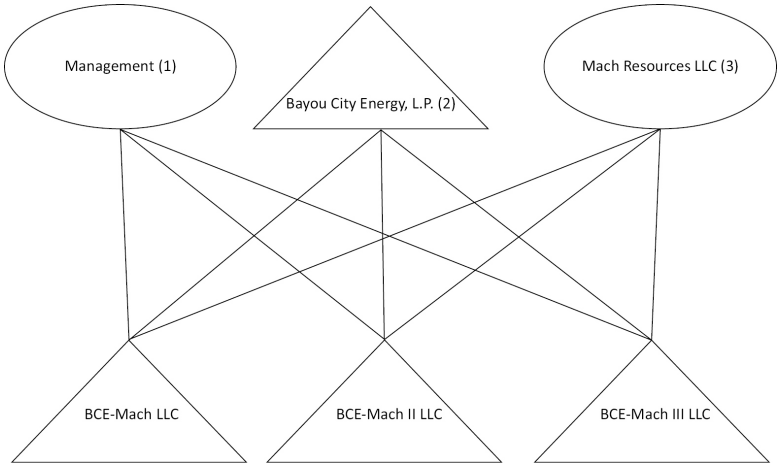
As of September 1, 2023, we had (i) $17.1 million of outstanding borrowings under the BCE-Mach II credit facility, (ii) $65.0 million of outstanding borrowings and $5 million in outstanding letters of credit under the BCE-Mach credit facility and (iii) $91.9 million of outstanding borrowings under the BCE-Mach III credit facility. We intend to use a portion of the net proceeds of this offering to repay in full and terminate the BCE-Mach II credit facility and repay in full and terminate the BCE-Mach credit facility, with any remaining net proceeds used to repay a portion of the BCE-Mach III credit facility and to purchase common units from the existing common unit owners as described herein. Please see "Use of Proceeds" for additional information.

We are currently negotiating a new credit facility (the "New Credit Facility") with prospective lenders that we anticipate entering into after the completion of this offering. The amount, maturity, interest rates and other terms of the New Credit Facility are under negotiations with prospective lenders; however, we expect the aggregate commitments thereunder will be in the range of $150 million to $200 million, that the New Credit Facility will be secured by substantially all of our assets and the covenants in the New Credit Facility will be on substantially the same terms as the BCE-Mach III credit facility. For a description of the covenants under the BCE-Mach III credit facility, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Year Ended December 31, 2022 Compared to Year Ended December31, 2021 — Debt Agreements — Existing Credit Facilities." Borrowings under the New Credit Facility may vary significantly from time to time depending on our cash needs at any given time. Once we have entered into the New Credit Facility, we expect to use borrowings under the New Credit Facility to repay in full and terminate the BCE-Mach III credit facility.

We have not yet obtained binding commitments for the New Credit Facility. If we are unable to obtain binding commitments for the New Credit Facility on acceptable terms or at all, the BCE-Mach III credit facility, and potentially the BCE-Mach credit facility depending on the net proceeds of this offering, will remain outstanding after this offering. We cannot assure you that after this offering we will obtain binding commitments for the New Credit Facility sufficient to refinance in full and terminate the BCE-Mach III credit facility. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt agreements", "Risk Factors" and "Use of Proceeds."

Ownership and Organizational Structure of Mach Natural Resources

The diagram below depicts our organization and ownership before giving effect to the offering and the Reorganization Transactions.

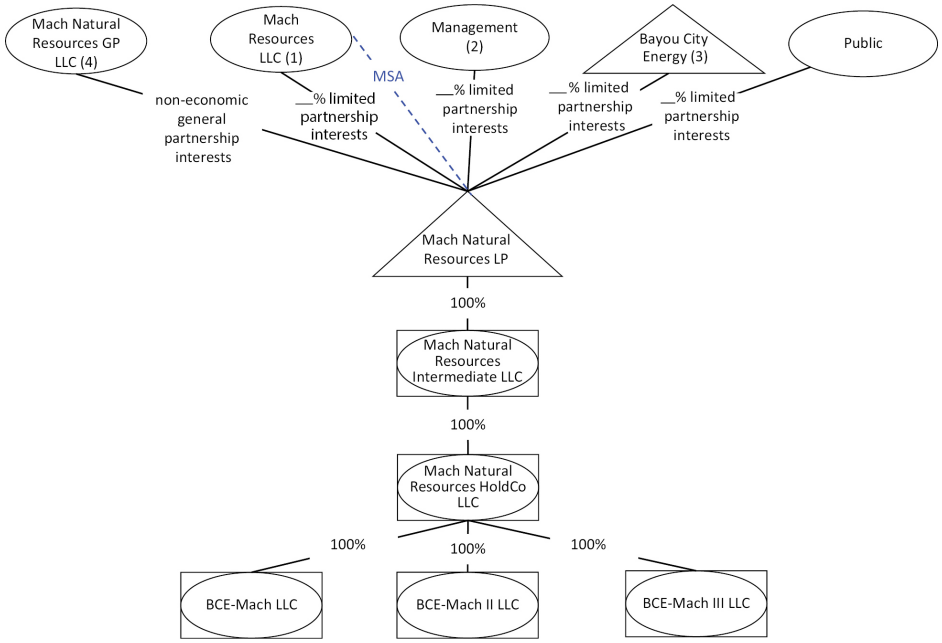


(1) Collectively refers to our current officers and employees who own direct and indirect equity interests in the Mach Companies.

(2) Investment funds managed by Bayou City Energy Management, LLC own their interests in BCE-Mach LLC, BCE-Mach II LLC and BCE-Mach III LLC through certain holding companies in which investment funds managed by Bayou City Energy Management, LLC hold a majority interest.

(3) Mach Resources is owned 50.5% by Tom L. Ward through the Tom L Ward 1992 Revocable Trust and 49.5% by WCT Resources LLC which is owned by certain trusts owned by certain of Tom L. Ward's family members. We will contract with Mach Resources for our employees and other services. See "Certain Relationships and Related Party Transactions."

The diagram below depicts our organization and ownership after giving effect to the offering and the Reorganization Transactions and assumes that the underwriters do not exercise their option to purchase additional common units.



(1) Mach Resources is owned 50.5% by Tom L. Ward through the Tom L Ward 1992 Revocable Trust and 49.5% by WCT Resources LLC which is owned by certain trusts owned by certain of Tom L. Ward's family members. We will contract with Mach Resources for our employees and other services. See "Certain Relationships and Related Party Transactions" and "Risk Factors — Risks Related to Our Business — We depend on Mach Resources to provide us services necessary to operate our business. If Mach Resources were unable or unwilling to provide these services, it would result in a disruption in our business that could have an adverse effect on our financial position, financial results and cash flow."

(2) Collectively refers to our current officers and employees who own direct and indirect equity interests in the Mach Companies.

(3) Investment funds managed by BCE will own their interests in Mach Natural Resources LP through BCE-Mach Aggregator LLC, a holding company in which investment funds managed by Bayou City Energy Management, LLC hold a majority interest.

(4) BCE-Mach Aggregator LLC and Mach Resources collectively wholly own Mach Natural Resources GP LLC, our general partner.

Management of Mach Natural Resources

We are managed and operated by the board of directors (the "Board") and executive officers of our general partner, Mach Natural Resources GP LLC. Our unitholders will not be entitled to elect our general partner or its directors or otherwise participate in our management or operations. For information about the executive officers and directors of our general partner, please read "Management."

The members of our general partner are (i) BCE-Mach Aggregator, the majority of the membership interests of which are owned by investment funds managed by Bayou City Energy Management, LLC and its affiliates, which we refer to collectively as the Sponsor, and (ii) Mach Resources, which is controlled by Tom L. Ward, with such membership interests and Board appointment rights of such members held in proportion to their respective limited partnership interest ownership in us. As a result, the Sponsor will control our general partner and will be entitled to appoint four members of the Board initially and Mach Resources shall be entitled to appoint one member of the Board initially, who shall be Tom L. Ward.

Our operations are conducted through, and our assets are currently owned by, various subsidiaries. Although all of the employees that conduct our business are either employed by Mach Resources or its subsidiaries, we sometimes refer to these individuals in this prospectus as our employees.

Our Sponsor

Our Sponsor was founded in 2015 by Will McMullen and is a leading upstream-focused private equity firm with $2.2 billion in assets under management. BCE targets control-oriented investments in free-cash-flow focused assets in partnership with best-in-class management teams. BCE has invested approximately $1.0 billion in the Mid-Continent region, and has an investment team with diverse experience across the sector. We believe our relationship with our sponsor gives us access to a highly accomplished and aligned investment partner.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"). For as long as we are an emerging growth company, unlike other public companies that are not emerging growth companies under the JOBS Act, we are not required to:

- provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002;
- provide more than two years of audited financial statements and related management's discussion and analysis of financial condition and results of operations nor more than two years of selected financial data in a registration statement on Form S-1;
- comply with any new requirements adopted by the Public Company Accounting Oversight Board (the "PCAOB") requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; or
- provide certain disclosure regarding executive compensation required of larger public companies required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act").

We will cease to be an emerging growth company upon the earliest of:

- the last day of the fiscal year in which we have $1.235 billion or more in annual revenues (as such amount may be adjusted by the SEC for inflation);
- the date on which we become a "large accelerated filer" (the fiscal year-end on which the total market value of our common equity securities held by non-affiliates is $700 million or more as of June 30 of such year);
- the date on which we issue more than $1.0 billion of non-convertible debt over a three-year period; or
- the last day of the fiscal year following the fifth anniversary of our initial public offering.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "Securities Act"), for complying with new or revised accounting standards. We have elected to avail ourselves of the provision of the JOBS Act that permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. We intend to take advantage of the other exemptions discussed above, both in this prospectus and in future filings with the U.S. Securities and Exchange Commission (the "SEC"). Accordingly, the information contained herein and that we provide to our unitholders from time to time may be different than the information you receive from other public companies. For additional information, see the section titled "Risk Factors — Risks Inherent in an Investment in Us — For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements that apply to other public companies, including those relating to auditing standards and disclosure about our executive compensation. Taking advantage of the longer phase-in periods for the adoption of new or revised financial accounting standards applicable to emerging growth companies may make our common units less attractive to investors."

Principal Executive Offices and Internet Address

Our principal executive offices are located at 14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134 and our telephone number at that address is (405) 252-8100. Our website address is *www.machresources.com*. We expect to make our periodic reports and other information filed with or furnished to the SEC available free of charge through our website as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on, or otherwise accessible through, our website or any other website is not incorporated by reference into, and does not constitute a part of, this prospectus.

Summary of Conflicts of Interest and Duties

Under our partnership agreement, our general partner has a duty to manage us in a manner it believes is not adverse to our best interests. However, because our general partner is owned by BCE-Mach Aggregator and Tom L. Ward through his ownership of Mach Resources, the officers and directors of our general partner also have a duty to manage the business of our general partner at the direction of BCE-Mach Aggregator and Tom L. Ward through his ownership of Mach Resources. As a result of this relationship, conflicts of interest may arise in the future between us and our unitholders, on the one hand, and our general partner and its affiliates, including the Sponsor and Tom L. Ward in his capacity as a member of our general partner through his ownership of Mach Resources, on the other hand; provided, however, that upon our adoption of our code of business conduct, we would expect that any such member of our management, so long as they are an executive officer, will be required to avoid personal conflicts of interest and not compete against us, in each case unless approved by the Board. For example, our general partner is entitled to make determinations that affect our ability to generate the cash flow necessary to make cash distributions to our unitholders, including determinations related to:

- purchases and sales of oil and natural gas properties and other acquisitions and dispositions, including whether to pursue acquisitions that may also be suitable for the Sponsor or any affiliate of the Sponsor;
- the manner in which our business is operated;
- the level of our borrowings;
- the amount, nature and timing of our capital expenditures; and
- the amount of cash reserves necessary or appropriate to satisfy our general, administrative and other expenses and debt service requirements and to otherwise provide for the proper conduct of our business.

For a more detailed description of the conflicts of interest and duties of our general partner, please read "Risk Factors — Risks Inherent in an Investment in Us" and "Conflicts of Interest and Duties."

Our partnership agreement can generally be amended with the consent of our general partner and the approval of the holders of a majority of our outstanding common units (including any common units held by our general partner and its affiliates). Upon consummation of this offering and the application of the use of proceeds as described under "Use of Proceeds," our general partner will continue to be controlled by the Sponsor and Tom L. Ward through his ownership of Mach Resources, who will own and control the voting of an aggregate of approximately % and %, respectively, of our outstanding common units (or % and %, respectively, of our outstanding common units if the underwriters exercise in full their option to purchase additional common units). Assuming that we do not issue any additional common units and the Sponsor and Tom L. Ward through his ownership of Mach Resources do not transfer their respective common units, the Sponsor and Tom L. Ward will have the ability to control any amendment to our partnership agreement, including our policy to distribute all of our available cash to our unitholders. Please see "Risk Factors — Risks Inherent in an Investment in Us" and "The Partnership Agreement — Amendment of the Partnership Agreement."

Delaware law provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties owed by the general partner to limited partners and the partnership. Our partnership agreement contains various provisions replacing the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing the duties of our general partner and contractual methods of resolving conflicts of interest. The effect of these provisions is to restrict the duties owed and remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of its fiduciary duties. Our partnership agreement also provides that affiliates of our general partner, including the Sponsor and

its affiliates, are not restricted from competing with us, and neither our general partner nor its affiliates have any obligation to present business opportunities to us. By purchasing a common unit, the purchaser agrees to be bound by the terms of our partnership agreement, and pursuant to the terms of our partnership agreement, each holder of common units consents to various actions and potential conflicts of interest contemplated in our partnership agreement that might otherwise be considered a breach of fiduciary or other duties under Delaware law. Please read "Conflicts of Interest and Duties — Duties of Our General Partner" for a description of the duties imposed on our general partner by Delaware law, the replacement of those duties with contractual standards under our partnership agreement and certain legal rights and remedies available to holders of our common units.

In connection with this offering, the Company will enter into a management services agreement ("MSA") with Mach Resources. Under the MSA, Mach Resources will manage and perform all aspects of oil and gas operations and other general and administrative functions for the Company. On a monthly basis, the Company will reimburse Mach Resources for certain costs and expenses related to its performance under the MSA. For a description of our other relationships with our affiliates, please read "Certain Relationships and Related Party Transactions."

The Offering

Common units offered by us	common units representing limited partner interests (common units if the underwriters exercise in full their option to purchase additional common units).
Units outstanding after this offering	common units representing limited partner interests in us (common units if the underwriters exercise their option in full to purchase additional common units).
Use of proceeds	We expect the net proceeds from the offering to be approximately $ million ($ million if the underwriters exercise their option to purchase additional units in full), based upon the assumed initial public offering price of $ per common unit (the mid-point of the price range set forth on the cover of this prospectus), after deducting underwriting discounts and estimated expenses. We expect to use approximately $ million of the proceeds from this offering as follows: to (i) repay in full and terminate the BCE-Mach II credit facility under which approximately $17.1 million was outstanding as of September 1, 2023 and (ii) repay in full and terminate the BCE-Mach credit facility under which approximately $65.0 million was outstanding as of September 1, 2023. Following the application of such proceeds, we expect to use the remainder to (i) repay a portion of the BCE Mach III credit facility under which $91.9 million was outstanding as of September 1, 2023 and (ii) purchase common units from the existing common unit owners on a pro rata basis for $ million (the "Exchanging Members") (at a purchase price per unit based on the initial public offering price, net of underwriting discounts and commissions), with any remainder for general partnership purposes. To the extent the number of units in the offering is increased or decreased, the number of units purchased from the Exchanging Members will increase or decrease in the same proportion as the total number of units in the offering is increased or decreased. We are currently negotiating the New Credit Facility with prospective lenders and if we enter into the New Credit Facility after the closing of the offering, we would use borrowings under the New Credit Facility to repay in full and terminate the BCE-Mach III credit facility. See "Reorganization Transactions, Partnership Structure and Expected Refinancing Transactions — Expected Refinancing Transactions" for additional information. If the underwriters exercise their option to purchase additional common units in full, the additional net proceeds would be approximately $ million. The net proceeds from any exercise of such option will be used to purchase common units from the Exchanging Members (at a purchase price per unit based on the initial public offering price, net of underwriting discounts and commissions). See "Use of Proceeds."
Cash distributions	Within 60 days after the end of each quarter (other than the fourth quarter) and within 90 days after the end of the fourth quarter, beginning with the quarter ending , 2023, we expect to pay distributions of our available cash to unitholders of record on the applicable record date. The Board will adopt a policy pursuant to which distributions for each quarter will be paid to the extent we have sufficient cash after establishment of cash reserves and payment of expenses, development costs and fees, including payments to our general partner and its

	affiliates. Our ability to pay such cash distributions is subject to various restrictions and other factors described in more detail under the caption "Our Cash Distribution Policy and Restrictions on Distributions." We will prorate the amount of our distribution payable for the period from the closing of this offering through , 2023, based on the actual length of that period. Our partnership agreement generally provides that we will distribute all available cash each quarter to the holders of common units, pro rata. Pro forma cash available for distribution generated during the year ended December 31, 2022 and twelve months ended June 30, 2023 was approximately $402.0 million and $220.6 million, respectively. As a result, for the year ended December 31, 2022 and twelve months ended June 30, 2023, we would have generated available cash sufficient to pay a cash distribution of $ and $ per unit per quarter, respectively ($ and $ on an annualized basis, respectively). For a calculation of our ability to pay distributions to our unitholders based on our pro forma results for the year ended December 31, 2022 and twelve months ended June 30, 2023, please read "Our Cash Distribution Policy and Restrictions on Distributions — Unaudited Pro Forma Cash Available for the Year Ended December 31, 2022 and Twelve Months Ended June 30, 2023." We believe, based on our financial forecast and the related assumptions included under "Our Cash Distribution Policy and Restrictions on Distributions — Estimated Cash Available for Distribution for the Twelve Months Ending June 30, 2024," that we will have sufficient cash available for distribution to make cash distributions of $ per unit on all common units (on an annualized basis) for the four quarters ending June 30, 2024. We will not have a minimum quarterly distribution nor is there any guarantee that we will make any particular amount of distributions or any distributions to our unitholders in any quarter. Please read "Our Cash Distribution Policy and Restrictions on Distributions."
Issuance of additional units	We can issue an unlimited number of additional units, including units that are senior to the common units in right of distributions, liquidation and voting, on terms and conditions determined by our general partner, without the approval of our unitholders. Please read "Units Eligible for Future Sale" and "The Partnership Agreement — Issuance of Additional Partnership Interests."
Limited voting rights	Our general partner will manage us and operate our business. Unlike stockholders of a corporation, our unitholders will have only limited voting rights on matters affecting our business. Our unitholders will have no right to elect our general partner or its board of directors on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66⅔% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. Upon consummation of this offering and the application of the use of proceeds as described under "Use of Proceeds," affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own an aggregate of approximately % of our common units (or % of our common units if the underwriters exercise in full their option to purchase additional common units) and, therefore, will be able to prevent the removal of our general partner. Please read "The Partnership Agreement — Limited Voting Rights."

Limited call right	If at any time our general partner and its affiliates own more than % of the outstanding common units, our general partner has the right, but not the obligation, to purchase all of the remaining common units at a purchase price not less than the then-current market price of the common units, as calculated pursuant to the terms of our partnership agreement. Upon consummation of this offering, affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own an aggregate of approximately % of our common units (or % of our common units if the underwriters exercise in full their option to purchase additional common units). Please read "The Partnership Agreement — Limited Call Right."
Election to be treated as a corporation	If at any time our general partner determines that (i) we should no longer be characterized as a partnership but instead as an entity taxed as a corporation for U.S. federal income tax purposes or (ii) common units held by some or all unitholders should be converted into or exchanged for interests in a newly formed entity taxed as a corporation for U.S. federal income tax purposes whose sole asset is interests in us (a "parent corporation"), then our general partner may, without unitholder approval, reorganize us and cause us to be treated as an entity taxable as a corporation for U.S. federal income tax purposes or cause common units held by some or all unitholders to be converted into or exchanged for interests in the parent corporation. The general partner may take any of the foregoing actions if it in good faith determines (meaning it subjectively believes) that such action is not adverse to our best interests. Please read "Risk Factors — Risks Inherent in an Investment in Us — Our general partner may elect to convert or restructure us from a partnership to an entity taxable as a corporation for U.S. federal income tax purposes without unitholder consent" and "The Partnership Agreement — Election to be treated as a Corporation."
Eligible Holders and redemption	Our general partner may amend our partnership agreement, as it determines necessary or advisable, to permit the general partner to redeem the units of certain non-citizen unitholders. We have the right (which we may assign to any of our affiliates), but not the obligation, to redeem all of the common units of any holder that is not an eligible holder pursuant to our partnership agreement or that has failed to certify or has falsely certified that such holder is an eligible holder. The purchase price for such redemption would be equal to the then-current market price of the common units. The redemption price will be paid in cash or by delivery of a promissory note, as determined by our general partner. Please read "Description of the Common Units — Transfer Agent and Registrar — Transfer of Common Units" and "The Partnership Agreement — Non-Citizen Unitholders; Redemption."
Estimated ratio of taxable income to distributions	We estimate that if our unitholders own the common units purchased in this offering through the record date for distributions for the period ending December 31, 2025, such unitholders will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than % of the cash distributed to such unitholders with respect to that period. Please read "Material U.S. Federal Income Tax Consequences — Tax Consequences of Unit Ownership — Ratio of Taxable Income to Distributions" for the basis of this estimate.
Material tax consequences	For a discussion of other material U.S. federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read "Material U.S. Federal Income Tax Consequences."
Listing and trading symbol	We intend to apply to list our common units on the NYSE under the symbol "MNR."

Summary Historical and Pro Forma Financial and Operating Data

Unless otherwise indicated, the historical financial information presented in this prospectus is that of our predecessor. The historical financial information of BCE-Mach LLC and BCE-Mach II LLC is also included herein as indicated.

The summary historical financial data set forth below as of and for each of the years ended December 31, 2022 and 2021 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical financial data set forth below as of June 30, 2023 and for the six months ended June 30, 2023 and 2022 have been derived from our unaudited financial statements and related notes included elsewhere in this prospectus.

The summary unaudited pro forma financial data as of June30, 2023 and for the six months ended June 30, 2023 and year ended December31, 2022 are derived from the unaudited pro forma condensed combined financial statements of Mach Natural Resources included elsewhere in this prospectus, which reflect the historical results of our predecessor, BCE-Mach LLC and BCE-Mach II LLC on a pro forma basis to give effect to the following transactions, which are described in further detail below, as if they had occurred on June 30, 2023, for pro forma balance sheet purposes, and on January1, 2022, for pro forma statements of operations purposes:

- the Reorganization Transactions as described in "— Reorganization Transactions, Partnership Structure and Expected Refinancing Transactions" elsewhere in this prospectus summary; and
- the issuance and sale by us to the public of common units in this offering and the application of the net proceeds as described in "Use of Proceeds."

We have not given pro forma effect to the incremental general and administrative expenses that we expect to incur annually as a result of being a publicly traded partnership.

The unaudited pro forma historical financial data are presented for illustrative purposes only and are not necessarily indicative of the financial position that would have existed or the financial results that would have occurred if this offering and the Reorganization Transactions had occurred on the dates indicated, nor are they necessarily indicative of the financial position or results of our operations in the future. The pro forma adjustments, as described in the notes to the unaudited pro forma condensed combined financial statements, are preliminary and based upon currently available information and certain assumptions that our management believes are reasonable. The summary historical financial data are qualified in their entirety by, and should be read in conjunction with, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included in this prospectus and the consolidated financial statements and related notes and other financial information included in this prospectus. Among other things, those historical financial statements and unaudited pro forma condensed combined financial statements include more detailed information regarding the basis of presentation for the following information. Historical results are not necessarily indicative of results that may be expected for any future period.

The following table presents non-GAAP financial measures, Adjusted EBITDA and cash available for distribution, which we use in evaluating the financial performance of our business. These measures are not calculated or presented in accordance with generally accepted accounting principles, or GAAP. We explain these measures below and reconcile them to the most directly comparable financial measures calculated and presented in accordance with GAAP.

	Predecessor Historical				Mach Natural Resources Pro Forma	
	Six Months Ended June 30,		Year Ended December 31,		Six Months Ended June 30,	Year Ended December 31,
(in thousands, except per unit amounts)	2023	2022	2022	2021	2023	2022
Statement of Operations Data:						
Operating Revenues:						
Oil, natural gas and NGL sales	$ 312,613	$ 408,442	$ 860,388	$ 397,500	$ 399,686	$ 1,165,420
Midstream revenue	13,318	19,883	44,373	31,883	13,531	44,832
Gain (loss) on oil and natural gas derivatives, net	15,742	(72,857)	(67,453)	(67,549)	22,618	(113,322)
Product sales	17,421	47,960	100,106	30,663	17,421	100,106
Total operating revenue	359,094	403,428	937,414	392,497	453,256	1,197,036
Operating Expenses:						
Gathering and processing expense	17,510	20,812	47,484	27,987	33,430	87,887
Lease operating expense	60,615	39,592	95,941	45,391	87,439	145,267
Midstream operating expense	5,538	6,976	15,157	12,248	5,761	15,618
Cost of product sales	15,575	44,958	94,580	28,687	15,575	94,580
Production taxes	15,526	22,675	47,825	21,165	20,003	65,194
Depreciation, depletion, amortization and accretion expense – oil and natural gas	58,095	29,374	84,070	37,537	72,117	119,359
Depreciation and amortization expense – other	2,793	2,008	4,519	3,148	3,171	5,445
General and administrative expense	9,905	13,648	25,454	60,927	11,750	19,278
Total operating expenses	185,557	180,043	415,030	237,090	249,246	552,628
Income from operations	173,537	223,385	522,384	155,407	204,010	644,408
Other income (expenses):						
Interest expense	(3,789)	(1,876)	(4,852)	(1,656)	(3,117)	(4,241)
Other income (expense), net	(245)	1,121	(691)	1,023	(4,966)	(1,083)
Loss on contingent consideration	—	—	—	(16,400)	—	—
Total other income (expenses)	(4,034)	(755)	(5,543)	(17,033)	(8,083)	(5,324)
Net income	$ 169,503	$ 222,630	$ 516,841	$ 138,374	$ 195,927	$ 639,084
Net income per limited partner unit:						
Basic	$	$	$	$		$
Diluted	$	$	$	$		$
Weighted average number of limited partner units outstanding:						
Basic						
Diluted						
Other Financial Data:						
Adjusted EBITDA[(1)]	$ 226,766	$ 276,408	$ 594,429	$ 248,617	$ 255,639	$ 714,295
Cash available for distribution[(2)]	$ 30,418	$ 155,857	$ 300,944	$ 184,445	$ 43,290	$ 402,022
Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	$ 275,145	$ 227,936	$ 553,542	$ 198,462		
Investing activities	$ (187,812)	$ (212,951)	$ (372,660)	$ (194,743)		
Financing activities	$ (67,904)	$ (27,236)	$ (210,737)	$ (4,584)		

	Predecessor Historical				Mach Natural Resources Pro Forma	
	Six Months Ended June 30,		Year Ended December 31,		Six Months Ended June 30,	Year Ended December 31,
(in thousands, except per unit amounts)	2023	2022	2022	2021	2023	2022
Balance Sheet Data (at period end):						
Cash and cash equivalents	$ 48,846		$ 29,417	$ 59,272	$ 83,608	
Oil and natural gas properties, net	$ 744,071		$ 610,420	$ 277,922	$ 1,085,208	
Total assets	$ 979,312		$ 887,441	$ 525,379	$ 1,432,676	
Total long-term liabilities	$ 150,354		$ 141,570	$ 117,241	$ 183,143	
Members'/Partners' capital	$ 689,527		$ 593,230	$ 278,699	$ 1,046,211	

(1) Adjusted EBITDA is a non-GAAP financial measure, please see "— Non-GAAP Financial Measures" below.
(2) Cash available for distribution is a non-GAAP financial measure, please see "— Non-GAAP Financial Measures" below.

Non-GAAP Financial Measures

Adjusted EBITDA

We include in this prospectus the non-GAAP financial measure Adjusted EBITDA and provide our calculation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, our most directly comparable financial measures calculated and presented in accordance with GAAP. We define Adjusted EBITDA as net income before (1) interest expense, (2) depreciation, depletion and amortization, (3) unrealized (gain) loss on derivative settlements, (4) equity-based compensation expense, (5) loss on contingent consideration and (6) (gain) loss on sale of assets.

Adjusted EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others, to more effectively evaluate our operating performance and our results of operation from period to period and against our peers without regard to financing methods, capital structure or historical cost basis. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as indicators of our operating performance. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax burden, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our results will be unaffected by unusual items. Our computations of Adjusted EBITDA may not be identical to other similarly titled measures of other companies.

Cash Available for Distribution

Cash available for distribution is not a measure of net income or net cash flow provided by or used in operating activities as determined by GAAP. Cash available for distribution is a supplemental non-GAAP financial measure used by our management and by external users of our financial statements, such as investors, lenders and others (including industry analysts and rating agencies who will be using such measure), to assess our ability to internally fund our exploration and development activities, pay distributions, and to service or incur additional debt. We define cash available for distribution as net income less (1) interest expense, (2) depreciation, depletion and amortization, (3) unrealized (gain) loss on derivative settlements, (4) equity-based compensation expense, (5) loss on contingent consideration, (6) (gain) loss on sale of assets, (7) settlement of asset retirement obligations, (8) net cash interest expense, (9) development costs, (10) settlement of contingent consideration and (11) change in accrued realized derivative settlements. Development costs include all of our capital expenditures, other than acquisitions. Cash available for distribution will not reflect changes in working capital balances. Cash available for distribution is not a measurement of our financial performance or liquidity under GAAP and should not be considered as an alternative to, or more meaningful than, net income or net cash provided by or used in operating activities as determined in accordance with GAAP or as indicators of our financial performance and liquidity. The GAAP measures most

directly comparable to cash available for distribution are net income and net cash provided by operating activities. Cash available for distribution should not be considered as an alternative to, or more meaningful than, net income or net cash provided by operating activities.

Reconciliations of GAAP Financial Measures to Adjusted EBITDA and Cash Available for Distribution

The following table presents our reconciliation of the GAAP financial measures of net income and net cash provided by operating activities to the non-GAAP financial measures Adjusted EBITDA and cash available for distribution, as applicable, for each of the periods indicated.

	Predecessor Historical				Mach Natural Resources Pro Forma	
	Six Months Ended June 30,		Year Ended December 31,		Six Months Ended June 30,	Year Ended December 31,
(in thousands) (unaudited)	2023	2022	2022	2021	2023	2022
Net Income Reconciliation to Adjusted EBITDA:						
Net income	$ 169,503	$ 222,630	$ 516,841	$ 138,374	$ 195,927	$ 639,084
Interest expense, net	3,294	1,876	4,852	1,656	2,280	4,231
Depreciation, depletion and amortization	60,888	31,382	88,589	40,685	75,288	124,804
Unrealized (gain) loss on derivative settlements	(8,212)	16,735	(23,335)	6,284	(18,622)	(53,730)
Equity-based compensation expense	1,294	3,763	7,527	45,303	—	—
Loss on contingent consideration	—	—	—	16,400	—	—
Credit losses	—	—	—	—	767	—
(Gain) loss on sale of assets	(1)	22	(45)	(85)	(1)	(94)
Adjusted EBITDA	226,766	276,408	594,429	248,617	255,639	714,295
Net Income Reconciliation to Cash Available for Distribution:						
Net income	$ 169,503	$ 222,630	$ 516,841	$ 138,374	$ 195,927	$ 639,084
Interest expense, net	3,294	1,876	4,852	1,656	2,280	4,231
Depreciation, depletion and amortization	60,888	31,382	88,589	40,685	75,288	124,804
Unrealized (gain) loss on derivative settlements	(8,212)	16,735	(23,335)	6,284	(18,622)	(53,730)
Equity-based compensation expense	1,294	3,763	7,527	45,303	—	—
Loss on contingent consideration	—	—	—	16,400	—	—
Credit losses	—	—	—	—	767	—
(Gain) loss on sale of assets	(1)	22	(45)	(85)	(1)	(94)
Settlement of asset retirement obligations	(79)	(49)	(49)	(35)	(133)	(206)
Cash interest expense, net	(3,092)	(1,690)	(4,477)	(1,344)	(2,078)	(3,856)
Development costs[1]	(192,892)	(113,068)	(271,999)	(55,124)	(207,557)	(290,636)
Settlement of contingent consideration	—	(8,111)	(13,547)	(9,553)	—	(13,547)
Change in accrued realized derivative settlements	(285)	2,367	(3,413)	1,884	(2,581)	(4,028)
Cash Available for Distribution	$ 30,418	$ 155,857	$ 300,944	$ 184,445	$ 43,290	$ 402,022
Net Cash Provided by Operating Activities Reconciliation to Cash Available for Distribution:						
Net cash provided by operating activities	$ 275,145	$ 227,936	$ 553,542	$ 198,462		
Changes in operating assets and liabilities	(51,835)	40,989	19,401	41,107		
Development costs[1]	(192,892)	(113,068)	(271,999)	(55,124)		
Cash Available for Distribution	$ 30,418	$ 155,857	$ 300,944	$ 184,445		

(1) Development costs includes all of our capital expenditures, other than acquisitions.

Reconciliation of PV-10 to Standardized Measure

Certain of our oil and natural gas reserve disclosures included in this prospectus are presented on a PV-10 basis. PV-10 is a non-GAAP financial measure and represents the estimated present value of the future cash flows less future development and production costs from our proved and probable reserves before income taxes discounted using a 10% discount rate. PV-10 of proved reserves generally differs from the standardized measure of discounted future net cash flows from production of proved oil and natural gas reserves (the "Standardized Measure"), the most directly comparable GAAP financial measure, because it does not include the effects of future income taxes, as is required under GAAP in computing the Standardized Measure. However, our PV-10 for proved and probable reserves using SEC pricing and the Standardized Measure of proved reserves are equivalent because we were not subject to entity level taxation. Accordingly, no provision for federal or state income taxes has been provided in the Standardized Measure because taxable income is passed through to our unitholders.

We believe that the presentation of a pre-tax PV-10 value provides relevant and useful information because it is widely used by investors and analysts as a basis for comparing the relative size and value of our proved and probable reserves to other oil and natural gas companies. Because many factors that are unique to each individual company may impact the amount and timing of future income taxes, the use of PV-10 value provides greater comparability when evaluating oil and natural gas companies. The PV-10 value is not a measure of financial or operating performance under GAAP, nor is it intended to represent the current market value of proved oil and gas reserves. However, the definition of PV-10 value as defined above may differ significantly from the definitions used by other companies to compute similar measures. As a result, the PV-10 value as defined may not be comparable to similar measures provided by other companies.

Investors should be cautioned that neither PV-10 nor Standardized Measure of proved reserves represents an estimate of the fair market value of our proved and probable reserves. We and others in the industry use PV-10 as a measure to compare the relative size and value of estimated reserves held by companies without regard to the specific tax characteristics of such entities.

Summary of Reserve, Production and Operating Data

The following tables summarize our estimated proved and probable oil, natural gas and NGL reserves as of June 30, 2023 and our estimated proved oil, natural gas and NGL reserves as of December 31, 2022 and our production and historical operating data for the six months ended June 30, 2023 and year ended December 31, 2022 on a pro forma combined basis. The information included in these tables consolidates information about the Mach Companies and is based on reserve reports prepared by our independent consulting petroleum engineers, Cawley, Gillespie & Associates, Inc. For more information regarding our reserve volumes and values, see "Business and Properties — Operating Data" and our summary reserve report filed as an exhibit to the registration statement of which this prospectus forms a part. Historical reserve volumes and values are not necessarily indicative of results that may be expected for any future period.

Summary of Reserves

Our historical SEC reserves, PV-10 and Standardized Measure of proved reserves were calculated using oil and gas price parameters established by current SEC guidelines, including the use of an average effective price, calculated as prices equal to the 12-month unweighted arithmetic average of the first day of the month prices for each of the preceding 12 months as adjusted for location and quality differentials, unless prices are defined by contractual arrangements, excluding escalations based on future conditions ("SEC Pricing"). These prices were adjusted for differentials on a per-property basis, which may include local basis differential, fuel costs and shrinkage. All prices are held constant throughout the lives of the properties.

	Mach Natural Resources Pro Forma	
	As of June 30, 2023 SEC Pricing[1]	As of December 31, 2022 SEC Pricing[1]
Proved Developed:		
Oil (MBbl)	40,876	43,306
Natural gas (MMcf)	782,727	838,298
Natural gas liquid (MBbl)	50,190	59,761
Oil equivalent (MBoe)	221,520	242,782
PV-10 (in millions)[2]	$ 2,131	$ 3,334
Proved Undeveloped:		
Oil (MBbl)	12,153	23,438
Natural gas (MMcf)	28,781	144,380
Natural gas liquid (MBbl)	721	9,978
Oil equivalent (MBoe)	17,671	57,480
PV-10 (in millions)[2]	$ 304	$ 724
Total Proved:		
Oil (MBbl)	53,029	66,744
Natural gas (MMcf)	811,507	982,678
Natural gas liquid (MBbl)	50,911	69,739
Oil equivalent (MBoe)	239,191	300,262
Standardized Measure (in millions)[2]	$ 2,435	$ 4,058
PV-10 (in millions)[2]	$ 2,435	$ 4,058
Probable:[3]		
Oil (MBbl)	72,868	—
Natural gas (MMcf)	373,477	—
Natural gas liquid (MBbl)	19,576	—
Oil equivalent (MBoe)	154,690	—
PV-10 (in millions)[2]	$ 1,039	$ —

(1) Our estimated net proved and probable reserves were determined using average first-day-of-the-month prices for the prior 12 months in accordance with SEC regulations. The unweighted arithmetic average first-day-of-the-month prices for the prior 12 months were $93.67 per barrel for oil and $6.358 per Mcf for natural gas at January 1, 2023 and $82.82 per barrel for oil and $4.763 per MMBtu for natural gas at June 30, 2023. These base prices were adjusted for differentials on a per-property basis, which may include local basis differentials, fuel costs and shrinkage.

(2) PV-10 is a non-GAAP financial measure and represents the present value of estimated future cash inflows from proved and probable oil and gas reserves, less future development and production costs, discounted at 10% per annum to reflect the timing of future cash flows. For more information on how we calculate PV-10 and a reconciliation of proved reserves PV-10 to its nearest GAAP measure, see "— Non-GAAP Financial Measures — Reconciliation of PV-10 to Standardized Measure." With respect to PV-10 calculated as of an interim date, it is not practicable to calculate the taxes for the related interim period because GAAP does not provide for disclosure of Standardized Measure on an interim basis.

(3) All of our probable reserves are undeveloped. Estimates of probable reserves, and the future cash flows related to such estimates, are inherently imprecise and are more uncertain than estimates of proved reserves and the future cash flows related to such estimates but have not been adjusted for risk due to such uncertainty. Therefore, estimates of probable reserves and the future cash flows related to such estimates may not be comparable to estimates of proved reserves and the future cash flows related to such estimates and should not be summed arithmetically with estimates of proved reserves and the future cash flows related to such estimates. For more information regarding the presentation of probable reserves, see "Business and Properties — Our Operations — Preparation of Reserve Estimates."

Select Production and Operating Statistics

The following table summarizes the Mach Companies' oil, natural gas and NGL production and historical operating data for the periods presented on a combined unaudited pro forma basis.

The unaudited pro forma combined net production volumes and realized prices for the six months ended June 30, 2023 and year ended December 31, 2022 treat the Reorganization Transactions as if they had occurred on January 1, 2022.

	Mach Natural Resources Pro Forma	
	Six Months Ended June 30, 2023	**Year Ended December 31, 2022**
Net Production Volumes:		
Oil (MBbl)	3,370	5,982
Natural Gas (MMcf)	38,675	70,947
NGLs (MBbl)	2,045	4,246
Total (MBoe)	11,861	22,053
Average daily production (MBoe/d)	65.53	60.42
Average Wellhead Realized Prices (before giving effect to realized derivatives):		
Oil (/Bbl)	$ 74.93	$ 93.60
Natural Gas (/Mcf)	$ 2.50	$ 6.21
NGLs (/Bbl)	$ 24.72	$ 38.85
Average Wellhead Realized Prices (after giving effect to realized derivatives):		
Oil (/Bbl)	$ 72.19	$ 78.94
Natural Gas (/Mcf)	$ 2.84	$ 5.09
NGLs (/Bbl)	$ 24.72	$ 38.85
Operating costs and expenses (per Boe):		
Gathering and processing expense	$ 2.82	$ 3.99
Lease operating expense	$ 7.37	$ 6.59
Production taxes expense (% of oil, natural gas and NGL sales)	5.0%	5.6%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 6.08	$ 5.41
Depreciation and amortization expense – other	$ 0.27	$ 0.25
General and administrative expense	$ 0.99	$ 0.87

RISK FACTORS

Investing in our common units involves a high degree of risk. You should carefully consider the risks described below with all of the other information included in this prospectus before deciding to invest in our common units. Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. Additionally, new risks may emerge at any time and we cannot predict those risks or estimate the extent to which they may affect financial performance.

If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. In that case, we might not be able to pay distributions on our common units, the trading price of our common units could decline and our unitholders could lose all or part of their investment.

Risks Related to Cash Distributions

We may not have sufficient available cash to pay any quarterly distribution on our common units following the payment of expenses, funding of development costs and establishment of cash reserves.

We may not have sufficient available cash each quarter to pay distributions on our common units. Under the terms of our partnership agreement, the amount of cash available for distribution will be reduced by our operating expenses, cash interest, development costs and the amount of any cash reserves established by our general partner to provide for future operations, future capital expenditures, including development, optimization and exploitation of our oil and natural gas properties, future debt service requirements and future cash distributions to our unitholders. The amount of available cash that we distribute to our unitholders will depend principally on the cash we generate from operations, which will depend on, among other factors:

- the amount of oil, natural gas and NGLs we produce;
- the prices at which we sell our oil, natural gas and NGL production;
- the amount and timing of settlements on our commodity derivative contracts;
- the level of our capital expenditures, including scheduled and unexpected maintenance expenditures;
- the level of our operating costs, including payments to our general partner and its affiliates for general and administrative expenses;
- the restrictive covenants in the BCE-Mach III credit facility and, to the extent entered into, the New Credit Facility (but not the BCE-Mach II credit facility and the BCE-Mach credit facility which are to be repaid in full and terminated with the proceeds of this offering) (collectively, the "Credit Facilities") and other agreements governing indebtedness that limit our ability to pay dividends or distributions in respect of our equity; and
- the level of our interest expenses, which will depend on the amount of our outstanding indebtedness and the applicable interest rate.

Furthermore, the amount of cash we have available for distribution depends primarily on our cash flow, including cash from financial reserves and working capital or other borrowings, and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record losses for financial accounting purposes and may not make cash distributions during periods when we record net income for financial accounting purposes.

The amount of our quarterly cash distributions from our available cash, if any, may vary significantly both quarterly and annually and will be directly dependent on the performance of our business. We will not have a minimum quarterly distribution and could pay no distribution with respect to any particular quarter.

Investors who are looking for an investment that will pay regular and predictable quarterly distributions should not invest in our common units. Our future business performance may be volatile, and our cash flows may be unstable. We will not have a minimum quarterly distribution. Because our quarterly distributions will significantly correlate to the cash we generate each quarter after payment of our fixed and variable expenses, future quarterly distributions paid to our unitholders will vary significantly from quarter to quarter and may be zero. Please read "Cash Distribution Policy and Restrictions on Distributions."

The assumptions underlying the forecast of cash available for distribution we include in "Our Cash Distribution Policy and Restrictions on Distributions" may prove inaccurate and are subject to significant risks and uncertainties that could cause actual results to differ materially from our forecasted results.

Our management's forecast of cash available for distribution set forth in "Our Cash Distribution Policy and Restrictions on Distributions" includes our forecasted results of operations, Adjusted EBITDA and cash available for distribution for the twelve months ending June 30, 2024. The assumptions underlying the forecast may prove inaccurate and are subject to significant risks and uncertainties that could cause actual results to differ materially from those forecasted. If our actual results are significantly below forecasted results, or if our expenses are greater than forecasted, we may not be able to pay the forecasted annual distribution or any distribution on our common units, which may cause the market price of our common units to decline materially.

Risks Related to Our Business

Oil, natural gas and NGL prices are volatile. A sustained decline in prices could adversely affect our business, financial condition, results of operations, liquidity, ability to meet our financial commitments, ability to make our planned capital expenditures and our cash available for distribution.

Our revenues, operating results, cash available for distribution, liquidity and ability to grow depend primarily upon the prices we receive for the natural gas, oil and NGL we sell. We require substantial expenditures to replace our natural gas, oil and NGL reserves, sustain production and fund our business plans, including our development and exploratory drilling efforts. Historically, the markets for natural gas, oil and NGL have been volatile, and they are likely to continue to be volatile. Wide fluctuations in natural gas, oil and NGL prices may result from relatively minor changes in the supply of or demand for natural gas, oil and NGL, market uncertainty and other factors that are beyond our control, including:

- worldwide and regional economic conditions impacting the supply and demand for oil, natural gas and NGLs;
- political and economic conditions and events in foreign oil and natural gas producing countries, including embargoes, continued hostilities in the Middle East and other sustained military campaigns, the war in Ukraine and associated economic sanctions on Russia, conditions in South America, Central America, China and Russia, and acts of terrorism or sabotage;
- actions of the Organization of the Petroleum Exporting Countries and its allies ("OPEC+"), including the ability and willingness of the members of OPEC+ and other exporting nations to agree to and maintain oil price and production controls;
- changes in seasonal temperatures, including the number of heating degree days during winter months and cooling degree days during summer months;
- the level of oil, natural gas and NGL exploration, development and production;
- the level of oil, natural gas and NGL inventories;
- the level of U.S. LNG exports;
- the impact on worldwide economic activity of an epidemic, outbreak or other public health events, such as COVID-19,
- prevailing prices on local price indexes in the areas in which we operate;
- the proximity, capacity, cost and availability of gathering and processing facilities;
- localized and global supply and demand fundamentals and transportation availability;
- the cost of exploring for, developing, producing and transporting reserves;
- the spot price of LNG on world markets;

- changes in ocean freight capacity, which could adversely impact LNG shipping capacity or lead to material interruptions in service or stoppages in LNG transportation;
- political and economic conditions in or affecting major LNG consumption regions or countries, particularly Asia and Europe;
- weather conditions and natural disasters, including those influenced by climate change;
- technological advances affecting energy consumption;
- the impact of energy conservation efforts;
- the price and availability of alternative fuels;
- activities that to restrict the exploration, development and production of oil and natural gas to minimize greenhouse gas ("GHG") emissions;
- speculative trading in oil and natural gas derivative contracts;
- increased end-user conservation;
- U.S. trade policies and their effect on U.S. oil and natural gas exports;
- expectations about future commodity prices; and
- U.S. federal, state and local and non-U.S. governmental regulation and taxes, including legislation or regulations addressing GHG emissions or requiring the reporting of GHG emissions or climate-related information.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements accurately. Lower commodity prices may reduce our operating margins, cash flow and borrowing ability. If we are unable to obtain needed capital or financing on satisfactory terms, our ability to develop future reserves or make acquisitions could be adversely affected. Also, using lower prices in estimating proved and probable reserves may result in a reduction in proved and probable reserve volumes due to economic limits. In addition, sustained periods with oil and natural gas prices at levels lower than current WTI and Henry Hub strip prices may adversely affect our drilling economics, cash flow and our ability to raise capital, which may require us to re-evaluate and postpone or substantially restrict our development program, and result in the reduction of some of our proved and probable undeveloped reserves and related PV-10. As a result, a substantial or extended decline in commodity prices may materially and adversely affect our future business, financial condition, results of operations, cash available for distribution, liquidity and ability to meet our financial commitments or cause us to delay our planned capital expenditures.

Currently, our producing properties are concentrated in the Anadarko Basin, making us vulnerable to risks associated with operating in a limited number of geographic areas.

As a result of our geographic concentration, adverse industry developments in our operating area could have a greater impact on our financial condition and results of operations than if we were more geographically diverse. We may also be disproportionately exposed to the impact of regional supply and demand factors, governmental regulations or midstream capacity constraints. Delays or interruptions caused by such adverse developments could have a material adverse effect on our financial condition and results of operations.

Similarly, the concentration of our assets within a small number of producing formations exposes us to risks, such as changes in field wide rules, which could adversely affect development activities or production relating to those formations. In addition, in areas where exploration and production activities are increasing, as has recently been the case in our operating areas, we are subject to increasing competition for drilling rigs, workover rigs, tubulars and other well equipment, services, supplies as well as increased labor costs and a decrease in qualified personnel, which may lead to periodic shortages or delays. The curtailments arising from these and similar circumstances may last from a few days to several months or even longer, and, in many cases, we may be provided only limited, if any, notice as to when these circumstances will arise and their duration.

Drilling for and producing oil, natural gas and NGLs are high risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations.

Our future financial condition and results of operations will depend on the success of our development, production and acquisition activities, which are subject to numerous risks beyond our control. For example, we cannot assure you that wells we drill will be productive or that we will recover all or any portion of our investment in such wells. Drilling for oil, natural gas and NGLs often involves unprofitable efforts from wells that do not produce sufficient oil, natural gas and NGLs to return a profit at then-realized prices after deducting drilling, operating and other costs. In addition, our cost of drilling, completing and operating wells is often uncertain.

Our decisions to develop or purchase prospects or properties will depend, in part, on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, which are often inconclusive or subject to varying interpretations. For a discussion of the uncertainty involved in these processes, see "— Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves."

Further, many factors may increase the cost of, curtail, delay or cancel our scheduled drilling projects, including:

- declines in oil, natural gas and NGL prices;
- increases in the cost of, and shortages or delays in the availability of, proppant, acid, equipment, services and qualified personnel or in obtaining water for hydraulic fracturing activities;
- equipment failures, accidents or other unexpected operational events;
- capacity or pressure limitations on gathering systems, processing and treating facilities or other related midstream infrastructure;
- any future lack of available capacity on interconnecting transmission pipelines;
- delays imposed by, or resulting from, compliance with regulatory requirements, including limitations on freshwater sourcing, wastewater disposal, emissions of GHGs and hydraulic fracturing;
- pressure or irregularities in geological formations;
- limited availability of financing on acceptable terms;
- issues related to compliance with or liability arising under environmental laws and regulations;
- environmental hazards, such as natural gas leaks, oil spills, pipeline and tank ruptures and unauthorized discharges of brine, well stimulation and completion fluids, toxic gases or other pollutants into the air, surface and subsurface environment;
- compliance with contractual requirements;
- competition for surface locations from other operators that may own rights to drill at certain depths across portions of our leasehold;
- lack of available gathering facilities or delays in construction of gathering facilities;
- adverse weather conditions, such as hurricanes, lightning storms, flooding, tornadoes, snow or ice storms and changes in weather patterns;
- the availability and timely issuance of required governmental permits and licenses;
- title issues or legal disputes regarding leasehold rights; and
- other market limitations in our industry.

Our identified drilling locations are scheduled out over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.

We have specifically identified and scheduled certain drilling locations as an internal estimation of our future multi-year drilling activities on our existing acreage. Our ability to drill and develop these locations depends on a number of uncertainties, including oil and natural gas prices, availability and cost of capital, drilling and production costs, availability of drilling services and equipment, availability and cost of sand and other proppant used in hydraulic fracturing operations and acid used for acid stimulation, drilling results, gathering system and pipeline transportation constraints, access to and availability of water sourcing and distribution and disposal systems, access to and availability of saltwater disposal systems, regulatory approvals, the cooperation of other working interest owners and other factors. Because of these uncertain factors, we do not know if the drilling locations we have identified will ever be drilled or if we will be able to produce oil and natural gas from these or any other drilling locations. As such, our actual drilling activities may materially differ from those presently identified.

As a result of the limitations described in this prospectus, we may be unable to drill many of our identified locations. In addition, although we plan to fund our drilling program entirely with cash flow from operations, if our cash flows are less than we expect or we alter our drilling plans, we may be required to borrow more under the Credit Facilities than we expect or issue new debt or equity securities in order to pursue the development of these locations, and we may not be able to raise or generate the capital required to do so. See "— Our development projects and acquisitions require substantial capital expenditures. We may be unable to obtain any required capital or financing on satisfactory terms, which could lead to a decline in our production and reserves." Any drilling activities we are able to conduct on these locations may not be successful, may not result in production or additions to our estimated proved and probable reserves and could result in a downward revision of our estimated proved and probable reserves, which in turn could have a material adverse effect on the borrowing base under the Credit Facilities or our future business and results of operations. Additionally, if we curtail or cancel our drilling program, we may be required to reduce our estimated proved and probable reserves, which could in turn reduce the borrowing base under the Credit Facilities.

Properties that we decide to drill may not yield oil and natural gas in commercially viable quantities.

Properties that we decide to drill that do not yield oil or natural gas in commercially viable quantities will adversely affect our results of operations and financial condition. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling and completion costs or to be economically viable. The use of geologic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. We cannot assure you that the analogies we draw from available data from other wells, more fully explored prospects or producing fields will be applicable to our drilling prospects.

Properties we acquire may not produce as projected, and we may be unable to determine reserve potential, identify liabilities associated with the properties that we acquire or obtain protection from sellers against such liabilities.

Acquiring oil and natural gas properties requires us to assess recoverable reserves, future oil and natural gas prices and their applicable differentials, development and operating costs, and potential liabilities, including environmental liabilities. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices, but such a review may not reveal all existing or potential problems. Such assessments are inexact and inherently uncertain. In the course of our due diligence, we may not review every well, pipeline or associated facility. We cannot necessarily observe structural and environmental problems, such as any groundwater contamination or pipe corrosion, when a review is performed. We also may be unable to obtain contractual indemnities from the seller for liabilities arising prior to our purchase of the property. We may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with our expectations. For these reasons, the properties we have acquired or will acquire in the future may not produce as expected or may not increase our cash available for distribution.

The development of our proved and probable estimated undeveloped reserves may take longer and may require higher levels of capital expenditures than we currently anticipate. Therefore, our estimated proved and probable undeveloped reserves may not be ultimately developed or produced.

As of June 30, 2023, approximately 7% of our total estimated proved reserves were classified as PUDs using SEC Pricing. Further, all of our probable reserves were classified as undeveloped. Development of these undeveloped reserves may take longer and require higher levels of capital expenditures than we currently anticipate. Estimated future development costs relating to the development of our PUDs at June 30, 2023 are approximately $261.0 million over the next five years. Estimated future development costs relating to the development of our probable reserves at June 30, 2023 are approximately $2.4 billion. Our ability to fund these expenditures is subject to a number of risks. See "— Our development projects and acquisitions require substantial capital expenditures. We may be unable to obtain any required capital or financing on satisfactory terms, which could lead to a decline in our production and reserves." Delays in the development of our PUDs, increases in costs to drill and develop such reserves or decreases in commodity prices will reduce the PV-10 value of our estimated PUDs and future net cash flows estimated for such reserves and may result in some projects becoming uneconomic. In addition, delays in the development of reserves could cause us to have to reclassify some of our PUDs as unproved reserves. Furthermore, there is no certainty that we will be able to convert our undeveloped reserves to developed reserves or that our PUDs will be economically viable or technically feasible to produce.

Further, SEC rules require that, subject to limited exceptions, PUDs may only be booked if they relate to wells scheduled to be drilled within five years after the date of booking. This requirement has limited and may continue to limit our ability to book additional PUDs as we pursue our drilling program. As a result, we may be required to reclassify certain of our PUDs if we do not drill those wells within the required five-year timeframe.

Part of our business strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.

Difficulties that we face while completing our wells include:

- the ability to fracture stimulate the planned number of stages with the planned amount of proppant;
- the ability to source acid for our acid stimulation completion techniques;
- the ability to run tools through the entire length of the wellbore during completion operations; and
- the ability to successfully clean out the wellbore after completion of the final fracture stimulation stage.

In addition, certain of the new techniques we are adopting may cause irregularities or interruptions in production due to offset wells being shut in and the time required to drill and complete multiple wells before any such wells begin producing. If our development and production results are less than anticipated, the return on our investment for a particular well or region may not be as attractive as we anticipated, and we could incur material write-downs of our undeveloped acreage and its value could decline in the future.

The marketability of our production is dependent upon gathering, treating, processing and transportation facilities, some of which we do not control. If these facilities are unavailable, our operations could be interrupted and our revenues could decrease.

The marketability of our oil and natural gas production depends in part upon the availability, proximity and capacity of gathering, treating, processing and transportation pipelines, plants and other midstream facilities, a significant portion of which is owned by third parties. Some of our oil and natural gas production is collected from the wellhead by third-party gathering lines and transported to a gas processing or treating facility or transmission pipeline. We do not control these third-party facilities and our access to them may be limited, curtailed or denied. Pipelines, plants, and other midstream facilities may become unavailable because of testing, turnarounds, line repair, maintenance, reduced operating pressure, lack of operating capacity, regulatory requirements, and curtailments of receipts or deliveries due to insufficient capacity or because of damage from severe weather conditions or other operational issues. The third-party facilities may experience unplanned downtime or maintenance for a variety of reasons outside our control and our production could be materially negatively impacted as a result of such outages. Insufficient production from our wells in the properties we do not operate to support the construction of pipeline facilities by third parties or a significant disruption in the availability of our or third-party midstream facilities

or other production facilities could adversely impact our ability to deliver to market or produce our natural gas and thereby causing a significant interruption in our operations. If, in the future, we are unable, for any sustained period, to implement gathering, treating, processing or transportation arrangements or encounter production related difficulties, we may be required to shut in or curtail production. Any such shut-in or curtailment, or an inability to obtain favorable terms for delivery of the oil and natural gas produced from our fields, would materially and adversely affect our financial condition and results of operations.

If third-party pipelines or other midstream facilities interconnected to our gathering systems become partially or fully unavailable, our revenues and cash flows and our ability to make cash distributions to our unitholders could be materially adversely affected.

Our gathering systems connect to third-party pipelines and other midstream facilities, such as processing plants, rail terminals and produced water disposal facilities. The continuing operation of such third-party pipelines and other midstream facilities is not within our control. These pipelines and other midstream facilities may become unavailable due to issues including, but not limited to, testing, turnarounds, line repair, reduced operating pressure, lack of operating capacity, regulatory requirements, curtailments of receipt or deliveries due to insufficient capacity or because of damage from other hazards. In addition, we do not have interconnect agreements with all of these pipelines and other facilities and the agreements we do have may be terminated in certain circumstances and/or on short notice. If any of these pipelines or other midstream facilities become unavailable for any reason, or, if these third parties are otherwise unwilling to receive or transport the oil, natural gas and produced water that we gather and/or process, our revenues, cash flows and ability to make cash distributions to our unitholders could be materially adversely affected.

Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.

The process of estimating oil and natural gas reserves is complex. It requires interpretations of available technical data and many assumptions, including assumptions relating to current and future economic conditions and commodity prices. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of our reserves. In order to prepare reserve estimates, we must project production rates and timing of development expenditures. We must also analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds.

Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves may vary materially from our estimates. For instance, initial production rates reported by us or other operators may not be indicative of future or long-term production rates, our recovery efficiencies may be worse than expected and production declines may be greater than we estimate and may be more rapid and irregular when compared to initial production rates. In addition, we may adjust reserve estimates of proved and probable reserves to reflect additional production history, results of development activities, current commodity prices and other existing factors. Any significant change could materially affect the estimated quantities and present value of our reserves. Furthermore, our development plan calls for completing horizontal wells using tighter well spacing and acid stimulation, which may increase the risk that these wells interfere with production from existing or future wells in the same spacing section and horizon, which in turn may result in lower recoverable reserves. There can be no assurance that our reserves will ultimately be produced or that our proved undeveloped reserves will be developed within the periods anticipated.

You should not assume that the present values of future net cash flows from our reserves presented in this prospectus are the current market value of our estimated reserves. Actual future prices and costs may differ materially from those used in our present value estimates using SEC Pricing. If spot prices or future actual prices are below the prices used in our current reserve estimates, using those prices in estimating proved and probable reserves may result in a decrease in proved and probable reserve volumes due to economic limits. You should not assume that the standardized measure of proved reserves and PV-10 values of our estimated reserves are accurate estimates of the current fair value of our estimated oil, natural gas and NGL reserves.

Estimates of probable reserves, and the future cash flows related to such estimates, are inherently imprecise and are more uncertain than estimates of proved reserves and the future cash flows related to such estimates but have not been adjusted for risk due to such uncertainty. Because of such uncertainty, estimates of probable reserves, and the future cash flows related to such estimates, may not be comparable to estimates of proved reserves and the future

cash flows related to such estimates and should not be summed arithmetically with estimates of proved reserves and the future cash flows related to such estimates. When producing an estimate of the amount of natural gas, NGLs and oil that is recoverable from a particular reservoir, an estimated quantity of probable reserves is an estimate of 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. Estimates of probable reserves are also continually subject to revisions based on production history, results of additional exploration and development, price changes and other factors.

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. All of our probable reserves as of June 30, 2023 were estimated using a deterministic method, which involves two distinct determinations: (i) an estimation of the quantities of recoverable oil and natural gas and (ii) an estimation of the uncertainty associated with those estimated quantities in accordance with the definitions established under SEC rules. The process of estimating the quantities of recoverable oil and natural gas reserves uses the same generally accepted analytical procedures as are used in estimating proved reserves, namely production performance-based methods, material balance-based methods, volumetric-based methods and analogy. In the case of probable reserves, the recoverable reserves cannot be said to have a "high degree of confidence that the quantities will be recovered", but are "as likely as not to be recovered." The lower degree of certainty can come from several factors including: (1) direct offset production that does not meet an economic threshold, despite localized averages that do meet that threshold, (2) an increased distance from offset production to the probable location of over one mile but under three miles, (3) a perceived risk of communication or depletion from nearby producers, (4) a perceived risk of attempting new drilling or completion technologies that have not been used in direct offset production or (5) an uncertainty regarding geologic positioning that could affect recoverable reserves. When considering the factors referenced above, the lower degree of certainty of our probable reserves came from a combination of these factors. Many of the probable locations assigned in our reserve report as of June 30, 2023 had few uncertainties and resemble proved undeveloped locations except for their distance from commercial production. Other probable locations had uncertainties related to not only distance from commercial production, but also related to well spacing and development timing. In general, we did not book probable locations if there was geologic uncertainty or if there was not commercial production to support such locations.

The standardized measure of our estimated proved reserves is not necessarily the same as the current market value of our estimated proved reserves.

The present value of future net cash flow from our proved reserves, or standardized measure, may not represent the current market value of our estimated proved oil and natural gas reserves. In accordance with SEC requirements, we base the estimated discounted future net cash flow from our estimated proved reserves on the 12-month average oil and natural gas index prices, calculated as the unweighted arithmetic average for the first day-of-the-month price for each month and costs in effect as of the date of the estimate, holding the prices and costs constant throughout the life of the properties.

Actual future prices and costs may differ materially from those used in the net present value estimate, and future net present value estimates using then current prices and costs may be significantly less than current estimates. For example, our estimated proved reserves as of June 30, 2023 were calculated under SEC rules using the unweighted arithmetic average first day of the month prices for the prior 12 months of $4.763/MMBtu for natural gas and $82.82/Bbl for oil at June 30, 2023, which, for certain periods during this period, were substantially different from the available spot prices. In addition, the 10% discount factor we use when calculating discounted future net cash flow for reporting requirements in compliance with Accounting Standards Codification 932, "Extractive Activities — Oil and Gas," may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general.

Unless we replace our produced reserves with acquired or developed new reserves, our reserves and production will decline, which would adversely affect our future cash flows, results of operations and cash available for distribution.

Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Unless we conduct successful ongoing development activities or continually acquire properties containing proved reserves, our proved reserves will decline as those reserves are produced. Our future reserves and production, and therefore our future cash flow and results of

operations, are highly dependent on our success in efficiently developing our current reserves and economically finding or acquiring additional recoverable reserves. We may not be able to develop, find or acquire sufficient additional reserves to replace our current and future production. If we are unable to replace our current and future production, the value of our reserves will decrease, and our business, financial condition and results of operations would be materially and adversely affected.

Competition in the oil and natural gas industry is intense, making it more difficult for us to acquire properties, market natural gas, secure trained personnel and raise additional capital.

Our ability to acquire additional oil and gas properties and to find and develop reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment for acquiring properties, marketing natural gas and securing trained personnel. Also, there is substantial competition for capital available for investment in the oil and gas industry. Many of our competitors possess and employ greater financial, technical and personnel resources than we do. Those companies may be able to pay more for oil and natural gas properties and to evaluate, bid for and purchase a greater number of properties than our financial or personnel resources permit. Those larger companies may also have a greater ability to continue development activities during periods of low oil prices and to absorb the burden of present and future federal, state, local and other laws and regulations. In addition, other companies may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. We may not be able to compete successfully in the future in acquiring natural gas properties, developing reserves, marketing our production, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on our business.

A portion of our estimated drilling locations are based on our management's internal estimates and were not based on evaluations prepared by Cawley, Gillespie & Associates Inc.

Approximately 665 of our 2,022 total identified drilling locations are on properties that we do not anticipate to operate and were based on our management's internal estimates and not based on evaluations of Cawley, Gillespie & Associates Inc., our independent reserve engineer. Nonetheless, management's internal estimates were based upon the same guidelines as used within the Cawley, Gillespie & Associates Inc. evaluation, being production performance-based methods, material balance-based methods, volumetric-based methods and analogy. As a result, these estimates have greater uncertainty than those identified drilling locations evaluated by Cawley, Gillespie & Associates Inc.

Our midstream services contracts are generally structured as short-term and long-term, fixed-fee contracts, which may negatively impact our operating margins and cash flow during periods of lower oil and natural gas prices.

We have entered into short-term and long-term, fixed-fee contracts with third parties for gathering, processing and transportation services, including four firm transportation contracts, three of which are fully utilized and one that is partially utilized, with the remainder released to other shippers or unutilized. The impact of the unutilized portion of this contract is assumed under the weighted average sales price in the reserves. The total liability as of June 30, 2023 under the firm transportation contracts is $10.6 million. In addition, under these short-term and long-term, fixed-fee arrangements, our gathering and processing expenses are generally fixed on a per unit basis for the term of the applicable contract and do not automatically adjust in response to a decline in oil and natural gas prices. In the event of a prolonged period of lower commodity prices, our revenue will decline while the per unit fees we pay for natural gas gathering, treating and compression services generally will not, which would negatively impact our operating margins and cash flow. In addition, during periods of depressed oil and natural gas prices, the market prices for such services may be lower than what we are contractually obligated to pay to our current third-party midstream service providers. Furthermore, to the extent certain future taxes or assessments are imposed on certain midstream assets we utilize, under certain circumstances we may be required by our midstream services contracts to reimburse the midstream service provider for such taxes or assessments, which could negatively affect our operating margins and cash flow. Our third-party midstream service providers are under no obligation to renegotiate their contracts with us. Our failure to obtain these services on competitive terms could materially harm our business.

The loss of senior management or technical personnel could adversely affect operations.

We depend on the services of our senior management and technical personnel. We do not maintain, nor do we plan to obtain, any insurance against the loss of any of these individuals. The loss of the services of our senior management or technical personnel could have a material adverse effect on our business, financial condition and results of operations.

We depend on Mach Resources to provide us services necessary to operate our business. If Mach Resources were unable or unwilling to provide these services, it would result in a disruption in our business that could have an adverse effect on our financial position, financial results and cash flow.

We do not directly employ directors, officers or employees. Pursuant to the MSA with Mach Resources, an entity that is wholly owned by Tom L. Ward and his family, all of our executive management personnel are employees of Mach Resources, and we use a significant number of Mach Resources' employees to operate our properties and provide us with general and administrative services. If Mach Resources were to become unable or unwilling to provide such services, we would need to develop these services internally or arrange for the services from another service provider. Developing the capabilities internally or by retaining another service provider could have an adverse effect on our business, and the services, when developed or retained, may not be of the same quality as provided to us by Mach Resources. Additionally, if the MSA were to terminate, we would lose our key personnel.

Certain factors could require us to write down the carrying values of our properties, including commodity prices decreasing to a level such that our future undiscounted cash flows from our properties are less than their carrying value.

Accounting rules require that we periodically review the carrying value of our properties for possible impairment. Based on prevailing commodity prices and specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, drilling and completion results, production data, economics and other factors, we may be required to write down the carrying value of our properties. A write-down constitutes a non-cash impairment charge to earnings. Lower commodity prices in the future could result in impairments of our properties, which could have a material adverse effect on our results of operations for the periods in which such charges are taken. We could experience further material write-downs as a result of other factors, including low production results or high lease operating expenses, capital expenditures or transportation fees.

We may incur losses as a result of title defects in the properties in which we invest.

The existence of a material title deficiency can render a lease worthless and adversely affect our results of operations and financial condition. While we typically obtain title opinions prior to commencing drilling operations on a lease or in a unit, the failure of title may not be discovered until after a well is drilled, in which case we may lose the lease and the right to produce all or a portion of the minerals under the property.

We own non-operating interests in properties developed and operated by third parties and some of our leasehold acreage could be pooled by a third-party operator. As a result, we are unable, or may become unable as a result of pooling, to control the operation and profitability of such properties.

We participate in the drilling and completion of wells with third-party operators that exercise exclusive control over such operations. As a participant, we rely on the third-party operators to successfully operate these properties pursuant to joint operating agreements and other contractual arrangements. Similarly, our acreage in Oklahoma and Texas may be pooled by third-party operators under state law. If our acreage is involuntarily pooled under state forced pooling statutes, it would reduce our control over such acreage and we could lose operatorship over a portion of our acreage that we plan to develop.

We may not be able to maximize the value associated with acreage that we own but do not operate in the manner we believe appropriate, or at all. We cannot control the success of drilling and development activities on properties operated by third parties, which depend on a number of factors under the control of a third-party operator, including such operator's determinations with respect to, among other things, the nature and timing of drilling and operational activities, the timing and amount of capital expenditures and the selection of suitable technology. In

addition, the third-party operator's operational expertise and financial resources and its ability to gain the approval of other participants in drilling wells will impact the timing and potential success of drilling and development activities in a manner that we are unable to control. A third-party operator's failure to adequately perform operations, breach of applicable agreements or failure to act in ways that are favorable to us could reduce our production and revenues, negatively impact our liquidity and cause us to spend capital in excess of our current plans, and have a material adverse effect on our business, financial condition and results of operations.

We may be unable to make accretive acquisitions or may make opportunistic dispositions. Any such acquisitions, if not integrated or conducted successfully, or such dispositions, if not conducted successfully, may disrupt our business and hinder our growth potential.

We may be unable to make accretive acquisitions or may make opportunistic dispositions. Any such acquisitions, if not integrated or conducted successfully, or such dispositions, if not conducted successfully, may disrupt our business and hinder our growth potential. Our ability to grow and to increase distributions to our unitholders depends in part on our ability to make acquisitions that result in an increase in cash available for distribution. There is intense competition for acquisition opportunities in our industry and we may not be able to identify attractive acquisition opportunities. In the future we may make acquisitions of assets or businesses that complement or expand our current business. However, there is no guarantee we will be able to identify attractive acquisition opportunities. In the event we are able to identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms. Competition for acquisitions may also increase the cost of, or cause us to refrain from, completing acquisitions. In addition, from time to time, we may consider opportunistic dispositions, including dispositions of non-operating properties, having the potential to further limit future production.

The success of completed acquisitions will depend on our ability to effectively integrate the acquired businesses into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to integrate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operations.

In addition, the Credit Facilities imposes or will impose certain limitations on our ability to enter into mergers or combination transactions and to incur certain indebtedness, which could indirectly limit our ability to acquire assets and businesses.

Our development projects and acquisitions require substantial capital expenditures. We may be unable to obtain any required capital or financing on satisfactory terms, which could lead to a decline in our production and reserves.

The oil and gas industry is capital-intensive. A number of factors could cause our cash flow to be less than we expect, including the results of our drilling and completion program. Moreover, our capital budgets are based on a number of assumptions, including expected elections by working interest partners, drilling and completion costs, midstream service costs, oil and natural gas prices, and drilling results, and are therefore subject to change. If our cash flows are less than we expect, we decide to pursue acquisitions, or we change our capital budgets, we may be required to borrow more under credit facility than we expect or issue debt or equity securities to consummate such acquisitions or fund our drilling and completion program. The incurrence of additional indebtedness, either through borrowings under the Credit Facilities, the issuance of additional debt securities or otherwise, would require that a portion of our cash flow from operations be used for the payment of interest and principal on our indebtedness, thereby reducing our ability to use cash flow from operations to fund capital expenditures, our development plan, acquisitions and cash distributions to unitholders. Additionally, the market demand for equity issued by master limited partnerships has been significantly lower in recent years than it has been historically, which may make it more challenging for us to finance our capital expenditures with the issuance of additional equity. The issuance of additional equity securities may be dilutive to our unitholders The actual amount and timing of our future capital expenditures may differ materially from our estimates as a result of, among other things: oil and natural gas prices; actual drilling results; the availability and cost of drilling rigs and labor and other services and equipment; the availability, cost and adequacy of midstream gathering, processing, compression and transportation infrastructure; and regulatory, technological and competitive developments.

Our cash flow from operations and access to capital are subject to a number of variables, including:

- the prices at which our production is sold;
- the amount of our proved reserves;
- the amount of hydrocarbons we are able to produce from existing wells;
- our ability to acquire, locate and produce new reserves;
- the amount of our operating expenses;
- cash settlements from our derivative activities;
- our ability to borrow under the Credit Facilities; and
- our ability to access the debt and equity capital markets or sell non-core assets.

If our revenues or the borrowing bases under the Credit Facilities decrease as a result of lower commodity prices, operational difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to make acquisitions or sustain our operations at current levels. If additional capital is needed, we may not be able to obtain debt or equity financing on terms acceptable to us, if at all. If cash flow generated by our operations or available borrowings under the Credit Facilities are insufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of the development of our properties, which in turn could lead to a decline in our reserves and production and could materially and adversely affect our business, financial condition and results of operations.

Increased costs of capital could adversely affect our business.

Our business could be harmed by factors such as the availability, terms and cost of capital, increases in interest rates or a reduction in our credit rating. For example, since March 2022, the Federal Reserve has raised its target range for the federal funds rate multiple times, and additional rate hikes may continue to occur. Changes in any one or more of these factors could cause our cost of doing business to increase, limit our access to capital, limit our ability to pursue acquisition opportunities, reduce our cash flows available and place us at a competitive disadvantage. Continuing disruptions and volatility in the global financial markets may lead to an increase in interest rates or a contraction in credit availability impacting our ability to finance our activities. A significant reduction in the availability of credit could materially and adversely affect our ability to achieve our business strategy and cash flows.

We could experience periods of higher costs if commodity prices rise. These increases could reduce our profitability, cash flow and ability to complete development activities as planned.

Historically, capital and operating costs have risen during periods of increasing oil, natural gas and NGL prices and drilling activity in our areas of operation and other major shale basins throughout the United States. These cost increases result from a variety of factors beyond our control, such as increases in the cost of sand and other proppant used in hydraulic fracturing operations or acid used for acid stimulation, and steel and other raw materials that we and our vendors rely upon; increased demand for labor, services and materials as drilling activity increases; and increased taxes. Such costs may rise faster than increases in our revenue if commodity prices rise, thereby negatively impacting our profitability, cash flow and ability to complete development activities as scheduled and on budget. This impact may be magnified to the extent that our ability to participate in the commodity price increases is limited by our derivative activities. Furthermore, high oil prices have historically led to more development activity in oil-focused shale basins and resulted in service cost inflation across all U.S. shale basins, including our areas of operation. Higher levels of development activity in oil-focused shale basins have also historically resulted in higher levels of associated gas production that places downward pressure on natural gas prices. To the extent natural gas prices decline due to a period of increased associated gas production and we experience service cost inflation during such period, our cash flow, profitability and ability to make distributions to our unitholders may be materially adversely impacted.

The unavailability or high cost of drilling rigs, frac crews, equipment, supplies, personnel and oilfield services could adversely affect our ability to execute our development plans within our budget and on a timely basis.

The demand for drilling rigs, frac crews, pipe and other equipment and supplies, including sand and other proppant used in hydraulic fracturing operations and acid used for acid stimulation, as well as for qualified and experienced field personnel, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry, can fluctuate significantly, often in correlation with commodity prices or drilling activity in our areas of operation and in other shale basins in the United States, causing periodic shortages of supplies and needed personnel and rapid increases in costs. Increased drilling activity could materially increase the demand for and prices of these goods and services, and we could encounter rising costs and delays in or an inability to secure the personnel, equipment, power, services, resources and facilities access necessary for us to conduct our drilling and development activities, which could result in production volumes being below our forecasted volumes. In addition, any such negative effect on production volumes, or significant increases in costs could have a material adverse effect on our cash flow and profitability.

We depend upon several significant purchasers for the sale of most of our oil, natural gas and NGL production. The loss of one or more of these purchasers could, among other factors, limit our access to suitable markets for the oil and natural gas we produce.

For the six months ended June 30, 2023, two purchasers each accounted for more than 10% of our predecessor's revenue: Phillips 66 Company (52.0%) and NextEra Energy Marketing, LLC (16.7%). For the year ended December 31, 2022, three purchasers each accounted for more than 10% of our predecessor's revenue: Hinkle Oil and Gas Inc. (31.5%), NextEra Energy Marketing, LLC (17.0%) and Phillips 66 Company (16.9%). For the year ended December 31, 2021, four purchasers each accounted for more than 10% of our predecessor's revenue: Phillips 66 Company (33.5%), NextEra Energy Marketing, LLC (20.2%), Hinkle Oil and Gas Inc. (13.3%) and ONEOK Hydrocarbon L.P. (13.9%). No other purchaser accounted for more than 10% of our predecessor's revenue during these periods. We do not have long-term contracts with our customers; rather, we sell the substantial majority of our production contracts with terms of 12 months or less, including on a month-to-month basis, to a relatively small number of customers. The loss of any one of these purchasers, the inability or failure of our significant purchasers to meet their obligations to us or their insolvency or liquidation could materially adversely affect our financial condition, results of operations and ability to make distributions to our unitholders. We cannot assure you that any of our customers will continue to do business with us or that we will continue to have ready access to suitable markets for our future production. See "Business and Properties — Marketing and Customers."

The availability of a ready market for any hydrocarbons we produce depends on numerous factors beyond our control, including, but not limited to, the extent of domestic production and imports of oil, the proximity and capacity of oil, natural gas and NGL pipelines, the availability of skilled labor, materials and equipment, the effect of state and federal regulation of oil, natural gas and NGL production and federal regulation of oil, natural gas and NGLs sold in interstate commerce.

Our leverage and debt service obligations may adversely affect our financial condition, results of operations and business prospects.

On a pro forma basis as of June 30, 2023, after giving effect to the Reorganization Transactions and this offering and the use of proceeds therefrom, we expect to have $ million outstanding under the BCE-Mach III credit facility. In the future, we and our subsidiaries may incur substantial additional indebtedness (including secured indebtedness and any borrowings under the New Credit Facility). The Credit Facilities contain or will contain restrictions on the incurrence of additional indebtedness, and these restrictions will be subject to waiver and a number of significant qualifications and exceptions, and indebtedness incurred in compliance with these restrictions could be substantial. Additionally, the Credit Facilities permit or will permit us to incur certain amounts of additional indebtedness.

Although we expect to remain substantially debt free following consummation of the offering, our level of indebtedness, if any, could affect our operations in several ways, including the following:

- requiring us to dedicate a substantial portion of our cash flow from operations to service our debt, thereby reducing the cash available to finance our operating and investing activities;
- limiting management's discretion in operating our business and our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- increasing our vulnerability to downturns and adverse developments in our business and industry;
- limiting our ability to raise capital on favorable terms;
- limiting our ability to raise available financing, make investments, lease equipment, sell assets and engage in business combinations;
- making us vulnerable to increases in interest rates;
- putting us at a competitive disadvantage relative to our competitors; and
- limiting our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities, due to covenants contained in our New Credit Facility, including financial covenants.

Restrictions in our existing and future debt agreements could limit our growth and our ability to engage in certain activities.

The agreements governing the Credit Facilities contain or will contain a number of significant covenants, including restrictive covenants that will, subject to certain qualifications, limit our ability to, among other things:

- make certain payments, including paying dividends or distributions in respect of our equity;
- incur additional indebtedness;
- make loans to others;
- make certain acquisitions and investments;
- make or pay distributions on our common units, if an event of default or borrowing base deficiency exists;
- merge or consolidate with another entity;
- hedge future production or interest rates;
- incur liens;
- sell assets; and
- engage in certain other transactions without the prior consent of the lenders.

In addition, the Credit Facilities require or will require us to maintain compliance with certain financial covenants.

The restrictions in the agreements governing or that will govern the Credit Facilities, also impacts our ability to obtain capital to withstand a downturn in our business or the economy in general, or to otherwise conduct necessary corporate activities. We may also be prevented from taking advantage of business opportunities that arise because of the limitations that the restrictive covenants under our debt arrangements may impose on us.

A breach of any covenant in the Credit Facilities will result in a default under our credit agreement and an event of default if there is no grace period or if such default is not cured during any applicable grace period. An event of default, if not waived, could result in acceleration of the indebtedness outstanding under the applicable agreement and in an event of default with respect to, and an acceleration of, the indebtedness outstanding under any other debt agreements to which we are a party. Any such accelerated indebtedness would become immediately due and payable. If that occurs, we may not be able to make all of the required payments or borrow sufficient funds to refinance such indebtedness. Even if new financing were available at that time, it may not be on terms that are acceptable to us.

Any significant reduction in our borrowing base under the Credit Facilities as a result of the periodic borrowing base redeterminations or otherwise may negatively impact our ability to fund our operations.

The Credit Facilities limit or is expected to limit the amounts we can borrow up to certain borrowing base amounts, which the administrative agent in good faith and in accordance with its usual and customary procedures for evaluating oil and gas loans and related assets at that particular time and otherwise acting in its sole discretion, will

determine and which will be approved by the required lenders or all lenders, as applicable in the case of an increase in the borrowing base, on a semi-annual basis based upon projected revenues from our natural gas properties, our commodity derivative contracts securing our loan and certain other information (including, without limitation, the status of title information with respect to the oil and gas properties and the existence of any other indebtedness, liabilities, fixed charges, cash flow, business, properties, prospects, management and ownership, hedged and unhedged exposure to price, price and production scenarios, interest rate and operating cost changes). In addition to the scheduled redeterminations, the Company and the required lenders may be expected to request unscheduled interim redeterminations of the borrowing base not more than once between scheduled redeterminations. Any increase in the borrowing base will require the consent of all lenders (other than defaulting lenders). If the requisite number of required lenders or all lenders, as applicable in the case of an increase in the borrowing base, do not agree to a proposed borrowing base, then the borrowing base will be the highest borrowing base acceptable to such lenders. We will be required to repay outstanding borrowings in excess of the borrowing base. The borrowing base may also automatically decrease upon the occurrence of certain events.

In the future, we may not be able to access adequate funding under the Credit Facilities as a result of a decrease in our borrowing bases due to the issuance of new indebtedness, the outcome of a borrowing base redetermination, or an unwillingness or inability on the part of lending counterparties to meet their funding obligations and the inability of other lenders to provide additional funding to cover a defaulting lender's portion. Furthermore, our borrowing base may be reduced if we sell assets in the future. Declines in commodity prices could result in a determination to lower the borrowing base and, in such a case, we could be required to repay any indebtedness in excess of the redetermined borrowing base. As a result, we may be unable to implement our drilling and development plan, make acquisitions, make distributions to our unitholders or otherwise carry out business plans, which would have a material adverse effect on our financial condition and results of operations.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under the Credit Facilities bear or will bear interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our business, financial condition and results of operations and cash available for distribution.

The credit risk of financial institutions could adversely affect us.

We have entered into transactions with counterparties in the financial services industry, including commercial banks, investment banks, insurance companies and other institutions. These transactions expose us to credit risk in the event of default of our counterparty. Deterioration in the credit markets may impact the credit ratings of our current and potential counterparties and affect their ability to fulfill their existing obligations to us and their willingness to enter into future transactions with us. We have exposure to financial institutions in the form of derivative transactions in connection with our hedges and insurance companies in the form of claims under our policies and deposit accounts held at regional banks. In addition, if any lender under the Credit Facilities is unable to fund its commitment, our liquidity will be reduced by an amount up to the aggregate amount of such lender's commitment under the credit agreement.

Some of the Company's deposit accounts are held at regional banks. The recent high-profile bank failures involving Silicon Valley Bank, Signature Bank, and First Republic Bank have generated significant market volatility and, in particular, for regional banks. While the Department of the Treasury, the Federal Reserve, and the FDIC have made statements ensuring that depositors of recently failed banks would have access to their deposits, including uninsured deposit accounts, there is no guarantee that such actions will continue for future failed banks, including the regional banks that hold our deposit accounts.

Our ability to obtain financing on terms acceptable to us may be limited in the future by, among other things, increases in interest rates.

We require continued access to capital and our business and operating results can be harmed by factors such as the availability, terms of and cost of capital, increases in interest rates or a reduction in credit rating. We may use the Credit Facilities to finance a portion of our future growth, and these factors could cause our cost of doing business

to increase, limit our ability to pursue acquisition opportunities, reduce cash flow used for drilling and place us at a competitive disadvantage. Volatility in the global financial markets, significant losses in financial institutions' U.S. energy loan portfolios, or environmental and social concerns may lead to a contraction in credit availability impacting our ability to finance our operations or our ability to refinance the Credit Facilities or other outstanding indebtedness. An increase in interest rates could increase our interest expense and materially adversely affect our financial condition. A significant reduction in cash flow from operations or the availability of credit could materially and adversely affect our ability to carry out our development plan, our cash available for distribution and operating results.

We cannot assure you that we will be able to obtain the New Credit Facility to refinance the indebtedness under the BCE-Mach III credit facility, or that we will be able to refinance the indebtedness we will incur under the New Credit Facility.

There can be no assurance that the New Credit Facility will be obtained on the terms described herein, or at all. In order to obtain the New Credit Facility, we must first obtain commitments from lenders for the New Credit Facility, and agree on final definitive documentation for the New Credit Facility with the lenders. We may not be able to arrange such commitments, or the pricing, size, covenants or other terms of the facility may be less favorable than the New Credit Facility described herein, which could increase our interest costs, reduce our operational or financial flexibility, or reduce our access to liquidity. If we are unable to obtain binding commitments for the New Credit Facility on acceptable terms or at all, the BCE-Mach III credit facility will remain outstanding. After this offering, we expect to apply the net proceeds from the offering of approximately $, based on the midpoint of the price range on the cover of this prospectus, to partially repay the BCE-Mach III credit facility and to repay in full the BCE-Mach credit facility and the BCE-Mach II credit facility. We cannot assure you that after this offering we will obtain binding commitments for the New Credit Facility sufficient to refinance in full and terminate the BCE-Mach III credit facility. No assurance can be given that any refinancing or additional financing will be possible when needed or that we will be able to negotiate favorable terms. In addition, our access to capital is affected by prevailing conditions in the financial and capital markets and other factors beyond our control. There can be no assurance that market conditions will be favorable at the times that we require new or additional financing. Further, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities, as well as the potential costs associated with refinancing our debt, including the BCE-Mach III credit facility and, if ultimately agreed, the New Credit Facility. Downgrades in our credit ratings could also affect the terms of any such financing and restrict our ability to obtain additional financing in the future. Failure to obtain the New Credit Facility or to refinance the indebtedness under the BCE-Mach III credit facility or the New Credit Facility could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our derivative activities could result in financial losses or could reduce our earnings.

To achieve more predictable cash flows and reduce our exposure to adverse fluctuations in the prices of oil and natural gas, we enter into derivative contracts for a portion of our projected oil and natural gas production, primarily consisting of swaps. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosure About Market Risk — Commodity price risk — Commodity derivative activities." Accordingly, our earnings may fluctuate significantly as a result of changes in the fair value of our derivative instruments.

Derivative instruments also expose us to the risk of financial loss in some circumstances, including when:

- production is less than the volume covered by the derivative instruments;
- the counterparty to the derivative instrument defaults on its contractual obligations;
- there is an increase in the differential between the underlying price in the derivative instrument and actual prices received for the sale of our production; or
- there are issues regarding legal enforceability of such instruments.

The use of derivatives may, in some cases, require the posting of cash collateral with counterparties. If we enter into derivative instruments that require cash collateral and commodity prices change in a manner adverse to us, our cash otherwise available for use in our operations would be reduced, which could limit our ability to make future

capital expenditures, make payments on our indebtedness and make distributions to our unitholders, and which could also limit the size of our borrowing base. Future collateral requirements will depend on arrangements with our counterparties and oil and natural gas prices.

The cost to drill and complete oil and natural gas wells often increases in times of rising oil and natural gas prices. To the extent our drilling and completion costs increase, but our derivative arrangements limit the benefit we receive from increases in oil and natural gas prices, our margins could be limited, which could have a material adverse effect on our financial condition. In addition, the amount we pay in severance taxes is calculated without taking our derivative arrangements into account, and if our derivative arrangements limit the benefit we receive from increases in oil and natural gas prices, the effective tax rate we pay in severance taxes could increase.

Our derivative contracts expose us to risk of financial loss if a counterparty fails to perform under a contract. Disruptions in the financial markets could lead to sudden decreases in a counterparty's liquidity, which could make the counterparty unable to perform under the terms of the contract, and we may not be able to realize the benefit of the contract. We are unable to predict sudden changes in a counterparty's creditworthiness or ability to perform. Even if we do accurately predict sudden changes, our ability to negate the risk may be limited depending upon market conditions.

During periods of declining commodity prices our derivative contract receivable positions would generally increase, which increases our counterparty credit exposure. If the creditworthiness of our counterparties deteriorates and results in their nonperformance, we could incur a significant loss with respect to our derivative contracts.

The failure of our hedge counterparties, significant customers or working interest holders to meet their obligations to us may adversely affect our financial results.

Our hedging transactions expose us to the risk that a counterparty fails to perform under a derivative contract. Disruptions in the financial markets could lead to sudden decreases in a counterparty's liquidity, which could make such party unable to perform under the terms of the derivative contract and we may not be able to realize the benefit of the derivative contract. Any default by a counterparty to these derivative contracts when they become due could have a material adverse effect on our financial condition and results of operations.

Our ability to collect payments from the sale of oil and natural gas to our customers depends on the payment ability of our customer base, which includes several significant customers. If any one or more of our significant customers fail to pay us for any reason, we could experience a material loss. In addition, if any of our significant customers cease to purchase our oil and natural gas or reduce the volume of the oil and natural gas that they purchase from us, the loss or reduction could have a detrimental effect on our revenues and may cause a temporary interruption in sales of, or a lower price for, our oil and natural gas.

We also face credit risk through joint interest receivables. Joint interest receivables arise from billing entities who own partial working interests in the wells we operate. Though we often have the ability to withhold future revenue disbursements to recover non-payment of joint interest billings, the inability or failure of working interest holders to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results.

Events outside of our control, including widespread public health crises, epidemics and outbreaks of infectious diseases such as COVID-19, or the threat thereof, and any related threats of recession and other economic repercussions could have a material adverse effect on our business, liquidity, financial condition, results of operations, cash flows and ability to pay distributions on our common units.

Widespread public health crises, epidemics, and outbreaks of infectious diseases, which can give rise to a threat of recession and related economic repercussions can create significant volatility, uncertainty and turmoil in the global economy and oil and gas industry, as did COVID-19 during 2020 through the beginning of 2022. These variables are beyond our control and may have the effect of disrupting the normal operations of many businesses, including the temporary closure or scale-back of business operations and/or the imposition of either quarantine or remote work or meeting requirements for employees, either by government order or on a voluntary basis. While the effects of the COVID-19 outbreak have lessened, widespread public health crises, epidemics and outbreaks of infectious diseases spreading throughout the U.S. and globally, including from a renewed outbreak of COVID-19, could result in significant disruptions to our operations. The global economy, our markets and our business have been, and may continue to be, materially and adversely affected by widespread public health crises, epidemics and

outbreaks of infectious diseases, which could significantly disrupt our business and operational plans and adversely affect our liquidity, financial condition, results of operations, cash flows and ability to pay distributions on our common units.

Declining general economic, business or industry conditions and inflation may have a material adverse effect on our results of operations, liquidity and financial condition.

Concerns over global economic conditions, energy costs, supply chain disruptions, increased demand, labor shortages associated with a fully employed U.S. labor force, geopolitical issues, inflation, the availability and cost of credit and the United States financial market and other factors have contributed to increased economic uncertainty and diminished expectations for the global economy. Although inflation in the United States had been relatively low for many years, there was a significant increase in inflation beginning in the second half of 2021, which has continued into 2023, due to a substantial increase in money supply, a stimulative fiscal policy, a significant rebound in consumer demand as COVID-19 restrictions were relaxed, the Russia-Ukraine war and worldwide supply chain disruptions resulting from the economic contraction caused by COVID-19 and lockdowns followed by a rapid recovery. Inflation rose from 7.5% in January 2022 to a peak of 9.1% in June 2022 and then decreased to 6.5% in December 2022. In August 2023, inflation was 3.7%. We continue to undertake actions and implement plans to strengthen our supply chain to address these pressures and protect the requisite access to commodities and services.

Nevertheless, we expect for the foreseeable future to experience supply chain constraints and inflationary pressure on our cost structure. We also may face shortages of these commodities and labor, which may prevent us from fully executing our development plan. These supply chain constraints and inflationary pressures will likely continue to adversely impact our operating costs and, if we are unable to manage our supply chain, it may impact our ability to procure materials and equipment in a timely and cost- effective manner, if at all, which could impact our ability to distribute available cash and result in reduced margins and production delays and, as a result, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

We continue to take actions to mitigate supply chain and inflationary pressures. We are working closely with other suppliers and contractors to ensure availability of supplies on site, especially fuel, steel and chemical suppliers which are critical to many of our operations. However, these mitigation efforts may not succeed or may be insufficient.

In addition, continued hostilities related to the Russian invasion of Ukraine and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. These factors and other factors, such as another surge in COVID-19 cases or decreased demand from China, combined with volatile commodity prices, and declining business and consumer confidence may contribute to an economic slowdown and a recession. Recent growing concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate in the United States or abroad deteriorates, worldwide demand for petroleum products could diminish, which could impact the price at which we can sell our production, affect the ability of our vendors, suppliers and customers to continue operations and ultimately adversely impact our business, financial condition and results of operations.

Oil and gas exploration and production companies are frequently subject to litigation claims from landowners, royalty owners and other interested parties, particularly during periods of declining commodity prices.

Title to oil and gas properties is often unclear and subject to claims by third parties. Additionally, oil and gas companies are frequently subject to claims with respect to underpayment of royalties, environmental hazards and contested ownership of properties, especially during periods of declining commodity prices and therefore revenue and royalty payments. The oil and gas exploration and production business is especially susceptible to increased cost of capital, hedging losses and declining revenues which can result in defaults on third party obligations. These risk and others can result in the incurrence of significant attorney’s fees and other expenses incurred in the prosecution or defense of litigation.

We may incur substantial losses and be subject to substantial liability claims as a result of our operations. Additionally, we may not be insured for, or our insurance may be inadequate to protect us against, these risks.

We maintain insurance against some, but not all, operating risks and losses. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition or results of operations.

Our operations are subject to all of the risks associated with drilling for and producing oil, natural gas and NGLs and operating gathering and processing facilities including the possibility of:

- environmental hazards, such as releases of pollutants into the environment, including groundwater, surface water, soil and air contamination;
- abnormally pressured formations;
- mechanical difficulties, such as stuck oilfield drilling and service tools and casing collapse;
- ruptures, fires and explosions;
- damage to pipelines, processing plants, compression assets, water infrastructure, and related equipment and surrounding properties caused by tornadoes, floods, freezes, fires and other natural disasters;
- inadvertent damage from construction, vehicles, farm and utility equipment;
- personal injuries and death;
- natural disasters; and
- terrorist attacks targeting oil and natural gas related facilities and infrastructure.

Any of these events could adversely affect our ability to conduct operations or result in substantial loss to us as a result of claims by government agencies or third parties for:

- injury or loss of life;
- damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage;
- regulatory investigations and penalties; and
- repair and remediation costs.

These events may also result in curtailment or suspension of our gathering and processing facilities. A natural disaster or any event such as those described above affecting the areas in which we and our third-party customers operate could have a material adverse effect on our operations. Accidents or other operating risks could further result in loss of service available to us and our third-party customers. Such circumstances, including those arising from maintenance and repair activities, could result in service interruptions on portions or all of our gathering facilities.

We may elect not to obtain insurance for certain of these risks if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, in some instances, certain insurance could become unavailable or available only for reduced amounts of coverage, including for pollution and other environmental risks. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

Extreme weather conditions and the physical risks of climate change could adversely affect our ability to conduct drilling activities in the areas where we operate and the operations of our gathering and processing facilities and have a negative impact on our business and results of operations.

The majority of the scientific community has concluded that climate change may result in more frequent and/or more extreme weather events, changes in temperature and precipitation patterns, changes to ground and surface water availability, and other related phenomena, which could affect some, or all, of our operations. If any

such effects were to occur, they could adversely affect or delay demand for oil or natural gas products or cause us to incur significant costs in preparing for or responding to the effects of climatic events themselves, which may not be fully insured. For example, our development, optimization and exploitation activities and equipment could be adversely affected by extreme weather conditions, such as hurricanes, thunderstorms, tornadoes and snow or ice storms, or other climate-related events such as wildfires and floods, in each case which may cause a loss of operational efficiency or production from temporary cessation of activity or lost or damaged facilities and equipment. Further, these types of interruptions could result in a decrease in the volumes supplied to our gathering systems, and delays and shutdowns caused by severe weather may have a material negative impact on the continuous operations of our gathering and processing facilities, including interruptions in service. These types of interruptions could negatively impact our ability to meet our contractual obligations to our third-party customers and thereby give rise to certain termination rights or other liabilities under our contracts. Such extreme weather conditions and events could also impact other areas of our operations, including the costs of insurance, access to our drilling and production facilities for routine operations, maintenance and repairs and the availability of, and our access to, necessary resources, such as water, and third-party services, such as gathering, processing, compression and transportation services. These constraints and the resulting shortages or high costs could delay or temporarily halt our operations and materially increase our operation and capital costs, which could have a material adverse effect on our business, financial condition and results of operations. Given that our operations are concentrated exclusively in the Anadarko Basin, a number of our properties could experience any of the same weather conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more geographically diversified portfolio of properties. Our ability to mitigate the adverse physical impacts of climate change depends in part upon our disaster preparedness and response and business continuity planning.

Our business is subject to climate-related transition risks, including evolving climate change legislation, fuel conservation measures, technological advances and negative shift in market perception towards the oil and natural gas industry, which could result in increased operating expenses and capital costs, financial risks and reduction in demand for oil and natural gas.

Increasing attention from governmental and regulatory bodies, investors, consumers, industry and other stakeholders on combating climate change, together with changes in consumer and industrial/commercial behavior, societal pressure on companies to address climate change, investor and societal expectations regarding voluntary climate-related disclosures, preferences and attitudes with respect to the generation and consumption of energy, the use of hydrocarbons, and the use of products manufactured with, or powered by, hydrocarbons, may result in the enactment of climate change-related regulations, policies and initiatives at the government, regulator, corporate and/or investor community levels, including alternative energy requirements, new fuel consumption standards, energy conservation and emissions reductions measures and responsible energy development; technological advances with respect to the generation, transmission, storage and consumption of energy (including advances in wind, solar and hydrogen power, as well as battery technology); increased availability of, and increased demand from consumers and industry for, energy sources other than oil and natural gas (including wind, solar, nuclear, and geothermal sources as well as electric vehicles); and development of, and increased demand from consumers and industry for, lower-emission products and services (including electric vehicles and renewable residential and commercial power supplies) as well as more efficient products and services. These developments may in the future adversely affect the demand for products manufactured with, or powered by, petroleum products, as well as the demand for, and in turn the prices of, oil and natural gas products. Such developments may also adversely impact, among other things, our stock price and access to capital markets, and the availability to us of necessary third-party services and facilities that we rely on, which may increase our operational costs and adversely affect our ability to successfully carry out our business strategy. Climate change-related developments may also impact the market prices of or our access to raw materials such as energy and water and therefore result in increased costs to our business.

More broadly, the enactment of climate change-related legislation and regulatory initiatives may in the future result in increases in our compliance costs and other operating costs. For further discussion regarding the risks posed to us by climate change-related legislation and regulatory initiatives, see "— Climate change legislation or regulations restricting emissions of GHGs or requiring the reporting of GHG emissions or climate-related information could result in increased operating costs, impact the demand for the oil and natural gas we produce, and adversely affect our business."

Negative perceptions regarding the Company's industry and related reputational risks may also in the future adversely affect the Company's ability to successfully carry out the Company's business strategy by adversely affecting the Company's access to capital. There have been efforts in recent years, for example, to influence the investment community, including investment advisors, insurance companies, and certain sovereign wealth, pension and endowment funds and other groups, by promoting divestment of fossil fuel equities and pressuring lenders to limit funding and insurance underwriters to limit coverages to companies engaged in the extraction of fossil fuel reserves. Certain financial institutions and members of the investment community have shifted, and others may elect in the future to shift, some or all of their investment into non-fossil fuel related sectors. There is also a risk that financial institutions may be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. Certain investment banks and asset managers based both domestically and internationally have announced that they are adopting climate change guidelines for their banking and investing activities. Institutional lenders who provide financing to energy companies, such as the Company, have also become more attentive to sustainable lending practices, and some may elect not to provide traditional energy producers or companies that support such producers with funding. Ultimately, this could make it more difficult to secure funding for exploration and production activities or adversely impact the cost of capital for both the Company and its customers, and could thereby adversely affect the demand and price of the Company's securities. Limitation of investments in and financings for energy companies could also result in the restriction, delay, or cancellation of infrastructure projects and energy production activities.

More broadly, negative public perception regarding us and/or our industry resulting from, among other things, concerns raised by advocacy groups about climate change or other sustainability-related matters, may also lead to increased reputational and litigation risk and regulatory, legislative and judicial scrutiny, which may, in turn, lead to new laws, regulations, guidelines and enforcement interpretations targeting our industry. Companies in the oil and natural gas industry are often the target of activist efforts from both individuals and non-governmental organizations, and such activism could materially and adversely impact our ability to operate our business and raise capital. The foregoing factors may result in downward pressure on the stock prices of oil and gas companies, including the Company's, and cause operational delays or restrictions, increased operating costs, additional regulatory burdens and increased risk of litigation. For example, some parties have initiated public nuisance claims under federal or state common law against certain companies involved in the production of oil and natural gas, or claims alleging that the companies have been aware of the adverse effects of climate change for some time but failed to adequately disclose such impacts to their investors or customer. Although the Company is not a party to any such litigation, we could be named in actions making similar allegations, which could lead to costs and materially impact our financial condition in an adverse way.

Our operations are subject to stringent environmental laws and regulations that may affect our operations and expose us to significant costs and liabilities that could exceed current expectations.

Our operations are subject to stringent and complex federal, state and local laws and regulations governing environmental protection, the release, disposal or discharge of materials into the environment, and occupational health and safety aspects of our operations. These laws and regulations may impose numerous obligations applicable to our operations, including the acquisition of a permit or other approval before conducting regulated drilling activities; the restriction of types, quantities and concentrations of materials that can be released into the environment; the prohibition of noise-producing activities; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands and other protected areas, including threatened and endangered species habitats; the application of specific health and safety criteria addressing worker protection; and the imposition of substantial liabilities for pollution resulting from our operations. Governmental authorities, such as the U.S. Environmental Protection Agency ("EPA") and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them. Such enforcement actions often involve taking difficult and costly compliance measures or corrective actions. We may be required to make significant capital and operating expenditures or perform remedial or other corrective actions at our wells and properties to comply with the requirements of these environmental laws and regulations or the terms or conditions of permits issued pursuant to such requirements. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal penalties, natural resource damages, the imposition of investigatory or remedial obligations, and the issuance of orders limiting or prohibiting some or all of our operations. In addition, we may experience delays in obtaining, or be unable to obtain, required permits, which may delay or interrupt our operations and limit our growth and revenue.

There is an inherent risk of incurring significant environmental costs and liabilities in the performance of our operations due to our handling of hazardous substances and wastes, as a result of air emissions and wastewater discharges related to our operations, and because of historical operations (including plugging and abandonment obligations) and waste disposal practices. Spills or other releases of regulated substances, including such spills and releases that could occur in the future, could expose us to material losses, expenditures and liabilities under applicable environmental laws and regulations. Under certain of such laws and regulations, we could be held strictly liable for the removal or remediation of previously released materials or property contamination, regardless of whether we were responsible for the release or contamination and even if our operations met previous standards in the industry at the time they were conducted. For example, lawsuits in which landowners sue every operator in the chain of title for environmental damages to their property are not uncommon in states in which we operate. In connection with certain acquisitions, we could acquire, or be required to provide indemnification against, environmental liabilities that could expose us to material losses. In certain instances, citizen groups also have the ability to bring legal proceedings against us regarding our compliance with environmental laws, or to challenge our ability to receive environmental permits that we need to operate. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations or historical oil and natural gas production in our areas of operation, which have been producing oil in certain instances for several decades. Our insurance may not cover all environmental risks and costs or may not provide sufficient coverage if an environmental claim is made against us.

The long-term trend of more expansive and stringent environmental legislation and regulations applied to the oil and natural gas industry could continue, particularly in light of the Biden administration's focus on addressing climate change, resulting in increased costs of doing business and consequently affecting profitability. For example, in January 2021, President Biden signed an executive order directing the U.S. Department of the Interior ("DOI") to temporarily pause new oil and gas leases on federal lands and waters pending completion of a comprehensive review of the federal government's existing oil and gas leasing and permitting program. In June 2021, a federal district court enjoined the DOI from implementing the pause and leasing resumed subject to certain limitations, although litigation over the leasing pause remains ongoing. As a result, it is difficult to predict if and when such areas may be made available for future exploration activities. Further, for example, on November 15, 2021, the EPA issued a proposed rule intended to reduce methane emissions from oil and gas sources. The proposed rule imposes emissions reduction standards on both new and existing sources in the oil and natural gas industry, expands the scope of Clean Air Act ("CAA") regulation, and imposes emissions reductions targets to meet the stated goals of the U.S. federal administration. On December 6, 2022, the EPA issued the proposed rule supplementing the November 2021 proposed rule. Among other things, the December 2022 supplemental proposed rule removes an emissions monitoring exemption for small wellhead-only sites and creates a new third-party monitoring program to flag large emissions events, referred to in the proposed rule as "super emitters." The EPA's issuance of the final rule is pending. Further, in September 2021, President Biden publicly announced the Global Methane Pledge, an international pact that aims to reduce global methane emissions to at least 30% below 2020 levels by 2030, and in August 2022, President Biden signed the Inflation Reduction Act of 2022 into law, which incentivizes the reduction of methane emissions and would impose a fee on methane produced by petroleum and natural gas facilities in excess of a specified threshold, among other initiatives. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly well drilling, construction, completion or water management activities or waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our industry as well as our own results of operations, competitive position or financial condition.

To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially adversely affected.

Climate change legislation or regulations restricting emissions of GHGs or requiring the reporting of GHG emissions or climate-related information could result in increased operating costs, impact the demand for the oil and natural gas we produce, and adversely affect our business.

More stringent laws and regulations relating to climate change and GHGs may be adopted and could cause us to incur material expenses to comply with such laws and regulations. In response to findings that emissions of carbon dioxide, methane and other GHGs present an endangerment to public health and the environment and in the absence of

comprehensive federal legislation on GHG emission control, the EPA has adopted regulations pursuant to the CAA to monitor, report, and/or reduce GHG emissions from various sources. We cannot predict the scope of any final methane regulatory requirements or the cost to comply with such requirements. However, given the long-term trend toward increasing regulation, future federal GHG regulations of the oil and gas industry remain a significant possibility.

In addition, Congress has from time to time considered adopting legislation to reduce emissions of GHGs, and a number of state and regional efforts have emerged that are aimed at tracking and/or reducing GHG emissions, such as by means of cap and trade programs. Cap and trade programs typically require major sources of GHG emissions to acquire and surrender emission allowances in return for emitting those GHGs. At the international level, in April 2016, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France, which resulted in an agreement intended to nationally determine their contributions and set GHG emission reduction goals every five years beginning in 2020. In November 2019, plans were formally announced for the U.S. to withdraw from the Paris Agreement with an effective exit date in November 2020. In February 2021, the current administration announced reentry of the U.S. into the Paris Agreement along with a new "nationally determined contribution" for U.S. GHG emissions that would achieve emissions reductions of at least 50% relative to 2005 levels by 2030. In September 2021, President Biden publicly announced the Global Methane Pledge, an international pact that aims to reduce global methane emissions to at least 30% below 2020 levels by 2030. To date, over 150 countries have joined the pledge. Various state and local governments have also vowed to continue to enact regulations to satisfy their proportionate obligations under the Paris Agreement.

Any legislation or regulatory programs addressing GHG emissions could increase the cost of consuming, and thereby reduce demand for, the natural gas we produce, and could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory requirements, and to monitor and report on GHG emissions. Any GHG emissions legislation or regulatory programs applicable to power plants or refineries could also increase the cost of consuming, and thereby reduce demand for, the oil and natural gas we produce. Moreover, incentives or requirements to conserve energy, use alternative energy sources, reduce GHG emissions in product supply chains, and increase demand for low-carbon fuel or zero-emissions vehicles, could reduce demand for the oil and natural gas we produce. The Inflation Reduction Act of 2022, for example, provides significant funding and incentives for research and development of low-carbon energy production methods, carbon capture and other programs directed at addressing climate change. Additionally, the SEC issued a proposed rule in March 2022 that would mandate extensive disclosure of climate-related data, risks and opportunities, including financial impacts, physical and transition risks, related governance and strategy and GHG emissions, for certain public companies.

Although it is not currently possible to predict how these executive orders, national commitments or any proposed or future GHG or climate change legislation or regulation promulgated by Congress, the states or multi- state regions and their respective regulatory agencies will impact our business, any legislation or regulation of GHG emissions that may be imposed in areas in which we conduct business or on the assets we operate could result in increased compliance or operating costs or additional operating restrictions or reduced demand for our products, and could have a material adverse effect on our business, financial condition and results of operations. For further discussion of certain existing and proposed climate-related rules and regulations, see "Business and Properties — Legislative and regulatory environment."

Increased scrutiny of ESG matters could have an adverse effect on our business, financial condition and results of operations and damage our reputation.

In recent years, companies across all industries are facing increasing scrutiny from a variety of stakeholders, including investor advocacy groups, proxy advisory firms, certain institutional investors and lenders, investment funds and other influential investors and rating agencies, related to their ESG and sustainability practices. If we do not adapt to or comply with investor or other stakeholder expectations and standards on ESG matters as they continue to evolve, or if we are perceived to have not responded appropriately or quickly enough to growing concern for ESG and sustainability issues, regardless of whether there is a regulatory or legal requirement to do so, we may suffer from reputational damage and our business, financial condition and/or stock price could be materially and adversely affected. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such

ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital.

Further, our operations, projects and growth opportunities require us to have strong relationships with various key stakeholders, including our shareholders, employees, suppliers, customers, local communities and others. We may face pressure from stakeholders, many of whom are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability while at the same time remaining a successfully operating company. If we do not successfully manage expectations across these varied stakeholder interests, it could erode stakeholder confidence and thereby affect our brand and reputation. Such erosion of confidence could negatively impact our business through decreased demand and growth opportunities, delays in projects, increased legal action and regulatory oversight, adverse press coverage and other adverse public statements, difficulty hiring and retaining top talent, difficulty obtaining necessary approvals and permits from governments and regulatory agencies on a timely basis and on acceptable terms and difficulty securing investors and access to capital.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing as well as governmental reviews of such activities could result in increased costs and additional operating restrictions or delays, limit the areas in which we can operate, and reduce our oil and natural gas production, which could adversely affect our production and business.

Hydraulic fracturing is a common practice used to stimulate production of oil and/or natural gas from dense subsurface rock formations and is important to our business. The hydraulic fracturing process involves the injection of water, proppants and chemicals under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate production. We and our third-party operators use hydraulic fracturing as part of our operations. Recently, there has been increased public concern regarding an alleged potential for hydraulic fracturing to adversely affect drinking water supplies or trigger seismic activity. Proposals have been made to enact separate federal, state and local legislation that would increase the regulatory burden imposed on hydraulic fracturing.

Presently, hydraulic fracturing is regulated primarily at the state level, typically by state oil and natural gas commissions and similar agencies. Local governments may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular or prohibiting the performance of well drilling in general or hydraulic fracturing in particular. If new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of development activities, and perhaps even be precluded from drilling wells.

In addition, the EPA has asserted federal regulatory authority pursuant to the Safe Drinking Water Act ("SDWA") over certain hydraulic fracturing activities involving the use of diesel fuels and published permitting guidance in February 2014 addressing the performance of such activities. The EPA also finalized rules under the Clean Water Act ("CWA") in June 2016 that prohibit the discharge of wastewater from hydraulic fracturing and certain other natural gas operations to publicly owned wastewater treatment plants. Additionally, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The final report concluded that certain activities associated with hydraulic fracturing may impact drinking water resources under some circumstances. In March 2016, the U.S. Occupational Safety and Health Administration issued a final rule to impose stricter standards for worker exposure to silica, which went into effect in June 2018 and applies to use of sand as a proppant for hydraulic fracturing. The U.S. Department of the Interior's Bureau of Land Management ("BLM") finalized rules in March 2015 that impose new or more stringent standards for performing hydraulic fracturing on federal and American Indian lands. Following years of litigation, the BLM rescinded this rule in December 2017. However, California and various environmental groups filed lawsuits in January 2018 challenging the BLM's rescission of the rule and, in March 2020, the U.S. District Court for the Northern District of California upheld the BLM's decision to rescind the rule. However, there is ongoing litigation regarding the BLM rules, and future implementation of these rules is uncertain at this time. On November 30, 2022, the BLM also issued a proposed rule to reduce the waste of natural gas from venting, flaring, and leaks during oil and gas production activities on Federal and Indian leases. New laws or regulations that impose new obligations on, or significantly restrict hydraulic fracturing, could make it more difficult or costly for us to perform hydraulic

fracturing activities and thereby affect our determination of whether a well is commercially viable and increase our cost of doing business. Such increased costs and any delays or curtailments in our production activities could have a material adverse effect on our business, prospects, financial condition, results of operations and liquidity.

Legislation or regulatory initiatives intended to address the disposal of saltwater gathered from our drilling activities could limit our ability to produce oil and natural gas economically and have a material adverse effect on our business.

We dispose of large volumes of saltwater gathered from our drilling and production operations by injecting it into wells pursuant to permits issued to us by governmental authorities overseeing such disposal activities. While these permits are issued pursuant to existing laws and regulations, these legal requirements are subject to change, which could result in the imposition of more stringent operating constraints or new monitoring and reporting requirements, owing to, among other things, concerns of the public or governmental authorities regarding such gathering or disposal activities. The adoption and implementation of any new laws or regulations that restrict our ability to dispose of saltwater gathered from our drilling and production activities by limiting volumes, disposal rates, disposal well locations or otherwise, or requiring us to shut down disposal wells, could have a material adverse effect on our business, financial condition and results of operations.

We are responsible for the decommissioning, abandonment, and reclamation costs for our facilities, which could decrease our cash available for distribution.

We are responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of our facilities at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they will be a function of regulatory requirements at the time of decommissioning, abandonment and reclamation. We may, in the future, determine it prudent or be required by applicable laws or regulations to establish and fund one or more decommissioning, abandonment and reclamation reserve funds to provide for payment of future decommissioning, abandonment and reclamation costs, which could decrease our cash available for distribution. In addition, such reserves, if established, may not be sufficient to satisfy such future decommissioning, abandonment and reclamation costs and we will be responsible for the payment of the balance of such costs.

Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect our ability to conduct drilling activities in areas where we operate.

Oil and natural gas operations in our operating areas may be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife and/or habitats. The Endangered Species Act (“ESA”) and (in some cases) comparable state laws were established to protect endangered and threatened species. The U.S. Fish and Wildlife Service (“FWS”) may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species. A critical habitat or suitable habitat designation could result in material restrictions to land use and may materially delay or prohibit land access for natural gas development. The Trump administration issued rules that narrowed the definition of “habitat” and altered a policy in a way that made it easier to exclude territory from critical habitat. In October 2021, the Biden administration published two rules that reversed those changes, and in June and July 2022, the FWS issued final rules rescinding Trump-era regulations concerning the definition of “habitat” and critical habitat exclusions. The designation of previously unprotected species as threatened or endangered or new critical or suitable habitat designations in areas where we conduct operations could result in limitations or prohibitions on our operations and could adversely impact our business, and it is possible the new rules could increase the portion of our lease areas that could be designated as critical habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act (“MBTA”), which makes it illegal to, among other things, hunt, capture, kill, possess, sell, or purchase migratory birds, nests, or eggs without a permit. This prohibition covers most bird species in the United States. Permanent restrictions imposed to protect threatened or endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. The designation of previously unprotected species in areas where we operate as threatened or endangered or further changes to regulations could cause us to incur increased costs arising from species protection measures or could result in limitations on our activities that could have a material and adverse impact on our ability to develop and produce our reserves. There is also increasing interest in nature-related matters beyond protected species, such as general biodiversity, which may similarly require us or our customers to incur costs or take other measures which may adversely impact our business or operations.

The enactment of derivatives legislation could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business.

The Dodd-Frank Act, enacted on July 21, 2010, established federal oversight and regulation of the over-the-counter derivatives market and of entities, such as us, that participate in that market. The Dodd-Frank Act requires the Commodity Futures Trading Commission ("CFTC") to promulgate rules and regulations implementing the Dodd-Frank Act. In its rulemaking under the Dodd-Frank Act, in November 2013, the CFTC proposed new rules that would place limits on positions in certain core futures and equivalent swap contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. As these new position limit rules are not yet final, the impact of those provisions on us is uncertain at this time. The full impact of the Dodd-Frank Act's swap regulatory provisions and the related rules of the CFTC on our business will not be known until all of the rules to be adopted under the Dodd-Frank Act have been adopted and fully implemented and the market for derivatives contracts has adjusted. The Dodd-Frank Act and any new regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, and reduce our ability to monetize or restructure our existing derivative contracts. If we reduce our use of derivatives as a result of the Dodd-Frank Act and CFTC rules, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Any of these consequences could have a material and adverse effect on us, our financial condition or our results of operations.

In addition, the European Union and other non-U.S. jurisdictions have implemented and continue to implement regulations with respect to the derivatives market. To the extent we transact with counterparties in foreign jurisdictions, we may become subject to such regulations, which could have adverse effects on our operations similar to the possible effects on our operations of the Dodd-Frank Act's swap regulatory provisions and the rules of the CFTC.

We may be involved in legal and regulatory proceedings that could result in substantial liabilities.

Like many oil and gas companies, we are, or may be, from time to time involved in various legal and other proceedings, such as title, royalty or contractual disputes, regulatory compliance matters, alleged violations of federal or state securities laws and personal injury, environmental damage or property damage matters, in the ordinary course of our business. Additionally, members of our management and our directors may, from time to time, be involved in various legal and other proceedings against the Company naming those officers or directors as co-defendants. Such legal and regulatory proceedings are inherently uncertain, and their results cannot be predicted. Regardless of the outcome, such proceedings could have an adverse impact on us because of legal costs, diversion of management and other personnel and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in liability, penalties or sanctions, as well as judgments, consent decrees or orders requiring a change in our business practices, which could materially and adversely affect our business, operating results and financial condition and affect the value of our common units. Accruals for such liability, penalties or sanctions may be insufficient, and judgments and estimates to determine accruals or range of losses related to legal and other proceedings could change from one period to the next, and such changes could be material. The defense of any legal proceedings against us or our officers or directors, could take resources away from our operations and divert management attention. As of the date of this prospectus, the Company is not aware of any material legal or environmental proceedings contemplated to be brought against the Company or its management.

Loss of our information and computer systems could adversely affect our business. Our business could be negatively impacted by security threats, including cyber-security threats and other disruptions.

We are heavily dependent on our information systems and computer-based programs, including our well operations information, geologic data, electronic data processing and accounting data. If any of such programs or systems were to fail or create erroneous information in our hardware or software network infrastructure or we were subject to cyberspace breaches or attacks, possible consequences include our loss of communication links, inability to find, produce, process and sell natural gas and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on our business.

As an oil and natural gas producer, we face various security threats, including cyber-security threats to gain unauthorized access to sensitive information or to render data or systems unusable, threats to the safety of our employees, threats to the security of our facilities and infrastructure or third-party facilities and infrastructure, such

as processing plants and pipelines, and threats from terrorist acts. Cyber-security attacks in particular are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Although we utilize various procedures and controls to monitor and protect against these threats and to mitigate our exposure to such threats, there can be no assurance that these procedures and controls will be sufficient in preventing security threats from materializing. If any of these events were to materialize, they could lead to losses of sensitive information, critical infrastructure, personnel or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations, or cash flows.

We are subject to a number of privacy and data protection laws, rules and directives (collectively, data protection laws) relating to the processing of personal data.

The regulatory environment surrounding data protection laws is uncertain. Varying jurisdictional requirements could increase the costs and complexity of compliance with such laws, and violations of applicable data protection laws can result in significant penalties. A determination that there have been violations of applicable data protection laws could expose us to significant damage awards, fines and other penalties that could materially harm our business and reputation.

Any failure, or perceived failure, by us to comply with applicable data protection laws could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments and negative publicity, require us to change our business practices, increase the costs and complexity of compliance and adversely affect our business. As noted above, we are also subject to the possibility of security and privacy breaches, which themselves may result in a violation of these laws. Additionally, the acquisition of a company that is not in compliance with applicable data protection laws may result in a violation of these laws.

Risks Inherent in an Investment in Us

Our general partner and its affiliates own a controlling interest in us and will have conflicts of interest with, and owe limited duties to, us, which may permit them to favor their own interests to the detriment of us and our unitholders.

Our general partner will have control over all decisions related to our operations. Upon consummation of this offering, the Sponsor and Tom L. Ward through his ownership of Mach Resources will own all of the membership interests in our general partner which will be in the same proportion to each other as their limited partner interest ownership in us. The Sponsor and Tom L. Ward through his ownership of Mach Resources will also own an aggregate of approximately and , respectively, of our outstanding common units (or and , respectively, of our outstanding common units if the underwriters exercise in full their option to purchase additional common units). Although our general partner has a duty to manage us in a manner that is not adverse to the best interests of us and our unitholders, the executive officers and directors of our general partner also have a duty to manage our general partner at the direction of the Sponsor and Tom L. Ward through his ownership of Mach Resources. As a result of these relationships, conflicts of interest may arise in the future between the Sponsor, Tom L. Ward in his capacity as a member of our general partner through his ownership of Mach Resources and their respective affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand; provided, however, that upon our adoption of our code of business conduct, we would expect that any such member of our management, so long as they are an executive officer, will be required to avoid personal conflicts of interest and not compete against us, in each case unless approved by the Board. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of its affiliates over the interests of us and our common unitholders. These conflicts include, among others, the following:

- Our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limiting our general partner's liabilities and restricting the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty;
- Neither our partnership agreement nor any other agreement requires the Sponsor (excluding our general partner) to pursue a business strategy that favors us;
- The Sponsor is not limited in its ability to compete with us, including with respect to future acquisition opportunities, and are under no obligation to offer or sell assets to us;

- Our general partner determines the amount and timing of our development operations and related capital expenditures, asset purchases and sales, borrowings, issuance of additional partnership interests, other investments, including investment capital expenditures in other partnerships with which our general partner is or may become affiliated, and cash reserves, each of which can affect the amount of cash that is distributed to unitholders;
- Except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- Our general partner determines which costs incurred by it and its affiliates are reimbursable by us;
- Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;
- Our general partner intends to limit its liability regarding our contractual and other obligations and, in some circumstances, is entitled to be indemnified by us;
- Our general partner may exercise its limited right to call and purchase common units if it and its affiliates own more than % of the common units;
- Our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates; and
- Our general partner decides whether to retain separate counsel, accountants or others to perform services for us.

Please read "Certain Relationships and Related Party Transactions" and "Conflicts of Interest and Duties."

Our partnership agreement does not restrict the Sponsor from competing with us. Certain of our directors and officers may in the future spend significant time serving, and may have significant duties with, investment partnerships or other private entities that compete with us in seeking out acquisitions and business opportunities and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities.

Our partnership agreement provides that our general partner is restricted from engaging in any business activities other than acting as our general partner and those activities incidental to its ownership of interests in us. Affiliates of our general partner are not prohibited from owning projects or engaging in businesses that compete directly or indirectly with us. Similarly, our partnership agreement does not limit the Sponsor's ability to compete with us and the Sponsor does not have any obligation to present business opportunities to us.

In addition, certain of our officers and directors may in the future hold similar positions with investment partnerships or other private entities that are in the business of identifying and acquiring mineral and royalty interests. In such capacities, these individuals would likely devote significant time to such other businesses and would be compensated by such other businesses for the services rendered to them. The positions of these directors and officers may give rise to duties that are in conflict with duties owed to us. In addition, these individuals may become aware of business opportunities that may be appropriate for presentation to us as well as the other entities with which they are or may be affiliated. Due to these potential future affiliations, they may have duties to present potential business opportunities to those entities prior to presenting them to us, which could cause additional conflicts of interest. The Sponsor will be under no obligation to make any acquisition opportunities available to us. See "Conflicts of Interest and Duties."

Under the terms of our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our general partner or any of its affiliates. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment of us and holders of our common units.

Our partnership agreement replaces our general partner's fiduciary duties to us and our unitholders with contractual standards governing its duties, and restricts the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our partnership agreement contains provisions that eliminate the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law and replaces those duties with different contractual standards. For example, our partnership agreement provides that:

- whenever our general partner (acting in its capacity as our general partner), the Board or any committee thereof (including the conflicts committee) makes a determination or takes, or declines to take, any other action in their respective capacities, our general partner, the Board and any committee thereof (including the conflicts committee), as applicable, is required to make such determination, or take or decline to take such other action, in good faith, meaning that it subjectively believed that the decision was not adverse to our best interests, and, except as specifically provided by our partnership agreement, will not be subject to any other or different standard imposed by our partnership agreement, Delaware law, or any other law, rule or regulation, or equitable principle;
- our general partner may make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, free of any duties to us and our unitholders other than the implied contractual covenant of good faith and fair dealing, which means that a court will enforce the reasonable expectations of the partners at the time our partnership agreement was entered into where the language in the partnership agreement does not provide for a clear course of action. This provision entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:
  - how to allocate corporate opportunities among us and its other affiliates;
  - whether to exercise its limited call right;
  - whether to seek approval of the resolution of a conflict of interest by the conflicts committee of the Board; provided, however, the MSA will require our general partner to seek approval by the conflicts committee of the Board in connection with an amendment to the MSA that, in the reasonable discretion of our general partner, adversely affects our unitholders;
  - how to exercise its voting rights with respect to the units it owns;
  - whether to sell or otherwise dispose of any units or other partnership interests it owns; and
  - whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement.
- our general partner will not have any liability to us or our unitholders for breach of any duty in connection with decisions made in its capacity as general partner so long as it acted in good faith (meaning that it subjectively believed that the decision was not adverse to our best interest);
- our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers and directors acted in bad faith or engaged in intentional fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and
- our general partner will not be in breach of its obligations under the partnership agreement (including any duties to us or our unitholders) if a transaction with an affiliate or the resolution of a conflict of interest is:
  - approved by the conflicts committee of the Board, although our general partner is not obligated to seek such approval;
  - approved by the vote of a majority of the outstanding common units, excluding any common units owned by our general partner and its affiliates;

- determined by the Board to be on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
- determined by the Board to be fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by our general partner or the conflicts committee must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee and the Board determines that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest satisfies either of the standards set forth in the third and fourth sub-bullet points above, then it will be presumed that, in making its decision, the Board acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Our partnership agreement requires that we distribute all of our available cash, which could limit our ability to grow our reserves and production and make acquisitions.

Our partnership agreement provides that we distribute each quarter all of our available cash, which we define as cash on hand at the end of each quarter, less reserves established by our general partner. As a result, we expect to rely primarily upon our cash reserves and external financing sources, including the issuance of additional common units and other partnership securities and borrowings under our New Credit Facility, to fund future acquisitions and finance our growth. To the extent we are unable to finance growth with our cash reserves and external sources of capital, the requirement in our partnership agreement to distribute all of our available cash may impair our ability to grow.

A number of factors will affect our ability to issue securities and borrow money to finance growth, as well as the costs of such financings, including:

- general economic and market conditions, including interest rates, prevailing at the time we desire to issue securities or borrow funds;
- conditions in the oil and gas industry;
- the market price of, and demand for, our common units;
- our results of operations and financial condition; and
- prices for oil, natural gas and NGLs.

In addition, because we distribute all of our available cash, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are and will be no limitations in our partnership agreement or the Credit Facilities on our ability to issue additional units, including units ranking senior to the common units. The incurrence of additional commercial borrowings or other debt to finance our business strategy would result in increased interest expense, which, in turn, may impact the available cash that we have to distribute to our unitholders.

Increases in interest rates could adversely impact our unit price and our ability to issue additional equity and incur debt.

Interest rates on future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase. In addition, as with other yield-oriented securities, our unit price is impacted by the level of our cash distributions to our unitholders and implied distribution yield. This implied distribution yield is often used by investors to compare and rank similar yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our common units, and a rising interest rate environment could have an adverse impact on our unit price and our ability to issue additional equity or incur debt. See "— Increased costs of capital could adversely affect our business."

Our general partner may amend our partnership agreement, as it determines necessary or advisable, to permit the general partner to redeem the units of certain non-citizen unitholders.

Our general partner may amend our partnership agreement, as it determines necessary or advisable, to obtain proof of the U.S. federal income tax status and/or the nationality, citizenship or other related status of our limited partners (and their owners, to the extent relevant) and to permit our general partner to redeem the units held by any person (i) whose nationality, citizenship or related status creates substantial risk of cancellation or forfeiture of any of our property and/or (ii) who fails to comply with the procedures established to obtain such proof. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption. Please read "The Partnership Agreement — Non-Citizen Unitholders; Redemption."

Our unitholders have limited voting rights and are not entitled to elect our general partner or its board of directors, which could reduce the price at which our common units will trade.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business.

Our unitholders will have no right on an annual or ongoing basis to elect our general partner or its board of directors. The Board, including the independent directors, is chosen entirely by the Sponsor and Tom L. Ward through his ownership of Mach Resources, as a result of their ownership of our general partner, and not by our unitholders. Please read "Management — Management of Mach Natural Resources" and "Certain Relationships and Related Party Transactions." Unlike publicly traded corporations, we will not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. As a result of these limitations, the price at which the common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

Our general partner will have control over all decisions related to our operations. Since, upon consummation of this offering, affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) collectively will own and control the voting of an aggregate of approximately % of our outstanding common units (or % of our outstanding common units if the underwriters exercise in full their option to purchase additional common units), the other unitholders will not have an ability to influence any operating decisions and will not be able to prevent us from entering into any transactions. However, our partnership agreement can generally be amended with the consent of our general partner and the approval of the holders of a majority of our outstanding common units (including common units held by affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources)). Assuming we do not issue any additional common units and affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) do not transfer any of their common units, affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will generally have the ability to control any amendment to our partnership agreement, including our policy to distribute all of our cash available for distribution to our unitholders. Furthermore, the goals and objectives of the affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) that hold our common units relating to us may not be consistent with those of a majority of the other unitholders. Please read "— Our general partner and its affiliates own a controlling interest in us and will have conflicts of interest with, and owe limited duties to, us, which may permit them to favor their own interests to the detriment of us and our unitholders."

Even if our unitholders are dissatisfied, they cannot remove our general partner without its consent.

The public unitholders will be unable initially to remove our general partner without its consent because affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own sufficient units upon completion of this offering to be able to prevent the removal of our general partner. Our general partner may not be removed except by vote of the holders of at least 66⅔% of all outstanding units voting together as a single class is required to remove our general partner. Following consummation of this offering, affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own approximately of our outstanding common units (or of our outstanding common units if the underwriters exercise in full their option to purchase additional common units), which will enable those holders, collectively, to prevent the removal of our general partner.

Control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party without the consent of the unitholders. Furthermore, our partnership agreement does not restrict the ability of the Sponsor or Tom L. Ward through his ownership of Mach Resources which controls our general partner, from transferring all or a portion of their ownership interests in our general partner to a third party. The new owner of our general partner would then be in a position to replace the Board and officers of our general partner with their own choices and thereby influence the decisions made by the Board and officers.

We may issue an unlimited number of additional units, including units that are senior to the common units, without unitholder approval.

Our partnership agreement does not limit the number of additional common units that we may issue at any time without the approval of our unitholders. In addition, we may issue an unlimited number of units that are senior to the common units in right of distribution, liquidation and voting. The issuance by us of additional common units or other equity interests of equal or senior rank will have the following effects:

- our unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of our common units may decline.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units.

Our partnership agreement restricts unitholders' limited voting rights by providing that any common units held by a person, entity or group owning 20% or more of any class of common units then outstanding, other than our general partner, its affiliates, their transferees and persons who acquired such common units with the prior approval of the Board, cannot vote on any matter. Our partnership agreement also contains provisions limiting the ability of common unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the ability of our common unitholders to influence the manner or direction of management.

Once our common units are publicly traded, the Existing Owners may sell common units in the public markets, which sales could have an adverse impact on the trading price of the common units.

After the sale of the common units offered hereby, the Sponsor will own common units (or of our common units if the underwriters exercise in full their option to purchase additional common units), or approximately % of our limited partner interests (or % of our limited partner interests if the underwriters exercise in full their option to purchase additional common units), and management will own common units (or of our common units if the underwriters exercise in full their option to purchase additional common units), or approximately % of our limited partner interests (or % of our limited partner interests if the underwriters exercise in full their option to purchase additional common units). Under our partnership agreement, we have agreed to register for resale under the Securities Act and applicable state securities laws any common units or other partnership interests proposed to be sold by our general partner or any of its affiliates, which includes the Sponsor and Tom L. Ward through his ownership of Mach Resources. Once our common units are publicly traded, the sale of these units in the public markets could have an adverse impact on the price of the common units or on any trading market that may develop.

Our general partner has a limited call right that may require you to sell your common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than % of the then outstanding common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price that is not less than their then-current market price, as calculated pursuant to the terms of our partnership agreement. As a result,

you may be required to sell your common units at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon a sale of your common units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our general partner from causing us to issue additional common units and then exercising its call right. If our general partner exercises its limited call right, the effect would be to take us private and, if the units were subsequently deregistered, we would no longer be subject to the reporting requirements of the Exchange Act. At the closing of this offering, affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own approximately % of our common units (or % of our common units if the underwriters exercise in full their option to purchase additional common units). For additional information about this call right, please read "The Partnership Agreement — Limited Call Right."

Our partnership agreement will designate the Court of Chancery of the State of Delaware as the exclusive forum for certain types of actions and proceedings that may be initiated by our unitholders which would limit our unitholders' ability to choose the judicial forum for disputes with us or our general partner or its directors, officers or other employees.

Our partnership agreement will provide that, with certain limited exceptions, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court in the State of Delaware with subject matter jurisdiction) will be the exclusive forum for any claims, suits, actions or proceedings (1) arising out of or relating in any way to our partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our partnership agreement or the duties, obligations or liabilities among limited partners or of limited partners to us, or the rights or powers of, or restrictions on, the limited partners or us), (2) brought in a derivative manner on our behalf, (3) asserting a claim of breach of a duty owed by any director, officer or other employee of us or our general partner, or owed by our general partner, to us or the limited partners, (4) asserting a claim arising pursuant to any provision of the Delaware Revised Uniform Limited Partnership Act or (5) asserting a claim against us governed by the internal affairs doctrine. The foregoing provision will not apply to any claims as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of such court, which is rested in the exclusive jurisdiction of a court or forum other than such court (including claims arising under the Exchange Act), or for which such court does not have subject matter jurisdiction, or to any claims arising under the Securities Act and, unless we consent in writing to the selection of an alternative forum, the United States federal district courts will be the sole and exclusive forum for resolving any action asserting a claim arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules or regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such Securities Act claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, the partnership agreement provides that, unless we consent in writing to the selection of an alternative forum, United States federal district courts shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. There is uncertainty as to whether a court would enforce the forum provision with respect to claims under the federal securities laws. If a court were to find these provisions of our amended and restated agreement of limited partnership inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Our partnership agreement also provides that each limited partner waives the right to trial by jury in any such claim, suit, action or proceeding, including any claim under the U.S. federal securities laws, to the fullest extent permitted by applicable law. If a lawsuit is brought against us under our partnership agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including results that could be less favorable to the plaintiffs in any such action. No unitholder can waive compliance with respect to the U.S. federal securities laws and the rules and regulations promulgated thereunder. If the partnership or one of the partnership unitholders opposed a jury trial demand based on the waiver, the applicable court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with applicable state and federal laws. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the U.S. federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of Delaware, which govern our partnership agreement. By purchasing a common unit, a limited

partner is irrevocably consenting to these limitations, provisions and obligations regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or such other court) in connection with any such claims, suits, actions or proceedings. These provisions may have the effect of discouraging lawsuits against us, our general partner and our general partner's directors and officers. For additional information about the exclusive forum provision of our partnership agreement, please read "The Partnership Agreement — Applicable Law; Forum, Venue and Jurisdiction."

Cost reimbursements due to our general partner and its affiliates for services provided to us or on our behalf pursuant to the MSA will reduce cash available for distribution to our unitholders. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. The amount and timing of such reimbursements will be determined by our general partner.

At the closing of this offering, we and our general partner will also enter into a MSA with Mach Resources pursuant to which Mach Resources will manage and perform all aspects of our oil and gas and midstream operations and other general and administrative functions in exchange for reimbursement of certain expenses. On a monthly basis, we will reimburse our general partner and its affiliates for certain expenses they incur and payments they make on our behalf pursuant to the MSA. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us. The reimbursement of expenses to our general partner and its affiliates will reduce the amount of cash available for distribution to our unitholders. For the six months ended June 30, 2023, we paid $39.0 million to Mach Resources, which consists of $3.6million for an annual management fee and $35.4 million for reimbursements of its costs and expenses under the existing management services agreements among Mach Resources and the Mach Companies.

The NYSE does not require a publicly traded limited partnership like us to comply, and we do not intend to comply, with certain of its governance requirements generally applicable to corporations.

We intend to apply to list our common units on the NYSE under the symbol "MNR." Because we will be a publicly traded limited partnership, the NYSE does not require us to have a majority of independent directors on our general partner's board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders will not have the same protections afforded to stockholders of certain corporations that are subject to all of the NYSE's corporate governance requirements. Please read "Management — Management of Mach Natural Resources."

Our unitholders' liability may not be limited if a court finds that unitholder action constitutes control of our business.

A general partner of a Delaware limited partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. A unitholder could be liable for our obligations as if it was a general partner if:

- a court or government agency determined that we were conducting business in a state but had not complied with that particular state's partnership statute; or
- a unitholder's right to approve some amendments to our partnership agreement or to take other actions under our partnership agreement constitutes "control" of our business.

Please read "The Partnership Agreement — Limited Liability" for a discussion of the implications of the limitations of liability on a unitholder.

Our unitholders may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make distributions to unitholders if the distribution would cause our liabilities to exceed the fair value of our assets.

Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to us are not counted for purposes of determining whether a distribution is permitted. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

Our unitholders may have limited liquidity for their common units, a trading market may not develop for the common units and our unitholders may not be able to resell their common units at the initial public offering price.

Prior to this offering, there has been no public market for the common units. After this offering, there will be publicly traded common units. We do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be. Our unitholders may not be able to resell their common units at or above the initial public offering price. Additionally, a lack of liquidity would likely result in wide bid-ask spreads, contribute to significant fluctuations in the market price of the common units and limit the number of investors who are able to buy the common units.

If our common unit price declines after the initial public offering, our unitholders could lose a significant part of their investment.

The initial public offering price for the common units will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of the market price of the common units that will prevail in the trading market. The market price of our common units could be subject to wide fluctuations in response to a number of factors, most of which we cannot control, including:

- changes in commodity prices;
- changes in securities analysts' recommendations and their estimates of our financial performance;
- public reaction to our press releases, announcements and filings with the SEC;
- fluctuations in broader securities market prices and volumes, particularly among securities of oil and natural gas companies and securities of publicly traded partnerships and limited liability companies;
- changes in market valuations of similar companies;
- departures of key personnel;
- commencement of or involvement in litigation;
- variations in our quarterly results of operations or those of other oil and natural gas companies;
- variations in the amount of our quarterly cash distributions to our unitholders;
- changes in tax law;
- an election by our general partner to convert or restructure us as a taxable entity;
- future issuances and sales of our common units; and
- changes in general conditions in the U.S. economy, financial markets or the oil and natural gas industry.

In recent years, the securities market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. Future market fluctuations may result in a lower price of our common units.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements that apply to other public companies, including those relating to auditing standards and disclosure about our executive compensation. Taking advantage of the longer phase-in periods for the adoption of new or revised financial accounting standards applicable to emerging growth companies may make our common units less attractive to investors.

The JOBS Act contains provisions that, among other things, relax certain reporting requirements for "emerging growth companies," including certain requirements relating to auditing standards and compensation disclosure. We are classified as an emerging growth company. For as long as we are an emerging growth company, which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things, (1) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, (2) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (3) comply with any new audit rules adopted by the PCAOB after April 5, 2012 unless the SEC determines otherwise or (4) provide certain disclosure regarding executive compensation required of larger public companies.

We intend to take advantage of all of the reduced reporting requirements and exemptions available to emerging growth companies under the JOBS Act, including the longer phase-in periods for the adoption of new or revised financial accounting standards under Section 107 of the JOBS Act, until we are no longer an emerging growth company. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable pursuant to Section 107 of the JOBS Act.

Our election to use the phase-in periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods under Section 107 of the JOBS Act and who will comply with new or revised financial accounting standards. We cannot predict if investors will find our common units less attractive because we will rely on these exemptions. If some investors find our common units less attractive as a result, there may be a less active trading market for our common units and our common unit price may be more volatile. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential unitholders could lose confidence in our financial reporting, which would harm our business and the trading price of our units.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that our efforts to develop and maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002. As a newly public company, we will not be required to make our first annual assessment of our internal controls over financial reporting pursuant to Section 404 until the year following our first annual report to be filed with the SEC, but we will be required to disclose material changes made to our internal controls and procedures on a quarterly basis. We will not be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls over financial reporting until our first annual report subsequent to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Securities Act. Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our units.

Our general partner may elect to convert or restructure us from a partnership to an entity taxable as a corporation for U.S. federal income tax purposes without unitholder consent.

Under our partnership agreement, our general partner may, without unitholder approval, cause us to be treated as an entity taxable as a corporation or subject to entity-level taxation for U.S. federal income tax purposes, whether by election of the partnership or conversion of the partnership or by any other means or methods. In addition and as part of such determination, affiliates of our general partner may choose to retain their partnership interests in us and cause us to enter into a transaction in which our interests held by other persons are converted into or exchanged for interests in a new entity, taxable as a corporation or subject to entity-level taxation for U.S. federal purposes, whose sole assets are interests in us. The general partner may take any of the foregoing actions if it in good faith determines (meaning it subjectively believes) that such action is not adverse to our best interests. Any such event may be taxable or nontaxable to our unitholders, depending on the form of the transaction. The tax liability, if any, of a unitholder as a result of such an event may be material to such unitholder and may vary depending on the unitholder's particular situation and may vary from the tax liability of us or of any affiliates of our general partner who choose to retain their partnership interests in us. Our general partner will have no duty or obligation to make any such determination or take any such actions, however, and may decline to do so free of any duty or obligation whatsoever to us or our limited partners, including any duty to act in a manner not adverse to the best interests of us or our limited partners. Please read "The Partnership Agreement — Election to be Treated as a Corporation."

We will incur increased costs as a result of being a publicly traded partnership.

We have no history operating as a publicly traded partnership. As a publicly traded partnership, we will incur significant legal, accounting and other expenses that we did not incur prior to this offering. In addition, the Sarbanes-Oxley Act of 2002, as well as rules implemented by the SEC and the NYSE, require publicly traded entities to adopt various corporate governance practices that will further increase our costs. The amount of our expenses or reserves for expenses, including the costs of being a publicly traded partnership will reduce the amount of cash we have for distribution to our unitholders. As a result, the amount of cash we have available for distribution to our unitholders will be affected by the costs associated with being a public company.

Prior to this offering, we have not filed reports with the SEC. Following this offering, we will become subject to the public reporting requirements of the Exchange Act. We expect these rules and regulations to increase certain of our legal and financial compliance costs and to make activities more time-consuming and costly. For example, as a result of becoming a publicly traded company, we are required to have at least three independent directors, create an audit committee and adopt policies regarding internal controls and disclosure controls and procedures, including the preparation of reports on internal controls over financial reporting.

We also expect to incur additional expense in order to obtain director and officer liability insurance. Because of the limitations in coverage for directors, it may be more difficult for us to attract and retain qualified persons to serve on the Board or as executive officers than it was prior to this offering.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our units or if our operating results do not meet their expectations, our unit price could decline.

The trading market for our common units will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our unit price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our common units or if our operating results do not meet their expectations, our unit price could decline.

Tax Risks to Common Unitholders

In addition to reading the following risk factors, prospective unitholders should read "Material U.S. Federal Income Tax Consequences" for a more complete discussion of the expected material U.S. federal income tax consequences of owning and disposing of our common units.

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service (the "IRS") were to treat us as a corporation for U.S. federal income tax purposes or if we were otherwise subject to a material amount of entity-level taxation, then cash available for distribution to our unitholders could be reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes. Despite the fact that we are organized as a limited partnership under Delaware law, we will be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based on our current operations, we believe we satisfy the qualifying income requirement. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity. We have not requested, and do not plan to request, a ruling from the IRS with respect to our classification as a partnership for U.S. federal income tax purposes.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate and we would also likely pay additional state and local income taxes at varying rates. Distributions to our unitholders would generally be taxed again as corporate dividends, and no income, gains, losses or deductions would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, the cash available for distribution to our unitholders could be reduced. Thus, treatment of us as a corporation could result in a reduction in the anticipated cash-flow and after-tax return to our unitholders, which would cause a reduction in the value of our common units.

At the state level, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise, capital, and other forms of business taxes, as well as subjecting nonresident partners to taxation through the imposition of withholding obligations and composite, combined, group, block, or similar filing obligations on nonresident partners receiving a distributive share of state "sourced" income. We currently own property or do business in Oklahoma, Kansas and Texas, among other states. Imposition on us of any of these taxes in jurisdictions in which we own assets or conduct business or an increase in the existing tax rates could result in a reduction in the anticipated cash-flow and after-tax return to our unitholders, which would cause a reduction in the value of our common units.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by legislative, judicial or administrative changes and differing interpretations. From time to time, members of Congress propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships or an investment in our common units, including elimination of partnership tax treatment for certain publicly traded partnerships. For example, in recent years, the Biden administration has proposed repealing the exemption from the corporate income tax for "fossil fuel" publicly traded partnerships in its budget, which is published annually.

Any changes to U.S. federal income tax laws or interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible for us to be treated as a partnership for U.S. federal income tax purposes or otherwise adversely affect our business, financial condition or results of operations. Any such changes to U.S. federal income tax laws or interpretations thereof could adversely impact the value of an investment in our common units.

Certain U.S. federal income tax incentives currently available with respect to oil and natural gas exploration and production may be reduced or eliminated as a result of future legislation.

In recent years, legislation has been proposed that would, if enacted, make significant changes to U.S. tax laws, including the reduction or elimination of certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. These changes include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, and (iii) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could become effective. The passage of any legislation as a result of these proposals or any other

similar changes in U.S. federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development, and any such change could increase the taxable income allocable to our unitholders and negatively impact the value of an investment in our common units.

We will prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred.

We will generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of the common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. Treasury Regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to successfully challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A successful IRS contest of the U.S. federal income tax positions we take may adversely impact the market for our common units and the cost of any IRS contest will reduce our cash available for distribution to unitholders.

The IRS has made no determination as to our status as a partnership for U.S. federal income tax purposes. The IRS may adopt positions that differ from the positions we take, even positions taken with advice of counsel. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take and such positions may not ultimately be sustained. A court may not agree with some or all of the positions we take. As a result, any such contest with the IRS may materially and adversely impact the market for our common units and the price at which our common units trade. In addition, our costs of any contest with the IRS, principally legal, accounting and related fees, will be indirectly borne by our unitholders because the costs will reduce our cash available for distribution.

If the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. If we bear such payment, our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns (including any income tax returns filed by us or the Mach Companies in respect of periods beginning prior to the closing of this offering), it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. Generally, we expect to elect to have our unitholders and former unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, but there can be no assurance that such election will be made or be effective in all circumstances. If we are unable to have our unitholders and former unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own our common units during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced.

Our unitholders may be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

Because our unitholders will be treated as partners to whom we will allocate taxable income, our unitholders may be required to pay U.S. federal income taxes and, in some cases, state and local income taxes on their share of our taxable income, whether or not they receive any cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability resulting from their share of our taxable income.

Tax gains or losses on the disposition of our common units could be more or less than expected.

If our unitholders sell their common units, they will recognize a gain or loss equal to the difference between the amount realized and their tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income decrease the unitholder's tax basis in the unitholder's common units, the amount,

if any, of such prior excess distributions with respect to the common units a unitholder sells will, in effect, become taxable income to the unitholder if the unitholder sells such common units at a price greater than the unitholder's tax basis in those common units, even if the price received is less than the unitholder's original cost. A substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture items such as depreciation, depletion, amortization and accretion expense and intangible drilling costs. In addition, because the amount realized may include a unitholder's share of our nonrecourse liabilities, a unitholder that sells common units may incur a tax liability in excess of the amount of the cash received from the sale.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

Our ability to deduct interest paid or accrued on indebtedness properly allocable to a trade or business ("business interest") may be limited in certain circumstances. Should our ability to deduct business interest be limited, the amount of taxable income allocated to our unitholders in the taxable year in which the limitation is in effect may increase. However, in certain circumstances, a unitholder may be able to utilize a portion of a business interest deduction subject to this limitation in future taxable years. Prospective unitholders should consult their tax advisors regarding the impact of this business interest deduction limitation on an investment in our common units.

Tax-exempt entities face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investments in our common units by tax-exempt entities, such as individual retirement accounts ("IRAs") or other retirement plans, raise issues unique to them. For example, virtually all of our income allocated to unitholders who are organizations exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. A tax-exempt entity with more than one unrelated trade or business (including by attribution from investment in a partnership such as ours) is required to compute the unrelated business taxable income of such tax-exempt entity separately with respect to each such trade or business (including for purposes of determining any net operating loss deduction). As a result, it may not be possible for tax-exempt entities to utilize losses from an investment in our partnership to offset unrelated business taxable income from another unrelated trade or business and vice versa. Tax-exempt entities should consult a tax advisor regarding the impact of these rules on an investment in our common units.

Non-U.S. unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our common units.

Non-U.S. unitholders are generally taxed and subject to income tax filing requirements by the United States on income effectively connected with a U.S. trade or business ("effectively connected income"). Income allocated to our unitholders and any gain from the sale of our common units will generally be considered to be "effectively connected" with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable marginal tax rate and a non-U.S. unitholder who sells or otherwise disposes of a common unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that common unit.

Moreover, upon the sale, exchange or other disposition of a common unit by a non-U.S. unitholder, the transferee is generally required to withhold 10% of the amount realized on such sale, exchange or other disposition if any portion of the gain on such sale, exchange or other disposition would be treated as effectively connected with a U.S. trade or business. The U.S. Department of the Treasury and the IRS have issued final regulations providing guidance on the application of these rules for transfers of certain publicly traded partnership interests, including transfers of our common units. Under these regulations, the "amount realized" on a transfer of our common units will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and such broker will generally be responsible for the relevant withholding obligations. Distributions to non-U.S. unitholders may also be subject to additional withholding under these rules to the extent a portion of a distribution is attributable to an amount in excess of our cumulative net income that has not previously been distributed. Non-U.S. unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.

We will treat each purchaser of our common units as having the same tax benefits without regard to the common units purchased. The IRS may challenge this treatment, which could adversely affect the value of our common units.

Because we cannot match transferors and transferees of common units, we will adopt depreciation, depletion, amortization and accretion positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to a unitholder. It also could affect the timing of these tax benefits or the amount of gain from a sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to the unitholder's tax returns.

Our unitholders will likely be subject to state and local taxes and return filing requirements in states where they do not live as a result of an investment in our common units.

In addition to U.S. federal income taxes, our unitholders will likely be subject to other taxes, such as state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes imposed by the various jurisdictions in which we do business or own property now or in the future, even if the unitholder does not live in any of those jurisdictions. Our unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements. We currently own property or conduct business in Oklahoma, Kansas and Texas. Oklahoma and Kansas each impose a personal income tax. Texas does not currently impose a personal income tax on individuals, but it does impose an entity level tax (to which we will be subject) on corporations and other entities. As we make acquisitions or expand our business, we may control assets or conduct business in additional states that impose a personal or entity-level income tax. It is the responsibility of each unitholder to file its own U.S. federal, state and local tax returns, as applicable.

A unitholder whose common units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of common units) may be considered as having disposed of those common units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose common units are the subject of a securities loan may be considered to have disposed of the loaned units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to consult a tax advisor to determine whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from lending their common units.

We will adopt certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methods or the resulting allocations and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our respective assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we will make many of the relative fair market value estimates ourselves. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction. A successful IRS challenge to these methods or allocations could adversely affect the amount, character and timing of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

USE OF PROCEEDS

We expect the net proceeds from the offering to be approximately $ million ($ million if the underwriters exercise their option to purchase additional units in full), based upon the assumed initial public offering price of $ per common unit (the midpoint of the price range set forth on the cover of this prospectus), after deducting underwriting discounts and estimated expenses. We expect to use the proceeds from this offering as follows: to (i) repay in full and terminate the BCE-Mach II credit facility under which approximately $17.1 million was outstanding as of September 1, 2023 and (ii) repay in full and terminate the BCE-Mach credit facility under which approximately $65.0 million was outstanding as of September 1, 2023. Following the application of such proceeds, we expect to use the remainder to (i) repay a portion of the BCE-Mach III credit facility under which $91.9 million was outstanding as of September 1, 2023 and (ii) purchase common units from the existing common unit owners on a pro rata basis for $ million (the "Exchanging Members") (at a purchase price per unit based on the initial public offering price, net of underwriting discounts and commissions), with any remainder for general partnership purposes. To the extent the number of units in the offering is increased or decreased, the number of units purchased from the Exchanging Members will increase or decrease in the same proportion as the total number of units in the offering is increased or decreased. We are currently negotiating the New Credit Facility with prospective lenders and if we enter into the New Credit Facility after the closing of the offering, we would use borrowings under the New Credit Facility to repay in full and terminate the BCE-Mach III credit facility. See "Reorganization Transactions, Partnership Structure and Expected Refinancing Transactions — Expected Refinancing Transactions" for additional information.

If the underwriters exercise their option to purchase additional common units in full, the additional net proceeds would be approximately $ million. The net proceeds from any exercise of such option will be used to purchase common units from the Exchanging Members (at a purchase price per unit based on the initial public offering price, net of underwriting discounts and commissions). Please read "Underwriting."

As of September 1, 2023, we had (i) $65.0 million of outstanding borrowings and $5 million in outstanding letters of credit under the BCE-Mach credit facility, (ii) $17.1 million of outstanding borrowings under the BCE-Mach II credit facility and (iii) $91.9 million of outstanding borrowings under the BCE-Mach III credit facility. The BCE-Mach credit facility matures in September 2026, the BCE-Mach II credit facility matures in September 2024 and the BCE-Mach III credit facility matures in May 2026. Borrowings outstanding under the Existing Credit Facilities bore an effective interest rate between 8.3% and 8.5% as of June 30, 2023. Borrowings under the Existing Credit Facilities have been incurred primarily to fund our capital expenditures and acquisitions. The Existing Credit Facilities will be repaid as described above in connection with this offering. For more information on our Existing Credit Facilities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt agreements — Existing Credit Facilities."

A $1.00 increase or decrease in the assumed initial public offering price of $ per common unit would cause the net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses payable by us, to increase or decrease, respectively, by approximately $ million. In addition, we may also increase or decrease the number of common units we are offering. Each increase of million common units offered by us, together with a concurrent $1.00 increase in the assumed public offering price of $ per common unit, would increase net proceeds to us from this offering by approximately $ million. Similarly, each decrease of million common units offered by us, together with a concurrent $1.00 decrease in the assumed initial offering price of $ per common unit, would decrease the net proceeds to us from this offering by approximately $ million. Any change in proceeds retained by us as a result of any change in the initial public offering price would impact the amount of proceeds that we could use to purchase common units from the Exchanging Members.

The sources and use of our proceeds may differ from those set forth above. The foregoing represents our current intentions with respect to the use and allocation of the net proceeds of this offering based upon our present plans and business condition, but our management will have significant flexibility and discretion in applying the net proceeds. The occurrence of unforeseen events or changed business conditions could result in application of the net proceeds of this offering in a manner other than as described in this prospectus.

CAPITALIZATION

The following table shows:

- our predecessor's historical capitalization as of June 30, 2023; and
- our capitalization as adjusted to give effect to (i) the Reorganization Transactions and (ii) this offering and the application of the net proceeds as described under "Use of Proceeds."

We derived this table from, and it should be read in conjunction with and is qualified in its entirety by reference to, our historical and unaudited pro forma condensed combined financial statements and the accompanying notes included elsewhere in this prospectus. You should also read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations." For a description of the pro forma adjustments, please read our unaudited pro forma condensed combined financial statements.

	As of June 30, 2023	
	Predecessor Historical	**As Adjusted**
Cash and cash equivalents	$ 48,846	$
Long-term debt:		
Existing Credit Facilities[(1)]	$ 91,900	$
Members'/partners' capital/net equity:		
Common equity held by the public	$ —	$
Common equity held by the Existing Owners	$ 689,527	$
Total members'/partners' capital/net equity	$ 689,527	$
Total capitalization	$ 781,427	$

(1) As of September 1, 2023, we had approximately $17.1 million of outstanding borrowings under our BCE-Mach II credit facility, approximately $65.0 million of outstanding borrowings under our BCE-Mach credit facility and approximately $91.9 million of outstanding borrowings under our BCE-Mach III credit facility. Following completion of this offering, we expect to enter into the New Credit Facility. Once we have entered into the New Credit Facility, we expect to use borrowings under the New Credit Facility to repay in full and terminate the BCE-Mach III credit facility. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt agreements — Existing Credit Facilities" and "Use of Proceeds."

DILUTION

Dilution is the amount by which the offering price paid by the purchasers of common units sold in this offering will exceed the net tangible book value per common unit after this offering. Net tangible book value is our total tangible assets less total liabilities. Assuming an initial offering price of $ per common unit (the midpoint of the price range set forth on the cover of this prospectus), on a pro forma basis as of June 30, 2023, after giving effect to the Reorganization Transactions, this offering of common units and the application of the related net proceeds, our net tangible book value would have been $ million, or $ per common unit. Purchasers of common units in this offering will experience substantial and immediate accretion in net tangible book value per common unit for accounting purposes, as illustrated in the following table:

Assumed initial public offering price per common unit		$
Pro forma net tangible book value per common unit before this offering[1]	$	
Decrease in net tangible book value per common unit attributable to purchasers in the offering		
Less: Pro forma net tangible book value per common unit after this offering[2]		
Immediate accretion in net tangible net book value per common unit to purchasers in the offering[3][4]		$

(1) Determined by dividing the pro forma net tangible book value of our net assets immediately prior to the offering by the number of common units held by the Existing Owners, after giving effect to the Reorganization Transactions.
(2) Determined by dividing our pro forma as adjusted net tangible book value, after giving effect to the application of the net proceeds of this offering, by the total number of units to be outstanding after this offering after giving effect to the Reorganization Transactions.
(3) If the initial public offering price were to increase or decrease by $1.00 per common unit, then accretion in net tangible book value per common unit would equal $ and $, respectively.
(4) Because the total number of units outstanding following the consummation of this offering will be impacted by any exercise of the underwriters' option to purchase additional common units and any net proceeds from such exercise will be retained by us, there will be a change to the accretion in net tangible book value per common unit to purchasers in the offering due to any such exercise of the underwriters' option to purchase additional common units.

The following table sets forth the number of units that we will issue and the total consideration contributed to us by the Existing Owners and by the purchasers of common units in this offering upon the closing of the transactions contemplated by this prospectus after giving effect to the Reorganization Transactions:

	Units Acquired		**Total Consideration**	
	Number	**Percent**	**Amount**	**Percent**
	(in thousands)			
Existing Owners[1][2][3]		%		%
Purchasers in the offering[2]		%		%
Total		100.0%		100.0%

(1) Total consideration is after deducting underwriting discounts and estimated offering expenses.
(2) Assumes the underwriters' option to purchase additional common units from us is not exercised.
(3) BCE-Mach LLC and BCE-Mach II LLC were recorded at fair value in accordance with GAAP, while our Predecessor was recorded at book value in accordance with GAAP. Book value of the consideration provided by our general partner and its affiliates, as of June 30, 2023, after giving effect to the application of the net proceeds of the offering, is as follows:

	(in thousands)
Book value of net assets contributed	$
Less: Proceeds to Exchanging Members from net proceeds of this offering	
Net consideration	$

OUR CASH DISTRIBUTION POLICY AND RESTRICTIONS ON DISTRIBUTIONS

You should read the following discussion of our cash distribution policy in conjunction with the factors and assumptions upon which our cash distribution policy is based, which are included under the heading "— Assumptions and Considerations" below. In addition, you should read "Forward-Looking Statements" and "Risk Factors" for information regarding statements that do not relate strictly to historical or current facts and certain risks inherent in our business.

General

Our Cash Distribution Policy

Our partnership agreement requires us to distribute all of our available cash each quarter. Our cash distribution policy reflects a basic judgment that our unitholders generally will be better served by us distributing our available cash, after costs, expenses and reserves, rather than retaining it. However, other than the requirement in our partnership agreement to distribute all of our available cash each quarter, we have no legal obligation to make quarterly cash distributions from our available cash in the aforementioned or any other amount, and our general partner has considerable discretion to determine the amount of cash available for distribution each quarter. Generally, we define available cash as the sum of our (i) cash on hand at the end of a quarter after the payment of our costs and expenses and the establishment of cash reserves, (ii) cash on hand on the date on which our general partner determines the amount of cash available for distribution, which we refer to as the date of determination, resulting from dividends or distributions received after the end of the quarter from equity interests in any person other than a subsidiary in respect of operations conducted by such person during the quarter, and (iii) if our general partner so determines, cash on hand at the date of determination resulting from working capital borrowings made after the end of the quarter. We may, but are under no obligation to, borrow funds to make quarterly distributions to unitholders, for example, in circumstances where we believe that the distribution level is sustainable over the long-term, but short-term factors have caused available cash from operations to be insufficient to pay the distribution at the current level. Further, we may rely upon our cash reserves (including the net proceeds that we will retain from this offering) and external financing sources, including borrowings under the Credit Facilities (under which no amounts will be outstanding at the closing of this offering) and the issuance of debt and equity securities, to fund future acquisitions and other expenditures. We also plan to continue our practice of opportunistically entering into hedging arrangements to reduce the impact of commodity price volatility on our cash flow from operations, and therefore reduce volatility in quarterly distributions. Because we are not subject to an entity-level U.S. federal income tax, we expect to have more cash to distribute to our unitholders than would be the case if we were subject to such U.S. federal income tax.

Because our policy will be to distribute all available cash we generate each quarter, without reserving cash for future distributions or borrowing to pay distributions during periods of low revenue, our unitholders will have direct exposure to fluctuations in the amount of cash generated by our business. Our quarterly cash distributions from our available cash, if any, will not be stable and will vary from quarter to quarter as a direct result of variations in the performance of our operators and revenue caused by fluctuations in the prices of oil and natural gas. Such variations may be significant.

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

less, the amount of cash reserves established by our general partner to:

- provide for the proper conduct of our business, which will include, but is not limited to, amounts reserved for capital expenditures, working capital and operating expenses;
- comply with applicable law, any of our debt instruments or other agreements; or
- provide funds for distributions to our unitholders for any one or more of the next four quarters;

plus, all cash and cash equivalents on hand on the date of determination resulting from dividends or distributions received after the end of the quarter from equity interests in any person other than a subsidiary in respect of operations conducted by such person during the quarter;

plus, if our general partner so determines, all or a portion of cash and cash equivalents on hand on the date of determination resulting from working capital borrowings made after the end of the quarter.

The purpose and effect of the last bullet point above is to allow our general partner, if it so decides, to use cash from working capital borrowings made after the end of the quarter but on or before the date of determination of available cash for that quarter to pay distributions to unitholders. Working capital borrowings are generally borrowings that are made under a credit facility, commercial paper facility or similar financing arrangement and in all cases are used solely for working capital purposes or to pay distributions to partners and with the intent of the borrower to repay such borrowings within twelve months from sources other than additional working capital borrowings.

Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy

Although our partnership agreement requires that we distribute all of our available cash quarterly, there is no guarantee that we will make quarterly cash distributions from our available cash to our unitholders at the level currently estimated or at all, and we have no legal obligation to do so. Our current cash distribution policy is subject to certain restrictions, as well as the considerable discretion of our general partner in determining the amount of our available cash each quarter. The following factors will affect our ability to make cash distributions, as well as the amount of any cash distributions we make:

- Our cash distribution policy may be subject to restrictions on distributions under the Credit Facilities or other debt agreements that we may enter into in the future. Specifically, the BCE-Mach III credit facility contains and we expect the New Credit Facility will contain financial tests and covenants that we must satisfy. These financial tests and covenants are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt agreements." Should we be unable to satisfy these restrictions, or if a default occurs under the Credit Facilities, we would be prohibited from making cash distributions to our unitholders notwithstanding our stated cash distribution policy. Any future indebtedness may contain similar or more stringent restrictions.

- The amount of cash that we distribute and the decision to make any distribution is determined by our general partner, taking into consideration the terms of our partnership agreement. Specifically, our general partner will have the authority to establish cash reserves for the prudent conduct of our business and for future cash distributions to our unitholders, and the establishment of or increase in those reserves could result in a reduction in cash distributions from levels we currently anticipate pursuant to our stated cash distribution policy. Any decision to establish cash reserves made by our general partner in good faith will be binding on our unitholders. If our general partner does not set aside sufficient cash reserves, or make sufficient cash capital expenditures to maintain the current production levels over the long-term of our oil and natural gas properties, we will be unable to pay any cash distributions from cash generated from operations. We are unlikely to be able to sustain our current level of distributions without making accretive acquisitions or capital expenditures that maintain the current production levels of our oil and natural gas properties. Decreases in commodity prices from current levels will adversely affect our ability to pay distributions.

- Prior to making any distribution on our common units, we will reimburse our general partner and its affiliates, including Mach Resources, for all direct and indirect expenses they incur on our behalf. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine in good faith the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates will reduce the amount of cash available to pay cash distributions to our unitholders.

- Although our partnership agreement requires us to distribute all of our available cash each quarter, our partnership agreement, including the provisions requiring us to make cash distributions contained therein, may be amended. Our partnership agreement generally may be amended with the consent of our general partner and the approval of the holders of a majority of our outstanding common units (including common units held by affiliates of our general partner). At the closing of this offering, the affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own approximately % of our outstanding common units (or % of our outstanding common units if the underwriters exercise in full their option to purchase additional common units). For more information, please read "The Partnership Agreement — Amendment of the Partnership Agreement."

- Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our general partner.
- Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets.
- We may lack sufficient cash to pay distributions to our unitholders due to a number of factors, including decreases in commodity prices, decreases in our oil and natural gas production, or increases in our general and administrative expenses, principal and interest payments on our outstanding debt, tax expenses, working capital requirements or anticipated cash needs.
- If and to the extent our cash available for distribution materially declines, we may reduce our quarterly distribution in order to service or repay our debt or fund maintenance or growth capital expenditures.
- We will not have a minimum quarterly distribution. Furthermore, none of our limited partner interests, including those held by the Existing Owners, will be subordinate in right of payment to the common units sold in this offering.
- Our general partner may reduce our distributions if action is taken by our general partner as described under "The Partnership Agreement — Election to be treated as a Corporation" that results in our becoming taxable as a corporation or otherwise subject to taxation as an entity for U.S. federal income tax purposes. In such an event, the distribution levels may be reduced to account for any current and future estimated tax liabilities we would incur as a corporation. The distributions will also be proportionately adjusted in the event of any distribution, combination or subdivision of common units in accordance with the partnership agreement. Please read "Provisions of Our Partnership Agreement Relating to Cash Distributions."

Our Partnership Agreement Requires That We Distribute All of Our Available Cash, Which Could Limit Our Ability to Grow

Our partnership agreement requires us to distribute all of our available cash to our unitholders on a quarterly basis. As a result, our growth may not be as fast as the growth of businesses that reinvest all of their available cash to expand ongoing operations. Further, we may rely upon our cash reserves (including the net proceeds that we will retain from this offering) and external financing sources, including borrowings under the Credit Facilities and the issuance of debt and equity securities, to fund future acquisitions and other capital expenditures. To the extent we require external sources of capital to fund our growth and are unable to access such sources, the requirement in our partnership agreement to distribute all of our available cash and our current cash distribution policy may impair our ability to grow. The Credit Facilities limit, and any future debt agreements may limit, our ability to incur additional debt, including through the issuance of debt securities. Please read "Risk Factors — Risks Related to Our Business — Restrictions in our existing and future debt agreements could limit our growth and our ability to engage in certain activities" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Year Ended December 31, 2022 Compared to Year Ended December 31, 2021 — Debt Agreements — Existing Credit Facilities." To the extent we issue additional units, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our cash distributions per unit. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to our common units, and our unitholders will have no preemptive or other rights (solely as a result of their status as unitholders) to purchase any such additional units. If we incur additional debt to finance our business strategy, we will have increased interest expense, which in turn will reduce the available cash that we have to distribute to our unitholders. Please read "Risk Factors — Risks Related to Our Business — Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly."

Unaudited Pro Forma Cash Available for Distribution for the Year Ended December 31, 2022 and the Twelve Months Ended June 30, 2023

On a pro forma basis, assuming we had completed this offering on January 1, 2022, our cash available for distribution for the year ended December 31, 2022 and the twelve months ended June 30, 2023 would have been approximately $402.0 million and $220.6 million, respectively. This amount would have been sufficient to pay a cash distribution of $ per unit per quarter ($ on an annualized basis) during the year ended December 31, 2022, and a cash distribution of $ per unit per quarter ($ on an annualized basis) during the twelve months ended June 30, 2023.

The unaudited pro forma financial data does not give pro forma effect to the incremental general and administrative expenses that we expect to incur annually as a result of being a publicly traded partnership. We estimate that these incremental general and administrative expenses initially will be approximately $6.0 million per year. Such incremental general and administrative expenses are not reflected in our historical or pro forma financial statements.

The pro forma financial statements, from which pro forma cash available for distribution is derived, do not purport to present our results of operations had the transactions contemplated in this prospectus actually been completed as of the dates indicated. Furthermore, cash available for distribution is a cash accounting concept, while our unaudited pro forma financial statements have been prepared on an accrual basis. We derived the amounts of pro forma cash available for distribution stated above in the manner described in the table below. As a result, the amount of pro forma cash available for distribution should only be viewed as a general indication of the amount of cash available for distribution that we might have generated had we been formed and completed the transactions contemplated in this prospectus in earlier periods.

The following table illustrates, on an unaudited pro forma basis for the year ended December 31, 2022 and the twelve months ended June 30, 2023, the amount of available cash that would have been available for distribution to our unitholders, assuming in each case that this offering had been consummated on January 1, 2022.

Mach Natural Resources
Unaudited Pro Forma Cash Available for Distribution

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023
	(in thousands, except per unit amounts)	
Net Income	$ 639,084	$ 563,361
Interest expense, net	4,231	4,831
Depreciation, depletion and amortization	124,804	150,605
Unrealized (gain) loss on derivative settlements	(53,730)	(95,493)
Equity-based compensation expense	—	—
Loss on contingent consideration	—	—
Credit losses	—	767
(Gain) loss on sale of assets	(94)	(142)
Adjusted EBITDA[(1)]	$ 714,295	$ 623,929
Net Income	$ 639,084	$ 563,361
Interest expense, net	4,231	4,831
Depreciation, depletion and amortization	124,804	150,605
Unrealized (gain) loss on derivative settlements	(53,730)	(95,493)
Equity-based compensation expense	—	—
Loss on contingent consideration	—	—
Credit losses	—	767
(Gain) loss on sale of assets	(94)	(142)
Settlement of asset retirement obligations	(206)	(133)
Cash interest expense, net	(3,856)	(4,440)
Development costs	(290,636)	(382,501)
Settlement of contingent consideration	(13,547)	(5,436)
Change in accrued realized derivative settlements	(4,028)	(10,852)
Cash Available for Distribution[(2)]	$ 402,022	$ 220,567
Pro Forma Annualized Distributions Per Unit	$	$
Pro Forma Estimated Annual Cash Distributions:		
Distributions on common units held by purchasers in this offering		
Distributions on common units held by our Existing Owners		
Total estimated annual cash distributions	$	$

(1) Adjusted EBITDA is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.
(2) Cash available for distribution is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.

Estimated Cash Available for Distribution for the Twelve Months Ending June 30, 2024

The financial forecast presents, to the best of our knowledge and belief, our expected results of operations, Adjusted EBITDA and cash available for distribution for the twelve months ending June 30, 2024. Based upon the assumptions and considerations set forth in the table below, we estimate that we will generate $334.1 million in cash available for distribution for the twelve months ending June 30, 2024, which would be sufficient to pay cash distributions of $ per common unit. The number of outstanding common units on which we have based such belief does not include any common units that may be issued under the long-term incentive plan that our general partner is expected to adopt prior to the closing of this offering, including the expected award of phantom units (based on the mid-point of the price range set forth on the cover of this prospectus) to certain executives and key employees. Furthermore, the financial forecast assumes that we do not make any acquisitions of properties during the twelve months ending June 30, 2024.

The table below under "— Our Estimated Cash Available for Distribution" reflects our judgment, as of the date of this prospectus, of conditions we expect to exist and the course of action we expect to take in order to be able to be able to generate cash available for distribution in the amount of $ per common unit, or $334.1 million in the aggregate for the twelve months ending June 30, 2024. The assumptions discussed below under "— Assumptions and Considerations" are those that we believe are significant to our ability to generate the requisite Adjusted EBITDA. Based on such assumptions, we believe our actual results of operations and cash flow will be sufficient to generate the Adjusted EBITDA necessary to pay the forecasted aggregate annualized cash distribution. We can, however, give you no assurance that we will generate this amount. There will likely be differences between our estimated Adjusted EBITDA and our actual results, and those differences could be material. If we fail to generate the estimated Adjusted EBITDA contained in our forecast, our annualized cash distribution to all of our unitholders may be less than expected. We can give you no assurance that our assumptions will be realized or that we will generate any available cash, in which event we will not be able to pay quarterly cash distributions from our available cash on our common units.

While we do not, as a matter of course, make public projections as to future sales, earnings or other results, our management has prepared the prospective financial information that is the basis of our estimated Adjusted EBITDA below to substantiate our belief that we will have sufficient cash to pay the forecasted cash distribution on all of our common units for twelve months ending June 30, 2024. This forecast is a forward-looking statement and should be read together with our historical financial statements and the accompanying notes included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The accompanying prospective financial information was not prepared with a view toward complying with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of our management, is substantially consistent with those guidelines and was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the assumptions and considerations on which we base our belief that we can generate Adjusted EBITDA necessary for us to pay cash distribution on all of our outstanding common for the twelve months ending June 30, 2024 equal to $ per common unit. Readers of this prospectus are cautioned not to place undue reliance on this prospective financial information. Please read "— Assumptions and Considerations," including the sensitivity analysis included therein.

The prospective financial information included in this prospectus has been prepared by, and is the responsibility of, our management. Grant Thornton LLP has not compiled, examined or performed any procedures with respect to the accompanying prospective financial information and, accordingly, Grant Thornton LLP does not express any opinion or any other form of assurance with respect thereto. The Grant Thornton LLP reports included in the registration statement relate to our historical financial information. It does not extend to the prospective financial information and should not be read to do so.

When considering our financial forecast, you should keep in mind the risk factors and other cautionary statements under "Risk Factors." Any of the risks discussed in this prospectus, to the extent they are realized, could cause our actual results of operations to vary significantly from those that would enable us to generate the Adjusted EBITDA necessary to pay the forecasted aggregate annualized cash distribution on all of our outstanding common units for the twelve months ending June 30, 2024.

We are providing the table below under "— Our Estimated Cash Available for Distribution" to supplement our historical financial statements and in support of our belief that we will have sufficient available cash to pay the forecasted aggregate annualized cash distribution on all of our outstanding common units for the twelve months ending June 30, 2024. Please read below under "— Assumptions and Considerations" for further information about the assumptions we have made for the financial forecast.

We do not undertake any obligation to release publicly the results of any future revisions we may make to this prospective financial information or to update this prospective financial information to reflect events or circumstances after the date of this prospectus. Therefore, you are cautioned not to place undue reliance on this information.

Our Estimated Cash Available for Distribution

The following table shows how we calculate estimated available cash for the twelve months ending June 30, 2024 and for each quarter during that twelve-month period that would be available for distribution to our unitholders. All of the amounts for the twelve months ending June 30, 2024 in the table below are estimates. The assumptions that we believe are relevant to particular line items in the table below are explained in the corresponding footnotes and in "— Assumptions and Considerations."

Neither our independent registered public accounting firm nor any other independent registered public accounting firm has compiled, examined or performed any procedures with respect to the forecasted financial information contained herein, nor has it expressed any opinion or given any other form of assurance on such information or its achievability, and it assumes no responsibility for such forecasted financial information.

Our independent registered public accounting firm's reports included elsewhere in this prospectus relate to our audited historical financial statements. These reports do not extend to the table and the related forecasted information contained in this section and should not be read to do so.

	Three Months Ending September 30, 2023	Three Months Ending December 31, 2023	Three Months Ending March 31, 2024	Three Months Ending June 30, 2024	Twelve Months Ending June 30, 2024
	(in thousands, except per unit amounts) (unaudited)				
Estimated Net Income[1]	$ 99,390	$ 105,302	$ 100,703	$ 85,785	$ 391,180
Interest expense	1,132	1,132	1,116	1,116	4,496
Depreciation, depletion and amortization	32,736	33,820	32,940	32,533	132,029
Unrealized (gain) loss on derivative settlements[2]	—	—	—	—	—
Equity-based compensation expense[3]	—	—	—	—	—
Loss on contingent consideration[4]	—	—	—	—	—
(Gain) loss on sale of assets[5]	—	—	—	—	—
Estimated Adjusted EBITDA[6]	$ 133,258	$ 140,254	$ 134,759	$ 119,434	$ 527,705
Estimated Net Income[1]	$ 99,390	$ 105,302	$ 100,703	$ 85,785	$ 391,180
Interest expense	1,132	1,132	1,116	1,116	4,496
Depreciation, depletion and amortization	32,736	33,820	32,940	32,533	132,029
Unrealized (gain) loss on derivative settlements[7]	—	—	—	—	—
Equity-based compensation expense	—	—	—	—	—
Loss on contingent consideration[8]	—	—	—	—	—
(Gain) loss on sale of assets[9]	—	—	—	—	—
Settlement of asset retirement obligations[10]	—	—	—	—	—
Cash interest expense, net	(1,132)	(1,132)	(1,116)	(1,116)	(4,496)
Development costs[11]	(67,531)	(41,100)	(39,462)	(41,050)	(189,143)
Settlement of contingent consideration[12]	—	—	—	—	—
Change in accrued realized derivative settlements[13]	—	—	—	—	—
Estimated Cash Available for Distribution[14]	$ 64,595	$ 98,022	$ 94,181	$ 77,268	$ 334,066
Estimated Cash distribution per unit	$	$	$	$	$
Estimated cash distributions[15]:					
Distributions on common units held by purchasers in this offering ( )	$	$	$	$	$
Distributions on common units held by the Existing Owners ( )[16]	$	$	$	$	$
Total estimated annual cash distributions	$	$	$	$	$

(1) Includes the forecasted effect of cash settlements of commodity derivative instruments. This amount does not include unrealized commodity derivative gains (losses), as such amounts represent non-cash items and cannot be reasonably estimated in the forecast period.

(2) Does not include an estimate of unrealized derivative (gain)/loss because the forecast period assumes the commodity prices set forth below under "— Assumptions and Considerations — Operations and Revenue — Prices" remain constant during the period. For additional information regarding the impact of changes in commodity prices, please see "— Sensitivity Analysis" below.

(3) Does not include an estimate of equity-based compensation expense for the forecast period because the amount of such expense is not known at this time, including any unit awards that may be issued under the long-term incentive plan that our general partner is expected to adopt prior to the closing of this offering.

(4) There is no additional contingent consideration to record losses in the forecasted periods. The settlement of contingent consideration in previous periods was due to the contingent overriding royalty interest described in Note 9 of the financial statements of BCE-Mach III included herein, which was settled in 2022.
(5) Does not include estimated non-cash (gain)/loss, which cannot be accurately forecasted for future periods.
(6) Adjusted EBITDA is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.
(7) Does not include an estimate of unrealized (gain) loss on derivative settlements because the forecast period assumes the commodity prices set forth below under "— Assumptions and Considerations — Operations and Revenue — Prices" remain constant during the period. For additional information regarding the impact of changes in commodity prices, please see "— Sensitivity Analysis" below.
(8) There is no additional contingent consideration to record losses in the forecasted periods. The settlement of contingent consideration in previous periods was due to the contingent overriding royalty interest described in Note 9 of the financial statements of BCE-Mach III included herein, which was settled in 2022.
(9) Does not include (gain) loss on sale of assets, which cannot be accurately forecasted for future periods.
(10) Does not include settlement of asset retirement obligations, which are not forecasted for future periods at this time.
(11) Our development costs decrease in the periods following the three months ended September 30, 2023 because we have recently reduced our rig count from three to two rigs.
(12) There is no additional contingent consideration to record losses in the forecasted periods. The settlement of contingent consideration in previous periods was due to the contingent overriding royalty interest described in Note 9 of the financial statements of BCE-Mach III included herein, which was settled in 2022.
(13) Does not include an estimate of change in accrued realized derivative settlements because the forecast period assumes the commodity prices set forth below under "— Assumptions and Considerations — Operations and Revenue — Prices" remain constant during the period. For additional information regarding the impact of changes in commodity prices, please see "— Sensitivity Analysis" below.
(14) Cash available for distribution is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.
(15) The number of outstanding common units assumed herein does not include any common units that may be issued under the long-term incentive plan that our general partner is expected to adopt prior to the closing of this offering.
(16) Assumes common units of the Exchanging Members are redeemed, assuming the underwriters do not exercise their option to purchase additional units. See "Use of Proceeds."

Assumptions and Considerations

Based upon the specific assumptions outlined below, we expect to generate cash available for distribution for the twelve months ending June 30, 2024 of approximately $334.1 million.

On January 1, 2023, we assumed operations of a significant amount of properties where we previously were a non-operating partner in the properties and provided midstream services. As a result of these properties becoming operated properties as opposed to non-operated properties, offsetting accounting changes occurred resulting in reduced midstream operating expense, reduced midstream revenue, increased LOE, and increased price realizations. Our forecast takes into consideration these accounting changes.

While we believe that these assumptions are reasonable in light of management's current expectations concerning future events, the forecasted estimates underlying these assumptions are inherently uncertain and are subject to significant business, economic, regulatory, environmental and competitive risks and uncertainties that could cause actual results to differ materially from those we anticipate. If our assumptions are not correct, the amount of actual cash available to pay distributions could be substantially less than the amount we currently estimate, in which event the market price of our common units may decline substantially. When reading this section, you should keep in mind the risk factors and other cautionary statements described under "Risk Factors" and "Forward-Looking Statements." Any of the risks discussed in this prospectus could cause our actual results to vary significantly from our estimates.

Operations and Revenue

Production. Our ability to generate sufficient cash from operations to pay cash distributions to unitholders is a function of two primary variables: (i) production volumes and (ii) commodity prices. Production volumes directly impact our revenue. Any negative effect on production volumes could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution. Our existing production will naturally decline over time as the applicable reservoir is depleted. Our decline rate for our oil and gas properties over the next four quarters is currently estimated to be approximately 24%.

The following table presents historical production volumes for our properties on a pro forma basis for the Mach Companies for the year ended December 31, 2022 and the twelve months ended June 30, 2023 and on a forecasted basis for the twelve months ending June 30, 2024:

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ending June 30, 2024
Annual production:			
Oil and condensate (MBbl)	5,982	6,612	6,083
Natural gas (MMcf)	70,947	77,255	69,442
Natural gas liquids (MBbl)	4,246	4,234	4,038
Total (MBoe)	**22,053**	**23,721**	**21,694**
Average net daily production:			
Oil and condensate (MBbl/d)	16.39	18.11	16.67
Natural gas (MMcf/d)	194.38	211.66	190.25
Natural gas liquids (MBbl/d)	11.63	11.60	11.06
Total (MBoe/d)	**60.42**	**64.99**	**59.44**

We estimate that our total oil and natural gas production for the twelve months ending June 30, 2024 will be 59 MBoe/d as compared to 60 MBoe/d on a pro forma basis for the year ended December 31, 2022 and 65 MBoe/d on a pro forma basis for the twelve months ended June 30, 2023. We intend to maintain our forecasted production level of 59 MBoe/d for the twelve months ending June 30, 2024 with cash generated from operations.

Prices. Our results of operations depend on many factors, particularly the price of our commodity production and our ability to market our production effectively. Oil and natural gas prices have historically been volatile. During the period from December 31, 2020 through June 30, 2023, prices for crude oil and natural gas reached a high of $123.64 per Bbl and $23.86 per MMBtu, respectively, and a low of $47.47 per Bbl and $1.74 per MMBtu, respectively. A future decline in commodity prices may adversely affect our business, financial condition or results of operations. Lower commodity prices may not only decrease our revenues, but also the amount of oil and natural gas that we can produce economically. Lower oil and natural gas prices may also result in a reduction in the borrowing bases under our Existing Credit Facilities, which are redetermined semi-annually.

The NYMEX WTI, for oil prices, and NYMEX Henry Hub, for gas prices, are widely used benchmarks for the pricing of oil and natural gas in the United States. The price we receive for our oil and natural gas production is generally different than the NYMEX price because of adjustments for delivery location ("basis"), relative quality and other factors. The differentials to published oil and natural gas prices are based upon our analysis of the historic price differentials for production from the mineral interests with consideration given to gravity, quality and transportation and marketing costs that may affect these differentials. There is no assurance that these assumed differentials will occur. The table below illustrates the relationship between average oil, natural gas and NGLs realized sales prices and average NYMEX prices as of June 30, 2023, on a pro forma basis for the Mach Companies for the year ended December 31, 2022 and the twelve months ended June 30, 2023, as well as our forecast for the twelve months ending June 30, 2024.

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ending June 30, 2024
Average oil sales prices (Bbl):			
Average daily NYMEX-WTI oil price	$ 94.33	$ 81.00	$ 84.86
Differential to NYMEX-WTI oil (excluding derivatives)	(0.78)%	(0.51)%	(0.54)%
Realized oil sales price (excluding derivatives)	$ 93.60	$ 80.58	$ 84.40
Realized oil sales price (including derivatives)	$ 78.94	$ 75.34	$ 82.91
Average natural gas sales prices (Mcf):			
Average daily NYMEX-Henry Hub natural gas price	$ 6.54	$ 4.81	$ 3.00
Differential to NYMEX-Henry Hub natural gas (excluding derivatives)	(5.07)%	(7.87)%	(7.94)%
Realized natural gas sales price (excluding derivatives)	$ 6.21	$ 4.43	$ 2.76
Realized natural gas sales price (including derivatives)	$ 5.09	$ 3.99	$ 2.80
Average natural gas liquids sales prices (Bbl):			
Average daily NYMEX-WTI oil price	$ 94.33	$ 81.00	$ 84.86
Percentage of NYMEX-WTI oil price (excluding derivatives)	41.18%	36.46%	35.26%
Realized natural gas liquids sales price (excluding derivatives)	$ 38.85	$ 29.53	$ 29.92
Realized natural gas liquids sales price (including derivatives)	$ 38.85	$ 29.53	$ 29.92

Hedging Activities. We plan to continue our practice of entering into hedging arrangements to reduce the impact of commodity price volatility on our cash flow from operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosure About Market Risk — Commodity price risk — Commodity derivative activities" for more information.

As of the date of this prospectus, our commodity derivative contracts will cover 1,715 MBbl, or approximately 28%, of our forecasted total oil production of 6,083 MBbl, none of our forecasted total NGL production of 4,038 MBbl, and 486 MMcf, or approximately 1%, of our forecasted total natural gas production of 69,442 MMcf, for the twelve months ending June 30, 2024. Our commodity derivative contracts consist of swap agreements based upon NYMEX-WTI prices and NYMEX-Henry Hub prices. The table below shows the volumes and prices covered by the commodity derivative contracts for the twelve months ending June 30, 2024. For purposes of our forecast, we have assumed that we will not enter into additional natural gas or oil derivative contracts during the forecast period, although we may do so on an opportunistic basis if market conditions are favorable. See "Risk Factors — Risks Related to Our Business — Our derivative activities could result in financial losses or could reduce our earnings."

	Swaps		
	Volume	Weighted Avg. Price	Percentage of Forecasted Production
Oil:			
July 2023 – September 2023 (Bbl)	193,000	$ 61.00	11%
October 2023 – December 2023 (Bbl)	869,000	$ 82.81	56%
January 2024 – March 2024 (Bbl)	499,300	$ 83.47	34%
April 2024 – June 2024 (Bbl)	152,800	$ 84.07	11%
Natural Gas:			
July 2023 – September 2023 (MMBtu)	486,000	$ 5.07	3%
October 2023 – December 2023 (MMBtu)	—	—	—
January 2024 – March 2024 (MMBtu)	—	—	—
April 2024 – June 2024 (MMBtu)	—	—	—

Operating Revenues and Realized Commodity Derivative Gains. The following table illustrates the primary components of operating revenues and realized commodity derivative gains on a pro forma basis for the year ended December 31, 2022 and the twelve months ended June 30, 2023 and on a forecasted basis for the twelve months ending June 30, 2024:

(in thousands)	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ending June 30, 2024
Oil:			
Oil revenues (excluding the effects of derivative instruments)	$ 559,881	$ 532,782	$ 513,372
Realized oil derivative instruments gain (loss)	(87,672)	(34,655)	(9,061)
Total	$ 472,209	$ 498,127	$ 504,311
Natural gas:			
Natural gas revenues (excluding the effects of derivative instruments)	$ 440,571	$ 342,601	$ 191,968
Realized natural gas derivative instruments gain (loss)	(79,380)	(34,297)	2,182
Total	$ 361,191	$ 308,304	$ 194,150
Natural gas liquids:			
Natural gas liquids revenue (excluding the effects of derivative instruments)	$ 164,968	$ 125,039	$ 120,816
Realized natural gas liquids derivative instruments gain (loss)	—	—	—
Total	$ 164,968	$ 125,039	$ 120,816
Total:			
Operating revenues	$ 1,165,420	$ 1,000,422	$ 826,156
Realized derivative instruments gain (loss)	(167,052)	(68,952)	(6,879)
Operating revenue and realized commodity derivative instruments losses	$ 998,368	$ 931,470	$ 819,277

Midstream Revenues. Our midstream revenue is generated from owned gathering and compression systems and processing plants. The Company charges a gathering, compression, processing rate per MMBtu transported through the gathering system and processing plant. The Company also gathers and disposes of salt water from producing wells through an owned pipeline system and disposal wells. The Company charges a fixed rate per barrel of water for disposal. The assumption of operatorship of a significant amount of properties as of January 1, 2023 has reduced our midstream revenues. The following table summarizes midstream revenues on a pro forma basis for the year ended December 31, 2022 and the twelve months ended June 30, 2023 and on a forecasted basis for the twelve months ending June 30, 2024:

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ended June 30, 2024[(1)]
Midstream revenue (in thousands)	$ 44,832	$ 38,235	$ 23,739

(1) Midstream revenues have decreased in the forecast period as compared to historical periods because we have assumed operations of a significant amount of properties where we previously were a non-operating partner in the properties and provide midstream services. Midstream revenue averaged approximately $2.255 per month on a pro forma basis for the six months ended June 30, 2023 compared to a forecasted average of approximately $1.978 per month for the twelve months ending June 30, 2024. For additional information, please see "Assumptions and Considerations."

Costs and Expenses

Development Costs. Our estimated development costs for the twelve months ending June 30, 2024 of $189.1 million represent our estimate of the annual capital expenditures necessary to achieve our forecasted production level of 59 MBoe/d for the twelve months ending June 30, 2024. Our development costs are less in the forecasted periods because we have recently reduced our rig count from three to two rigs.

Gathering and Processing Expense. Gathering and processing expense consists primarily of gathering fees and processing fees. Gathering and processing costs are recognized when change of control of the natural gas we sell occurs at the tailgate of the processing plant. This expense can also fluctuate based on acquisitions, commodity

prices, and overall product mix. We evaluate gathering and processing on a per Boe basis to monitor costs to ensure that they are at acceptable levels. Gathering and processing expense per Boe for the year ended December 31, 2022 and the twelve months ended June 30, 2023 were higher than those forecasted for the twelve months ended June 30, 2024 due to (i) oil as a percentage of our total production has increased and continues to increase, (ii) fuel costs were higher due to higher natural gas prices compared to those in the forecast period, and (iii) our gas production over time decreases in our Legacy Assets which result in higher gathering and processing costs than our Focus Drilling Area. Lower gathering and processing costs in our Legacy Assets resulting from lower gas production are slightly offset by increasing gas production in our Focus Drilling Area. The following table summarizes gathering and processing expense on a pro forma basis for the year ended December 31, 2022 and the twelve months ended June 30, 2023 and on a forecasted basis for the twelve months ended June30, 2024:

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ended June 30, 2024[(1)]
Gathering and processing expense (in thousands)	$ 87,887	$ 80,989	$ 66,834
Gathering and processing expense (per Boe)	$ 3.99	$ 3.41	$ 3.08

(1) Gathering and processing expenses are lower in the forecasted periods due to (i) oil as a higher percentage of total production, (ii) fuel costs are lower in the forecast period and (iii) our gas production continues to shift to our Focus Drilling Area with lower gathering and processing costs. For additional information, please see "Assumptions and Considerations."

Lease Operating Expenses. The following table summarizes lease operating expenses on an aggregate basis and on a per Boe basis for the year ended December 31, 2022, pro forma and the twelve months ended June 30, 2023, pro forma, and on a forecasted basis for the twelve months ending June30, 2024:

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ended June 30, 2024
Lease operating expenses (in thousands)	$ 145,267	$ 170,394	$ 169,203
Lease operating expenses (per Boe)	$ 6.59	$ 7.18	$ 7.80

We estimate that our lease operating expenses for the twelve months ending June30, 2024 will be approximately $169.2 million. Lease operating expenses consist of expenses incurred for the operation and maintenance of wells and related equipment. On a pro forma basis, for the year ended December 31, 2022 and the twelve months ended June 30, 2023, and, on a forecasted basis, for the twelve months ended June30, 2024, lease operating expenses were $145.3 million, $170.4 million and $169.2 million, respectively.

Production Taxes. Production taxes consist primarily of severance taxes. Severance taxes are paid on produced oil and natural gas based on a percentage of revenues from production sold at fixed rates established by state or local taxing authorities. In general, the severance taxes we pay correlate to the changes in oil and natural gas revenues. We evaluate production taxes on a percentage of revenue basis to monitor costs to ensure that they are at acceptable levels. This expense can also fluctuate based on acquisitions, commodity prices, and overall product mix. The following table summarizes production taxes on a pro forma basis for the year ended December 31, 2022 and the twelve months ended June 30, 2023 and on a forecasted basis for the twelve months ending June 30, 2024:

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ended June 30, 2024[(1)]
Production taxes (in thousands)	$ 65,194	$ 53,681	$ 44,005
Production taxes (% of oil, natural gas and NGL sales)	5.6%	5.4%	5.3%

(1) Production taxes decreased in the forecasted period due to lower production.

Midstream Operating Expense. Our midstream operating expense is generated from expenses incurred in the operation of our owned gathering and compression systems and processing plants. The Company also incurs expenses related to the gathering and disposal of salt water from producing wells through an owned pipeline system

and disposal wells. The assumption of operatorship of a significant amount of properties as of January 1, 2023 has reduced our midstream operating expense. The following table summarizes midstream operating expense on a pro forma basis for the year ended December 31, 2022 and the twelve months ended June 30, 2023 and on a forecasted basis for the twelve months ending June 30, 2024:

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ended June 30, 2024[(1)]
Midstream operating expense (in thousands)	$ 15,618	$ 14,186	$ 9,998

(1) Midstream operating expense is lower in the forecasted period because the assumption of operatorship of a significant amount of properties as of January 1, 2023 has reduced our midstream operating expense. Midstream operating expenses averaged approximately $0.96 million per month on a pro forma basis for the six months ended June 30, 2023 compared to a forecasted average of approximately $0.833 million per month for the twelve months ending June 30, 2024. For additional information, please see "Assumptions and Considerations."

General and Administrative Expenses. General and administrative expenses consist primarily of personnel related costs, professional fees and services and general office expenses and are partially offset by certain reimbursements of overhead expenses. In connection with the consummation of this offering, we expect to incur additional costs related to being a public company of approximately $6.0 million per year. However, we do not expect to experience a material change in our cash cost structure, except as may be affected by our recent property acquisitions, the volatility of commodity prices, increased expenses as a publicly traded partnership, the effects of our commodity derivative contracts, and the effects of impairment on our producing properties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting the Comparability of Our Financial Condition and Results of Operations."

Furthermore, we will (i) pay Mach Resources an annual management fee of approximately $7.4 million and (ii) reimburse Mach Resources for the costs and expenses of the services provided pursuant to the MSA, including, but not limited to, (a) all reasonable third party costs and expenses incurred by or paid by Mach Resources or its affiliates in the performance of the services, including the costs of any person engaged by the service provider pursuant to the terms of the MSA, and (b) all general, administrative and supervision costs and expenses. We will reimburse Mach Resources on a quarterly basis or at other intervals that we and Mach Resources may agree from time to time. We estimate that payments under the MSA to Mach Resources would be $97.2 million for the twelve months ended June 30, 2024. We anticipate that the size of the reimbursements to Mach Resources will vary with the size and scale of our operations, among other factors. See "Certain Relationships and Related Party Transactions — Agreements with Affiliates in Connection with the Reorganization Transactions — New Management Services Agreement."

The following table summarizes general and administrative expenses on a pro forma basis for the year ended December 31, 2022 and the twelve months ended June 30, 2023 and on a forecasted basis for the twelve months ending June 30, 2024:

	Pro Forma Year Ended December 31, 2022	Pro Forma Twelve Months Ended June 30, 2023	Forecasted Twelve Months Ended June 30, 2024
General and administrative expenses (in thousands)	$ 19,278	$ 20,163	$ 28,596
General and administrative expenses (per Boe)	$ 0.87	$ 0.85	$ 1.32

Interest Expense. Interest expense is primarily the result of borrowings on the Credit Facilities to fund operations and acquisitions of properties as well as the amortization of debt issuance costs associated with these borrowings. Interest expense can fluctuate with our level of indebtedness as well as changes in interest rates. We assume that the weighted average of borrowings under the Credit Facilities will be $68 million with a weighted average interest rate of 8.4%.

Regulatory, Industry and Economic Factors

Our forecast for the twelve months ending June 30, 2024 is based on the following significant assumptions related to regulatory, industry and economic factors:

- There will not be any new federal, state or local regulation of portions of the energy industry in which we operate, or any interpretation of existing regulations, that will be materially adverse to our business;
- There will not be any material nonperformance or credit-related defaults by suppliers, customers or vendors, or shortage of skilled labor;

- All supplies and commodities necessary for production and sufficient transportation will be readily available;
- There will not be any major adverse change in commodity prices or the energy industry in general;
- There will not be any material accidents, releases, weather-related incidents, unscheduled downtime or similar unanticipated events, including any events that could lead to force majeure under any of our marketing agreements;
- There will not be any adverse change in the markets in which we operate resulting from supply or production disruptions, reduced demand for our product or significant changes in the market prices for our product; and
- Market, insurance, regulatory and overall economic conditions will not change substantially.

Sensitivity Analysis

Our ability to generate sufficient cash from operations to pay cash distributions to our unitholders is a function of two primary variables: (i) production volumes; and (ii) commodity prices. In the tables below, we illustrate the effect that changes in either of these variables, while holding all other variables constant, would have on our ability to generate sufficient cash from our operations to pay the forecasted cash distributions on our outstanding common units for the twelve months ending June 30, 2024.

We believe that a sensitivity analysis regarding the effect of changes in assumptions on estimated impairment is impracticable to provide because of the number of assumptions and variables involved that have interdependent effects on the potential outcome.

Production Volume Changes

Production volumes directly impact our revenue. Any negative effect on production volumes could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution. The following table shows estimated Adjusted EBITDA under production levels of 80%, 100% and 120% of the production level we have forecasted for the twelve months ending June 30, 2024. The estimated Adjusted EBITDA amounts shown below are based on the assumptions used in our forecast.

	Percentage of Forecasted Net Production		
	80%	**100%**	**120%**
	(in thousands, except per unit amounts)		
Forecasted net production:			
Oil (MBbl)	4,866	6,083	7,299
Natural gas (MMcf)	55,554	69,442	83,330
Natural gas liquids (MBbl)	3,230	4,038	4,845
Total (MBoe)	17,355	21,694	26,033
Oil (MBbl/d)	13,332	16,665	19,998
Natural gas (MMcf/d)	152,202	190,252	228,302
Natural gas liquids (MBbl/d)	8,849	11,062	13,274
Total (MBoe/d)	47,548	59,435	71,322
Forecasted prices:			
NYMEX-WTI oil price (per Bbl)	$ 84.86	$ 84.86	$ 84.86
Realized oil price (per Bbl) (excluding derivatives)	84.40	84.40	84.40
Realized oil price (per Bbl) (including derivatives)	82.54	82.91	83.16
NYMEX-Henry Hub natural gas price (per Mcf)	3.00	3.00	3.00
Realized natural gas sales price (per Mcf) (excluding derivatives)	2.76	2.76	2.76
Realized natural gas sales price (per Mcf) (including derivatives)	2.80	2.80	2.79
NYMEX-WTI oil price (per Bbl)	$ 84.86	$ 84.86	$ 84.86
Realized natural gas liquids sales price (per Bbl) (excluding derivatives)	29.92	29.92	29.92
Realized natural gas liquids sales price (per Bbl) (including derivatives)	29.92	29.92	29.92
Estimated Net Income[1]	$ 265,236	$ 391,180	$ 517,106
Interest expense	4,496	4,496	4,496
Depreciation, depletion and amortization	112,939	132,029	151,134
Unrealized (gain) loss on derivative settlements[2]	—	—	—
Equity-based compensation expense	—	—	—
Loss on contingent consideration	—	—	—
(Gain) loss on sale of assets[3]	—	—	—

	Percentage of Forecasted Net Production		
	80%	100%	120%
	(in thousands, except per unit amounts)		
Estimated Adjusted EBITDA[4]	$ 382,671	$ 527,705	$ 672,736
Settlement of asset retirement obligations	—	—	—
Cash interest expense, net	(4,496)	(4,496)	(4,496)
Development costs	(189,143)	(189,143)	(189,143)
Settlement of contingent consideration	—	—	—
Change in accrued realized derivative settlements	—	—	—
Estimated Cash Available for Distribution[5]	$ 189,032	$ 334,066	$ 479,097

(1) Includes the forecasted effect of cash settlements of commodity derivative instruments. This amount does not include unrealized commodity derivative gains (losses), as such amounts represent non-cash items and cannot be reasonably estimated in the forecast period.

(2) Does not include an estimate of unrealized derivative (gain)/loss because the forecast period assumes the commodity prices set forth below under "— Assumptions and Considerations — Operations and Revenue — Prices" remain constant during the period. For additional information regarding the impact of changes in commodity prices, please see "— Commodity Price Changes" below.

(3) Does not include estimated non-cash (gain)/loss, which cannot be accurately forecasted for future periods.

(4) Adjusted EBITDA is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.

(5) Cash available for distribution is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.

As reservoir pressures decline, production from a given well or formation decreases. Maintaining or growing our future production and reserves will depend on our ability to continue to replace current production with new reserves. Accordingly, we plan to focus on maintaining reserves through both the drill bit and acquisitions, while maintaining a conservative financial profile. Our ability to add reserves through development projects and acquisitions is dependent on many factors, including our ability to raise capital, obtain regulatory approvals, procure contract drilling rigs and personnel, and successfully identify and consummate acquisitions. See "Risk Factors — Risks Related to Our Business" for a discussion of these and other risks affecting our proved reserves and production.

Commodity Price Changes

Our major market risk exposure is in the pricing that we receive for our oil, NGL and natural gas production. Pricing for oil, NGLs and natural gas has been volatile and unpredictable for several years, and this volatility is expected to continue in the future. The prices we receive for our oil, NGL, and natural gas production depend on many factors outside of our control, such as the strength of the global economy and global supply and demand for the commodities we produce.

To reduce the impact of fluctuations in oil, NGL and natural gas prices on our revenues, we periodically enter into commodity derivative contracts with respect to certain of our oil, NGL and natural gas production through various transactions that limit the risks of fluctuations of future prices. We plan to continue our practice of entering into such transactions to reduce the impact of commodity price volatility on our cash flow from operations. Future transactions may include price swaps whereby we will receive a fixed price for our production and pay a variable market commodity price volatility on our cash flow from operations. Future transactions may include price swaps whereby we will receive a fixed price for our production and pay a variable market price to the contract counterparty. Additionally, we may enter into collars, whereby we receive the excess, if any, of the fixed floor over the floating rate or pay the excess, if any, of the floating rate over the fixed ceiling. While there is a risk we may not be able to realize the full benefits of rising prices, these hedging activities are intended to limit our exposure to product price volatility and to maintain stable cash flows.

The following table shows estimated Adjusted EBITDA under various assumed NYMEX-WTI oil and NYMEX-Henry Hub natural gas prices for the twelve months ending June30, 2024. For the twelve months ending June 30, 2024, we have assumed that commodity derivative contracts will cover (i) 1,715 MBbl, or approximately 28% of our estimated total oil production from proved reserves for the twelve months ending June 30, 2024, at a weighted average floor price of $80.66 per Bbl, (ii) none of our estimated total NGL production from proved reserves for the twelve months ending June 30, 2024 and (iii) 486 MMcf, or approximately 1% of our estimated total natural gas production from proved reserves for the twelve months ending June 30, 2024. In addition, the estimated Adjusted EBITDA amounts shown below are based on forecasted realized commodity prices that take into account assumptions based on our average historical NYMEX commodity price differentials as set forth in our June 30, 2023 reserve report. We have assumed no changes in our production based on changes in prices. The estimated Adjusted EBITDA amounts shown below are based on forecasted realized commodity prices that take into account our average NYMEX commodity price differential assumptions.

	Percentage of Forecasted Prices		
	80%	100%	120%
	(in thousands, except per unit amounts)		
Forecasted net production:			
Oil and condensate (MBbl)	6,083	6,083	6,083
Natural gas (MMcf)	69,442	69,442	69,442
Natural gas liquids (MBbl)	4,038	4,038	4,038
Total (MBoe)	21,694	21,694	21,694
Oil and condensate (MBbl/d)	16,665	16,665	16,665
Natural gas (MMcf/d)	190,252	190,252	190,252
Natural gas liquids (MBbl/d)	11,062	11,062	11,062
Total (MBoe/d)	59,435	59,435	59,435
Forecasted prices:			
NYMEX-WTI oil price (per Bbl)	$ 67.89	$ 84.86	$ 101.83
Realized oil price (per Bbl) (excluding derivatives)	67.43	84.40	101.37
Realized oil price (per Bbl) (including derivatives)	70.82	82.91	95.00
NYMEX-Henry Hub natural gas price (per Mcf)	2.40	3.00	3.60
Realized natural gas sales price (per Mcf) (excluding derivatives)	2.17	2.76	3.36
Realized natural gas sales price (per Mcf) (including derivatives)	2.20	2.80	3.39
NYMEX-WTI oil price (per Bbl)	$ 67.89	$ 84.86	$ 101.83
Realized natural gas liquids sales price (per Bbl) (excluding derivatives)	24.65	29.92	35.19
Realized natural gas liquids sales price (per Bbl) (including derivatives)	24.65	29.92	35.19
Estimated Net Income[1]	$ 264,050	$ 391,180	$ 518,308
Interest expense	4,496	4,496	4,496
Depreciation, depletion and amortization	132,029	132,029	132,029
Unrealized (gain) loss on derivative settlements[2]	—	—	—
Equity-based compensation expense	—	—	—
Loss on contingent consideration	—	—	—
(Gain) loss on sale of assets[3]	—	—	—
Estimated Adjusted EBITDA[4]	400,575	527,705	654,833
Settlement of asset retirement obligations	—	—	—
Cash interest expense, net	(4,496)	(4,496)	(4,496)
Development costs	(189,143)	(189,143)	(189,143)
Settlement of contingent consideration	—	—	—
Change in accrued realized derivative settlements	—	—	—
Estimated Cash Available for Distribution[5]	$ 206,936	$ 334,066	$ 461,194

(1) Includes the forecasted effect of cash settlements of commodity derivative instruments. This amount does not include unrealized commodity derivative gains (losses), as such amounts represent non-cash items and cannot be reasonably estimated in the forecast period.

(2) Does not include an estimate of unrealized derivative (gain)/loss because the forecast period assumes the commodity prices set forth below under "— Assumptions and Considerations — Operations and Revenue — Prices" remain constant during the period.

(3) Does not include estimated non-cash (gain)/loss, which cannot be accurately forecasted for future periods.

(4) Adjusted EBITDA is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.

(5) Cash available for distribution is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.

If NYMEX oil, NGLs and natural gas prices decline, our estimated Adjusted EBITDA would not decline proportionately for two reasons: (1) the effects of our commodity derivative contracts; and (2) production taxes, which are calculated as a percentage of our oil, NGLs and natural gas revenues, excluding the effects of our commodity derivative contracts, and which decrease as commodity prices decline. Furthermore, we have assumed no decline in estimated production or oil, NGLs and natural gas operating costs during the twelve months ending June 30, 2024. However, over the long-term, a sustained decline in prices would likely lead to a decline in production and operating costs, as well as a reduction in our realized oil, NGLs and natural gas prices. Therefore, the foregoing table is not illustrative of all of the potential effects of changes in commodity prices for periods subsequent to June 30, 2024.

PROVISIONS OF OUR PARTNERSHIP AGREEMENT RELATING TO CASH DISTRIBUTIONS

Set forth below is a summary of the significant provisions of our partnership agreement that relate to cash distributions.

Distributions of Available Cash

General

Our partnership agreement requires that, within 60 days after the end of each quarter (other than the fourth quarter) and within 90 days after the end of the fourth quarter, beginning with the quarter ending , we distribute all of our available cash to unitholders of record on the applicable record date. We will adjust the amount of our cash distribution for the period from the closing of this offering through , based on the actual length of that period.

Definition of Available Cash

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

- *less*, the amount of cash reserves established by our general partner to:
  - provide for the proper conduct of our business, which will include, but is not limited to, amounts reserved for capital expenditures, working capital and operating expenses;
  - comply with applicable law, any of our debt instruments or other agreements; or
  - provide funds for distributions to our unitholders for any one or more of the next four quarters;
- *plus*, all cash and cash equivalents on hand on the date of determination resulting from dividends or distributions received after the end of the quarter from equity interests in any person other than a subsidiary in respect of operations conducted by such person during the quarter;
- *plus*, if our general partner so determines, all or a portion of cash and cash equivalents on hand on the date of determination resulting from working capital borrowings made after the end of the quarter.

The purpose and effect of the last bullet point above is to allow our general partner, if it so decides, to use cash from working capital borrowings made after the end of the quarter but on or before the date of determination of available cash for that quarter to pay distributions to unitholders. Working capital borrowings are generally borrowings that are made under a credit facility, commercial paper facility or similar financing arrangement and in all cases are used solely for working capital purposes or to pay distributions to partners and with the intent of the borrower to repay such borrowings within twelve months from sources other than additional working capital borrowings.

Methods of Distribution

We intend to distribute available cash to our unitholders, pro rata. Our partnership agreement permits, but does not require, us to borrow funds to make distributions to our unitholders. Accordingly, there is no guarantee that we will pay any distribution on the units in any quarter.

General Partner Interest

Our general partner owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, our general partner may in the future acquire common units or other equity interests in us and will be entitled to receive distributions on any such interests.

Distributions of Cash Upon Liquidation

If we dissolve in accordance with the partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment (or establishing a reserve for payment) of our creditors. We will distribute any remaining proceeds to our unitholders, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL AND OPERATING DATA

The selected historical consolidated financial data set forth below as of and for each of the years ended December 31, 2022 and 2021 have been derived from our predecessor's audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial data set forth below as of June 30, 2023 and for the six months ended June30, 2023 and 2022 are derived from our unaudited financial statements and related notes included elsewhere in this prospectus.

The selected unaudited pro forma financial data as of June30, 2023 and for the six months ended June30, 2023 are derived from the unaudited pro forma condensed financial statements of Mach Natural Resources included elsewhere in this prospectus, which reflect the historical results of our predecessor, BCE-Mach LLC and BCE-Mach II LLC on a pro forma basis to give effect to the following transactions, which are described in further detail below, as if they had occurred on June 30, 2023, for pro forma balance sheet purposes, and on January 1, 2022, for pro forma statements of operations purposes:

- the Reorganization Transactions as described in "— Reorganization Transactions, Partnership Structure and Expected Refinancing Transactions" elsewhere in this prospectus summary; and
- the issuance and sale by us to the public of common units in this offering and the application of the net proceeds as described in "Use of Proceeds."

We have not given pro forma effect to the incremental general and administrative expenses that we expect to incur annually as a result of being a publicly traded partnership.

The unaudited pro forma historical financial data are presented for illustrative purposes only and are not necessarily indicative of the financial position that would have existed or the financial results that would have occurred if this offering and the Reorganization Transactions had occurred on the dates indicated, nor are they necessarily indicative of the financial position or results of our operations in the future. The pro forma adjustments, as described in the notes to the unaudited pro forma condensed combined financial statements, are preliminary and based upon currently available information and certain assumptions that our management believes are reasonable. The selected historical consolidated financial data are qualified in their entirety by, and should be read in conjunction with, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included in this prospectus and the consolidated financial statements and related notes and other financial information included in this prospectus. Among other things, those historical financial statements and unaudited pro forma condensed combined financial statements include more detailed information regarding the basis of presentation for the following information. Historical results are not necessarily indicative of results that may be expected for any future period.

You should read the following table in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our historical financial statements and our unaudited pro forma condensed combined financial statements and the notes thereto included elsewhere in this prospectus. Among other things, those historical financial statements and the unaudited pro forma condensed combined financial statements include more detailed information regarding the basis of presentation for the following information.

(in thousands, except per unit amounts)	Predecessor Historical				Mach Natural Resources Pro Forma	
	Six Months Ended June 30,		Year Ended December 31,		Six Months Ended June 30,	Year Ended December 31,
	2023	2022	2022	2021	2023	2022
Statement of Operations Data:						
Revenues:						
Oil, natural gas, and NGL sales	$ 312,613	$ 408,442	$ 860,388	$ 397,500	$ 399,686	$ 1,165,420
Midstream revenue	13,318	19,883	44,373	31,883	13,531	44,832
Loss (gain) on oil and natural gas derivatives, net	15,742	(72,857)	(67,453)	(67,549)	22,618	(113,322)
Product sales	17,421	47,960	100,106	30,663	17,421	100,106
Total operating revenues	$ 359,094	$ 403,428	$ 937,414	$ 392,497	$ 453,256	$ 1,197,036
Operating Expenses:						
Gathering and processing expense	$ 17,510	$ 20,812	$ 47,484	$ 27,987	$ 33,430	$ 87,887
Lease operating expense	60,615	39,592	95,941	45,391	87,439	145,267
Midstream operating expense	5,538	6,976	15,157	12,248	5,761	15,618
Cost of product sales	15,575	44,958	94,580	28,687	15,575	94,580
Production taxes	15,526	22,675	47,825	21,165	20,003	65,194
Depreciation, depletion, amortization and accretion expense – oil and natural gas	58,095	29,374	84,070	37,537	72,117	119,359
Depreciation and amortization expense – other	2,793	2,008	4,519	3,148	3,171	5,445
General and administrative	9,905	13,648	25,454	60,927	11,750	19,278
Total operating expenses	$ 185,557	$ 180,043	$ 415,030	$ 237,090	$ 249,246	$ 552,628
Operating income	$ 173,537	$ 223,385	$ 522,384	$ 155,407	$ 204,010	$ 644,408
Other income (expenses):						
Interest expense	$ (3,789)	$ (1,876)	$ (4,852)	$ (1,656)	$ (3,117)	$ (4,241)
Other (expense) income, net	(245)	1,121	(691)	1,023	(4,966)	(1,083)
Loss on contingent considerations	—	—	—	(16,400)	—	—
Total other expenses	$ (4,034)	$ (755)	$ (5,543)	$ (17,033)	$ (8,083)	$ (5,324)
Net income	$ 169,503	$ 222,630	$ 516,841	$ 138,374	$ 195,927	$ 639,084
Net income per limited partner unit:						
Basic	$	$	$	$	$	$
Diluted	$	$	$	$	$	$
Weighted average number of limited partner units outstanding (basic and diluted):						
Basic						
Diluted						
Other Financial Data:						
Adjusted EBITDA[1]	$ 226,766	$ 276,408	$ 594,429	$ 248,617	$ 255,639	$ 714,295
Cash Available for Distribution[2]	$ 30,418	$ 155,857	$ 300,944	$ 184,445	$ 43,290	$ 402,022
Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	$ 275,145	$ 227,936	$ 553,542	$ 198,462		
Investing activities	$ (187,812)	$ (212,951)	$ (372,660)	$ (194,743)		
Financing activities	$ (67,904)	$ (27,236)	$ (210,737)	$ (4,584)		
Balance Sheet Data (at period end):						
Total assets	$ 979,312		$ 887,441	$ 525,379	$ 1,432,676	
Total long-term liabilities	$ 150,354		$ 141,570	$ 117,241	$ 183,143	
Members'/Partners' capital	$ 689,527		$ 593,230	$ 278,699	$ 1,046,211	

(1) Adjusted EBITDA is a non-GAAP financial measure, please see "Prospectus Summary — Non-GAAP Financial Measures" above.

(2) Cash available for distribution is a non-GAAP financial measure, please see “Prospectus Summary — Non-GAAP Financial Measures” above.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the "Selected Historical and Pro Forma Financial and Operating Data" and the audited and unaudited historical financial statements and related notes of BCE-Mach III (our predecessor), BCE-Mach and BCE-Mach II, as well as the unaudited pro forma financial statements included elsewhere in this prospectus. Unless otherwise indicated, the historical financial information in this "Management's Discussion and Analysis of Financial Condition and Results of Operation" reflects the historical financial results of our predecessor, and each of BCE-Mach and BCE-Mach II, on an individual basis and does not include the results of, or give pro forma effect to, the offering and the Reorganization Transactions described in "Prospectus Summary — Reorganization Transactions, Partnership Structure and Expected Refinancing Transactions." Where indicated, certain financial information and operating data of our predecessor, BCE-Mach and BCE-Mach II are presented on a pro forma combined basis to give effect to the Reorganization Transactions.

The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance, which may affect the Mach Companies' future operating results and financial position. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Actual results and the timing of the events could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, market prices for oil, natural gas and NGLs, production volumes, estimates of proved and probable reserves, capital expenditures, economic, inflationary and competitive conditions, drilling results, regulatory changes and other uncertainties, as well as those factors discussed below and elsewhere in this prospectus, particularly under "Risk Factors" and "Forward-Looking Statements," all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Our Company

We are an independent upstream oil and gas company focused on the acquisition, development and production of oil, natural gas and NGL reserves in the Anadarko Basin region of Western Oklahoma, Southern Kansas and the panhandle of Texas. Our assets are located throughout Western Oklahoma, Southern Kansas and the panhandle of Texas and consist of approximately 4,500 gross operated PDP wells. We view our assets in two groupings, our Focus Drilling Area and our Legacy Producing Assets. We define our "Focus Drilling Area" assets as all of our horizontal properties that are located in Kingfisher and Logan Counties, Oklahoma, and we define our "Legacy Producing Assets" as all of our legacy producing properties which are not in the Focus Drilling Area.

Within our operating areas, our assets are prospective for multiple formations, most notably the Oswego, Meramec/Osage and Mississippi Lime formations. Our experience in the Anadarko Basin and these formations allows us to generate significant cash available for distribution from these low declining assets in a variety of commodity price environments. We also own an extensive portfolio of complementary midstream assets that are integrated with our upstream operations. These assets include gathering systems, processing plants and water infrastructure. Our midstream assets enhance the value of our properties by allowing us to optimize pricing, increase flow assurance and eliminate third-party costs and inefficiencies. In addition, our owned midstream systems generate third-party revenue.

Market Outlook

Our financial results depend on many factors, particularly commodity prices and our ability to find, develop and market our production on economically attractive terms. Commodity prices are affected by many factors outside of our control, including changes in market supply and demand. The oil and natural gas industry is cyclical and commodity prices are highly volatile and we expect continued and increased pricing volatility in the crude oil and natural gas markets. Oil prices have been affected by increased demand, domestic supply reductions, OPEC control measures and market disruptions resulting from the Russia-Ukraine war and sanctions on Russia. For example, during the period from December 31, 2020 through June 30, 2023, prices for crude oil and natural gas reached a high of $123.64 per Bbl and $23.86 per MMBtu, respectively, and a low of $47.47 per Bbl and $1.74 per MMBtu, respectively. Starting in 2022, NYMEX oil and natural gas futures prices strengthened following the reduction of pandemic-related restrictions and increased OPEC+ cooperation. During the first quarter of 2023, the price of crude

oil decreased as the global oil market saw higher inventory levels; however, prices remained above the 10-year average from 2010 through 2019. The increase in inventory levels was followed by an early June announcement from OPEC+ oil producers to further reduce oil output. The Energy Information Administration ("EIA") forecasts global oil inventories to fall slightly in each of the next five quarters and projects these draws will put upward pressure on crude oil prices, notably in late-2023 and early-2024. Also during the first quarter of 2023, natural gas prices remained above the 10-year range, despite declining significantly in the quarter as milder weather eased demand for natural gas heating, allowing storage levels to increase above historical averages in the United States and Europe. The EIA projects that the U.S. benchmark Henry Hub natural gas spot price to rise in the summer months due to rising natural gas use in the electric power sector and flattening production growth, which together contribute to storage injections that are less than the five-year average from 2018 through 2022 in the coming months.

Further, although inflation in the United States had been relatively low for many years, there was a significant increase in inflation beginning in the second half of 2021, which has continued into 2023, due to a substantial increase in the money supply, a stimulative fiscal policy, a significant rebound in consumer demand as COVID-19 restrictions were relaxed, the Russia-Ukraine war and worldwide supply chain disruptions resulting from the economic contraction caused by COVID-19 and lockdowns followed by a rapid recovery. Inflation rose from 7.5% in January 2022 to a peak of 9.1% in June 2022 and then decreased to 6.5% in December 2022. In August 2023, inflation was 3.7%. We cannot predict the future inflation rate but to the extent inflation remains elevated, we may experience cost increases in our operations, including costs for drill rigs, workover rigs, tubulars and other well equipment, as well as increased labor costs. We continue to evaluate actions to mitigate supply chain and inflationary pressures and work closely with other suppliers and contractors to ensure availability of supplies on site, especially fuel, steel and chemical supplies which are critical to many of our operations. However, these mitigation efforts may not succeed or may be insufficient. Further, if we are unable to recover higher costs through higher commodity prices, our current revenue stream, estimates of future reserves, borrowing base calculations, impairment assessments of oil and natural gas properties, and values of properties in purchase and sale transactions would all be significantly impacted.

How We Evaluate Our Operations

We use a variety of financial and operational metrics to assess the performance of our operations, including the following sources of our revenue, principal components of our cost structure and other financial metrics:

- production volumes;
- realized prices on the sale of oil, natural gas and NGLs;
- lease operating expense ("LOE");
- Adjusted EBITDA; and
- cash available for distribution.

Sources of Our Revenue

Our oil and gas revenue is derived from the sale of our oil and natural gas production and the sale of NGLs that are extracted from our natural gas during processing, and in addition, our derivative instruments may result in a loss or gain in any given period depending on commodity prices for such period. Our midstream infrastructure not only allows us to eliminate certain third-party costs and increase efficiencies for gathering and processing a large portion of our production, but generates revenue from third-parties as well.

Net production volumes

As reservoir pressures decline, production from a given well or formation decreases. Growth in our future production and reserves will depend on our ability to continue to add proved reserves in excess of our production. Accordingly, we plan to maintain our focus on adding reserves through drilling wells in our properties in the Oswego formation as well as low-risk acquisitions when economical to do so. Our ability to add reserves through development projects and acquisitions is dependent on many factors, including our ability to raise capital, obtain regulatory approvals, procure contract drilling rigs and personnel and successfully identify and consummate acquisitions. Please read "Risk Factors — Risks Related to the Oil and Natural Gas Industry and Our Business" for a discussion of these and other risks affecting our proved reserves and production.

Realized prices

The NYMEX WTI and Henry Hub futures prices are widely used benchmarks in the pricing of domestic and imported oil, and natural gas, respectively, in the United States. The actual prices realized from the sale of oil differ from the quoted NYMEX WTI and NYMEX Henry Hub prices as a result of quality and location differentials. For example, the prices we realize on the oil we produce are affected by the ability to transport crude oil to the Cushing, Oklahoma transport hub and refineries. Location differentials to NYMEX Henry Hub prices result from variances in transportation costs based on the natural gas' proximity to the major consuming markets to which it is ultimately delivered. Also affecting the differential is the processing fee deduction retained by the natural gas processing plant generally in the form of percentage of proceeds.

The following table presents our predecessor's average realized commodity prices for the periods specified below. Prices are before the effects of derivative settlements except where noted below.

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Average realized prices:		
Oil (per Bbl)	$ 75.46	$ 93.43
Natural Gas (per Mcf)	$ 2.56	$ 6.34
NGL (per Bbl)	$ 25.29	$ 39.27
Total (Boe)	$ 36.10	$ 55.37
Total (Boe) (after effects of derivative settlements)	$ 36.97	$ 49.53

Derivative arrangements

To mitigate the risk associated with volatile commodity prices and to further enhance the stability of our cash flow available for distribution, from time to time, we may opportunistically hedge a portion of our production volumes at prices we deem attractive. All derivative instruments are recorded on the consolidated balance sheets included elsewhere in this prospectus as an asset or liability measured at fair value, with changes in the fair value of the derivatives recorded currently in the consolidated statements of operations. For the years ended December 31, 2022 and 2021 and for the six months ended June 30, 2023 and 2022, we elected not to designate any of our derivative contracts as cash flow hedges.

Our hedging instruments provide only partial price protection against declines in prices and may partially limit our potential gains from future price increases. In addition, in times of low commodity prices, our ability to enter into additional commodity derivative contracts with favorable commodity price terms may be limited, which may adversely impact our future operating income and cash flows as compared to historical periods during which we were able to hedge a portion of our production at higher prices. See "— Quantitative and Qualitative Disclosure About Market Risk" below for information regarding our exposure to market risk, including the effects of changes in commodity prices, and our commodity derivative contracts.

Product sales

Product sales are generated from the Company's sale of natural gas, oil and NGL production purchased from third parties and subsequently gathered and processed through the Company's owned midstream facilities. Product sales includes activity from certain third-party percent-of-proceeds contracts where the Company keeps a contractually based percentage of proceeds from the sale of natural gas and NGL production, as payment for processing natural gas from the third parties. The costs of buying natural gas, oil and NGL production from third party shippers are included as costs of product sales on the statement of operations.

Midstream revenues and expenses

We believe a key competitive advantage that we have over other operators is that we own an extensive portfolio of complementary midstream assets that are integrated with our upstream operations. These assets include gathering systems, processing plants and water infrastructure. The revenue generated by our midstream assets enhances

the value of our properties and can eliminate third-party costs and inefficiencies for our production. In addition, our owned midstream systems generate third-party revenue, which effectively reduces the cost of operating our midstream assets and reduces our average breakeven costs compared to other operators. Revenues associated with hydrocarbon and water volumes that flow through our midstream infrastructure for third-parties (including volumes associated with third-party non-operating working interests in our wells) are reflected within our financial statements in midstream revenue, and the operating expenses of our midstream infrastructure associated with these volumes are reflected in our financial statements as midstream operating expense. The economic effect of natural gas and water volumes associated with our working interest in our operating wells that flow through our midstream infrastructure is not reflected in our midstream revenue or midstream operating expense. Instead, the economic effect for natural gas volumes is netted out and reflected in our gathering and processing costs while the economic effect of water volumes are netted out and reflected in our lease operating expense.

Principal Components of our Cost Structure

The sections below summarize the primary operating costs we typically incur. Some of these costs vary with commodity prices, some trend with the type and volume of production, and others are a function of the number of wells we own.

Gathering and processing expense. Gathering and processing expense primarily includes costs to transport our production to the various points of sale and tends to vary with production volumes. We own substantial gathering and processing assets, which improves our cost structure and enhances the stability of our hydrocarbon flows. The economic effect of natural gas volumes associated with our working interest in our operating wells that flow through our midstream infrastructure is not reflected in our midstream revenue or midstream operating expense, but instead are netted out and reflected in our gathering and processing costs. The amount of these expenses is the portion of the operating cost of our midstream assets allocated to our produced volumes on a proportional basis. As a result, our midstream assets result in attractive rates for gathering and processing our production, which results in reduced gathering and processing expense.

Lease operating expense. LOE includes the costs incurred in the operation of producing properties, ad valorem taxes and workover costs. Certain items, such as direct labor and materials and supplies, generally remain relatively fixed across broad production volume ranges, but can fluctuate depending on activities performed during a specific period. Certain of our LOE components are variable and increase or decrease as our production and water volumes increase or decrease. The economic effect of water volumes associated with our working interest in our operating wells that flow through our midstream infrastructure is not reflected in our midstream revenue or midstream operating expense, but instead are netted out and reflected in our lease operating expense. The amount of these expenses is the portion of the operating cost of our midstream assets allocated to our produced volumes on a proportional basis. As a result, our midstream assets result in attractive rates for water handling and saltwater disposal, which results in reduced lease operating expense.

We constantly monitor and evaluate our LOE to ensure we are maximizing profitability. Analyzing trends and costs within our various development areas allows us to optimize for current and future development. Although we strive to reduce LOE, these expenses can increase or decrease on a per Boe basis as a result of various factors that arise as we operate our properties or make acquisitions and dispositions of properties. For example, we may increase field-level expenditures to optimize our operations, incurring higher expenses in one quarter relative to another, or we may acquire or dispose of properties that have differing LOE per Boe. These activities would influence our overall operating cost and could cause fluctuations when comparing LOE on a period-to-period basis.

Our LOE includes the costs of the legacy vertical wells associated with certain of our acquisitions. We have historically seen our per Boe costs decrease as a result of increased efficiencies after taking over operations.

Production taxes. We pay taxes on a portion of our production based on a percentage of revenue at rates established by state taxing authorities. We attempt to take full advantage of all credits and exemptions in our taxing jurisdictions.

Depreciation, depletion, amortization and accretion expense. Depreciation, depletion, amortization and accretion expense is the systematic expensing of the capitalized costs incurred to acquire and develop oil and gas producing properties. We use the full cost method of accounting for our oil and gas producing activities. See "— Critical Accounting Policies and Estimates" included below, for a discussion of this accounting method and unit-of-production depreciation and amortization.

General and administrative expense. General and administrative expense primarily reflects payroll and benefits, including equity-based compensation, for our corporate staff and management of our production and development operations, costs of maintaining our headquarters, information technology expenses, and legal and other fees for professional services, including audit and acquisition-related expenses. In connection with the consummation of this offering, we expect to incur additional costs related to being a publicly-traded partnership. However, we do not expect to experience a material change in our cash cost structure, other than as set forth below under "— Factors Affecting the Comparability of Our Financial Condition and Results of Operations."

Gain (Loss) on Derivative Instruments: We are required to recognize our derivative instruments on the balance sheet as assets or liabilities at fair value with such amounts classified as current or long-term based on their anticipated settlement dates. The accounting for the changes in fair value of a derivative depends on the intended use of the derivative and resulting designation. We have not designated our derivative instruments as hedges for accounting purposes and, as a result, mark our derivative instruments to fair value and recognizes the cash and non-cash change in fair value on derivative instruments for each period in the statements of operations.

Interest Expense: We finance a portion of our working capital requirements and capital expenditures with borrowings under our Existing Credit Facilities. As a result, we incur interest expense that is affected by both fluctuations in interest rates and our financing decisions. We reflect interest paid to the lenders under our Existing Credit Facilities in interest expense.

Non-GAAP Financial Measures

Adjusted EBITDA

We include in this prospectus the supplemental non-GAAP financial performance measure Adjusted EBITDA and provide our calculation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, our most directly comparable financial measures calculated and presented in accordance with GAAP. We define Adjusted EBITDA as net income before (1) interest expense, (2) depreciation, depletion and amortization, (3) unrealized (gain) loss on derivative settlements, (4) equity-based compensation expense, (5) loss on contingent consideration and (6) (gain) loss on sale of assets.

Adjusted EBITDA is used as a supplemental financial performance measure by our management and by external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others, to more effectively evaluate our operating performance and our results of operation from period to period and against our peers without regard to financing methods, capital structure or historical cost basis. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as indicators of our operating performance. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax burden, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our results will be unaffected by unusual items. Our computations of Adjusted EBITDA may not be identical to other similarly titled measures of other companies.

Cash Available for Distribution

Cash available for distribution is not a measure of net income or net cash flow provided by or used in operating activities as determined by GAAP. Cash available for distribution is a supplemental non-GAAP financial performance measure used by our management and by external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others, to assess our ability to internally fund our exploration and development activities, pay distributions, and to service or incur additional debt. We define cash available for distribution as net income less (1) interest expense, (2) depreciation, depletion and amortization, (3) unrealized (gain) loss on derivative settlements, (4) equity-based compensation expense, (5) loss on contingent consideration, (6) (gain) loss on sale of assets, (7) settlement of asset retirement obligations, (8) net cash interest expense, (9) development costs, (10) settlement of contingent consideration and (11) change in accrued realized derivative settlements. Development costs

include all of our capital expenditures, other than acquisitions. Cash available for distribution will not reflect changes in working capital balances. Cash available for distribution is not a measurement of our financial performance or liquidity under GAAP and should not be considered as an alternative to, or more meaningful than, net income or net cash provided by or used in operating activities as determined in accordance with GAAP or as indicators of our financial performance and liquidity. The GAAP measures most directly comparable to cash available for distribution are net income and net cash provided by operating activities. Cash available for distribution should not be considered as an alternative to, or more meaningful than, net income or net cash provided by operating activities.

Factors Affecting the Comparability of Our Future Results of Operations to Our Historical Results of Operations

Our future results of operations may not be comparable to our historical results of operations for the periods presented, primarily for the reasons described below.

Acquisitions

We have completed nine acquisitions since 2021. These acquisitions are reflected in our results of operations as of and after the date of completion for each such acquisition. As a result, periods prior to each such acquisition will not contain the results of such acquired assets which will affect the comparability of our results of operations for certain historical periods. We may continue to grow our operations through acquisitions when economical, including by funding such acquisitions under our credit facility.

On January 1, 2023, we assumed operations of a significant amount of properties where we previously were a non-operating partner in the properties and provided midstream services. As a result of these properties becoming operated properties as opposed to non-operated properties, offsetting accounting changes occurred resulting in reduced midstream operating expense, reduced midstream revenue, increased LOE, and increased price realizations.

Reorganization Transactions

The historical consolidated financial statements included in this prospectus are of our predecessor, BCE-Mach and BCE-Mach II prior to the Reorganization Transactions described in "Prospectus Summary — Reorganization Transactions, Partnership Structure and Expected Refinancing Transactions." Our historical financial data may not yield an accurate indication of what our actual results would have been if the Reorganization Transactions had been completed at the beginning of the periods presented or of what our future results of operations are likely to be. For our results of operation of our predecessor, BCE-Mach and BCE-Mach II presented on a combined basis and pro forma for the Reorganization Transactions and this offering, please see "Selected Historical and Pro Forma Financial and Operating Data" presented elsewhere in this prospectus.

Public company expenses

Upon the completion of this offering, we expect to incur incremental non-recurring costs related to our transition to a publicly traded partnership, including the costs of this initial public offering and the costs associated with the initial implementation of our internal control implementation and testing. We also expect to incur additional significant and recurring expenses as a publicly traded partnership, including costs associated with the employment of additional personnel, compliance under the Exchange Act, annual and quarterly reports to unitholders, tax return and Schedule K-1 preparation, independent auditor fees, investor relations activities, registrar and transfer agent fees, incremental director and officer liability insurance costs and independent director compensation. The direct, incremental general and administrative expenses are not included in our historical or pro forma financial statements; however, we expect those expenses to be approximately $6.0 per year.

Impairment

We evaluate our producing properties for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When assessing proved properties for impairment, we compare the expected undiscounted future cash flows of the proved properties to the carrying amount of the proved properties to determine recoverability. If the carrying amount of proved properties exceeds the expected undiscounted future cash flows, the carrying amount is written down to the properties' estimated fair value, which is measured as the present value of the expected future cash flows of such properties. The factors used to determine fair

value include estimates of proved reserves, future commodity prices, timing of future production, and a risk-adjusted discount rate. The proved property impairment test is primarily impacted by future commodity prices, changes in estimated reserve quantities, estimates of future production, overall proved property balances, and depletion expense. If pricing conditions decline or are depressed, or if there is a negative impact on one or more of the other components of the calculation, we may incur proved property impairments in future periods.

Results of Operations

Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

Predecessor

Revenue

The following table provides the components of our predecessor's revenue, net of transportation and marketing costs for the periods indicated, as well as each period's respective average realized prices and net production volumes. Some totals and changes throughout the below section may not sum or recalculate due to rounding.

	Predecessor			
	Six Months Ended June 30,		Change	
($ in thousands)	2023	2022	Amount	Percent
Revenues:				
Oil	$ 208,315	$ 219,126	$ (10,812)	(5)%
Natural gas	69,580	129,893	(60,313)	(46)%
Natural gas liquids	34,718	59,423	(24,704)	(42)%
Total oil, natural gas, and NGL sales	312,613	408,442	(95,829)	(23)%
Gain (loss) on oil and natural gas derivatives, net	15,742	(72,857)	88,599	122%
Midstream revenue	13,318	19,883	(6,565)	(33)%
Product sales	17,421	47,960	(30,539)	(64)%
Total revenues	$ 359,094	$ 403,428	$ (44,334)	(11)%
Average Sales Price[(1)]:				
Oil ($/Bbl)	$ 75.46	$ 102.35	$ (26.89)	(26)%
Natural gas ($/Mcf)	$ 2.56	$ 6.32	$ (3.76)	(59)%
NGL ($/Bbl)	$ 25.29	$ 44.95	$ (19.66)	(44)%
Total ($/Boe) – before effects of realized derivatives	$ 36.10	$ 59.27	$ (23.17)	(39)%
Total ($/Boe) – after effects of realized derivatives	$ 36.97	$ 51.12	$ (14.15)	(28)%
Net Production Volumes:				
Oil (MBbl)	2,760	2,141	619	29%
Natural gas (MMcf)	27,157	20,569	6,588	32%
NGL (MBbl)	1,373	1,322	51	4%
Total (MBoe)	8,660	6,891	1,769	26%
Average daily total volumes (MBoe/d)	47.84	38.07	9.77	26%

(1) Average sales prices reflected above exclude gathering and processing expense and the separate benefit of third party midstream revenues.

Revenue and other operating income

Oil, natural gas and NGL sales. Revenues from oil, natural gas and NGL sales decreased $95.8million, or 23% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. This decrease was primarily a result of a 26% decrease in the average selling price on oil resulting in a decrease in oil sales revenue of $57.6 million, a 59% decrease in the average selling price on natural gas resulting in a decrease in natural gas sales revenue

of $77.2 million, and a 44% decrease on the average selling price on NGLs resulting in a decrease in NGL sales revenue of $26.0 million. An increase in production of 1,769 MBoe for the six-month period ended June 30, 2023, compared to the six-month period ended June 30, 2022, resulted in an increase in oil, natural gas and NGL revenues of $64.9 million.

Oil and Natural Gas Derivatives. For the six-month period ended June 30, 2023, our predecessor had realized gains on derivative instruments of $7.5 million and unrealized gains of $8.2 million for total gains of $15.7 million. For the six-month period ended June 30, 2022, our predecessor had realized losses on derivative instruments of $56.1 million and unrealized losses of $16.7 million for total losses of $72.9 million. The increase in realized gains is primarily from the overall decrease in oil and gas prices in 2023.

Production. Production increased 1,769 MBoe, or 26% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The increase was primarily attributable to an increase in new production from wells that were brought on-line as a result of increased drilling activity subsequent to June 30, 2022.

Product sales. Product sales decreased $30.5 million, or 64% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. This decrease was primarily a result of decreases in non-operated production resulting in less product sales of $22.0million. The decrease in the average selling price on natural gas and NGLs resulted in a decrease of $7.9 million and $5.0 million, respectively. These decreases were partially offset with the acquisition of midstream gathering and plant facilities in June 2022 contributed to an increase of $3.7 million in product sales.

Midstream revenue. Midstream revenue decreased $6.6 million, or 33% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022, primarily due to lower non-operated volumes running through the Company's midstream facilities. Of the total decrease, $3.4 million relates to decreases in fee revenue related to gathering and processing, and $3.2 million is due to decreased saltwater gathering and disposal revenue.

Operating expenses

The following table summarizes our predecessor's expenses for the periods indicated and includes a presentation of certain expenses on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	Predecessor			
	Six Months Ended June 30,		Change	
($ in thousands)	2023	2022	Amount	Percent
Operating Expenses:				
Gathering and processing expense	$ 17,510	$ 20,812	$ (3,302)	(16)%
Lease operating expense	$ 60,615	$ 39,592	$ 21,023	53%
Midstream operating expense	$ 5,538	$ 6,976	$ (1,438)	(21)%
Cost of product sales	$ 15,575	$ 44,958	$ (29,383)	(65)%
Production taxes	$ 15,526	$ 22,675	$ (7,149)	(32)%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 58,095	$ 29,374	$ 28,721	98%
Depreciation and amortization expense – other	$ 2,793	$ 2,008	$ 785	39%
General and administrative	$ 9,905	$ 13,648	$ (3,743)	(27)%
Operating Expenses ($/Boe)				
Gathering and processing expense	$ 2.02	$ 3.02	$ (1.00)	(33)%
Lease operating expense	$ 7.00	$ 5.75	$ 1.25	22%
Production taxes (% of oil, natural gas and NGL sales)	$ 5.0%	5.6%	(0.6)%	(11)%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 6.71	$ 4.26	$ 2.45	57%
Depreciation and amortization expense – other	$ 0.32	$ 0.29	$ 0.03	11%
General and administrative	$ 1.14	$ 1.98	$ (0.84)	(42)%

Gathering and processing expense. Gathering and processing expense decreased by $3.3 million, or 16% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022, primarily due to decreased natural gas prices leading to lower fuel costs. Gathering and processing expense per Boe produced decreased by $1.00 due to lower fuel expense that fluctuated with the decrease in commodity gas prices.

Lease operating expense. Lease operating expense increased $21.0 million, or 53% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. Of the total increases, wells brought on-line as a result of the increased drilling activity subsequent to June 30, 2022 caused an increase of $13.6 million. Approximately $6.6 million was attributable to acquisitions that closed in first two quarters of 2022. Lease operating expenses per Boe increased $1.25 due to the reasons noted above.

Midstream operating expense. Midstream operating expense decreased $1.4 million, or 21% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022, primarily due to a decrease in plant operating expense of $0.9 million and a decrease in water disposal costs of $0.8 million.

Cost of product sales. Cost of product sales decreased $29.4 million, or 65% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. This decrease was primarily a result of decreases in non-operated production resulting in a decrease in cost of product sales of $21.1 million. The increase in the average purchase price on natural gas and NGLs resulted in an increase of $7.6 million and $4.8 million, respectively. This was partially offset with the acquisition of midstream gathering and plant facilities in June 2022 which contributed to an increase of $3.6 million.

Production taxes. Production taxes decreased $7.1 million, or 32% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. This decrease was primarily a result of a decrease in the average selling price on all products, resulting in a decrease of $12.0 million, partially offset by an increase in production, resulting in an increase of $4.8 million. Production taxes as a percentage of revenue decreased from 5.6% for the six-month period ended June 30, 2022, to 5.0% for the six-month period ended June 30, 2023.

Depreciation, depletion, amortization and accretion expense. Depreciation, depletion, amortization and accretion expense for oil and natural gas properties increased by $28.7 million, or 98% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The increase is primarily attributable to additional drilling activities and acquisitions in 2022 that added to the depletable base and increased overall production. Depreciation and amortization expense for other assets increased $0.8 million, or 39% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022, primarily due to additional assets acquired during the year.

General and administrative costs. General and administrative costs decreased $3.7 million, or 27% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease in general and administrative costs was primarily due to a $2.5 million reduction in equity compensation expense recorded in the six-month period ended June 30, 2023, in comparison to the six-month period ended June 30, 2022.

BCE-Mach

Revenue

The following table provides the components of BCE-Mach's revenue, net of transportation and marketing costs for the periods indicated, as well as each period's respective average realized prices and net production volumes. Some totals and changes throughout the below section may not sum or recalculate due to rounding.

	BCE-Mach			
	Six Months Ended June 30,		Change	
($ in thousands)	2023	2022	Amount	Percent
Revenues:				
Oil	$ 38,873	$ 52,878	$ (14,005)	(26)%
Natural gas	20,033	46,467	(26,434)	(57)%
Natural gas liquids	11,804	22,019	(10,215)	(46)%
Total oil, natural gas, and NGL sales	70,710	121,364	(50,654)	(42)%
Gain (Loss) gain on oil and natural gas derivatives, net	6,048	(42,710)	48,758	114%
Total revenues	$ 76,758	$ 78,654	$ (1,896)	(2)%
Average Sales Price:				
Oil ($/Bbl)	$ 72.68	$ 101.09	$ (28.41)	(28)%
Natural gas ($/Mcf)	$ 2.51	$ 5.75	$ (3.24)	(56)%
NGL ($/Bbl)	$ 25.43	$ 43.88	$ (18.45)	(42)%
Total ($/Boe)–before effects of realized derivatives	$ 30.32	$ 51.15	$ (20.83)	(41)%
Total ($/Boe)–after effects of realized derivatives	$ 28.32	$ 35.83	$ (7.51)	(21)%
Net Production Volumes:				
Oil (MBbl)	535	523	12	2%
Natural gas (MMcf)	7,997	8,088	(91)	(1)%
NGL (MBbl)	464	502	(38)	(8)%
Total (MBoe)	2,332	2,373	(41)	(2)%
Average daily total volumes (MBoe/d)	12.88	13.11	(0.23)	(2)%

Revenue and other operating income

Oil, natural gas and NGL sales. Revenues from oil, natural gas and NGL sales decreased $50.7 million, or 42% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. This decrease was primarily a result of a decrease in the average selling price on oil of 28% resulting in a decrease in oil revenue of $14.9 million, on natural gas of 56% resulting in a decrease in gas revenue of $26.2 million, and on NGLs of 42% resulting in a decrease in NGL sales revenue of $9.3 million.

Production. Production decreased 41 MBoe for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022, due to natural production declines in our existing producing wells, which was partially offset by production from newly drilled wells.

Oil and Natural Gas Derivatives. For the six-month period ended June 30, 2023, BCE-Mach had realized losses on derivative instruments of $4.7 million and unrealized gains of $10.7 million for total gains of $6.0 million. For the six-month period ended June 30, 2022, BCE-Mach had realized losses on derivative instruments of $36.3 million and unrealized losses of $6.4 million for total losses of $42.7 million. The decrease in realized losses is primarily from the overall decrease in oil and gas prices in 2023.

Operating expenses

The following table summarizes BCE-Mach's expenses for the periods indicated and includes a presentation of certain expenses on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	BCE-Mach			
	Six Months Ended June 30,		Change	
($ in thousands)	2023	2022	Amount	Percent
Operating Expenses:				
Gathering and processing expense	$ 13,928	$ 16,746	$ (2,818)	(17)%
Lease operating expense	$ 20,514	$ 16,565	$ 3,949	24%
Production taxes	$ 3,644	$ 6,875	$ (3,231)	(47)%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 12,678	$ 12,822	$ (144)	(1)%
Depreciation and amortization expense – other	$ 4,454	$ 4,094	$ 360	9%
General and administrative	$ 4,791	$ 2,667	$ 2,124	80%
Operating Expenses ($/Boe)				
Gathering and processing expense	$ 5.97	$ 7.06	$ (1.09)	(15)%
Lease operating expense	$ 8.80	$ 6.98	$ 1.82	26%
Production taxes (% of oil, natural gas and NGL sales)	$ 5.2%	5.7%	(0.5)%	(9)%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 5.44	$ 5.40	$ 0.04	1%
Depreciation and amortization expense – other	$ 1.91	$ 1.73	$ 0.18	11%
General and administrative	$ 2.05	$ 1.12	$ 0.93	83%

Gathering and processing expense. Gathering and processing expense decreased by $2.8 million, or 17% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022, primarily due to decreased natural gas prices leading to lower fuel costs. Gathering and processing expense per Boe produced decreased by $1.09 primarily lower fuel expense that fluctuated with the decrease in commodity gas prices, as well as the decrease in production volume.

Lease operating expense. Lease operating expense increased $3.9 million, or 24% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The increase in lease operating expense was primarily due to an increase of $2.7 million in workovers, repairs and maintenance, an increase of $0.6 million in compression costs, and an increase of $0.6 million in compensation related expense for field employees. Lease operating expenses per Boe produced increased $1.82 primarily due to the reasons noted above, as well as the decrease in production.

Production taxes. Production taxes decreased $3.2 million, or 47% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. This decrease was a result of a decrease in the average selling price on all products. Production taxes as a percentage of revenue decreased from 5.7% for the six-month period ended June 30, 2022, to 5.2% for the six-month period ended June 30, 2023.

Depreciation, depletion, amortization and accretion expense. Depreciation, depletion, amortization and accretion expense for oil and natural gas properties decreased by $0.1 million, or 1% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. Depreciation and amortization expense for other assets increased $0.4 million, or 9% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022, primarily due to additional assets acquired during the year.

General and administrative costs. General and administrative costs increased $2.1 million, or 80% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The increase in general and administrative costs was primarily due to a $2.0 million increase in compensation and benefits in the six-month period ended June 30, 2023.

BCE-Mach II

Revenue

The following table provides the components of BCE-Mach II's revenue, net of transportation and marketing costs for the periods indicated, as well as each period's respective average realized prices and net production volumes. Some totals and changes throughout the below section may not sum or recalculate due to rounding.

	BCE-Mach II			
	Six Months Ended June 30,		Change	
($ in thousands)	2023	2022	Amount	Percent
Revenues:				
Oil	$ 5,349	$ 7,630	$ (2,282)	(30)%
Natural gas	6,970	18,194	(11,224)	(62)%
Natural gas liquids	4,044	9,054	(5,010)	(55)%
Total oil, natural gas, and NGL sales	16,363	34,878	(18,515)	(53)%
Gain (loss) on oil and natural gas derivatives, net	828	(1,679)	2,507	149%
Midstream revenue	213	245	(32)	(13)%
Total revenues	$ 17,404	$ 33,444	$ (16,040)	(48)%
Average Sales Price[(1)]:				
Oil ($/Bbl)	$ 71.38	$ 99.77	$ (28.39)	(28)%
Natural gas ($/Mcf)	$ 1.98	$ 4.90	$ (2.92)	(60)%
NGL ($/Bbl)	$ 19.40	$ 38.73	$ (19.33)	(50)%
Total ($/Boe) – before effects of realized derivatives	$ 18.80	$ 37.56	$ (18.76)	(50)%
Total ($/Boe) – after effects of realized derivatives	$ 20.11	$ 35.77	$ (15.66)	(44)%
Net Production Volumes:				
Oil (MBbl)	75	76	(1)	(2)%
Natural gas (MMcf)	3,521	3,711	(190)	(5)%
NGL (MBbl)	208	234	(26)	(11)%
Total (MBoe)	870	929	(59)	(6)%
Average daily total volumes (MBoe/d)	4.81	5.13	(0.32)	(6)%

(1) Average sales prices reflected above exclude gathering and processing expense and the separate benefit of third party midstream revenues.

Revenue and other operating income

Oil, natural gas and NGL sales. Revenues from oil, natural gas and NGL sales decreased $18.5 million, or 53% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. This decrease was primarily a result of a decrease in the average selling price on oil of 28% resulting in a decrease in oil revenue of $2.2 million, on natural gas of 60% resulting in a decrease in gas revenue of $10.9 million, and on NGLs of 50% resulting in a decrease in NGL sales revenue of $4.5 million. The decrease in production from the natural decline on our producing wells resulted in a decrease in oil, natural gas and NGL revenues of $1.0 million.

Production. Production decreased 59 MBoe, or 6% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease was primarily attributable to a decrease in production from natural production declines in our existing producing wells.

Oil and Natural Gas Derivatives. For the six-month period ended June 30, 2023, BCE-Mach II had realized gains on derivative instruments of $1.1 million and unrealized losses of $0.3 million for total gains of $0.8 million. For the six-month period ended June 30, 2022, BCE-Mach II had realized losses on derivative instruments of $1.6 million and unrealized losses of $33 thousand for total losses of $1.7 million. The increase in realized gains is primarily from the overall decrease in oil and gas prices in 2023.

Midstream revenue. Midstream revenue decreased $32 thousand, or 13% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease in midstream revenue can be attributed to a decrease production on wells that flow into the gathering system.

Operating expenses

The following table summarizes BCE-Mach II's expenses for the periods indicated and includes a presentation of certain expenses on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	BCE-Mach II			
	Six Months Ended June 30,		Change	
($ in thousands)	2023	2022	Amount	Percent
Operating Expenses:				
Gathering and processing expense	$ 1,992	$ 2,770	$ (778)	(28)%
Lease operating expense	$ 6,310	$ 6,155	$ 155	3%
Midstream operating expense	$ 223	$ 217	$ 6	3%
Production taxes	$ 833	$ 1,966	$ (1,133)	(58)%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 2,167	$ 2,211	$ (44)	(2)%
Depreciation and amortization expense – other	$ 346	$ 341	$ 5	1%
General and administrative	$ (1,536)	$ (1,349)	$ (187)	(14)%
Operating Expenses ($/Boe)				
Gathering and processing expense	$ 2.29	$ 2.98	$ (0.69)	(23)%
Lease operating expense	$ 7.25	$ 6.63	$ 0.62	9%
Production taxes (% of oil, natural gas and NGL sales)	$ 5.1%	5.6%	(0.5)%	(10)%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 2.49	$ 2.38	$ 0.11	5%
Depreciation and amortization expense – other	$ 0.40	$ 0.37	$ 0.03	8%
General and administrative	$ (1.77)	$ (1.45)	$ (0.32)	22%

Gathering and processing expense. Gathering and processing expense decreased by $0.8 million, or 28% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022, primarily due to decreased natural gas prices leading to lower fuel costs as well as a decrease in production. Gathering and processing expense per Boe produced decreased by $0.69 primarily due to lower fuel expense that fluctuated with the decrease in commodity gas prices.

Lease operating expense. Lease operating expense increased $0.2 million, or 3% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. Lease operating expense per Boe produced increased $0.62 due to decreases in production stemming from natural well declines.

Midstream operating expense. Midstream operating expense increased by $6 thousand, or 3% for the six months ended June 30, 2023, as compared to the six months ended June30, 2022.

Production taxes. Production taxes decreased $1.1 million, or 58% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. This decrease was primarily a result of a decrease in the average selling price on all products. Production taxes as a percentage of revenue decreased from 5.6% for the six-month period ended June 30, 2022, to 5.1% for the six-month period ended June 30, 2023.

Depreciation, depletion, amortization and accretion expense. Depreciation, depletion, amortization and accretion expense for oil and natural gas properties decreased by $44 thousand, or 2% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. Depreciation and amortization expense for other assets increased $5 thousand, or 1% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022.

General and administrative costs. General and administrative costs decreased $0.2 million, or 14% for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease in general and administrative costs was primarily due to a $0.2 million reduction in equity compensation expense recorded in the six-month period ended June 30, 2023. General and administrative expense includes cost recoveries from joint interest owners using contractual rates established by our joint operating agreements. Costs recovered for both the six-month period ended June 30, 2023, and 2022 was $3.3 million.

Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

Predecessor

Revenue

The following table provides the components of our predecessor's revenue, net of transportation and marketing costs for the periods indicated, as well as each period's respective average realized prices and net production volumes. Some totals and changes throughout the below section may not sum or recalculate due to rounding.

	Predecessor			
	Year Ended December 31,		Change	
($ in thousands)	2022	2021	Amount	Percent
Revenues:				
Oil	$ 448,567	$ 189,827	$ 258,740	136%
Natural gas	301,423	131,819	169,604	129%
Natural gas liquids	110,398	75,854	34,544	46%
Total oil, natural gas, and NGL sales	860,388	397,500	462,888	116%
(Loss) gain on oil and natural gas derivatives, net	(67,453)	(67,549)	96	0%
Midstream revenue	44,373	31,883	12,490	39%
Product sales	100,106	30,663	69,443	226%
Total revenues	$ 937,414	$ 392,497	$ 544,917	139%
Average Sales Price[(1)]:				
Oil ($/Bbl)	$ 93.43	$ 68.35	$ 25.08	37%
Natural gas ($/Mcf)	$ 6.34	$ 4.08	$ 2.26	55%
NGL ($/Bbl)	$ 39.27	$ 34.80	$ 4.47	13%
Total ($/Boe) – before effects of realized derivatives	$ 55.37	$ 38.43	$ 16.93	44%
Total ($/Boe) – after effects of realized derivatives	$ 49.53	$ 32.51	$ 17.02	52%
Net Production Volumes:				
Oil (MBbl)	4,801	2,777	2,024	73%
Natural gas (MMcf)	47,561	32,313	15,249	47%
NGL (MBbl)	2,812	2,180	632	29%
Total (MBoe)	15,539	10,343	5,197	50%
Average daily total volumes (MBoe/d)	42.57	28.34	14.24	50%

(1) Average sales prices reflected above exclude gathering and processing expense and the separate benefit of third party midstream revenues.

Revenue and other operating income

Oil, natural gas and NGL sales. Revenues from oil, natural gas and NGL sales increased $462.9 million, or 116% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase was primarily a result of an increase in production from additional drilling activities, as well as new wells acquired during the year, resulting in an increase in oil, natural gas and NGL revenues of $310.5 million. Incrementally, a 37% increase in the average selling price on oil resulted in an increase in oil production revenue of $69.7 million, a

55% increase in the average selling price on natural gas resulted in an increase in natural gas production revenue of $73.0 million, and a 13% increase on the average selling price on NGLs resulted in an increase in NGL production revenue of $9.7 million.

Oil and Natural Gas Derivatives. For the year ended December 31, 2022, our predecessor had realized losses on derivative instruments of $90.8 million and an unrealized gain of $23.3 million for total losses of $67.5 million. For the year ended December 31, 2021, our predecessor had realized losses on derivative instruments of $61.3 million and an unrealized loss of $6.3 million for total losses of $67.5 million. The increase in realized losses is primarily from the overall increase in oil and gas prices in 2022.

Production. Production increased 5,197 MBoe, or 50% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase was primarily attributable to an increase in production of 1,672 MBoe as a result of additional production from acquisitions that closed in 2022 and 3,525 MBoe of new production from wells that were brought on-line as a result of increased drilling activity throughout 2022.

Product sales. Product sales increased $69.4 million, or 226% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase was primarily a result of increases in production resulting in additional product sales of $51.2 million. Additionally, the acquisition of midstream gathering and plant facilities in 2021 and 2022 contributed to an increase of $10.8 million. The increase in the average selling price on natural gas and NGLs resulted in an increase of $3.2 million and $0.8 million, respectively.

Midstream revenue. Midstream revenue increased $12.5 million, or 39% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to increased drilling activity resulting in increased throughput in our gathering and processing assets. Of the total increase, $7.2 million relates to increases in fee revenue related to gathering and processing, and $5.3 million is due to increased saltwater gathering and disposal revenue.

Operating expenses

The following table summarizes our predecessor's expenses for the periods indicated and includes a presentation of certain expenses on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	Predecessor			
	Year Ended December 31,		Change	
($ in thousands)	2022	2021	Amount	Percent
Operating Expenses:				
Gathering and processing expense	$ 47,484	$ 27,987	$ 19,497	70%
Lease operating expense	$ 95,941	$ 45,391	$ 50,550	111%
Midstream operating expense	$ 15,157	$ 12,248	$ 2,909	24%
Cost of product sales	$ 94,580	$ 28,687	$ 65,893	230%
Production taxes	$ 47,825	$ 21,165	$ 26,660	126%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 84,070	$ 37,537	$ 46,533	124%
Depreciation and amortization expense – other	$ 4,519	$ 3,148	$ 1,371	44%
General and administrative	$ 25,454	$ 60,927	$ (35,473)	(58)%
Operating Expenses ($/Boe)				
Gathering and processing expense	$ 3.06	$ 2.71	$ 0.35	13%
Lease operating expense	$ 6.17	$ 4.39	$ 1.79	41%
Production taxes (% of oil, natural gas and NGL sales)	5.6%	5.3%	0.2%	4%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 5.41	$ 3.63	$ 1.78	49%
Depreciation and amortization expense – other	$ 0.29	$ 0.30	$ (0.01)	(4)%
General and administrative	$ 1.64	$ 5.89	$ (4.25)	(72)%

Gathering and processing expense. Gathering and processing expense increased by $19.5 million, or 70% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to increased natural gas prices leading to higher fuel costs as well as an increase in production. Gathering and processing expense per Boe produced increased by $0.35 due to higher fuel expense that fluctuated with the increase in commodity gas prices.

Lease operating expense. Lease operating expense increased $50.6 million, or 111% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. Of the total increases, approximately $28.0 million was attributable to acquisitions that closed in the last half of 2021 and first two quarters of 2022. The wells brought on-line as a result of the increased drilling activity throughout 2022 caused an increase of $14.9 million. Additionally, our predecessor had increases with respect to its non-operated lease operating expense of $4.3 million, general equipment repairs of $2.5 million, and compression rentals of $1.8 million. Overall increases were also partially attributable to the inflationary environment throughout 2022. Lease operating expenses per Boe increased $1.79 due to the reasons noted above.

Midstream operating expense. Midstream operating expense increased $2.9 million, or 24% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to an increase in water disposal costs of $2.6 million stemming from increases in utility costs of $1.0 million and contract labor of $0.9 million.

Cost of product sales. Cost of product sales increased $65.9 million, or 230% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase was primarily a result of increases in production resulting in additional cost of product sales of $48.6 million. Additionally, the acquisition of midstream gathering and plant facilities in 2021 and 2022 contributed to an increase of $10.3 million. The increase in the average purchase price on natural gas and NGLs resulted in an increase of $3.0 million and $0.8 million, respectively.

Production taxes. Production taxes increased $26.7 million, or 126% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase was primarily a result of an increase in the average selling price on all products, resulting in an increases of $8.8 million, and an increase in production, resulting in an increase of $17.9 million. Production taxes as a percentage of revenue increased from 5.3% for the year ended December 31, 2021 to 5.6% for the year ended December 31, 2022.

Depreciation, depletion, amortization and accretion expense. Depreciation, depletion, amortization and accretion expense for oil and natural gas properties increased by $46.5 million, or 124% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase is primarily attributable to additional drilling activities and acquisitions in 2022 that added to the depletable base. Depreciation and amortization expense for other assets increased $1.4 million, or 44% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to additional assets acquired during the year.

General and administrative costs. General and administrative costs decreased $35.5 million, or 58% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The decrease in general and administrative costs was primarily due to a $37.8 million reduction in equity compensation expense recorded in the year ended December 31, 2022.

BCE-Mach

Revenue

The following table provides the components of BCE-Mach's revenue, net of transportation and marketing costs for the periods indicated, as well as each period's respective average realized prices and net production volumes. Some totals and changes throughout the below section may not sum or recalculate due to rounding.

	BCE-Mach			
	Year Ended December 31,		Change	
($ in thousands)	2022	2021	Amount	Percent
Revenues:				
Oil	$ 96,734	$ 86,404	$ 10,330	12%
Natural gas	98,469	61,164	37,306	61%
Natural gas liquids	38,441	35,497	2,944	8%
Total oil, natural gas, and NGL sales	233,644	183,065	50,579	28%
Gain (Loss) gain on oil and natural gas derivatives, net	(42,334)	(59,959)	17,625	(29)%
Total revenues	$ 191,310	$ 123,106	$ 68,204	55%
Average Sales Price:				
Oil ($/Bbl)	$ 94.54	$ 66.52	$ 28.02	42%
Natural gas ($/Mcf)	$ 6.24	$ 3.40	$ 2.84	83%
NGL ($/Bbl)	$ 39.65	$ 31.40	$ 8.25	26%
Total ($/Boe) – before effects of realized derivatives	$ 50.55	$ 33.75	$ 16.80	50%
Total ($/Boe) – after effects of realized derivatives	$ 35.28	$ 27.79	$ 7.49	27%
Net Production Volumes:				
Oil (MBbl)	1,023	1,299	(276)	(21)%
Natural gas (MMcf)	15,776	17,967	(2,191)	(12)%
NGL (MBbl)	969	1,131	(161)	(14)%
Total (MBoe)	4,622	5,424	(802)	(15)%
Average daily total volumes (MBoe/d)	12.66	14.86	(2.20)	(15)%

Revenue and other operating income

Oil, natural gas and NGL sales. Revenues from oil, natural gas and NGL sales increased $50.6 million, or 28% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase was primarily a result of an increase in the average selling price on oil of 42% resulting in an increase in production revenue of $36.4 million, on natural gas of 83% resulting in an increase in production revenue of $51.0 million, and on NGLs of 26% resulting in an increase in oil, natural gas and NGL sales revenue of $9.3 million. The increases in revenue from increases in the average selling price were partially offset by a decrease in revenue from lower production of $46.1 million.

Production. Production decreased 802 MBoe, or 15% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The decline in production is primarily attributable to natural production declines in our existing producing wells.

Oil and Natural Gas Derivatives. For the year ended December 31, 2022, BCE-Mach had realized losses on derivative instruments of $70.6 million and an unrealized gain of $28.3 million for total losses of $42.3 million. For the year ended December 31, 2021, BCE-Mach had realized losses on derivative instruments of $32.3 million and an unrealized loss of $27.6 million for total losses of $60.0 million. The increase in realized losses is primarily from the overall increase in oil and gas prices in 2022.

Operating expenses

The following table summarizes BCE-Mach's expenses for the periods indicated and includes a presentation of certain expenses on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	BCE-Mach			
	Year Ended December 31,		Change	
($ in thousands)	2022	2021	Amount	Percent
Operating Expenses:				
Gathering and processing expense	$ 34,437	$ 30,729	$ 3,708	12%
Lease operating expense	$ 35,605	$ 24,578	$ 11,027	45%
Production taxes	$ 13,246	$ 9,645	$ 3,601	37%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 26,621	$ 26,977	$ (356)	(1)%
Depreciation and amortization expense – other	$ 8,318	$ 7,778	$ 540	7%
General and administrative	$ 4,577	$ 10,429	$ (5,852)	(56)%
Operating Expenses ($/Boe)				
Gathering and processing expense	$ 7.45	$ 5.67	$ 1.79	32%
Lease operating expense	$ 7.70	$ 4.53	$ 3.17	70%
Production taxes (% of oil, natural gas and NGL sales)	5.7%	5.3%	0.4%	8%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 5.76	$ 4.97	$ 0.79	16%
Depreciation and amortization expense – other	$ 1.80	$ 1.43	$ 0.37	26%
General and administrative	$ 0.99	$ 1.92	$ (0.93)	(48)%

Gathering and processing expense. Gathering and processing expense increased by $3.7 million, or 12% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to increased natural gas prices leading to higher fuel costs. Gathering and processing expense per Boe produced increased by $1.79 primarily due to a decline in production volumes, coupled with higher fuel expense that fluctuated with the increase in commodity gas prices.

Lease operating expense. Lease operating expense increased $11.0 million, or 45% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in lease operating expense was primarily due to an increase of $4.9 million in workovers, repairs and maintenance, and an increase of $2.6 million in compression costs. Overall increases were also partially attributable to the inflationary environment throughout 2022. Lease operating expenses per Boe produced increased $3.17 primarily due to the reasons noted above, as well as the decrease in production.

Production taxes. Production taxes increased $3.6 million, or 37% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase was primarily a result of an increase in the average selling price on all products, resulting in an increase of $6.9 million, partially offset with a decrease in production, resulting in a decrease of $3.3 million. Production taxes as a percentage of revenue increased from 5.3% for the year ended December 31, 2021 to 5.7% for the year ended December 31, 2022.

Depreciation, depletion, amortization and accretion expense. Depreciation, depletion, amortization and accretion expense for oil and natural gas properties decreased by $0.4 million, or 1% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The decrease was primarily attributable to a lower depreciable balance of properties because of previously recorded depreciation expense. Depreciation and amortization expense for other assets increased $0.5 million, or 7% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to additional assets acquired during the year.

General and administrative costs. General and administrative costs decreased $5.9 million, or 56% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The decrease in general and administrative costs was primarily due to a $3.5 million reduction in equity compensation expense recorded in the year ended December 31, 2022.

BCE-Mach II

Revenue

The following table provides the components of BCE-Mach II's revenue, net of transportation and marketing costs for the periods indicated, as well as each period's respective average realized prices and net production volumes. Some totals and changes throughout the below section may not sum or recalculate due to rounding.

	BCE-Mach II			
	Year Ended December 31,		Change	
($ in thousands)	2022	2021	Amount	Percent
Revenues:				
Oil	$ 14,580	$ 10,225	$ 4,355	43%
Natural gas	40,679	21,735	18,944	87%
Natural gas liquids	16,129	12,885	3,244	25%
Total oil, natural gas, and NGL sales	71,388	44,845	26,543	59%
(Loss) gain on oil and natural gas derivatives, net	(3,535)	(4,494)	959	(21)%
Midstream revenue	459	541	(82)	(15)%
Total revenues	$ 68,312	$ 40,892	$ 27,420	67%
Average Sales Price[1]:				
Oil ($/Bbl)	$ 92.39	$ 63.78	$ 28.62	45%
Natural gas ($/Mcf)	$ 5.35	$ 3.12	$ 2.23	71%
NGL ($/Bbl)	$ 34.68	$ 26.80	$ 7.88	29%
Total ($/Boe) – before effects of realized derivatives	$ 37.75	$ 24.89	$ 12.86	52%
Total ($/Boe) – after effects of realized derivatives	$ 34.75	$ 23.27	$ 11.48	49%
Net Production Volumes:				
Oil (MBbl)	158	160	(3)	(2)%
Natural gas (MMcf)	7,610	6,965	645	9%
NGL (MBbl)	465	481	(16)	(3)%
Total (MBoe)	1,891	1,802	89	5%
Average daily total volumes (MBoe/d)	5.18	4.94	0.24	5%

(1) Average sales prices reflected above exclude gathering and processing expense and the separate benefit of third party midstream revenues.

Revenue and other operating income

Oil, natural gas and NGL sales. Revenues from oil, natural gas and NGL sales increased $26.5 million, or 59% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase was primarily a result of an increase in the average selling price on oil of 45% resulting in an increase in production revenue of $4.6 million, on natural gas of 71% resulting in an increase in production revenue of $15.5 million, and on NGLs of 29% resulting in an increase in production revenue of $3.8 million. The increase in production from new wells acquired during the year, which was partially offset by decline on our existing wells, resulted in an increase in oil, natural gas and NGL revenues of $2.7 million.

Production. Production increased 89 MBoe, or 5% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase was primarily attributable to an increase in production of 195 MBoe as a result of additional production from acquisitions that closed during the first quarter of 2022, partially offset by 106 MBoe of natural production declines in our existing producing wells.

Oil and Natural Gas Derivatives. For the year ended December 31, 2022, BCE-Mach II had realized losses on derivative instruments of $5.6 million and an unrealized gain of $2.1 million for total losses of $3.5 million. For the year ended December 31, 2021, BCE-Mach II had realized losses on derivative instruments of $2.9 million and an unrealized loss of $1.6 million for total losses of $4.5 million. The increase in realized losses is primarily from the overall increase in oil and gas prices in 2022.

Midstream revenue. Midstream revenue decreased $0.1 million, or 15% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The decrease in midstream revenue can be attributed to a decrease production on wells that flow into the gathering system.

Operating expenses

The following table summarizes BCE-Mach II's expenses for the periods indicated and includes a presentation of certain expenses on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	BCE-Mach II			
	Year Ended December 31,		Change	
($ in thousands)	2022	2021	Amount	Percent
Operating Expenses:				
Gathering and processing expense	$ 5,966	$ 3,787	$ 2,179	58%
Lease operating expense	$ 13,721	$ 10,755	$ 2,966	28%
Midstream operating expense	$ 461	$ 424	$ 37	9%
Production taxes	$ 4,123	$ 2,273	$ 1,850	81%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 4,487	$ 4,284	$ 203	5%
Depreciation and amortization expense – other	$ 679	$ 654	$ 25	4%
General and administrative	$ (2,551)	$ 743	$ (3,294)	(443)%
Operating Expenses ($/Boe)				
Gathering and processing expense	$ 3.15	$ 2.10	$ 1.05	50%
Lease operating expense	$ 7.26	$ 5.97	$ 1.29	22%
Production taxes (% of oil, natural gas and NGL sales)	5.8%	5.1%	0.7%	14%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 2.37	$ 2.38	$ (0.01)	0%
Depreciation and amortization expense – other	$ 0.36	$ 0.36	$ (0.00)	(1)%
General and administrative	$ (1.35)	$ 0.41	$ (1.76)	(427)%

Gathering and processing expense. Gathering and processing expense increased by $2.2 million, or 58% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to increased natural gas prices leading to higher fuel costs as well as an increase in production. Gathering and processing expense per Boe produced increased by $1.05 primarily due to higher fuel expense that fluctuated with the increase in commodity gas prices.

Lease operating expense. Lease operating expense increased $3.0 million, or 28% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. Of the total increases, $0.6 million was attributable to acquisitions that closed in the first quarter of 2022, and $1.5 million was attributable to an increase in workovers, repairs and maintenance, field office expenses, and non-operated costs. Overall increases were also partially attributable to the inflationary environment throughout 2022. Lease operating expense per Boe produced increased $1.29 primarily due to the reasons noted above.

Midstream operating expense. Midstream operating expense increased $37 thousand, or 9% for the year ended December 31, 2022, as compared to the year ended December 31, 2021.

Production taxes. Production taxes increased $1.9 million, or 81% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. This increase was primarily a result of an increase in the average selling price on all products, resulting in an increase of $1.7 million, and an increase in production, resulting in an increase of $0.2 million. Production taxes as a percentage of revenue increased from 5.1% for the year ended December 31, 2021 to 5.8% for the year ended December 31, 2022.

Depreciation, depletion, amortization and accretion expense. Depreciation, depletion, amortization and accretion expense for oil and natural gas properties increased by $0.2 million, or 5% for the year ended December 31, 2022, as compared to the year ended December31, 2021. The increase is primarily attributable to

the increased production associated with the acquisitions that closed during 2022. Depreciation and amortization expense for other assets increased $25 thousand, or 4% for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to additional assets acquired during the year.

General and administrative costs. General and administrative costs decreased $3.3 million, or 443% for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The decrease in general and administrative costs was primarily due to a $3.4 million reduction in equity compensation expense recorded in the year ended December 31, 2022. General and administrative expense includes cost recoveries from joint interest owners using contractual rates established by our joint operating agreements. Costs recovered for the years ended December 31, 2022 and 2021 were $6.5 million and $6.3 million, respectively.

Liquidity and Capital Resources

As a publicly traded partnership, our primary sources of liquidity and capital resources will be from cash flow generated by operating activities and borrowings under the Credit Facilities. Historically, our primary sources of liquidity have also included capital contributions by our equity holders, but we do not expect to rely on management or our partners for capital following the completion of this offering. We may need to utilize the public equity or debt markets and bank financings to fund future acquisitions or capital expenditures, but the price at which our common units will trade could be diminished as a result of the limited voting rights of unitholders. We expect to be able to issue additional equity and debt securities from time to time as market conditions allow to facilitate future acquisitions. We expect to repay any debt incurred by us to complete such acquisitions in order to meet our long-term goal of remaining substantially debt free and funding our development plan with our cash flow from operating activities. Our ability to finance our operations, including funding capital expenditures and acquisitions, to meet our indebtedness obligations or to refinance our indebtedness will depend on our ability to generate cash in the future. Our ability to generate cash is subject to a number of factors, some of which are beyond our control, including commodity prices, particularly for oil and natural gas, and our ongoing efforts to manage operating costs and maintenance capital expenditures, as well as general economic, financial, competitive, legislative, regulatory, weather and other factors.

Our partnership agreement requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner, which we refer to as “available cash.” We believe the lower decline nature of our Legacy Producing Assets and large inventory of horizontal drilling locations with average royalty burdens of less than 25%, coupled with our lower cash operating costs and owned midstream infrastructure, will support our ability to make cash distributions to our unitholders. We expect to maintain a conservative capital structure with the long-term goal of remaining substantially debt free. Nevertheless, our quarterly cash distributions may vary from quarter to quarter as a direct result of variations in the performance of our business, including those caused by fluctuations in commodity prices. Any such variations may be significant, and as a result, we may pay limited or even no cash distributions to our unitholders.

Historically, our business plan has focused on acquiring and then exploiting the development and production of our assets. We spent approximately $290.6 million in 2022 on development costs and our budget for 2023 is approximately $316.2 million (of which $207.6 million has been incurred as of June 30, 2023). For purposes of calculating our cash available for distribution, we define development costs as all of our capital expenditures, other than acquisitions. Our development efforts and capital for 2023 is focused on drilling Oswego wells given their high oil reserves and low breakeven costs.

During the year ended December 31, 2022, we spent approximately $270.2 million to drill 87.9 net wells and on related equipment, $9.1 million on remedial workovers and other capital projects, $11.3 million on midstream and other property and equipment capital projects, and $142.9 million on acquisitions. During the six months ended June 30, 2023, we spent approximately $182.0 million to drill 50.4 net wells and on related equipment, $18.4 million on remedial workovers and other capital projects, $7.2 million on midstream and other property and equipment capital projects, and $1.5 million on acquisitions.

Our 2023 capital expenditures program is largely discretionary and within our control. We could choose to defer a portion of these planned 2023 capital expenditures depending on a variety of factors, including, but not limited to, the success of our drilling activities, prevailing and anticipated prices for oil and natural gas, the availability of necessary equipment, including acid to be used for our acid stimulation completion, infrastructure and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions, drilling and acquisition costs and the level of participation by other working interest owners. A deferral of planned capital expenditures, particularly with respect to drilling and completing new wells, could result in a reduction in anticipated production and cash flows and reduce our cash available for distribution to unitholders.

Based on current oil and natural gas price expectations for 2023, following the closing of this offering, we believe that our cash flow from operations, together with borrowings from time to time under the Credit Facilities, will be sufficient to fund our operations through 2023. However, future cash flows are subject to a number of variables, including the level of oil and natural gas production and prices, and significant additional capital expenditures will be required to more fully develop our properties. For example, we expect a portion of our future capital expenditures to be financed with cash flows from operations derived from wells drilled on drilling locations not classified as proved reserves in our December 31, 2022 reserve report. The failure to achieve anticipated production and cash flow from operations from such wells could result in a reduction in future capital spending and/or our ability to pay distributions to unitholders. We cannot assure you that operations and other needed capital will be available on acceptable terms or at all.

Cash flows

The following table summarizes our predecessor's cash flows for the periods indicated:

	Predecessor			
	Six Months ended June 30,		Year ended December 31,	
(in thousands)	**2023**	**2022**	**2022**	**2021**
Net cash provided by operating activities	$ 275,145	$ 227,936	$ 553,542	$ 198,462
Net cash used in investing activities	$ (187,812)	$ (212,951)	$ (372,660)	$ (194,743)
Net cash used in financing activities	$ (67,904)	$ (27,236)	$ (210,737)	$ (4,584)

The following table summarizes BCE-Mach's cash flows for the periods indicated:

	BCE-Mach			
	Six Months ended June 30,		Year ended December 31,	
(in thousands)	**2023**	**2022**	**2022**	**2021**
Net cash provided by operating activities	$ 15,367	$ 42,802	$ 74,317	$ 68,696
Net cash used in investing activities	$ (20,192)	$ (2,500)	$ (11,401)	$ (5,109)
Net cash used in financing activities	$ (2,000)	$ (30,500)	$ (69,200)	$ (44,000)

The following table summarizes BCE-Mach II's cash flows for the periods indicated:

	BCE-Mach II			
	Six Months ended June 30,		Year ended December 31,	
(in thousands)	**2023**	**2022**	**2022**	**2021**
Net cash provided by operating activities	$ 12,620	$ 23,581	$ 44,735	$ 28,484
Net cash provided by (used in) investing activities	$ 1,643	$ (13,901)	$ (13,073)	$ (1,167)
Net cash used in financing activities	$ (22,245)	$ (16,500)	$ (41,947)	$ (10,400)

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Predecessor

Net cash provided by operating activities.

Net cash provided by operating activities increased by $47.2 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The increase in net cash provided by operating activities is primarily attributable to the increase in production stemming from acquisitions throughout 2022 and additional drilling activities. The increase in production was partially offset with the decline in pricing of all products. Additionally, there was an increase of $61.0 million in cash received in relation to derivative settlements.

Net cash used in investing activities.

Net cash used in investing activities decreased $25.1 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease in net cash used in investing activities is primarily attributable to a decrease in cash used for acquisitions of $128.0 million, partially offset by an increase of cash used for drilling and completion activities of $99.6 million.

Net cash used in financing activities.

Net cash used in financing activities increased $40.7 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The increase in net cash used in financing activities is primarily attributable to a decrease in contributions from members of $65.0 million. This was partially offset with a decrease in distributions to members of $16.8 million in 2023. Additionally, there was also an increase in borrowings, net of repayments, on the Existing Credit Facilities of $7.9 million.

BCE-Mach

Net cash provided by operating activities.

Net cash provided by operating activities decreased by $27.4 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease in cash provided by operating activities is primarily attributable to the decrease in average sales price for all products but was partially offset with a decrease of $27.9 million on cash paid on derivative settlements, due to lower oil and gas prices.

Net cash used in investing activities.

Net cash used in investing activities increased by $17.7 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The increase in cash used in investing activities is primarily attributable to increased drilling activity.

Net cash used in financing activities.

Net cash used in financing activities decreased by $28.5 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease in cash used in financing activities is primarily attributable to a decrease of $30.5 million in repayments. This was partially offset with an increase in distributions to members of $2.0 million.

BCE-Mach II

Net cash provided by operating activities.

Net cash provided by operating activities decreased by $11.0 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease in net cash provided by operating activities is primarily attributable to the decrease in average sales price for all products, as well as a decrease in production. This was partially offset with an increase of $2.4 million on cash received on derivative settlements, due to lower oil and gas prices.

Net cash provided by (used in) investing activities.

Net cash used in investing activities decreased by $15.5 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The decrease in net cash used in investing activities is primarily attributable a decrease in cash used in acquisitions of $13.7 million, coupled with an increase in cash provided by divestitures of $2.0 million in the period ended June 30, 2023.

Net cash used in financing activities.

Net cash used in financing activities increased by $5.7 million for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. The increase in net cash used in financing activities is primarily attributable to a $10.2 million increase in distributions to members made in 2023. This was partially offset by a decrease in cash used in repayments of borrowings of $4.5 million.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Predecessor

Net cash provided by operating activities.

Net cash provided by operating activities increased by $355.1 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in net cash provided by operating activities is primarily attributable to the increase in average sales price for all products, as well as an increase in production stemming from acquisitions throughout 2022 and additional drilling activities. This was partially offset with an increase of $34.8 million on cash paid on derivative settlements, due to higher oil and gas prices.

Net cash used in investing activities.

Net cash used in investing activities increased $177.9 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in net cash used in investing activities is primarily attributable to an increase in drilling and completion activity of $195.8 million in 2022. This was partially offset by a decrease in cash used for acquisitions of $20.6 million.

Net cash used in financing activities.

Net cash used in financing activities increased $206.2 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in net cash used in financing activities is primarily attributable to an increase of distributions to members of $128.9 million in 2022, along with a decrease in contributions from members of $36.5 million. Additionally, there was also a decrease in borrowings, net of repayments, on the Existing Credit Facilities of $43.0 million year over year.

BCE-Mach

Net cash provided by operating activities.

Net cash provided by operating activities increased by $5.6 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in cash provided by operating activities is primarily attributable to the increase in average sales price for all products, but was partially offset with an increase of $40.9 million on cash paid on derivative settlements, due to higher oil and gas prices.

Net cash used in investing activities.

Net cash used in investing activities increased by $6.3 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in cash used in investing activities is primarily attributable to increased drilling activity.

Net cash used in financing activities.

Net cash used in financing activities increased by $25.2 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in cash used in investing activities is primarily attributable to $20.0 million in distributions to members made in 2022.

BCE-Mach II

Net cash provided by operating activities.

Net cash provided by operating activities increased by $16.3 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in net cash provided by operating activities is primarily attributable to the increase in average sales price for all products, as well as an increase in production. This was partially offset with an increase of $3.1 million on cash paid on derivative settlements, due to higher oil and gas prices.

Net cash used in investing activities.

Net cash used in investing activities increased by $11.9 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in net cash used in investing activities is primarily attributable to acquisitions made in 2022 for $12.0 million.

Net cash used in financing activities.

Net cash used in financing activities increased by $31.5 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in net cash used in financing activities is primarily attributable to a $31.4 million increase in distributions to members made in 2022.

Debt agreements

Our predecessor, BCE-Mach and BCE-Mach II are currently party to revolving credit facilities. We intend to use a portion of the expected net proceeds from this offering to (i) repay in full and terminate the BCE-Mach II credit facility, (ii) repay in full and terminate the BCE-Mach credit facility and (iii) repay a portion of the BCE-Mach III credit facility. Following completion of this offering, we intend to obtain the New Credit Facility and we expect to use borrowings under the New Credit Facility to repay in full and terminate the BCE-Mach III credit facility. See "Use of Proceeds."

Existing Credit Facilities

BCE-Mach III Credit Facility. Our predecessor entered into a credit agreement for a revolving credit facility with a syndicate of banks, including MidFirst Bank, who serves as administrative agent and issuing bank. The BCE-Mach III credit facility provides for a maximum outstanding amount of $400.0 million, subject to commitments of $100.0 million as of June 30, 2023. The BCE-Mach III credit facility matures in May 2026. Outstanding obligations under the BCE-Mach III credit facility are secured by substantially all of our predecessor's assets. The amount available to be borrowed under the BCE-Mach III credit facility is subject to a borrowing base that is redetermined semiannually each May and November in an amount determined by the lenders. As of June 30, 2023, there was $91.9 million outstanding under the BCE-Mach III credit facility.

The credit agreement governing the BCE-Mach III credit facility contains various affirmative, negative and financial maintenance covenants. These covenants, among other things, limit additional indebtedness, additional liens, sales of assets, mergers and consolidations, dividends and distributions, transactions with affiliates and entering into certain swap agreements and require the maintenance of the financial ratios. The financial ratios BCE-Mach III is required to maintain on a quarterly basis are (x) a ratio of total debt to EBITDAX not greater than 3.25 and (y) a ratio of current assets to current liabilities of no less than 1.0. As of June 30, 2023, and December 31, 2022, BCE-Mach III was in compliance with all applicable covenants under the BCE-Mach III credit facility.

BCE-Mach III entered into the third amendment to the credit agreement on January 27, 2023. The third amendment includes an excess cash threshold that sets a limit of the consolidated cash balance of BCE-Mach III at $20.0 million and requires a payment on the outstanding principal amount of loans to the extent that the consolidated cash balance of BCE-Mach III is in excess of such threshold. The consolidated cash balance is defined as the unrestricted cash held by BCE-Mach III and its subsidiaries less cash set aside to pay royalty obligations, working interest obligations, production payments, vendor payments, suspense payments, severance and ad valorem taxes, payroll, payroll taxes, other taxes, and employee wage and benefits. Required payments will be made only when the Company experiences one or more of the following:

- Ratio of total debt to EBITDAX greater than 2.5 evaluated as of the last day of each fiscal quarter.
- Liquidity is less than 20% of the borrowing base.
- An event of default or borrowing base deficiency occurs.

Outstanding borrowings under the BCE-Mach III credit agreement bear interest at a per annum rate that is equal to the SOFR rate (subject to SOFR credit spread adjustments of 0.10% for interest periods of one month, 0.15% for interest periods of three months, and 0.25% for interest periods of six months), plus the applicable margin. The applicable margin ranges from 2.00% to 3.00% in the case of the alternate base rate and from 3.25% to 4.25% in the case of SOFR, in each case depending on the amount of loans and letters of credit outstanding. BCE-Mach III is obligated to pay a quarterly commitment fee of 0.50% per year on the unused portion of the commitment, which fee is also dependent on the amount of loans and letters of credit outstanding. The effective interest rate as of June 30, 2023, and December 31, 2022, was 8.5% and 7.7%, respectively.

BCE-Mach Credit Facility. BCE-Mach entered into a revolving credit facility on September 2, 2022 with a syndicate of banks, including MidFirst Bank who serves as sole book runner and lead arranger, maturing in September 2026. Outstanding obligations under the BCE-Mach credit facility are secured by substantially all of BCE-Mach's assets. The credit agreement provides for a revolving credit facility in a maximum outstanding amount of $200.0 million, subject to commitments of $100.0 million as of June 30, 2023. As of June 30, 2023, $65.0 million was outstanding under the BCE-Mach credit facility and $5 million in outstanding letters of credit, which reduces the availability under the credit facility on a dollar-for-dollar basis. The amount available to be borrowed under the BCE-Mach credit facility is subject to a borrowing base that is redetermined semiannually each May and November in an amount determined by the lenders.

The BCE-Mach credit facility contains various affirmative, negative and financial maintenance covenants. These covenants, among other things, limit additional indebtedness, additional liens, sales of assets, mergers and consolidations, dividends and distributions, transactions with affiliates and entering into certain swap agreements and require the maintenance of the financial ratios. The financial ratios BCE-Mach is required to maintain on a quarterly basis are (x) a ratio of total net debt to EBITDAX not greater than 3.25 and (y) a ratio of current assets to current liabilities of no less than 1.0. As of June 30, 2023 and December 31, 2022, BCE-Mach was in compliance with all applicable covenants under the BCE-Mach credit facility.

Outstanding borrowings under the credit agreement bear interest at a per annum rate that is equal to the SOFR rate (subject to SOFR credit spread adjustments of 0.10% for interest periods of one month, 0.15% for interest periods of three months, and 0.25% for interest periods of six months), plus the applicable margin. The applicable margin ranges from 3% to 4% depending on the amount of loans and letters of credit outstanding. BCE-Mach is obligated to pay a quarterly commitment fee of 0.50% per year on the unused portion of the commitment, which fee is also dependent on the amount of loans and letters of credit outstanding. The effective interest rate as of June 30, 2023 and December 31, 2022 was 8.5% and 7.4%, respectively.

BCE-Mach II Credit Facility. BCE-Mach II entered into a revolving credit facility with a syndicate of banks, including East West Bank, who serves as sole book runner and lead arranger, maturing in September 2024. Outstanding obligations under the BCE-Mach II credit facility are secured by substantially all of BCE-Mach II's assets. The credit agreement provides for a revolving credit facility in a maximum outstanding amount of $250.0 million, subject to a borrowing base of $26.0 million as of June 30, 2023. As of June 30, 2023, $17.1 million was outstanding under the BCE-Mach II credit facility. The amount available to be borrowed under the BCE-Mach II credit facility is subject to a borrowing base that is redetermined semiannually each April and October in an amount determined by the lenders.

New Credit Facility

We are currently negotiating the New Credit Facility with prospective lenders that we anticipate entering into after the completion of this offering. The amount, maturity, interest rates and other terms of the New Credit Facility are under negotiations with prospective lenders; however, we expect the aggregate commitments thereunder will be in the range of $150 million to $200 million, that the New Credit Facility will be secured by substantially all of our oil and gas properties and the covenants in the New Credit Facility will be on substantially the same terms as the BCE-Mach III credit facility. For a description of the covenants under the BCE-Mach III credit facility, please see "Risk Factors — Risks Related to our Business — Restrictions in our existing and future debt agreements could limit our growth and our ability to engage in certain activities." Borrowings under the New Credit Facility may vary significantly from time to time depending on our cash needs at any given time. Once we have entered into the New Credit Facility, we expect to use borrowings under the New Credit Facility to repay in full and terminate the BCE-Mach III credit facility.

We have not yet obtained binding commitments for the New Credit Facility. If we are unable to obtain binding commitments for the New Credit Facility on acceptable terms or at all, the BCE-Mach III credit facility will remain outstanding after this offering. We cannot assure you that after this offering we will obtain binding commitments for the New Credit Facility sufficient to refinance in full and terminate the BCE-Mach III credit facility.

Contractual obligations and commitments

We have not guaranteed the debt or obligations of any other party, nor do we have any other arrangements or relationships with other entities that could potentially result in consolidated debt or losses.

Firm transportation contracts

We are a party to firm transportation contracts for the transport of natural gas. We paid approximately $3.3 million in firm transportation contracts for the year ended December 31, 2022 and $1.8 million for the six months ended June 30, 2023 and expect to pay approximately $10.6 million in firm transportation contracts for the remainder of 2023 through 2025. For further information on firm transportation contracts, see the notes to our audited financial statements included elsewhere in this prospectus.

Operating lease obligations

Our operating lease obligations include long-term lease payments for office space, vehicles, equipment related to exploration, development and production activities, as well as long-term obligations expected to be incurred for commencing leases commencing. We paid approximately $8.7 million in operating lease obligations for the year ended December 31, 2022 and $7.7 million for the six months ended June 30, 2023 and expect to pay approximately $18.2 million in operating lease obligations for the remainder of 2023 through 2025. For further information on our operating lease obligations, see the notes to our audited financial statements included elsewhere in this prospectus.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risk, including the effects of adverse changes in commodity prices and interest rates as described below. The primary objective of the following information is to provide quantitative and qualitative information about our potential exposure to market risks. The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses but rather indicators of reasonably possible losses.

Commodity price risk

Oil and gas revenue

Our revenue and cash flow from operations are subject to many variables, the most significant of which is the volatility of commodity prices. Commodity prices are affected by many factors outside of our control, including changes in market supply and demand, which are impacted by global economic factors, pipeline capacity constraints, inventory levels, basis differentials, weather conditions and other factors. Commodity prices have long been volatile and unpredictable, and we expect this volatility to continue in the future.

There can be no assurance that commodity prices will not be subject to continued wide fluctuations in the future. A substantial or extended decline in such prices could have a material adverse effect on our financial position, results of operations, cash flows and quantities of oil and gas reserves that may be economically produced, which could result in impairments of our oil and gas properties.

Commodity derivative activities

To reduce the impact of fluctuations of commodity prices on our total revenue and other operating income, we have historically used, and we expect to continue to use, commodity derivative instruments, primarily swaps, to hedge price risk associated with a portion of our anticipated production. Our hedging instruments allow us to reduce, but not eliminate the potential effects of the variability in cash flow from operations due to fluctuations in commodity prices and provide increased certainty of cash flows for funding our drilling program and debt service requirements. These instruments provide only partial price protection against declines in prices and may partially limit our potential gains from future increases in prices. We do not enter derivative contracts for speculative trading purposes. The Existing Credit Facilities contain, and the New Credit Facility is expected to contain, various covenants and restrictive provisions which, among other things, limit our ability to enter into commodity price hedges exceeding a certain percentage of production.

Our hedging activities are intended to support oil and natural gas prices at targeted levels and manage our exposure to natural gas price volatility. Under swap contracts, the counterparty is required to make a payment to us for the difference between the swap price specified in the contract and the settlement price, which is based on market prices on the settlement date, if the settlement price is below the swap price. We are required to make a payment to the counterparty for the difference between the swap price and the settlement price if the swap price is below the settlement price.

The following table provides a pro forma summary of the financial oil and natural gas derivative contracts that we had in place as of December 31, 2022:

	2023	2024	2025
Swaps – Natural Gas			
Volume (MMBtu)	7,999	—	—
Fixed Price	$ 4.00	$ —	$ —
Swaps – Oil			
Volume (MBbl)	748	—	—
Fixed Price	$ 57.24	$ —	$ —

Counterparty and customer credit risk

By using derivative instruments to hedge exposures to changes in commodity prices, we expose ourselves to the credit risk of our counterparties. Credit risk is the potential failure of the counterparty to perform under the terms of a contract. When the fair value of a derivative contract is positive, the counterparty is expected to owe us, which creates credit risk. To minimize the credit risk in derivative instruments, it is our policy to enter into derivative contracts only with counterparties that are creditworthy financial institutions deemed by management as competent and competitive market makers. The creditworthiness of our counterparties is subject to periodic review. As of December 31, 2022, we had derivative instruments in place with three different counterparties, with Morgan Stanley accounting for more than 50% of the fair value. We believe our counterparties currently represent acceptable credit risks. We are not required to provide credit support or collateral to our counterparties under current contracts, nor are they required to provide credit support or collateral to us.

Substantially all of our revenue and receivables result from oil and gas sales to third parties operating in the oil and gas industry. Our receivables also include amounts owed by joint interest owners in the properties we operate. Both our purchasers and joint interest partners have recently experienced the impact of significant commodity price volatility as discussed above under "— Commodity Price Risk — Oil and Gas Revenue." This concentration of customers and joint interest owners may impact our overall credit risk in that these entities may be similarly affected by changes in commodity prices and economic and other conditions. In the case of joint interest owners, we often have the ability to withhold future revenue disbursements to recover non-payment of joint interest billings.

Interest rate risk

Variable rate debt

At June 30, 2023, we had $174 million of debt outstanding under the Existing Credit Facilities, as adjusted for the Reorganization Transactions. Borrowings outstanding under the Existing Credit Facilities bore an effective interest rate between 8.3% and 8.5% as of June 30, 2023. Assuming no change in the amount outstanding, the impact on interest expense of a 1% increase or decrease in the assumed weighted average interest rate on our variable interest debt would be approximately $1.7 million per year based on our borrowings outstanding at June 30, 2023.

Interest derivative activities

As of June 30, 2023, we did not have any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness, but we may enter into such derivative arrangements in the future. To the extent we enter into any such interest rate derivative arrangement, we would be subject to risk for financial loss.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States require us to make estimates and assumptions. The accounting estimates and assumptions we consider to be most significant to our financial statements are discussed below.

Oil and Natural Gas Accounting and Reserves

We account for our oil and natural gas producing activities using the full cost method of accounting, which is dependent on the estimation of proved reserves to determine the rate at which we record depletion on our oil and natural gas properties. On a quarterly basis, using the estimate of proved reserves, we evaluate our oil and natural gas properties to determine whether they have been impaired using the full cost ceiling impairment test. Further, we utilize estimated proved reserves to assign fair value to acquired proved oil and natural gas properties. As such, we consider the estimation of proved reserves to be a critical accounting estimate.

Estimates of natural gas and oil reserves and their values, future production rates, future development costs and commodity pricing differentials are the most significant of our estimates. The accuracy of any reserve estimate is a function of the quality of data available and of engineering and geological interpretation and judgment. In addition, estimates of reserves may be revised based on actual production, results of subsequent exploration and development activities, recent commodity prices, operating costs and other factors. These revisions could materially affect our financial statements. The volatility of commodity prices results in increased uncertainty inherent in these estimates and assumptions. Changes in natural gas, oil or NGL prices could result in actual results differing significantly from our estimates.

Business Combinations

We account for business combinations using the acquisition method, which is the only method permitted under FASB ASC Topic 805 — Business Combinations, and involves the use of significant judgment. Under the acquisition method of accounting, a business combination is accounted for at a purchase price based on the fair value of the consideration given. The assets and liabilities acquired are measured at their fair values, and the purchase price is allocated to the assets and liabilities based upon these fair values.

The most significant assumptions relate to the estimated fair values assigned to our proved oil and natural gas properties. The assumptions made in performing these valuations include future production volumes, future commodity prices and costs, future operating and development activities, projections of oil and gas reserves and a weighted average cost of capital rate. There is no assurance the underlying assumptions or estimates associated with the valuation will occur as initially expected.

Estimated fair values assigned to assets acquired can have a significant effect on results of operations in the future. In addition, differences between the future commodity prices when acquiring assets and the historical 12-month average trailing price to calculate ceiling test impairments of upstream assets may impact net earnings.

Recently Issued Accounting Pronouncements

A summary of recent accounting pronouncements and our assessment of any expected impact of these pronouncements if known is included in Note 2 to the audited consolidated financial statements of our predecessor included elsewhere in this prospectus.

Internal controls and procedures

We are not currently required to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act of 2002 and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act of 2002, which will require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. Though we will be required to disclose material changes made to our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report to be filed with the SEC. We have elected to avail ourselves of the provision of the JOBS Act that permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We will not be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls over financial reporting until our first annual report subsequent to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Securities Act.

BUSINESS AND PROPERTIES

Our Company

We are an independent upstream oil and gas company focused on the acquisition, development and production of oil, natural gas and NGL reserves in the Anadarko Basin region of Western Oklahoma, Southern Kansas and the panhandle of Texas. Our experienced management team, led by industry veteran Tom L. Ward, possesses deep operational and industry experience, particularly in Oklahoma and the Anadarko Basin. We leverage our extensive experience to identify the most attractive exploitation and development opportunities and optimize the production of current wells, efficiently drill our existing inventory of undeveloped locations and identify attractive low-risk acquisition opportunities.

Our partnership agreement requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner, which we refer to as "available cash." We believe the lower decline nature of our Legacy Producing Assets and large inventory of horizontal drilling locations with average royalty burdens of less than 25%, coupled with our lower cash operating costs and owned midstream infrastructure, will support our ability to make cash distributions to our unitholders. We expect to maintain a conservative capital structure with the long-term goal of remaining substantially debt free. Nevertheless, our quarterly cash distributions may vary from quarter to quarter as a direct result of variations in the performance of our business, including those caused by fluctuations in commodity prices. Any such variations may be significant, and as a result, we may pay limited or even no cash distributions to our unitholders.

We seek to maximize cash distributions to unitholders through a combination of the development of our existing properties, primarily using our cash flow from operating activities, and the acquisition of producing properties. Our current acreage position in the Anadarko Basin is characterized as oil-rich with considerable natural gas content, notable historical production, low decline rates and average royalty burdens of less than 25%. Through a series of acquisitions since our inception, we have accumulated an acreage position consisting of approximately 936,000 net acres, of which 99% is held by production, and over 2,000 identified horizontal drilling locations, of which more than 750 of these are located in the Oswego formation, a prolific reservoir in north-central Oklahoma. We consider our large inventory of horizontal drilling locations to be low-risk based on information gained from the large number of existing wells in the area, industry activity surrounding our acreage, and the consistent and predictable geology surrounding our positions. We believe the combination of our large inventory of low-risk drilling locations with the low decline production profile of our Legacy Producing Assets leads to a sustainable production profile.

We focus on controlling costs and maintaining financial discipline, which enables us to prudently develop our assets while generating significant cash available for distribution. Our strategy is to enhance existing production and reduce costs by right-sizing field operations to cost-effectively extract oil and natural gas from producing reservoirs. Our culture of cost control and production optimization has resulted in substantially lower cash operating costs than our peers.

We believe a key competitive advantage that we have over other operators is that we own an extensive portfolio of complementary midstream assets that are integrated with our upstream operations. These assets include gathering systems, processing plants and water infrastructure. Our midstream assets enhance the value of our properties by allowing us to optimize pricing, increase flow assurance and eliminate third-party costs and inefficiencies. In addition, our owned midstream systems generate third-party revenue, which effectively reduces the cost of operating our midstream assets and reduces our average breakeven costs compared to other operators. We believe the Anadarko Basin is uniquely positioned with legacy takeaway pipeline infrastructure enabling our oil, natural gas and NGLs to be easily transported to premium markets, such as Cushing, Oklahoma.

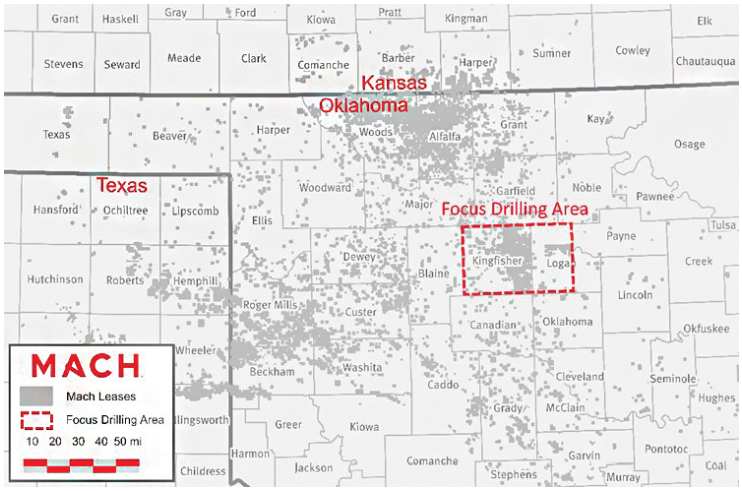
Our Properties

Our assets are located throughout Western Oklahoma, Southern Kansas and the panhandle of Texas and consist of approximately 4,500 gross operated PDP wells. Our average net daily production for the twelve months ended June 30, 2023 was approximately 65 MBoe/d. We define our Focus Drilling Area assets as all of our horizontal properties that are located in Kingfisher and Logan Counties, Oklahoma, and we define our "Legacy Producing Assets" as all of our legacy producing properties which are not in the Focus Drilling Area, as shown in the chart below. Based on our reserve report as of June 30, 2023, 57% of our production is attributable to our Legacy Producing Assets, which have an average expected annual decline rate of approximately 15%. Our wells are located almost exclusively in the Anadarko Basin, which has a more predictable production profile compared to less mature basins. Our production benefits from both the diversity of our well vintage and the lack of concentration in any specific sub-area. Within our large and diversified PDP base, no single well accounts for more than 1% of our PDP PV-10.

Within our operating areas, our assets are prospective for multiple formations, most notably the Oswego, Meramec/Osage and Mississippi Lime formations. Our experience in the Anadarko Basin and these formations allows us to generate significant cash available for distribution from these low declining assets in a variety of commodity price environments.

In addition to our portfolio of producing wells, our properties include over 2,000 identified horizontal drilling locations that we believe will allow us to maintain our production and support future cash distributions to our unitholders.

Additionally, we own a portfolio of midstream assets which support our leases. As of June30, 2023, approximately 75% of our operated PDP reserves (and approximately 66% of our total PDP reserves) are supported by Company-owned midstream infrastructure.



The following table presents our historical estimated oil, natural gas and NGL proved reserves as of June 30, 2023.

	Estimated Proved Reserves as of June 30, 2023		Estimated Probable Reserves as of June 30, 2023[1][2]
	Proved Developed Reserves[1]	Proved Reserves[1]	
Oil (MBbl)	40,876	53,029	72,868
Natural gas (MMcf)	782,727	811,507	373,477
NGLs (MBbl)	50,190	50,911	19,576
Total equivalent (MBoe)[3]	221,520	239,191	154,690
PV-10 (in millions)[4]	$ 2,131	$ 2,435	$ 1,039
Standardized Measure (in millions)[5]	$ 2,131	$ 2,435	—

(1) Our estimated net proved and probable reserves were determined using average first-day-of-the-month prices for the prior 12 months in accordance with SEC regulations. For more information on the prices used, see "Prospectus Summary — Summary of Reserve, Production and Operating Data — Summary of Reserves."

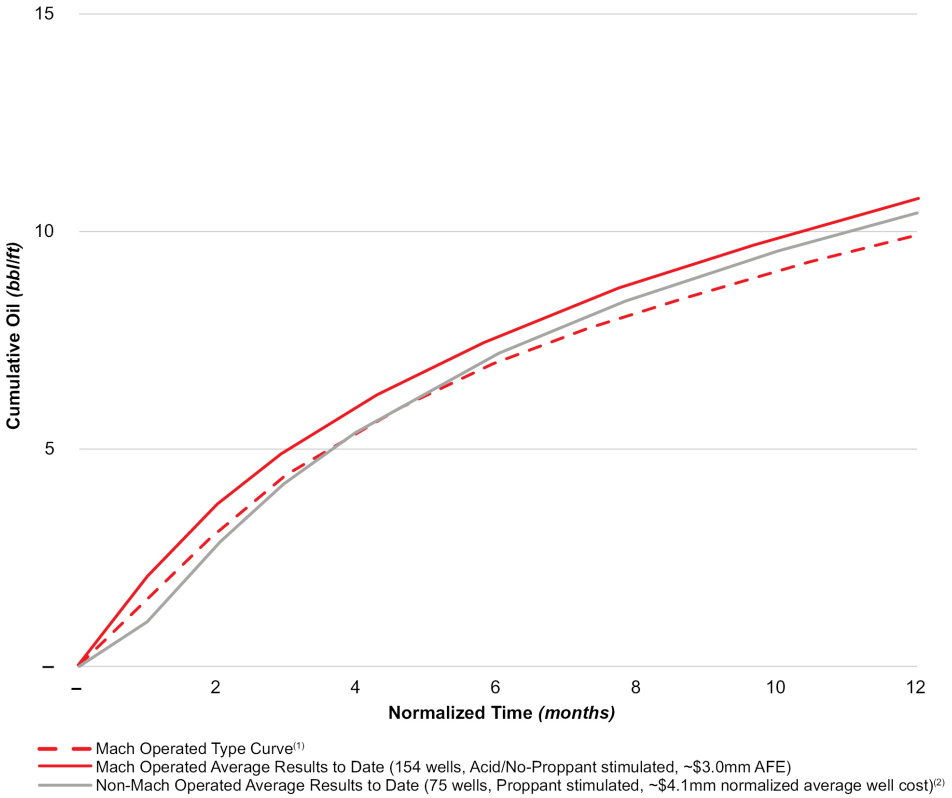
(2) All of our probable reserves are undeveloped. Estimates of probable reserves, and the future cash flows related to such estimates, are inherently imprecise and are more uncertain than estimates of proved reserves and the future cash flows related to such estimates but have not been adjusted for risk due to such uncertainty. Therefore, estimates of probable reserves, and the future cash flows related to such estimates, may not be comparable to estimates of proved reserves and the future cash flows related to such estimates and should not be summed arithmetically with estimates of proved reserves and the future cash flows related to such estimates. For more information regarding the presentation of probable reserves, see "Business and Properties — Our Operations — Preparation of Reserve Estimates."

(3) Presented on an oil-equivalent basis using a conversion of six thousand cubic feet of natural gas to one stock tank barrel of oil. This conversion is based on energy equivalence and not on price or value equivalence.

(4) For more information on how we calculate PV-10 and a reconciliation of proved reserves PV-10 to its nearest GAAP measure, see "Prospectus Summary — Summary of Reserve, Production and Operating Data — Summary of Reserves" and "Prospectus Summary — Non-GAAP Financial Measures — Reconciliation of PV-10 to Standardized Measure." With respect to PV-10 calculated as of an interim date, it is not practicable to calculate the taxes for the related interim period because GAAP does not provide for disclosure of Standardized Measure on an interim basis.

(5) For more information on how we calculate Standardized Measure of proved reserves, see "Prospectus Summary — Non-GAAP Financial Measures — Reconciliation of PV-10 to Standardized Measure."

Our near-term drilling program is focused on horizontal development in Kingfisher and Logan Counties, Oklahoma. The two primary, productive formations in this area are the Oswego and Meramec/Osage. The Oswego is the most oil rich and economic formation within our inventory. In the early stages of the Oswego horizontal development, a mixture of standard completion fluids and proppant were utilized in the stimulation. We have successfully further lowered our well costs to $3.0 million per well in the Oswego by using drilling efficiencies and utilizing acid in lieu of proppant within the stimulation. As observed in the chart below, the 154 acid-only stimulated wells that we drilled are performing comparably to the proppant-stimulated 75 Oswego wells producing in Kingfisher County, Oklahoma. The below illustrates the average oil production results from the Oswego as of August 2023:



(1) Based on Management's estimates.

(2) Data and analytics derived from Enverus Core. Includes all offset horizontal wells drilled in Oswego formation with reported proppant loading. Normalized to 5,121 feet.

In addition to the Oswego, there have been over 775 wells in the Meramec/Osage formations drilled and over 1,850 wells in the Mississippi Lime formation drilled on our acreage. Our assets have extensive production histories and high drilling success rates. Accordingly, we believe our acreage has been significantly delineated by our own drilling success and by the success of offset operators.

The below table summarizes our identified horizontal drilling locations as of June30, 2023.

	Identified Horizontal Drilling Locations[1][2]			
Target Horizontal Zones	**Focus Drilling Area Operated**	**Focus Drilling Area Non-Operated**	**Legacy Producing Assets**	**Total**
Oswego	437	314	0	751
Meramec/Osage	265	228	0	493
Mississippi Lime	0	0	778	778
Total Horizontal Locations	702	542	778	2,022
Average Working Interest	82.6%	16.4%	29.7%	44.5%
Average Net Revenue Interest	69.0%	14.1%	24.0%	37.0%

(1) "— Our Operations" contains a description of our methodology used to determine our drilling locations.

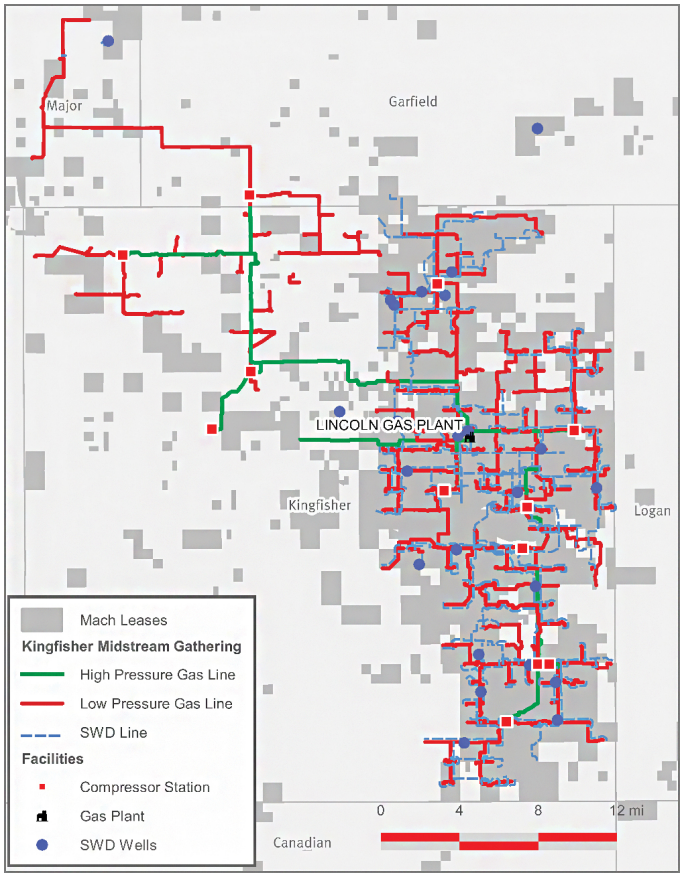
(2) The above table includes 1,357 of our total drilling locations that have been evaluated by Cawley, Gillespie & Associates Inc., our independent reserve engineer, along with 665 drilling locations that have not been evaluated by Cawley, Gillespie & Associates Inc. that were based solely on the internal evaluations of the Company's management. The 665 drilling locations not evaluated by Cawley, Gillespie & Associates Inc. includes 440 non-operated wells in our Focus Drilling Area Non-Operated and 225 non-operated wells in our Legacy Producing Assets. All 702 of the drilling locations listed under the Focus Drilling Area Operated have been evaluated by Cawley, Gillespie & Associates Inc. See "Risk Factors — Risks Related to Our Business — A portion of our estimated drilling locations are based on our management's internal estimates and were not based on evaluations prepared by Cawley, Gillespie & Associates Inc."

We have estimated our drilling locations based on well spacing assumptions for the areas in which we operate and upon the evaluation of our horizontal drilling results and those of other operators in our area, combined with our interpretation of available geologic and engineering data. The drilling locations on which we actually drill will depend on the availability of capital, drilling rigs and labor, regulatory approvals, commodity prices, costs, actual drilling results and other factors. Any drilling activities we are able to conduct on these identified locations may not be successful and may not result in our ability to add proved reserves to our existing proved reserves. See "Risk Factors — Risks Related to Our Business — Our identified drilling locations are scheduled out over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling."

STACK Area Gas Gathering & Processing ("G&P") and Water Infrastructure

We own a significant complementary portfolio of midstream assets, including gas gathering and processing assets and water infrastructure assets, that supports the development of our properties in Kingfisher County in Oklahoma. For example, the recently constructed Lincoln gas processing plant that we acquired in 2020 has 260 MMcf/d of processing capacity, which is supported by approximately 460 miles of gas gathering lines with approximately 430 receipt point connections, and 27 compressors totaling 35,880 horsepower. Our processing complex has interconnects to both the PEPL and OGT system.

Our STACK water infrastructure consists of approximately 300 miles of owned gathering pipeline, and our water disposal assets consist of 20 disposal wells with approximately 377,000 BWPD permitted capacity.



Other Gas Gathering & Processing and Water Infrastructure

In addition to our STACK midstream assets, we own and/or operate other midstream assets, including gas gathering and processing, water infrastructure and compression assets that provide additional margin enhancement for our upstream business.

Within these other midstream assets, our 56% owned and operated Laredo gas gathering system, located in Roger Mills County, Oklahoma and Hemphill County, Texas, has approximately 166 MMcf/d of gathering capacity, which is supported by approximately 160 miles of pipeline. Our 50% owned and contract operated McLean processing facility, located in Gray County, Texas, has approximately 23 MMcf/d of processing capacity and is supported by our wholly owned McLean gathering assets consisting of approximately 510 miles of pipeline spanning seven counties in western Oklahoma and the Texas Panhandle. Our 50% owned and contract operated Madill processing facility, located in Marshall County, Oklahoma, has approximately 40 MMcf/d of processing capacity and is supported by our

wholly owned Madill gathering assets consisting of approximately 180 miles of pipeline spanning Marshall and Bryan Counties, Oklahoma. Our wholly owned and operated Elmore City gas gathering and processing facility, located in Garvin County, Oklahoma has approximately 30 MMcf/d of processing capacity supported by approximately 60 miles of pipeline. Our 50% owned Mississippi Lime water infrastructure, located in Alfalfa, Woods and Grant Counties, Oklahoma, aids in the disposal of produced water generated by our operations consisting of approximately 580 miles of pipeline and 35 disposal wells with approximately 300,000 BWPD permitted capacity. Our compression assets consist of a well site compression fleet of approximately 500 units with approximately 89,000 aggregate horsepower.

Development Plan and Capital Budget

Historically, our business plan has focused on acquiring and then exploiting the development and production of our assets. Funding sources for our acquisitions have included proceeds from borrowings under our revolving credit facilities, contributions from our equity partners and cash flow from operating activities. We spent approximately $290.6 million in 2022 on development costs and our budget for 2023 is approximately $316.2 million (of which $207.6 million has been incurred as of June 30, 2023). For purposes of calculating our cash available for distribution, we define development costs as all of our capital expenditures, other than acquisitions. Our development efforts and capital for 2023 is focused on drilling Oswego wells given their high oil reserves and low breakeven costs.

During the year ended December 31, 2022, we spent approximately $270.2 million to drill 87.9 net wells and on related equipment, $9.1 million on remedial workovers and other capital projects, $11.3 million on midstream and other property and equipment capital projects, and $142.9 million on acquisitions. During the six months ended June 30, 2023, we spent approximately $182.0 million to drill 50.4 net wells and on related equipment, $18.4 million on remedial workovers and other capital projects, $7.2 million on midstream and other property and equipment capital projects, and $1.5 million on acquisitions.

Based on current commodity prices and our drilling success rate to date, we expect to be able to fund our 2023 capital development programs from cash flow from operations.

Our development plan and capital budget are based on management's current expectations and assumptions about future events. While we consider these expectations and assumptions to be reasonable, they are subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. The amount and timing of these capital expenditures is largely discretionary and within our control. We could choose to defer a portion of these planned capital expenditures depending on a variety of factors, including, but not limited to, the success of our drilling activities, prevailing and anticipated commodity prices, the availability of necessary equipment, infrastructure, drilling rigs, labor and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions and drilling and completion costs.

Our Business Strategies

Our primary business objective is to maximize cash distributions to our unitholders over time. To achieve our objective, we intend to execute the following business strategies:

- ***Focus on low decline Legacy Producing Assets with additional meaningful horizontal development inventory.*** Our ability to generate significant cash flow is supported by the predictable low decline production profile of our Legacy Producing Assets, which have an average expected annual decline rate of approximately 15%. Based on our reserve report as of June 30, 2023, 57% of our production is attributable to our low decline Legacy Producing Assets. In addition, we believe we have the ability to maintain or modestly grow our average annual production with the development of our horizontal Focus Drilling Area inventory. We have identified over 2,000 horizontal drilling locations within our 936,000 net acre position, of which at a 10% internal rate of return, over 770 are currently economic at $50 per barrel of oil, over 1,100 at $70 per barrel of oil and over 2,000 at $90 per barrel of oil, each assuming a flat natural gas price per Mcf of 1/20th of the assumed oil price.

- ***Maximize well economics by leveraging midstream infrastructure.*** Our midstream infrastructure assets both reduce our overall upstream costs and generate incremental third-party revenue. In our Oswego formation drilling locations, we estimate that, the oil price necessary to yield a 10% rate of return on invested capital would be approximately $45.47 per barrel of oil equivalent without our midstream assets. We estimate that our complementary midstream assets reduce our average breakeven

costs for our Oswego formation drilling locations tied to our owned midstream infrastructure by approximately $4.18 per barrel of oil equivalent to approximately $41.29 per barrel. This reduction consists of the average net cost savings attributable to our working interest resulting from the utilization of our owned midstream infrastructure for gas processing and transportation and water disposal, and the addition of the incremental third-party midstream revenue attributable to the non-operated portion of the working interest that we do not own. After adding the benefit of our midstream infrastructure, we believe these breakeven costs have comparable economics to the Midland and Delaware Basins.

- ***Maintain low operating cost structure to support meaningful cash available for distribution.*** Our average cash operating costs during the twelve months ended June 30, 2023, including the benefit of our midstream infrastructure assets, were $12.51 per barrel of oil equivalent, which is 16% lower on average than other unconventional focused operators, and 58% lower on average than other conventional focused operators during the same period. We believe that our low cost structure will allow us to make unitholder cash distributions during a negative commodity cycle.

- ***Leverage industry expertise to improve operations and pursue opportunistic acquisitions in Oklahoma.*** Led by industry veteran Tom L. Ward, our senior management team has built lasting relationships with sellers and operators throughout the Anadarko Basin and has developed a track record of acquiring assets at consistently attractive valuations. We believe we can continue to execute opportunistic and accretive transactions that complement our operations in the Anadarko Basin, utilizing our technical expertise to identify acquisition opportunities where our production and cost optimization strategies will yield the greatest returns.

- ***Ensure financial flexibility with conservative leverage and ample liquidity.*** We intend to conduct our operations through cash flow generated from operations with a focus on maintaining a disciplined balance sheet with little to no outstanding debt. Due to our historically strong operating cash flows and liquidity, we have substantial flexibility to fund our capital budget and to potentially accelerate our drilling program as conditions warrant. Our focus is on the economic extraction of hydrocarbons while maintaining a strong liquidity profile and remaining substantially debt free. Further, to mitigate the risk associated with volatile commodity prices and to further enhance the stability of our cash flow available for distribution, from time to time we may opportunistically hedge a portion of our production volumes at prices we deem attractive.

Our Strengths

We have a number of differentiated strengths that we believe help us successfully execute our business strategy, including:

- ***Strong production and cash flow across a large acreage position.*** Our average net daily production for the twelve months ended June 30, 2023 was approximately 65 MBoe/d, with approximately 4,500 gross operated wells, and an average working interest of approximately 75%. We own extensive acreage in the Anadarko Basin, with approximately 936,000 net acres, approximately 99% of which is held by production. We believe our large acreage position enables us to optimize our development plan and support significant cash flow generation. For the six months ended June 30, 2023 and year ended December 31, 2022, on a pro forma basis, we generated $196 million and $639 million of net income, respectively, $256 million and $714 million of Adjusted EBITDA, respectively, and $43 million and $402 million of cash available for distribution, respectively. See “Prospectus Summary — Non-GAAP Financial Measures” and “Our Cash Distribution Policy and Restrictions on Distributions — Unaudited Pro Forma Cash Available for Distribution for the Year Ended December 31, 2022 and the Twelve Months Ended June 30, 2023.”

- ***Attractive portfolio of large and contiguous core acreage blocks supported by company owned midstream infrastructure.*** Since our founding, we have accumulated an acreage position consisting of approximately 936,000 net acres, of which 99% is held by production, and over 2,000 identified horizontal drilling locations, of which more than 750 are located in the Oswego formation. This large acreage position provides flexibility to accelerate our drilling program or execute opportunistic developments as conditions warrant. In addition, we own substantial gathering and processing assets, which improves our cost structure and enhances the stability of our hydrocarbon flows. We believe our acreage footprint and midstream systems allows us to monetize our production at favorable realized prices and reduces our operating costs while providing us with additional incremental third party revenue streams.

- ***Optimized operations designed to make cash distributions to unitholders.*** Our entrepreneurial culture focuses on operational optimization, cost-minimization, and nimble development to ultimately deliver cash distributions to unitholders across commodity cycles. Our asset profile consists of a large, low cost, and low declining PDP asset, complemented by low-cost horizontal development inventory. Our significant operating experience in the Anadarko Basin and economic advantage conferred by our midstream infrastructure significantly reduces lifting costs relative to other operators. For example, for the twelve months ended June 30, 2023, we achieved a cash operating cost of approximately $12.51 per barrel of oil equivalent, inclusive of the benefit received from our midstream assets. Further, in the early stages of the Oswego horizontal development, a mixture of standard completion fluids and proppant were utilized in the stimulation. Since 2021, we have successfully further lowered our well costs to $3.0 million per well in the Oswego by using drilling efficiencies and utilizing acid in lieu of proppant within the stimulation. Due to our low completion costs, low operating costs, and our midstream advantage, we believe the average breakeven price for our Oswego drilling locations is $41.29 price per barrel of oil.

- ***Experienced management team with established track record of value creation.*** We believe our management team's experience in the Anadarko Basin offers a distinguishing advantage. The members of management have an average of 32 years of experience in the oil and gas industry and have successfully executed on a strategy of acquiring and exploiting long-lived and low decline assets. Additionally, our Chief Executive Officer, Tom L. Ward, has over a 40-year history in the oil and gas industry. Further, through our team's history of operating in Oklahoma, we have built lasting relationships with sellers and developed a track record of successfully acquiring and integrating assets at attractive valuations. From January 2018 to August 2023, we have successfully executed 16 acquisitions for an aggregate purchase price of approximately $960 million, increasing our net acreage to 936,000, and our average net daily production to approximately 65 MBoe/d for the twelve months ended June 30, 2023. Additionally, during the same period, we distributed approximately $630 million in cash to our members. We believe our management team has the experience, expertise and commitment to create significant value in the form of cash distributions to our unitholders.

- ***Conservatively capitalized balance sheet and strong liquidity profile.*** Since our founding, we have practiced financial conservatism and maintained a strong balance sheet with low leverage. Due to our significant existing low-decline production base, our business generates significant operating cash flow. Upon consummation of this offering, we expect to have little debt and substantial liquidity, which will provide us further financial flexibility to fund our capital expenditures and execute our strategic plan.

Our Operations

Oil and Gas Reserves and Operating Data

Reserve data

The information with respect to our estimated proved and probable reserves based on SEC pricing presented below has been prepared in accordance with the rules and regulations of the SEC.

Reserves Presentation

The following tables provide a summary of our estimated proved and probable reserves and related PV-10 of proved and probable reserves as of June 30, 2023 and our estimated proved reserves and related PV-10 of proved reserves as of December 31, 2022, using SEC pricing, based on evaluations prepared by Cawley, Gillespie & Associates Inc., our independent reserve engineer. See "— Preparation of Reserve Estimates" for the definitions of proved and probable reserves and the technologies and economic data used in their estimation. Prices were adjusted for quality, energy content, transportation fees and market differentials, as applicable. The risk factors contained in this prospectus including "Risk Factors — Risks Related to Our Business — Oil and natural gas and NGL prices are volatile. A sustained decline in prices could adversely affect our business, financial condition, cash available for distribution and results of operations,

liquidity and our ability to meet our financial commitments or cause us to delay our planned capital expenditures" and "Risk Factors — Risks Related to Our Business — Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves," contain more information regarding the uncertainty associated with price and reserve estimates.

Pro Forma Summary Reserve Data

Our historical SEC reserves, PV-10 and Standardized Measure of proved reserves were calculated using oil and gas price parameters established by current SEC guidelines, including the use of an average effective price, calculated as prices equal to the 12-month unweighted arithmetic average of the first day of the month prices for each of the preceding 12 months as adjusted for location and quality differentials, unless prices are defined by contractual arrangements, excluding escalations based on future conditions ("SEC Pricing"). These prices were adjusted for differentials on a per-property basis, which may include local basis differential, fuel costs and shrinkage. All prices are held constant throughout the lives of the properties.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "— Oil and Gas Reserves and Operating Data — Reserve Data" in evaluating the material presented below.

	Pro Forma Combined As of June 30, 2023 SEC Pricing[1]	Pro Forma Combined As of December 31, 2022 SEC Pricing[1]
Proved Developed:		
Oil (MBbl)	40,876	43,306
Natural gas (MMcf)	782,727	838,298
Natural gas liquid (MBbl)	50,190	59,761
Oil equivalent (MBoe)	221,520	242,782
PV-10 (in millions)[2]	$ 2,131	$ 3,334
Proved Undeveloped:		
Oil (MBbl)	12,153	23,438
Natural gas (MMcf)	28,781	144,380
Natural gas liquid (MBbl)	721	9,978
Oil equivalent (MBoe)	17,671	57,480
PV-10 (in millions)[2]	$ 304	$ 724
Total Proved:		
Oil (MBbl)	53,029	66,744
Natural gas (MMcf)	811,507	982,678
Natural gas liquid (MBbl)	50,911	69,739
Oil equivalent (MBoe)	239,191	300,262
Standardized Measure (in millions)[2]	$ 2,435	$ 4,058
PV-10 (in millions)[2]	$ 2,435	$ 4,058
Probable:[3]		
Oil (MBbl)	72,868	—
Natural gas (MMcf)	373,477	—
Natural gas liquid (MBbl)	19,576	—
Oil equivalent (MBoe)	154,690	—
PV-10 (in millions)[2]	$ 1,039	$ —

(1) Our estimated net proved and probable reserves were determined using average first-day-of-the-month prices for the prior 12 months in accordance with SEC regulations. The unweighted arithmetic average first-day-of-the-month prices for the prior 12 months were $93.67 per barrel for oil and $6.358 per Mcf for natural gas at January 1, 2023 and $82.82 per barrel for oil and $4.763 per MMBtu for natural gas at June 30, 2023. These base prices were adjusted for differentials on a per-property basis, which may include local basis differentials, fuel costs and shrinkage.

(2) PV-10 is a non-GAAP financial measure and represents the present value of estimated future cash inflows from proved and probable oil and gas reserves, less future development and production costs, discounted at 10% per annum to reflect the timing of future cash flows. For more information on how we calculate PV-10 and a reconciliation of proved reserves PV-10 to its nearest GAAP measure, see "Prospectus Summary — Non-GAAP Financial Measures — Reconciliation of PV-10 to Standardized Measure." With respect to PV-10 calculated as of an interim date, it is not practicable to calculate the taxes for the related interim period because GAAP does not provide for disclosure of Standardized Measure on an interim basis.

(3) All of our probable reserves are undeveloped. Estimates of probable reserves, and the future cash flows related to such estimates, are inherently imprecise and are more uncertain than estimates of proved reserves and the future cash flows related to such estimates but have not been adjusted for risk due to such uncertainty. Therefore, estimates of probable reserves, and the future cash flows related to such estimates, may not be comparable to estimates of proved reserves and the future cash flows related to such estimates and should not be summed arithmetically with estimates of proved reserves and the future cash flows related to such estimates. For more information regarding the presentation of probable reserves, see "Business and Properties — Our Operations — Preparation of Reserve Estimates."

Preparation of Reserve Estimates

Our reserve estimates as of December 31, 2022 and June 30, 2023 included in this prospectus are based on evaluations prepared by the independent petroleum engineering firm of Cawley, Gillespie & Associates Inc. in accordance with Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Evaluation Engineers and definitions and guidelines established by the SEC. Our independent reserve engineers were selected for their historical experience and geographic expertise in engineering similar resources.

Under SEC rules, proved reserves are reserves 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 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. The term "reasonable certainty" implies a high degree of confidence that the quantities of oil or natural gas actually recovered will equal or exceed the estimate. To achieve reasonable certainty, we and the independent reserve engineers employed technologies that have been demonstrated to yield results with consistency and repeatability. The technologies and economic data used in the estimation of our proved reserves include, but are not limited to, well logs, geologic maps and available downhole and production data and well-test data.

Estimates of probable reserves, and the future cash flows related to such estimates, are inherently imprecise and are more uncertain than estimates of proved reserves and the future cash flows related to such estimates but have not been adjusted for risk due to such uncertainty. Because of such uncertainty, estimates of probable reserves, and the future cash flows related to such estimates, may not be comparable to estimates of proved reserves and the future cash flows related to such estimates and should not be summed arithmetically with estimates of proved reserves and the future cash flows related to such estimates. When producing an estimate of the amount of natural gas, NGLs and oil that is recoverable from a particular reservoir, an estimated quantity of probable reserves is an estimate of 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. Estimates of probable reserves are also continually subject to revisions based on production history, results of additional exploration and development, price changes and other factors.

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. All of our probable reserves as of June 30, 2023 were estimated using a deterministic method, which involves two distinct determinations: (i) an estimation of the quantities of recoverable oil and natural gas and (ii) an estimation of the uncertainty associated with those estimated quantities in accordance with the definitions established under SEC rules. The process of estimating the quantities of recoverable oil and natural gas reserves uses the same generally accepted analytical procedures as are used in estimating proved reserves, namely production performance-based methods, material balance-based methods, volumetric-based methods and analogy. In the case of probable reserves, the recoverable reserves cannot be said to have a "high degree of confidence that the quantities will be recovered", but are "as likely as not to be recovered." The lower degree of certainty can come from several factors including: (1) direct offset production that does not meet an economic threshold, despite localized averages that do meet that threshold, (2) an increased distance from offset production to the probable location of over one mile

but under three miles, (3) a perceived risk of communication or depletion from nearby producers, (4) a perceived risk of attempting new drilling or completion technologies that have not been used in direct offset production or (5) an uncertainty regarding geologic positioning that could affect recoverable reserves. When considering the factors referenced above, the lower degree of certainty of our probable reserves came from a combination of these factors. Many of the probable locations assigned in our reserve report as of June 30, 2023 had few uncertainties and resemble proved undeveloped locations except for their distance from commercial production. Other probable locations had uncertainties related to not only distance from commercial production, but also related to well spacing and development timing. In general, we did not book probable locations if there was geologic uncertainty or if there was not commercial production to support such locations.

Reserve engineering is and must be recognized as a subjective process of estimating volumes of economically recoverable 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. As a result, the estimates of different engineers often vary. In addition, the results of drilling, testing and production may justify revisions of such estimates. Accordingly, reserve estimates often differ from the quantities of natural gas that are ultimately recovered. Estimates of economically recoverable natural gas and of future net cash flows are based on a number of variables and assumptions, all of which may vary from actual results, including geologic interpretation, prices and future production rates and costs. See “Risk Factors” appearing elsewhere in this prospectus.

Internal Controls

Our internal staff of petroleum engineers and geoscience professionals work closely with our independent reserve engineers to ensure the integrity, accuracy and timeliness of data furnished to our independent reserve engineers in their preparation of reserve estimates. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation. As a result, the estimates of different engineers often vary. In addition, the results of drilling, testing and production may justify revisions of such estimates. Accordingly, reserve estimates often differ from the quantities of oil, natural gas and NGLs that are ultimately recovered. See “Risk Factors — Risks Related to Our Business — Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves” for more information. The reserves engineering group is responsible for the internal review of reserve estimates and includes Paul Lupardus, our Executive Vice President — Engineering. Mr. Lupardus is primarily responsible for overseeing the preparation of our reserve estimates and has more than 38 years of experience as a reserve engineer. The reserves engineering group is independent of any of our operating areas. Mr. Lupardus is directly responsible for overseeing the reserves engineering group. The reserves engineering group reviews the estimates with our third-party petroleum consultants, Cawley, Gillespie & Associates, an independent petroleum engineering firm.

Cawley, Gillespie & Associates is a Texas Registered Engineering Firm (F-693), made up of independent registered professional engineers and geologists that have provided petroleum consulting services to the oil and gas industry for over 60 years. The lead evaluator that prepared the reserve report was J. Zane Meekins, P.E., Executive Vice President at Cawley, Gillespie & Associates.

Mr. Meekins has been with Cawley, Gillespie & Associates since 1989 and graduated from Texas A&M University in 1987 with a Bachelor of Science degree in Petroleum Engineering. Mr. Meekins is a State of Texas registered professional engineer (License #71055) and a member of the Society of Petroleum Evaluation Engineers and the Society of Petroleum Engineers. Mr. Meekins meets or exceeds the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; Mr. Meekins is proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying SEC and other industry reserves definitions and guidelines.

Proved Undeveloped Reserves (PUDs)

As of December 31, 2022, our proved undeveloped reserves were composed of 23,438 MBbls of oil, and 9,978 MBbls of NGLs and 144,380 MMcf of natural gas for a total of 57,480 MBoe. PUDs will be converted from undeveloped to developed as the applicable wells begin production.

The following table summarizes our changes in PUDs, for the year ended December 31, 2022 (in MBoe):

Balance, December 31, 2021	27,891
Purchases of reserves	168
Revisions of previous estimates	37,468
Transfers to proved developed	(8,047)
Balance, December 31, 2022	57,480

Revisions of previous estimates of 37,468 MBoe during the year ended December31, 2022 included the addition of 256 PUDs (41,178 MBoe) based on increasing our drilling activity within proven areas of development, the deletion of 71 PUDs (-4,230 MBoe) due to five year development limitations and higher commodity prices (898 MBoe). Additionally, changes to reflect current market conditions on lease operating expenses and product price differentials totaled -378 MBoe.

We converted 8,047 MBoe of any PUDs into proved developed reserves in 2022. Costs incurred relating to the development of all oil and natural gas reserves were $279.3 million during the year ended December 31, 2022.

We drilled or participated in the drilling of 134 gross wells during 2022. We expect to drill or participate in the drilling of approximately 109 gross wells during 2023, and we expect to drill or participate in the drilling of approximately 116 gross wells during 2024.

All of our PUD drilling locations are scheduled to be drilled within five years of December 31, 2022. We expect to drill and complete or participate in the drilling and completion of approximately 109 PUD locations during 2023. We anticipate drilling and completing or participating in the drilling and completion of approximately 116 PUD locations during 2024, 115 during 2025, 73 during 2026 and 36 during 2027. These PUD locations relate to 57,480 MBoe of PUD reserves. Our development costs relating to the development of our PUDs at December 31, 2022 were expected to be approximately $283.0 million in 2023, and are projected to be $270.5 million in 2024, $198.0 million in 2025, $62.7 million in 2026 and $44.4 million in 2027 for a total of $858.6 million of future development costs. All of these PUD drilling locations are part of a development plan adopted by management. We expect that the substantial cash flow generated by our existing wells, in addition to availability under the Credit Facilities and the proceeds of this offering, will be sufficient to fund our drilling program, maintenance capital expenditures and PUD conversion into proved developed reserves in accordance with our development schedule. Please see “Risk Factors — Risks Related to Our Business — Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.”

Oil, Natural Gas and NGL Production Prices and Production Costs

Production and Price History

We currently only have production in the Anadarko Basin. The following table sets forth information regarding our production and operating data for the periods indicated.

Production data:

	Six Months Ended June 30,		Year Ended December 31,	
	2023	**2022**	**2022**	**2021**
Predecessor				
Oil sales (MBbl)	2,760	2,141	4,801	2,777
Natural gas sales (MMcf)	27,157	20,569	47,561	32,313
Natural gas liquids sales (MBbl)	1,373	1,322	2,812	2,180
Total (MBoe)	8,660	6,891	15,539	10,343
Total (MBoe/d)	47.84	38.07	42.57	28.34
BCE-Mach				
Oil sales (MBbl)	535	523	1,023	1,299
Natural gas sales (MMcf)	7,997	8,088	15,776	17,967
Natural gas liquids sales (MBbl)	464	502	969	1,131
Total (MBoe)	2,332	2,373	4,622	5,424
Total (MBoe/d)	12.88	13.11	12.66	14.86
BCE-Mach II				
Oil and condensate sales (MBbl)	75	76	158	160
Natural gas sales (MMcf)	3,521	3,711	7,610	6,965
Natural gas liquids sales (MBbl)	208	234	465	481
Total (MBoe)	870	929	1,891	1,802
Total (MBoe/d)	4.81	5.13	5.18	4.94
Total Pro Forma (MBoe)	11,861	10,193	22,053	17,568

Average realized sales prices:

	Six Months Ended June 30,		Year Ended December 31,	
	2023	**2022**	**2022**	**2021**
Predecessor				
Oil and condensate excluding effects of derivatives (per Bbl)	$ 75.46	$ 102.35	$ 93.43	$ 68.35
Natural gas excluding effects of derivatives (per Mcf)	$ 2.56	$ 6.32	$ 6.34	$ 4.08
Natural gas liquids excluding effects of derivatives (per Bbl)	$ 25.29	$ 44.95	$ 39.27	$ 34.80
BCE-Mach				
Oil and condensate excluding effects of derivatives (per Bbl)	$ 72.68	$ 101.09	$ 94.54	$ 66.52
Natural gas excluding effects of derivatives (per Mcf)	$ 2.51	$ 5.75	$ 6.24	$ 3.40
Natural gas liquids excluding effects of derivatives (per Bbl)	$ 25.43	$ 43.88	$ 39.65	$ 31.40
BCE-Mach II				
Oil and condensate excluding effects of derivatives (per Bbl)	$ 71.38	$ 99.77	$ 92.39	$ 63.78
Natural gas excluding effects of derivatives (per Mcf)	$ 1.98	$ 4.90	$ 5.35	$ 3.12
Natural gas liquids excluding effects of derivatives (per Bbl)	$ 19.40	$ 38.73	$ 34.68	$ 26.80
Pro Forma ($/Boe)	$ 33.70	$ 55.40	$ 52.85	$ 35.60

Expense per Boe:

	Six Months Ended June 30,		Year Ended December 31,	
	2023	2022	2022	2021
Predecessor				
Gathering and processing expense	$ 2.02	$ 3.02	$ 3.06	$ 2.71
Lease operating expense	$ 7.00	$ 5.75	$ 6.17	$ 4.39
Production taxes (% of oil, natural gas and NGL sales)	5.0%	5.6%	5.6%	5.3%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 6.71	$ 4.26	$ 5.41	$ 3.63
Depreciation and amortization expense – other	$ 0.32	$ 0.29	$ 0.29	$ 0.30
General and administrative expense	$ 1.14	$ 1.98	$ 1.64	$ 5.89
BCE-Mach				
Gathering and processing expense	$ 5.97	$ 7.06	$ 7.45	$ 5.67
Lease operating expense	$ 8.80	$ 6.98	$ 7.70	$ 4.53
Production taxes (% of oil, natural gas and NGL sales)	5.2%	5.7%	5.7%	5.3%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 5.44	$ 5.40	$ 5.76	$ 4.97
Depreciation and amortization expense – other	$ 1.91	$ 1.73	$ 1.80	$ 1.43
General and administrative expense	$ 2.05	$ 1.12	$ 0.99	$ 1.92
BCE-Mach II				
Gathering and processing expense	$ 2.29	$ 2.98	$ 3.15	$ 2.10
Lease operating expense	$ 7.25	$ 6.63	$ 7.26	$ 5.97
Production taxes (% of oil, natural gas and NGL sales)	5.1%	5.6%	5.8%	5.1%
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 2.49	$ 2.38	$ 2.37	$ 2.38
Depreciation and amortization expense – other	$ 0.40	$ 0.37	$ 0.36	$ 0.36
General and administrative expense	$ (1.77)	$ (1.45)	$ (1.35)	$ 0.41

Operating Data

The following table sets forth information regarding our pro forma revenues, net production volumes, average realized prices and operating expenses for the year ended December 31, 2022 and the six months ended June 30, 2023:

	Pro Forma Combined	
	Six Months Ended June 30, 2023	Year Ended December 31, 2022
	($ in thousands)	
Revenues:		
Oil	$ 252,537	$ 559,881
Natural gas	96,583	440,571
Natural gas liquids	50,566	164,968
Total oil, natural gas, and NGL sales	399,686	1,165,420
Midstream revenue	13,531	44,832
Gain (loss) on oil and natural gas derivatives, net	22,618	(113,322)
Product sales	17,421	100,106
Total revenues	$ 453,256	$ 1,197,036
Average Sales Price[(1)]:		
Oil ($/Bbl)	$ 74.93	$ 93.60
Natural gas ($/Mcf)	$ 2.50	$ 6.21
NGL ($/Bbl)	$ 24.72	$ 38.85
Total ($/Boe) – before effects of realized derivatives	$ 33.70	$ 52.85
Total ($/Boe) – after effects of realized derivatives	$ 34.03	$ 45.27
Net Production Volumes:		
Oil (MBbl)	3,370	5,982
Natural gas (MMcf)	38,675	70,947
NGL (MBbl)	2,045	4,246
Total (MBoe)	11,861	22,053
Average daily total volumes (MBoe/d)	65.53	60.42

(1) Average sales prices exclude gathering and processing expense and the benefit of third party midstream revenues.

	Pro Forma Combined			
($ in thousands)	Six Months Ended June 30, 2023 ($)	Six Months Ended June 30, 2023 ($/Boe)	Year Ended December 31, 2022 ($)	Year Ended December 31, 2022 ($/Boe)
Operating Expenses:				
Gathering and processing expense	$ 33,430	$ 2.82	$ 87,887	$ 3.99
Lease operating expense	87,439	7.37	145,267	6.59
Midstream operating expense[(1)]	5,761	—	15,618	—
Cost of product sales[(1)]	15,575	—	94,580	—
Production taxes[(1)]	20,003	—	65,194	—
Depreciation, depletion, amortization and accretion expense – oil and natural gas	72,117	6.08	119,359	5.41
Depreciation and amortization expense – other	3,171	0.27	5,445	0.25
General and administrative	11,750	0.99	19,278	0.87

(1) $/Boe is not a useful metric for evaluating midstream operating expense, cost of product sales and production taxes.

Proved Developed Producing Wells

The following table sets forth information regarding our proved developed producing wells as of June 30, 2023:

	As of June 30, 2023 Proved Developed Producing Wells		Average Working Interest
	Gross	Net	
Combined Total:			
Natural gas	5,668	2,194	39%
Oil	3,861	1,729	45%
Total	9,529	3,923	41%

Developed and Undeveloped Acreage

The following table sets forth certain information regarding the total developed and undeveloped acreage in which we owned an interest as of June 30, 2023:

	Developed Acres	Undeveloped Acres	Total Acres
Gross	2,609,159	18,446	2,627,605
Net	922,808	12,760	935,568

Undeveloped acreage expirations

The following table sets forth the number of total net undeveloped acres as of June 30, 2023 that will expire in 2023, 2024, 2025 and 2026 unless production is established within the spacing units covering the acreage prior to the expiration dates or unless such leasehold rights are extended or renewed. This undeveloped acreage includes approximately 705 acres that PUD locations have been assigned to, however, within 2023, we have since drilled or scheduled drilling on nearly all of these acres.

	2023	2024	2025	2026
Total	1,457	2,058	6,964	1,541

All of our acreage is located in the Anadarko Basin.

Drilling Results

The table below sets forth the results of our operated drilling activities for the periods indicated. The information should not be considered indicative of future performance, nor should it be assumed that there is necessarily any correlation among the number of productive wells drilled, quantities of reserves found or economic value. Productive wells are those that produce, or are capable of producing, commercial quantities of hydrocarbons, regardless of whether they produce a reasonable rate of return. Dry wells are those that prove to be incapable of producing hydrocarbons in sufficient quantities to justify completion.

	Six Months Ended June 30, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021		Year Ended December 31, 2020	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Development Wells Operated:								
Productive	61	54	91	78	20	18	12	11
Dry holes	—	—	—	—	—	—	—	—
Total Development	61	54	91	78	20	18	12	11
Development Wells Non-Operated:								
Productive	14	3	14	2	1	—	1	—
Dry holes	—	—	—	—	—	—	—	—
Total Development	14	3	14	2	1	—	1	—
Exploratory Wells:								
Productive	—	—	—	—	—	—	—	—
Dry holes	—	—	—	—	—	—	—	—
Total Development	—	—	—	—	—	—	—	—
Total Wells:								
Productive	75	57	105	80	21	18	13	11
Dry holes	—	—	—	—	—	—	—	—
Total Development	75	57	105	80	21	18	13	11

The following table sets forth information regarding our drilling activities as of June 30, 2023 and December 31, 2022, including with respect to our operated wells we have begun drilling and those which are drilled and awaiting completion.

	As of June 30, 2023		As of December 31, 2022	
	Gross	Net	Gross	Net
Drilling	3.0	2.8	6.0	5.1
Drilled and Completing	3.0	2.9	5.0	4.4

As of June 30, 2023, the Company was in process of drilling 3.0 gross wells (2.8 net), and had finished drilling and was completing or awaiting completion on 3.0 gross wells (2.9 net). Additionally, as of June 30, 2023, the Company had elected to participate in 14.0 non-operated gross wells (0.1 net) that were in process of drilling and completion.

As of December 31, 2022, the Company was in process of drilling 6.0 gross wells (5.1 net), and had finished drilling and was completing or awaiting completion on 5.0 gross wells (4.4 net). Additionally, as of December 31, 2022, the Company had elected to participate in 11.0 non-operated gross wells (2.3 net) that were in process of drilling and completion.

As of June 30, 2023, we were not a party to any long-term drilling rig contracts.

Productive Wells

As of June 30, 2023, we owned interests in the following number of productive wells:

	Oil Wells	Gas Wells	Total
Predecessor			
Gross	2,047	3,412	5,459
Net	1,182	1,765	2,947
BCE-Mach			
Gross	1,553	478	2,031
Net	503	105	608
BCE-Mach II			
Gross	261	1,778	2,039
Net	44	324	368
Total			
Gross	3,861	5,668	9,529
Net	1,729	2,194	3,923

Marketing and Customers

We market production from properties we operate for both our account and the account of the other working interest owners in these properties. We sell our production to purchasers at market prices.

For the year ended December 31, 2022 and the six months ended June30, 2023, purchases by the following companies exceeded 10% of our predecessor's receipts from oil and gas sales:

	Year Ended December 31, 2022
Hinkle Oil and Gas Inc.	31.5%
NextEra Energy Marketing, LLC	17.0%
Phillips 66 Company	16.9%
Total	65.4%

	Six Months Ended June 30, 2023
Phillips 66 Company	52.0%
NextEra Energy Marketing, LLC	16.7%
Total	68.7%

For the year ended December 31, 2022 and the six months ended June30, 2023, purchases by the following companies exceeded 10% of BCE-Mach's receipts from oil and gas sales:

	Year Ended December 31, 2022
NextEra Energy Marketing, LLC	34.0%
Southwest Energy, LP	23.8%
ONEOK Hydrocarbon, L.P.	13.0%
Sandridge Energy, Inc.	11.9%
Coffeyville Resources, LLC	11.6%
Total	94.3%

	Six Months Ended June 30, 2023
Coffeyville Resources, LLC	40.5%
NextEra Energy Marketing, LLC	29.5%
Sandridge Energy, Inc.	11.4%
ONEOK Hydrocarbon, L.P.	10.3%
Total	91.7%

For the year ended December 31, 2022 and the six months ended June30, 2023, purchases by the following companies exceeded 10% of BCE-Mach II's receipts from oil and gas sales:

	Year Ended December 31, 2022
NextEra Energy Marketing, LLC	27.4%
ETC Field Services LLC	23.2%
Wheeler Midstream LLC	10.6%
Total	61.2%

	Six Months Ended June 30, 2023
ETC Field Services LLC	20.2%
NextEra Energy Marketing, LLC	16.0%
Wheeler Midstream LLC	13.7%
Enbridge Inc.	10.2%
Total	60.1%

Gathering & Processing Agreements and Firm Transportation

In some areas, we own our own gathering and/or processing assets but in other areas we incur gathering and processing expense under various gathering and/or processing agreements with third-party midstream providers. Only one of our gathering and/or processing agreements includes minimum volume commitments.

We are party to four firm transportation agreements to assist in transporting our natural gas from processing plants to various markets. Any unutilized capacity is monetized if market conditions allow by releasing the capacity to others or transporting third party gas. For the years ended December 31, 2022 and 2021, we incurred approximately $3.3 million and $3.0 million, respectively, of transportation charges under these agreements. For the six months ended June 30, 2023, we incurred approximately $1.8million of transportation charges under these agreements.

The following table sets forth certain information regarding certain of our firm transportation agreements:

	Midcontinent Express	Southern Star	OGT – Lincoln	OGT – Elmore City
Daily Quantity (MMBtu)	25,000	150,000	25,000	5,250
Average Rate (per MMBtu)	$ 0.33	$ 0.09	$ 0.17	$ 0.05
Expiration	July 31, 2024	January 1, 2025	May 31, 2024	October 31, 2023

Competition

The oil and natural gas industry is intensely competitive, and we compete with other companies that have greater resources. Many of these companies not only explore for and produce natural gas, but also carry on midstream and refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for productive oil and natural gas properties or to define, evaluate,

bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, these companies may have a greater ability to continue exploration activities during periods of low natural gas market prices. Our ability to acquire additional properties and to discover reserves in the future will be dependent upon our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. In addition, because we have fewer financial and human resources than many companies in our industry, we may be at a disadvantage in evaluating and bidding for oil and natural gas properties.

There is also competition between oil and natural gas producers and other industries producing energy and fuel. Furthermore, competitive conditions may be substantially affected by various forms of energy legislation and/or regulation considered from time to time by the governments of the United States and the jurisdictions in which we operate. It is not possible to predict the nature of any such legislation or regulation which may ultimately be adopted or its effects upon our future operations. Such laws and regulations may substantially increase the costs of developing natural gas and may prevent or delay the commencement or continuation of a given operation. Our larger or more integrated competitors may be able to absorb the burden of existing, and any changes to, federal, state and local laws and regulations more easily than we can, which would adversely affect our competitive position.

Seasonality of business

Generally, demand for natural gas, oil and NGL decreases during the spring and fall months and increases during the summer and winter months. However, certain natural gas and NGL markets utilize storage facilities and purchase some of their anticipated winter requirements during the summer, which can lessen seasonal demand fluctuations. In addition, seasonal anomalies such as mild winters or mild summers can have a significant impact on prices. These seasonal anomalies can pose challenges for meeting our well drilling objectives and can increase competition for equipment, supplies and personnel during the spring and summer months, which could lead to shortages, increased costs or delay operations.

Title to properties

As is customary in the oil and natural gas industry, we initially conduct only a cursory review of the title to our properties in connection with acquisition of leasehold acreage. At such time as we determine to conduct drilling operations on those properties, we conduct a thorough title examination and perform curative work with respect to significant defects prior to commencement of drilling operations. To the extent title opinions or other investigations reflect title defects on those properties, we are typically responsible for curing any title defects at our expense. We generally will not commence drilling operations on a property until we have cured any material title defects on such property. We have obtained title opinions on substantially all of our producing properties and believe that we have satisfactory title to our producing properties in accordance with standards generally accepted in the oil and natural gas industry.

Prior to completing an acquisition of producing leases, we perform title reviews on the most significant leases and, depending on the materiality of properties, we may obtain a title opinion, obtain an updated title review or opinion or review previously obtained title opinions. Our natural gas properties are subject to customary royalty and other interests, liens for current taxes and other burdens which we believe do not materially interfere with the use of or affect our carrying value of the properties.

We believe that we have satisfactory title to all of our material assets. Although title to these properties is subject to encumbrances in some cases, such as customary interests generally retained in connection with the acquisition of real property, customary royalty interests and contract terms and restrictions, liens under operating agreements, liens related to environmental liabilities associated with historical operations, liens for current taxes and other burdens, easements, restrictions and minor encumbrances customary in the oil and natural gas industry, we believe that none of these liens, restrictions, easements, burdens and encumbrances will materially detract from the value of these properties or from our interest in these properties or materially interfere with our use of these properties in the operation of our business. In addition, we believe that we have obtained sufficient rights-of-way grants and permits from public authorities and private parties for us to operate our business in all material respects as described in this prospectus.

Legislative and regulatory environment

Our natural gas, oil and NGL exploration, development, production and related operations and activities are subject to extensive federal, state and local laws, rules and regulations. Failure to comply with such rules and regulations can result in administrative, civil or criminal penalties, compulsory remediation and imposition of natural resource damages or other liabilities. Although the regulatory burden on the natural gas and oil industry increases our cost of doing business and, consequently, affects our profitability, we believe these obligations generally do not impact us differently or to any greater or lesser extent than they affect other operators in the natural gas and oil industry with similar operations and types, quantities and locations of production.

Regulation of production

In many states, oil and natural gas companies are generally required to obtain permits for drilling operations, provide drilling bonds, file reports concerning operations and meet other requirements related to the exploration, development and production of natural gas, oil and NGL. Such states also have statutes and regulations addressing conservation matters, including provisions for unitization or pooling of natural gas and oil interests, rights and properties, the surface use and restoration of properties upon which wells are drilled and disposal of water produced or used in the drilling and completion process. These regulations include the establishment of maximum rates of production from natural gas and oil wells, rules as to the spacing, plugging and abandoning of such wells, restrictions on venting or flaring natural gas and requirements regarding the ratability of production, as well as rules governing the surface use and restoration of properties upon which wells are drilled.

These laws and regulations may limit the amount of natural gas, oil and NGL that can be produced from wells in which we own an interest and may limit the number of wells, the locations in which wells can be drilled, or the method of drilling wells. Additionally, the procedures that must be followed under these laws and regulations may result in delays in obtaining permits and approvals necessary for our operations and therefore our expected timing of drilling, completion and production may be negatively impacted. These regulations apply to us directly as the operator of our leasehold. The failure to comply with these rules and regulations can result in substantial penalties.

Regulation of sales and transportation of liquids

Sales of condensate and NGLs are not currently regulated and are made at negotiated prices. Nevertheless, Congress has enacted price controls in the past and could reenact such controls in the future.

Our sales of NGLs are affected by the availability, terms and cost of transportation. The transportation of NGLs in common carrier pipelines is subject to rate and access regulation. The Federal Energy Regulatory Commission ("FERC") regulates interstate oil, NGL and other liquid pipeline transportation rates under the Interstate Commerce Act. In general, interstate liquids pipeline rates are set using an annual indexing methodology, however, a pipeline may also use a cost-of-service approach, settlement rates or market-based rates in certain circumstances.

Intrastate liquids pipeline transportation rates are subject to regulation by state regulatory commissions. The basis for intrastate liquids pipeline regulation, and the degree of regulatory oversight and scrutiny given to intrastate liquids pipeline rates, varies from state to state. Insofar as effective interstate and intrastate rates and regulations regarding access are equally applicable to all comparable shippers, we believe that the regulation of liquids transportation will not affect our operations in any way that is of material difference from those of our competitors who are similarly situated.

Regulation of transportation and sales of natural gas

Historically, the transportation and sale for resale of natural gas in interstate commerce has been regulated by agencies of the U.S. federal government, primarily FERC. In the past, the federal government has regulated the prices at which natural gas could be sold. While sales by producers of natural gas can currently be made at uncontrolled market prices, Congress could reenact price controls in the future. Deregulation of wellhead natural gas sales began with the enactment of Natural Gas Policy Act of 1978 (the "NGPA") and culminated in adoption of the Natural Gas Wellhead Decontrol Act which removed controls affecting wellhead sales of natural gas effective January 1, 1993. The transportation and sale for resale of natural gas in interstate commerce is regulated primarily under the Natural Gas Act of 1938 ("NGA") and the NGPA, and by regulations and orders promulgated by FERC. In certain limited circumstances, intrastate transportation and wholesale sales of natural gas may also be affected directly or indirectly by laws enacted by Congress and by FERC regulations.

The Energy Policy Act of 2005 (the "EPAct of 2005") amended the NGA and NGPA to add an anti-market manipulation provision which makes it unlawful for any entity to engage in prohibited behavior to be prescribed by FERC. The EPAct of 2005 also provided FERC with the power to assess civil penalties of up to $1,000,000 per day (adjusted annually for inflation) for violations of the NGA and NGPA. As of 2023, the new adjusted maximum penalty amount is $1,496,035 per violation, per day. The civil penalty provisions are applicable to entities that engage in the sale and transportation of natural gas for resale in interstate commerce.

On January 19, 2006, FERC issued Order No. 670, implementing the anti-market manipulation provision of the EPAct of 2005, and subsequently denied rehearing. The resulting rules make it unlawful, in connection with the purchase or sale of natural gas subject to the jurisdiction of FERC, or the purchase or sale of transportation services subject to the jurisdiction of FERC, for any entity, directly or indirectly, to: (i) use or employ any device, scheme or artifice to defraud; (ii) make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or (iii) engage in any act or practice that operates as a fraud or deceit upon any person. The anti-market manipulation rule does not apply to activities that relate only to intrastate or other non-FERC jurisdictional sales or gathering, but does apply to activities of gas pipelines and storage companies that provide interstate services. FERC also interprets its authority to reach otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" gas sales, purchases or transportation subject to FERC jurisdiction, which includes the annual reporting requirements under Order 704, described below. However, in October 2022, the Fifth Circuit ruled that FERC's jurisdiction to regulate market manipulation is limited to interstate transactions only and does not reach intrastate natural gas transactions.

On December 26, 2007, FERC issued Order 704, a final rule on the annual natural gas transaction reporting requirements, as amended by subsequent orders on rehearing. As a result of these orders, wholesale buyers and sellers of more than 2.2 million MMBtus of physical natural gas in the previous calendar year, including oil and natural gas producers, gatherers and marketers, are now required to report, by May 1 of each year, aggregate volumes of natural gas purchased or sold at wholesale in the prior calendar year to the extent such transactions utilize, contribute to, or may contribute to the formation of price indices. It is the responsibility of the reporting entity to determine which individual transactions should be reported based on the guidance provided by FERC. Market participants must also indicate whether they report prices to any index publishers, and if so, whether their reporting complies with FERC's policy statement on price reporting.

Gathering service, which occurs upstream of jurisdictional transportation services, is regulated by the states onshore and in state waters. Section 1(b) of the NGA exempts natural gas gathering facilities from regulation by FERC. Although FERC has set forth a general test for determining whether facilities perform a non-jurisdictional gathering facilities gathering function or a jurisdictional transportation function, FERC's determinations as to the classification of facilities are done on a case-by-case basis. To the extent that FERC issues an order that reclassifies certain jurisdictional transportation facilities as non-jurisdictional gathering facilities, and depending on the scope of that decision, our costs of getting gas to point of sale locations may increase. We believe that the natural gas pipelines in our gathering systems meet the traditional tests FERC has used to establish a pipeline's status as a gatherer not subject to regulation as a natural gas company. However, the distinction between FERC-regulated transportation services and federally unregulated gathering services could be the subject of ongoing litigation, so the classification and regulation of our gathering facilities could be subject to change based on future determinations by FERC, the courts or Congress. State regulation of natural gas gathering facilities generally includes various occupational safety, environmental and, in some circumstances, nondiscriminatory-take requirements. Although such regulation has not generally been affirmatively applied by state agencies, natural gas gathering may receive greater regulatory scrutiny in the future.

In addition, the pipelines in the gathering systems on which we rely may be subject to regulation by the U.S. Department of Transportation. The Pipeline and Hazardous Materials Safety Administration ("PHMSA") has established a risk-based approach to determine which gathering pipelines are subject to regulation and what safety standards regulated gathering pipelines must meet. Over the past several years PHMSA has taken steps to expand the regulation of rural gathering lines and impose a number of reporting and inspection requirements on regulated pipelines, and additional requirements are expected in the future. On November 15, 2021, PHMSA released a final rule that expands the definition of regulated gathering pipelines and imposes safety measures on certain currently unregulated gathering pipelines. The final rule also imposes reporting requirements on all gathering pipelines and specifically requires operators to report safety information to PHMSA. The future adoption of laws or regulations that apply more comprehensive or stringent safety standards could increase the expenses we incur for gathering service.

The price at which we sell natural gas is not currently subject to federal rate regulation and, for the most part, is not subject to state regulation. However, with regard to our physical and financial sales of these energy commodities, we are required to observe anti-market manipulation laws and related regulations enforced by FERC under the EPAct of 2005 and by the Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act ("CEA") as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, and regulations promulgated thereunder. The CEA prohibits any person from manipulating or attempting to manipulate the price of any commodity in interstate commerce or futures on such commodity. The CEA also prohibits knowingly delivering or causing to be delivered false or misleading or knowingly inaccurate reports concerning market information or conditions that affect or tend to affect the price of a commodity as well as certain disruptive trading practices. Should we violate the anti-market manipulation laws and regulations, we could also be subject to related third-party damage claims by, among others, sellers, royalty owners and taxing authorities.

Intrastate natural gas transportation is also subject to regulation by state regulatory agencies. The basis for intrastate regulation of natural gas transportation and the degree of regulatory oversight and scrutiny given to intrastate natural gas pipeline rates and services varies from state to state. As such regulation within a particular state will generally affect all intrastate natural gas shippers within the state on a comparable basis, we believe that the regulation of similarly situated intrastate natural gas transportation in any states in which we operate and ship natural gas on an intrastate basis will not affect our operations in any way that is of material difference from those of our competitors. Like the regulation of interstate transportation rates, the regulation of intrastate transportation rates affects the marketing of natural gas that we produce, as well as the revenues we receive for sales of our natural gas.

Changes in law and to FERC, PHMSA, the CFTC, or state policies and regulations may adversely affect the availability and reliability of firm and/or interruptible transportation service on interstate and intrastate pipelines, and we cannot predict what future action FERC, PHMSA, the CFTC, or state regulatory bodies will take. We do not believe, however, that any regulatory changes will affect us in a way that materially differs from the way they will affect other oil and natural gas producers and marketers with which we compete.

Regulation of environmental and occupational safety and health matters generally

Our operations are subject to numerous stringent federal, regional, state and local statutes and regulations governing environmental protection, occupational safety and health, and the release, discharge or disposal of materials into the environment, some of which carry substantial administrative, civil and criminal penalties for failure to comply. Applicable U.S. federal environmental laws include, but are not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the CWA and the CAA. In addition, state and local laws and regulations set forth specific standards for drilling wells, the maintenance of bonding requirements in order to drill or operate wells, the spacing and location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled, the plugging and abandoning of wells, the prevention and cleanup of pollutants, and other matters. These laws and regulations may, among other things, require the acquisition of permits to conduct exploration, drilling, and production operations; restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling, production and transporting through pipelines; govern the sourcing and disposal of water used in the drilling and completion process; limit or prohibit construction or drilling activities in sensitive areas such as wilderness, wetlands, frontier and other protected areas; require investigatory or remedial actions to prevent or mitigate pollution conditions caused by our operations; impose obligations to reclaim and abandon well sites and pits; establish specific safety and health criteria addressing worker protection; and impose substantial liabilities for pollution resulting from operations or failure to comply with regulatory filings. Additionally, Congress and federal and state agencies frequently revise environmental laws and regulations, and any changes that result in delay or more stringent and costly permitting, waste handling, disposal and clean-up requirements for the oil and gas industry could have a significant impact on our operating costs. Although future environmental obligations are not expected to have a material impact on the results of our operations or financial condition, there can be no assurance that future developments, such as increasingly stringent environmental laws or enforcement thereof, will not cause us to incur material environmental liabilities or costs.

Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines and penalties, loss of leases, the imposition of investigatory or remedial obligations and the issuance of orders enjoining some or all of our operations in affected areas. These laws and regulations may also restrict the rate of oil and natural gas production below the rate that would otherwise be possible. The regulatory burden on the oil and gas industry increases the cost of doing business in the industry and consequently affects profitability. It is

possible that, over time, environmental regulation could evolve to place more restrictions and limitations on activities that may affect the environment, and thus, any changes in environmental laws and regulations or reinterpretation of enforcement policies that result in more stringent and costly well drilling, construction, completion or water management activities or waste handling, storage, transport, disposal, or remediation requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our results of operations and financial position. We may be unable to pass on such increased compliance costs to our customers. Moreover, accidental releases or spills may occur in the course of our operations, and we cannot be sure that we will not incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for damage to property, natural resources or persons. Although we believe that we are in substantial compliance with applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on our business, there can be no assurance that this will continue in the future.

The following is a summary of the more significant existing environmental and occupational health and safety laws and regulations, as amended from time to time, to which our business operations are subject and for which compliance may have a material adverse impact on our capital expenditures, results of operations or financial position.

Hazardous substances and wastes

CERCLA, also known as the "Superfund" law, and comparable state laws, impose liability without regard to fault or the legality of the original conduct, on certain classes of persons with respect to the release of a "hazardous substance" into the environment. These classes of persons, or, as termed in CERCLA, potentially responsible parties, include the current and past owners or operators of a disposal site or site where the release occurred and anyone who disposed or arranged for the disposal of the hazardous substances found at such sites. Under CERCLA, such persons may be subject to joint and several, strict liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances released into the environment. We are able to control directly the operation of only those wells with respect to which we act as operator. Notwithstanding our lack of direct control over wells operated by others, the failure of an operator other than us to comply with applicable environmental regulations may, in certain circumstances, be attributed to us. We generate materials in the course of our operations that may be regulated as hazardous substances under CERCLA and other environmental laws but we are unaware of any liabilities for which we may be held responsible that would materially and adversely affect our business operations. While petroleum and crude oil fractions are generally not considered hazardous substances under CERCLA and its analogues because of the so-called "petroleum exclusion," adulterated petroleum products containing other hazardous substances have been treated as hazardous substances in the past.

We also generate solid and hazardous wastes that may be subject to the requirements of the Resource Conservation and Recovery Act, as amended ("RCRA"), and analogous state laws. RCRA regulates the generation, handling, storage, treatment, transport and disposal of nonhazardous and hazardous solid wastes. RCRA specifically excludes "drilling fluids, produced waters and other wastes associated with the development or production of crude oil, natural gas or geothermal energy" from regulation as hazardous wastes. With the approval of the EPA, individual states can administer some or all of the provisions of RCRA and some states have adopted their own, more stringent requirements. However, legislation has been proposed from time to time and various environmental groups have filed lawsuits that, if successful, could result in the reclassification of certain natural gas and oil exploration and production wastes as "hazardous wastes," which would make such wastes subject to much more stringent handling, disposal and clean-up requirements. Any future loss of the RCRA exclusion for drilling fluids, produced waters and related wastes could result in an increase in our costs to manage and dispose of generated wastes, which could have a material adverse effect on our results of operations and financial position. In addition, in the course of our operations, we generate some amounts of ordinary industrial wastes, such as paint wastes, waste solvents, laboratory wastes and waste compressor oils that may be regulated as hazardous wastes if such wastes are determined to have hazardous characteristics. Although the costs of managing hazardous waste may be significant, we do not believe that our costs in this regard are materially more burdensome than those for similarly situated companies.

We currently own, lease or operate numerous properties that may have been used by prior owners or operators for oil and natural gas development and production activities for many years. Although we believe that we have utilized operating and waste disposal practices that were standard in the industry at the time, hazardous substances, wastes or petroleum hydrocarbons may have been released on, under or from the properties owned or leased by us, or on, under or from other locations, including off-site locations where such substances have been taken for recycling

or disposal. In addition, some of our properties may have been operated by third parties or by previous owners or operators whose treatment and disposal of hazardous substances, wastes or petroleum hydrocarbons was not under our control. These properties and the substances disposed or released on, under or from them may be subject to CERCLA, RCRA and/or analogous state laws. Under such laws, we could be required to undertake response or corrective measures, which could include removal of previously disposed substances and wastes, cleanup of contaminated property or performance of remedial plugging or pit closure operations to prevent future contamination.

Water discharges

The Federal Water Pollution Control Act, also known as the CWA, and comparable state laws impose restrictions and strict controls regarding the discharge of pollutants, including spills and leaks of oil and other natural gas wastes, into or near waters of the United States or state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. The discharge of dredge and fill material into regulated waters, including wetlands, is also prohibited, unless authorized by a permit issued by the U.S. Army Corps of Engineers (the "Corps"). The EPA and the Corps issued a final rule on the federal jurisdictional reach over waters of the United States in 2015, which never took effect before being replaced by the Navigable Waters Protection Rule (the "NWPR") in December 2019. A coalition of states and cities, environmental groups, and agricultural groups challenged the NWPR, which was vacated by a federal district court in August 2021. The EPA and Corps underwent a further rulemaking process to attempt to redefine the definition of waters of the United States; however, the U.S. Supreme Court's recent decision in Sackett v. EPA invalidated the prior test used by the EPA to determine whether wetlands qualify as navigable waters of the United States, and on September 8, 2023, the EPA and the Corps published a final rule to align the definition of "waters of the United States" with the U.S. Supreme Court's decision in Sackett v. EPA. To the extent a stay of recent rules or the implementation of a revised rule expands the scope of the CWA's jurisdiction, we could face increased costs and delays with respect to obtaining permits, including for dredge and fill activities in wetland areas.

The process for obtaining permits also has the potential to delay our operations. For example, in April 2020, the U.S. District Court for the District of Montana vacated Nationwide Permit ("NWP") 12, the general permit issued by the Corps for pipelines and utility projects. On May 11, 2020, the court narrowed its ruling, vacating and enjoining the use of NWP 12 only as it relates to construction of new oil and gas pipelines. The Corps appealed the decision to the U.S. Court of Appeals for the Ninth Circuit. On July 6, 2020, the U.S. Supreme Court granted in part and denied in part the Corps' application for stay of the order issued by the district court. The U.S. Supreme Court stayed the lower court order except as it applies to the Keystone XL pipeline. On January 5, 2021, the Corps released the final version of a rule renewing twelve of its NWPs, including NWP 12. The new rule, which took effect on March 15, 2021, splits NWP 12 into three parts; NWP 12 will continue to be available to oil and gas pipelines. On March 28, 2022, the Corps published a notice announcing that it is undertaking formal review of NWP 12 and sought public comments. The comment period ended on through May 27, 2022 and the review remains pending. Any further changes to NWP 12 could have an impact on our business. We cannot predict at this time how the new Corps rule will be implemented, because permits are issued by the local Corps district offices. If new oil and gas pipeline projects are unable to utilize NWP 12 or identify an alternate means of CWA compliance, such projects could be significantly delayed. Additionally, spill prevention, control and countermeasure plans, also referred to as "SPCC plans," are required by federal law in connection with on-site storage of significant quantities of oil. Compliance may require appropriate containment berms and similar structures to help prevent the contamination of navigable waters by a petroleum hydrocarbon tank spill, rupture or leak.

Safe Drinking Water Act

The SDWA grants the EPA broad authority to take action to protect public health when an underground source of drinking water is threatened with pollution that presents an imminent and substantial endangerment to humans. The SDWA also regulates saltwater disposal wells under the Underground Injection Control Program. The federal Energy Policy Act of 2005 amended the Underground Injection Control provisions of the SDWA to expressly exclude certain hydraulic fracturing from the definition of "underground injection," but disposal of hydraulic fracturing fluids and produced water or their injection for enhanced oil recovery is not excluded. In 2014, the EPA issued permitting guidance governing hydraulic fracturing with diesel fuels. While we do not currently use diesel fuels in our hydraulic fracturing fluids, we may become subject to federal permitting under SDWA if our fracturing formula changes.

Air emissions

The CAA and comparable state laws restrict the emission of air pollutants from many sources, including compressor stations, through the issuance of permits and other requirements. These laws and regulations may require us to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with stringent air permit requirements or utilize specific equipment or technologies to control emissions of certain pollutants. The need to obtain permits has the potential to delay the development of oil and natural gas projects. Over the next several years, we may be required to incur certain capital expenditures for air pollution control equipment or other air emissions related issues. For example, in October 2015, the EPA lowered the National Ambient Air Quality Standard ("NAAQS") for ozone from 75 to 70 parts per billion. In December 2020, the EPA announced its intention to leave the ozone NAAQS unchanged at 70 parts per billion. Further, in June 2016, the EPA also finalized rules regarding criteria for aggregating multiple small surface sites into a single source for air-quality permitting purposes applicable to the oil and gas industry. These rules could cause small facilities, on an aggregate basis, to be deemed a major source, thereby triggering more stringent air permitting processes and requirements.

State implementation of the revised NAAQS could result in stricter permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. In addition, the EPA has adopted new rules under the CAA that require the reduction of volatile organic compound ("VOC") and methane emissions from certain fractured and refractured natural gas wells for which well completion operations are conducted and further require that most wells use reduced emission completions, also known as "green completions." These regulations also establish specific new requirements regarding emissions from production-related wet seal and reciprocating compressors, and from pneumatic controllers and storage vessels. In addition, the regulations place new requirements to detect and repair volatile organic compound and methane at certain well sites and compressor stations. On November 15, 2021, the EPA issued a proposed rule intended to reduce methane emissions from oil and gas sources. The proposed rule imposes emissions reduction standards on both new and existing sources in the oil and natural gas industry, expands the scope of CAA regulation, and imposes emissions reductions targets to meet the stated goals of the U.S. federal administration. On December 6, 2022, the EPA issued the proposed rule supplementing the November 2021 proposed rule. Among other things, the December 2022 supplemental proposed rule removes an emissions monitoring exemption for small wellhead-only sites and creates a new third-party monitoring program to flag large emissions events, referred to in the proposed rule as "super emitters." The EPA's issuance of the final rule is pending. Compliance with these and other air pollution control and permitting requirements has the potential to delay the development of natural gas projects and increase our costs of development, which costs could be significant.

Climate change

More stringent laws and regulations relating to climate change and GHGs may be adopted and could cause us to incur material expenses to comply with such laws and regulations. These requirements could adversely affect our operations and restrict or delay our ability to obtain air permits for new or modified sources. The EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified onshore and offshore oil and natural gas production sources in the United States on an annual basis, which include certain of our operations.

On November 15, 2021, the EPA issued a proposed rule intended to reduce methane emissions from oil and gas sources. The proposed rule imposes emissions reduction standards on both new and existing sources in the oil and natural gas industry, expands the scope of CAA regulation, and imposes emissions reductions targets to meet the stated goals of the U.S. federal administration. On December 6, 2022, the EPA issued the proposed rule supplementing the November 2021 proposed rule. Among other things, the December 2022 supplemental proposed rule removes an emissions monitoring exemption for small wellhead-only sites and creates a new third-party monitoring program to flag large emissions events, referred to in the proposed rule as "super emitters." The EPA's issuance of the final rule is pending. We cannot predict the scope of any final methane regulatory requirements or the cost to comply with such requirements. However, given the long-term trend toward increasing regulation, future federal GHG regulations of the oil and gas industry remain a significant possibility. There are also a number of state and regional efforts to regulate emissions of methane from new and existing sources within the oil and natural gas source category. Compliance with these rules will require enhanced record-keeping practices, the purchase of new

equipment, and increased frequency of maintenance and repair activities to address emissions leakage at certain well sites and compressor stations, and also may require hiring additional personnel to support these activities or the engagement of third-party contractors to assist with and verify compliance.

In addition, Congress has from time to time considered adopting legislation to reduce emissions of GHGs, and the current U.S. presidential administration has taken and supported action aiming to limit GHG emissions. At the international level, in April 2016, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France, which resulted in an agreement intended to nationally determine their contributions and set GHG emission reduction goals every five years beginning in 2020. In November 2019, plans were formally announced for the U.S. to withdraw from the Paris Agreement with an effective exit date in November 2020. In February 2021, the current administration announced reentry of the U.S. into the Paris Agreement along with a new "nationally determined contribution" for U.S. GHG emissions that would achieve emissions reductions of at least 50% relative to 2005 levels by 2030. In August 2022, President Biden signed the Inflation Reduction Act into law, which focuses on incentivizing the reduction of methane emissions and would impose a fee on methane produced by petroleum and natural gas facilities in excess of a specified threshold, among other initiatives.

Separately, many U.S. state and local leaders and foreign governments have intensified or stated their intent to intensify efforts to support international climate commitments and treaties and have developed programs that are aimed at reducing GHG emissions, such as by means of cap and trade programs, carbon taxes, encouraging the use of renewable energy or alternative low-carbon fuels, or imposing new climate-related reporting requirements. Cap and trade programs, for example, typically require major sources of GHG emissions to acquire and surrender emission allowances in return for emitting those GHGs.

Financial institutions may be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. President Biden signed an executive order calling for the development of a "climate finance plan" and, separately, the Federal Reserve in 2020 announced that it joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. In 2022, the Federal Reserve launched a pilot climate scenario analysis exercise to learn about certain large banking organizations' climate risk-management practices and challenges and help ensure that supervised institutions are appropriately managing material financial risks related to climate change. Limitation of investments in and financing for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities.

Additionally, on March 21, 2022, the SEC issued a proposed rule regarding the enhancement and standardization of mandatory climate-related disclosures for investors. The proposed rule would require registrants to include certain climate-related disclosures in their registration statements and periodic reports, including, but not limited to, information about the registrant's governance of climate-related risks and relevant risk management processes; climate-related risks that are reasonably likely to have a material impact on the registrant's business, results of operations, or financial condition and their actual and likely climate-related impacts on the registrant's business strategy, model, and outlook; climate-related targets, goals and transition plan (if any); certain climate-related financial statement metrics in a note to their audited financial statements; Scope 1 and Scope 2 GHG emissions; and Scope 3 GHG emissions and intensity, if material, or if the registrant has set a GHG emissions reduction target, goal or plan that includes Scope 3 GHG emissions. The proposed rule's ultimate date of effectiveness and the final form and substance of these requirements is not yet known. Regulations requiring the disclosure of similar climate-related information have also been proposed at the state-level, including in California.

Any legislation or regulatory programs aimed at reducing GHG emissions, addressing climate change more generally, or requiring the disclosure of climate-related information could increase the cost of consuming, and thereby reduce demand for, the natural gas we produce or otherwise have an adverse effect on our business, financial condition and results of operations.

Hydraulic fracturing

Hydraulic fracturing is a common practice that is used to stimulate production of oil and/or natural gas from low permeability subsurface rock formations and is important to our business. The hydraulic fracturing process involves the injection of water, proppants and chemicals under pressure into targeted subsurface formations to fracture the hydrocarbon-bearing rock formation and stimulate production of hydrocarbons. We regularly use hydraulic fracturing as part of our operations. Presently, hydraulic fracturing is primarily regulated at the state level, typically by state natural

gas commissions, but the practice has become increasingly controversial in certain parts of the country, resulting in increased scrutiny and regulation. For example, the EPA has asserted federal regulatory authority pursuant to the SDWA over certain hydraulic fracturing activities involving the use of diesel fuels and published permitting guidance in February 2014 addressing the performance of such activities using diesel fuels. In June 2016, the EPA issued additional New Source Performance Standards rules, known as Subpart OOOOa, focused on achieving additional methane and volatile organic compound reductions from new and modified oil and natural gas production and natural gas processing and transmission facilities. Among other things, these revisions imposed new requirements for leak detection and repair, control requirements for oil well completions, and additional control requirements for gathering, boosting, and compressor stations. In September 2020, the EPA finalized two sets of amendments to the 2016 OOOOa standards. The first, known as the "2020 Technical Rule" reduced the 2016 rule's fugitive emissions monitoring requirements and expended exceptions to pneumatic pump requirements, among other changes. The second, known as the "2020 Policy Rule" rescinded the methane specific requirements for certain oil, NGL and natural gas sources in the production and processing segments.

In addition, there are heightened concerns by the public about hydraulic fracturing causing damage to aquifers and there is potential for future regulation to address those concerns. In December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The final report concluded that certain activities associated with hydraulic fracturing may impact drinking water resources under some circumstances.

At the state level, several states have adopted or are considering legal requirements that require oil and natural gas operators to disclose chemical ingredients and water volumes used to hydraulically fracture wells, in addition to more stringent well construction and monitoring requirements. Local governments may also adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. If new or more stringent federal, state, or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from drilling wells.

If new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, our fracturing activities could become subject to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, plugging and abandonment requirements and attendant permitting delays and potential increases in costs. Such changes could cause us to incur substantial compliance costs, and compliance or the consequences of any failure to comply by us could have a material adverse effect on our financial condition and results of operations. At this time, it is not possible to estimate the impact on our business of newly enacted or potential legislation or regulation governing hydraulic fracturing, and any of the above risks could impair our ability to manage our business and have a material adverse effect on our operations, cash flows and financial position.

Oil Pollution Act

The Oil Pollution Act of 1990 (the "OPA") establishes strict liability for owners and operators of facilities that are the source of a release of oil into waters of the U.S. The OPA and its associated regulations impose a variety of requirements on responsible parties, including owners and operators of certain facilities from which oil is released, related to the prevention of oil spills and liability for damages resulting from such spills. While liability limits apply in some circumstances, a party cannot take advantage of liability limits if the spill was caused by gross negligence or willful misconduct, resulted from violation of a federal safety, construction or operating regulation, or if the party fails to report a spill or to cooperate fully in the cleanup. Few defenses exist to the liability imposed by the OPA. The OPA imposes ongoing requirements on a responsible party, including the preparation of oil spill response plans and proof of financial responsibility to cover environmental cleanup and restoration costs that could be incurred in connection with an oil spill.

National Environmental Policy Act

Oil and natural gas exploration and production activities on federal lands are subject to the National Environmental Policy Act ("NEPA"). NEPA requires federal agencies to evaluate major agency actions having the potential to significantly impact the environment. The process involves the preparation of an environmental assessment and, if necessary, an environmental impact statement depending on whether the specific circumstances surrounding the proposed federal action have the potential to significantly impact the environment. The NEPA process involves

public input through comments which can alter the nature of a proposed project either by limiting the scope of the project or requiring resource-specific mitigation. NEPA decisions can be appealed through the court system by process participants. This process may result in delaying the permitting and development of projects, may increase the costs of permitting and developing some facilities and could result in certain instances in the cancellation of existing leases. On July 16, 2020, the Council on Environmental Quality ("CEQ") revised NEPA's implementing regulations to make the NEPA process more efficient, effective and timely. The rule required federal agencies to develop procedures consistent with the new rule within one year of the rule's effective date (which was extended to two years in June 2021). These regulations are subject to ongoing litigation in several federal district courts, and in October 2021, CEQ issued a notice of proposed rulemaking to amend the NEPA regulatory changes adopted in 2020 in two phases. Phase I of the CEQ's rulemaking process was finalized on April 20, 2022, and generally restored provisions that were in effect prior to 2020. CEQ sent its Phase II proposal to the Office of Management and Budget on January 7, 2023. The Phase II proposal is expected to be published in 2023. However, several states and environmental groups have filed challenges to this rulemaking, and CEQ's amendments are subject to reconsideration and may be subject to reversal or change under the Biden administration. Further, the Infrastructure and Investment Jobs Act, Pub.L. 117-58, signed into law in November 2021, codified some of the July 2020 amendments in statutory text. These amendments must be implemented into each agency's implementing regulations, and each of those individual rulemakings could be subject to legal challenge. Additionally, on June 3, 2023, President Biden signed the Fiscal Responsibility Act of 2023, which includes important changes to NEPA to streamline the environmental review process. The impact of changes to the NEPA regulations and statutory text therefore remains uncertain and could have an effect on our operations and our ability to obtain governmental permits.

Endangered Species Act and Migratory Bird Treaty Act

The ESA restricts activities that may affect endangered or threatened species or their habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act ("MBTA"). We may conduct operations on natural gas leases in areas where certain species that are or could be listed as threatened or endangered are known to exist. In February 2016, the U.S. Fish and Wildlife Service published a final policy which alters how it may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species. A critical habitat or suitable habitat designation could result in further material restrictions to land use and may materially delay or prohibit land access for natural gas development. The Trump administration issued rules that narrowed the definition of "habitat" and altered a policy in a way that made it easier to exclude territory from critical habitat. In October 2021, the Biden administration published two rules that reversed those changes, and in June and July 2022, the FWS issued final rules rescinding Trump-era regulations concerning the definition of "habitat" and critical habitat exclusions. The designation of previously unprotected species as threatened or endangered or new critical or suitable habitat designations in areas where we conduct operations could result in limitations or prohibitions on our operations and could adversely impact our business, and it is possible the new rules could increase the portion of our lease areas that could be designated as critical habitat. It is possible the October 2021 rules could increase the portion of our lease areas that could be designated as critical habitat. If we were to have a portion of our leases designated as critical or suitable habitat, it could adversely impact the value of our leases.

The Department of the Interior also issued an opinion in December 2017 that would narrow certain protections afforded to migratory birds pursuant to the MBTA. The MBTA makes it illegal to, among other things, hunt, capture, kill, possess, sell, or purchase migratory birds, nests, or eggs without a permit, and concurrently finalized a rule limiting application of the MBTA. The Department of the Interior revoked the rule in October 2021 and issued an advance notice of proposed rulemaking seeking comment to the Department of the Interior's plan to develop regulations that authorize incidental take under certain prescribed conditions. The notice of proposed rulemaking was expected in March 2023, though it has not been published yet, and is expected to be finalized by the end of 2023. The identification or designation of previously unprotected species as threatened or endangered in areas where underlying property operations are conducted could cause us to incur increased costs arising from species protection measures or could result in limitations on our development activities that could have an adverse impact on our ability to develop and produce reserves. If we were to have a portion of our leases designated as critical or suitable habitat, it could adversely impact the value of our leases.

Worker health and safety

We are subject to a number of federal and state laws and regulations, including the federal Occupational Safety and Health Act, as amended ("OSHA"), and comparable state statutes, whose purpose is to protect the health and safety of workers. For example, the OSHA hazard communication standard, the Emergency Planning and Community Right-to-Know Act and comparable state statutes and any implementing regulations require that we maintain, organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens. Other OSHA standards regulate specific worker safety aspects of our operations. Failure to comply with OSHA requirements can lead to the imposition of penalties.

Related permits and authorizations

Many environmental laws require us to obtain permits or other authorizations from state and/or federal agencies before initiating certain drilling, construction, production, operation or other oil and natural gas activities, and to maintain these permits and compliance with their requirements for on-going operations. These permits are generally subject to protest, appeal or litigation, which can in certain cases delay or halt projects and cease production or operation of wells, pipelines and other operations.

Related insurance

We maintain insurance against some contamination risks associated with our development activities, including a coverage policy for gradual pollution events. However, this insurance is limited to activities at the well site and there can be no assurance that this insurance will continue to be commercially available or that this insurance will be available at premium levels that justify its purchase by us. The occurrence of a significant event that is not fully insured or indemnified against could have a materially adverse effect on our financial condition and operations.

Human Capital Resources

We aim to provide a safe, healthy, respectful, and fair workplace for all employees. We believe our employees' talent and wellbeing is foundational to delivering on our corporate strategy, and that intentional human capital management strategies enable us to attract, develop, retain and reward our dedicated employees.

As of December 31, 2022, Mach Resources had 399 total employees, 397 of which were full-time employees. From time to time, we utilize the services of independent contractors to perform various field and other services. Neither we nor Mach Resources are a party to any collective bargaining agreements and have not experienced any strikes or work stoppages. In general, we believe that employee relations are satisfactory.

Employee Safety and Health

The health, safety, and well-being or our employees is a top priority. In addition to our commitment to complying with all applicable safety, health, and environmental laws and regulations, we are focused on minimizing the risk of workplace incidents and preparing for emergencies as a priority element of our culture. We work to reduce safety incidents in our business and actively seek opportunities to make safety culture and procedural improvements.

Legal proceedings

The Company may, from time to time, be involved in litigation and claims arising out of its operations in the normal course of business. The Company is not currently a party to any material legal proceedings. In addition, the Company is not aware of any material legal proceedings contemplated to be brought against the Company.

The Company, as an owner and operator of oil and gas properties, is subject to various federal, state and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on the lessee under an oil and gas lease for the cost of pollution cleanup resulting from operations and subject the lessee to liability for pollution damages. In some instances, the Company may be directed to suspend or cease operations in the affected area. The Company maintains insurance coverage that is customary in the industry, although the Company is not fully insured against all environmental risks.

The Company is not aware of any environmental claims existing as of June 30, 2023. There can be no assurance, however, that current regulatory requirements will not change, or past non-compliance with environmental issues will not be discovered on the Company s oil and gas properties.

MANAGEMENT

Management of Mach Natural Resources

We are managed and operated by our general partner, which is managed by the Board and executive officers of our general partner. The members of our general partner are BCE-Mach Aggregator, which is controlled by our Sponsor, and Mach Resources, which is controlled by Tom L. Ward. All of our independent directors will be appointed prior to the date our common units are listed for trading on the NYSE. Our unitholders will not be entitled to elect our general partner or its directors or otherwise directly participate in our management or operations. Our general partner owes certain contractual duties to us as well as to its owners.

Upon the closing of this offering, we expect that our general partner will have five directors, each of whom will be appointed by the Sponsor and Tom L. Ward through his ownership of Mach Resources, as the member of our general partner. The NYSE does not require a listed publicly traded limited partnership, such as ours, to have a majority of independent directors on the Board or to establish a compensation committee or a nominating committee. However, our general partner is required to have an audit committee of at least three members, and all its members are required to meet the independence and experience standards established by the NYSE and the Exchange Act, subject to certain transitional relief during the one-year period following consummation of this offering. We will have at least independent members of the audit committee by the date our common units first trade on the NYSE.

Our operations will be conducted through, and our assets will be owned by, various subsidiaries. However, we will not have any employees. Our general partner has the sole responsibility for providing the personnel necessary to conduct our operations, whether through directly hiring personnel or by obtaining services of personnel employed by third parties, such as pursuant to the MSA, but we sometimes refer to these individuals, for drafting convenience only, in this prospectus as our employees because they provide services directly to us.

Following the consummation of this offering, neither our general partner nor the Sponsor will receive any management fee or other compensation in connection with our general partner's management of our business, but we will reimburse our general partner and its affiliates for all expenses they incur and payments they make on our behalf. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates, including Mach Resources, may be reimbursed. These expenses include salary, benefits, bonus, long term incentives and other amounts paid to persons who perform services for us or on our behalf. Please read "Certain Relationships and Related Party Transactions."

In evaluating director candidates, our general partner will assess whether a candidate possesses the integrity, judgment, knowledge, experience, skill and expertise that are likely to enhance the board's ability to manage and direct our affairs and business, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties.

Executive Officers and Directors of Our General Partner

The following table sets forth certain information regarding the current executive officers and directors of our general partner upon consummation of this offering.

Name	Age	Position
Tom L. Ward	64	Chief Executive Officer and Director
Kevin R. White	66	Chief Financial Officer
Daniel T. Reineke, Jr.	40	Executive Vice President, Business Development
Michael E. Reel	37	General Counsel
William McMullen	38	Chairman of the Board
		Director
		Director
		Director

Tom L. Ward — Chief Executive Officer and Director. Mr. Ward has served as our Chief Executive Officer since our founding in 2017. Prior to joining the Company, he served as Chairman and Chief Executive Officer of Tapstone Energy from 2013 to 2017 and Sandridge Energy (NYSE: SD) from 2006 to 2013. Prior to joining SandRidge Energy, he served as President, Chief Operating Officer and a director of Chesapeake Energy Corporation (NYSE: CHK) from the time he co-founded the company in 1989 until February 2006. Mr. Ward graduated from the University of Oklahoma in 1981 with a Bachelor of Business Administration in Petroleum Land Management.

We believe that Mr. Ward's extensive industry background, his previous experience as a director and executive of public companies, and deep knowledge of our business as founder make him well suited to serve as a member of our board of directors.

Kevin R. White — Chief Financial Officer. Mr. White has served as our Chief Financial Officer since March 2017. Prior to joining the Company, he served as Chief Financial Officer of Petroflow Energy Corporation from June 2016 to March 2017 and as SVP — Business Development and Investor Relations of SandRidge Energy from January 2008 to September 2013. Mr. White served as Executive Vice President of Corporate Development and Strategic Planning for Louis Dreyfus Natural Gas Corp. from 1993 until the company was sold in 2001. He attended Oklahoma State University, receiving his Bachelor of Science degree in Accounting in 1979 and a Master of Science degree in Accounting and his Certified Public Accountant qualification in 1980.

Daniel T. Reineke, Jr. — Executive Vice President, Business Development. Mr. Reineke has served as Executive Vice President, Business Development since our founding in 2017. Prior to joining the Company, he served as Chief Investment Officer for TLW Trading since 2013. Prior to his time with TLW Trading, Mr. Reineke served as a Vice President at RBC Wealth Management, Vice President/General Counsel for Stampede Farms, and Associate General Counsel at Gulfport Energy Corporation (NYSE: GPOR). Mr. Reineke graduated from the University of Oklahoma School of Law receiving his Juris Doctorate in 2007 after receiving his Bachelor of Business Administration in Finance in 2004 from the University of Oklahoma.

Michael E. Reel — General Counsel. Mr. Reel joined the Company in July 2017 and currently serves as General Counsel. Prior to joining the Company, he served as Senior Counsel for Accelerate Resources. Prior to his time at Accelerate Resources, Mr. Reel served as internal counsel for White Star Petroleum, LLC, American Energy Partners, LP and Chesapeake Energy Corporation. Mr. Reel graduated from Oklahoma State University in 2008 with a Bachelor of Science degree in Political Science and received his Juris Doctorate from Oklahoma City University School of Law in 2011.

William W. McMullen — Chairman of the Board. Mr. McMullen has served as Founder and Managing Partner of BCE since 2015, leading the firm's investment strategy and capital allocation decisions. Prior to founding BCE in 2015, Mr. McMullen worked at White Deer Energy from 2012 to 2014. Previously, Mr. McMullen worked at Denham Capital Management from 2010 to 2012 and UBS Investment Bank's Global Energy Group from 2008 to 2010. Mr. McMullen earned his AB in Economics, with Honors, from Harvard University.

We believe that Mr. McMullen's industry experience, his previous leadership positions and finance-related roles, as well as his deep knowledge of our business, make him well suited to serve as a member of our board of directors.

Reimbursement of Expenses of Our General Partner

Our partnership agreement requires us to reimburse our general partner for all direct and indirect expenses it incurs or payments it makes on our behalf and all other expenses allocable to us or otherwise incurred by our general partner in connection with operating our business. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. Our partnership agreement provides that our general partner will determine in good faith the expenses that are allocable to us.

Board of Directors

Prior to the date that our common units are first traded on the NYSE, we expect our general partner to have a -member board of directors. Further, at the consummation of this offering, the Sponsor will control our general partner and will be entitled to appoint four members of the Board initially and Mach Resources shall be entitled to appoint one member of the Board initially, who shall be Tom L. Ward.

In evaluating director candidates, sole members of our general partner will assess whether a candidate possesses the integrity, judgment, knowledge, experience, skills and expertise that are likely to enhance the board's ability to manage and direct our affairs and business, including, when applicable, to enhance the ability of the committees of the Board to fulfill their duties.

Our general partner's directors hold office until the earlier of their death, resignation, retirement, disqualification or removal or until their successors have been duly elected and qualified.

Director Independence

Our independent directors will meet the independence standards established by the NYSE listing rules.

Committees of the Board of Directors

The Board will have an audit committee, a compensation committee, a conflicts committee, and such other committees as the Board shall determine from time to time. The NYSE listing rules do not require a listed limited partnership to establish a compensation committee or a nominating and corporate governance committee. However, we have established a compensation committee that will have the responsibilities set forth below.

Audit Committee

We are required to have an audit committee of at least three members, and all its members are required to meet the independence and experience standards established by the NYSE listing rules and rules of the SEC. The audit committee will assist the Board in its oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The audit committee will have the sole authority to (1) retain and terminate our independent registered public accounting firm, (2) approve all auditing services and related fees and the terms thereof performed by our independent registered public accounting firm and (3) pre-approve any non-audit services and tax services to be rendered by our independent registered public accounting firm. The audit committee will also be responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm will be given unrestricted access to the audit committee and our management. Effective upon the consummation of this offering, , and will serve on the audit committee. will serve as chair of the audit committee.

Conflicts Committee

In accordance with the terms of our partnership agreement, two or more members of the Board will serve on our conflicts committee to review specific matters that may involve conflicts of interest. The members of our conflicts committee cannot be officers or employees of our general partner or directors, officers, or employees of its affiliates, and must meet the independence and experience standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors. In addition, the members of our conflicts committee cannot

own any interest in our general partner or its affiliates or any interest in us or our subsidiaries other than common units or awards, if any, under our incentive compensation plan. We expect that , and will serve as members of our conflicts committee. Please read "Conflicts of Interest and Duties."

Compensation Committee

Effective upon the consummation of this offering, the members of our compensation committee will be , and , who will also serve as chair of the compensation committee. Each of the members of our compensation committee will be independent under the applicable rules and regulations of the NYSE, will be a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act and will be an "outside director" as that term is defined in Section 162(m) of the Code (Section 162(m)). The compensation committee will operate under a written charter that satisfies the applicable standards of the SEC and the NYSE.

The compensation committee's responsibilities include:

- annually reviewing and approving corporate goals and objectives relevant to compensation of our chief executive officer and our other executive officers;
- annually reviewing and making recommendations to our board of directors with respect to the compensation of our chief executive officer and determining the compensation for our other executive officers;
- reviewing and making recommendations to our board of directors with respect to director compensation; and
- overseeing and administering our equity incentive plans.

From time to time, our compensation committee may use outside compensation consultants to assist it in analyzing our compensation programs and in determining appropriate levels of compensation and benefits. The compensation committee will review and evaluate, at least annually, the performance of the compensation committee and its members, including compliance by the compensation committee with its charter.

Board Leadership Structure

Leadership of our general partner's board of directors is vested in a Chairman of the Board. Mr. William McMullen will serve as a Director and the Chairman of the Board. We have no policy with respect to the separation of the offices of chairman of the Board and chief executive officer. Instead, that relationship is defined and governed by the amended and restated limited liability company agreement of our general partner, which permits the same person to hold both offices. Directors of the Board are designated or elected by the Sponsor and Tom L. Ward through his ownership of Mach Resources as the members of our general partner. Accordingly, unlike holders of common stock in a corporation, our unitholders will have only limited voting rights on matters affecting our business or governance, subject in all cases to any specific unitholder rights contained in our partnership agreement.

Board Role in Risk Oversight

Our corporate governance guidelines will provide that the Board is responsible for reviewing the process for assessing the major risks facing us and the options for their mitigation. This responsibility will be largely satisfied by our audit committee, which is responsible for reviewing and discussing with management and our independent registered public accounting firm our major risk exposures and the policies management has implemented to monitor such exposures, including our financial risk exposures and risk management policies.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

General

We do not directly employ directors, officers or employees; instead, all of the employees that conduct our business are either employed by Mach Resources or its subsidiaries. We depend on Mach Resources and such employees to provide us and our general partner with services necessary to operate our business. In connection with this offering, the Company will enter into the MSA under which Mach Resources will manage and perform all aspects of oil and gas operations and other general and administrative functions for the Company. On a monthly basis, we will reimburse our general partner and its affiliates for certain expenses they incur and payments they make on our behalf pursuant to the MSA. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us. The reimbursement of expenses to our general partner and its affiliates will reduce the amount of cash available for distribution to our unitholders. During the year ended December 31, 2022, we paid $67.0 million to Mach Resources, which consists of $3.4 million for an annual management fee and $63.6 million for reimbursements of its costs and expenses under the existing management services agreements among Mach Resources and the Mach Companies (the "Existing MSAs").

For a description of our other relationships with our affiliates, please read "Certain Relationships and Related Party Transactions." Although all of the employees that conduct our business are employed by Mach Resources, we sometimes refer to these individuals in this prospectus as our employees.

Emerging Growth Company Status

We are currently considered an "emerging growth company," within the meaning of the Securities Act, for purposes of the SEC's executive compensation disclosure rules. In accordance with these rules, we are required to provide a Summary Compensation Table and an Outstanding Equity Awards at Fiscal Year End Table, as well as limited narrative disclosures regarding executive compensation for our last completed fiscal year. Furthermore, our reporting obligations extend only to our "named executive officers," who are the individuals who served as our principal executive officer during 2022 and our next two most highly compensated executive officers at the end of 2022. Accordingly, our "Named Executive Officers" for 2022 are:

Name	Principal Position
Tom L. Ward	Chief Executive Officer
Kevin R. White	Chief Financial Officer
Daniel T. Reineke, Jr.	Executive Vice President — Business Development

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt in the future may differ materially from the currently planned programs summarized in this discussion.

2022 Summary Compensation Table

The following table summarizes the compensation awarded to, earned by or paid to our Named Executive Officers for the fiscal year ended December 31, 2022.

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	All Other Compensation ($)[2]	Total ($)
Tom L. Ward *Chief Executive Officer*	2022	600,000	—	27,000	627,000
Kevin R. White *Chief Financial Officer*	2022	475,000	47,500	27,000	549,500
Daniel T. Reineke, Jr *Executive Vice President, Business Development*	2022	660,960	66,096	20,500	747,556

(1) The amounts in this column represent discretionary short-term cash incentive awards paid for 2022. Bonus amounts were determined as more specifically discussed under "Narrative Disclosure to Summary Compensation Table — Annual Bonuses."

(2) The amounts in this column reflect the Company's matching contributions to the Company's 401(k) plan for the Named Executive Officers.

Narrative Disclosure to Summary Compensation Table

No Employment Agreements and/or Offer Letters

We have not entered into any employment agreement, offer letter or similar employment contract with any of our Named Executive Officers.

Base Salary

Each Named Executive Officer's base salary is a fixed component of compensation for performing specific job duties and functions. Base salaries are generally set at levels deemed necessary to attract and retain individuals with superior talent commensurate with their relative expertise and experience.

Annual Bonuses

Annual cash bonuses are used to motivate and reward our executives and other employees. The annual bonuses paid to our Named Executive Officers (other than Mr. Ward) for the 2022 fiscal year were discretionary bonuses ultimately determined by Mr. Ward and not linked to any performance metrics of the Company or otherwise. Mr. Ward historically has not been considered for annual bonuses and, accordingly, Mr. Ward did not receive an annual bonus in 2022. The target annual bonus opportunity for each of Messrs. White and Reineke is not memorialized in any written plan or other document but has historically been approximately 10% of their base salaries. For 2022, the payments of annual bonuses for Messrs. White and Reineke were divided into two installments, with half of the bonuses becoming payable in July 2022 and the remaining half becoming payable in January 2023.

Equity Incentives

In connection with the formation of each of the Mach Companies, each of our Named Executive Officers received one-time awards of Mach Company Class B Units. The Mach Companies Class B Units are equity incentive awards intended to qualify as "profits interests" for U.S. federal income tax purposes. The Mach Companies Class B Units held by our Named Executive Officers are subject to service-based vesting requirements and are described in more detail in the footnotes to the "Outstanding Equity Awards at 2022 Fiscal Year-End" table below. In connection with the Reorganization Transactions, the Mach Companies Class B Units will become fully vested and exchanged for their respective pro rata portions of the common units of the public company. At that time, the Mach Companies Class B Units will be cancelled and cease to exist. See "— Prospectus Summary — Reorganization Transactions, Partnership Structure and Expected Refinancing Transactions."

For more details regarding the treatment of the Mach Companies Class B Units upon certain terminations of employment, including in connection with a change in control of the Company, please see the section entitled "— Additional Narrative Disclosure — Potential Payments Upon Termination or Change in Control" below.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding all outstanding equity incentive awards held by each of our Named Executive Officers as of December 31, 2022.

	Option Awards[1]				
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)[2]	Option Expiration Date[2]
Tom L. Ward	3/29/2018	16,000[3]	—	N/A	N/A
	3/25/2021	12,000[4]	6,000[4]	N/A	N/A
	3/25/2021	12,000[5]	6,000[5]	N/A	N/A
Kevin R. White	3/29/2018	1,000[6]	—	N/A	N/A
	3/25/2021	606.7[7]	303.3[7]	N/A	N/A
	3/25/2021	606.7[8]	303.3[8]	N/A	N/A

	Option Awards[1]				
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)[2]	Option Expiration Date[2]
Daniel T. Reineke, Jr.	3/29/2018	1,000[6]	—	N/A	N/A
	3/25/2021	606.7[7]	303.3[7]	N/A	N/A
	3/25/2021	606.7[8]	303.3[8]	N/A	N/A

(1) All awards in this table consist of Mach Companies Class B Units representing membership interests in the Mach Companies that are intended to constitute profits interests for federal income tax purposes. These awards are not traditional options, and therefore, there is no exercise price or expiration date associated with them. Despite Mach Companies Class B Units not requiring the payment of an exercise price, they are most similar economically to stock options. The awards in this table are rounded to the nearest tenth.

(2) The Mach Companies Class B Units are not traditional options; therefore, there is no exercise price or option expiration date associated therewith.

(3) 16,000 Class B Units of BCE-Mach were granted to Mr. Ward on March 29, 2018, all of which were vested as of December 31, 2022.

(4) 18,000 Class B Units of BCE-Mach II were granted to Mr. Ward on March 25, 2021, of which 9,000 Class B Units were immediately vested as of the grant date and the remainder are scheduled to vest in equal, annual installments on January 1 of the first three calendar years following the grant date, subject to Mr. Ward's continued service through the applicable vesting date, such that 3,000 Class B Units vested on each of January 1, 2022 and January 1, 2023, and the remaining 3,000 Class B Units will vest on January 1, 2024, subject to Mr. Ward's continued service through the vesting date.

(5) 18,000 Class B Units of BCE-Mach III were granted to Mr. Ward on March 25, 2021, of which 9,000 Class B Units were immediately vested as of the grant date and the remainder are scheduled to vest in equal, annual installments on January 1 of the first three calendar years following the grant date, subject to Mr. Ward's continued service through the applicable vesting date, such that 3,000 Class B Units vested on each of January 1, 2022 and January 1, 2023, and the remaining 3,000 Class B Units will vest on January 1, 2024, subject to Mr. Ward's continued service through the vesting date.

(6) 1,000 Class B Units of BCE-Mach were granted to each of Messrs. White and Reineke on March 29, 2018, all of which were vested as of December 31, 2022.

(7) 910 Class B Units of BCE-Mach II were granted to each of Messrs. White and Reineke on March 25, 2021, of which 303.3 Class B Units were immediately vested as of the grant date and the remainder are scheduled to vest in equal, annual installments on January 1 of the first two calendar years following the grant date, subject to continued service through the applicable vesting date, such that 303.3 Class B Units vested on each of January 1, 2022 and January 1, 2023. As of the date of this prospectus, all of these Class B Units are fully vested.

(8) 910 Class B Units of BCE-Mach III were granted to each of Messrs. White and Reineke on March 25, 2021, of which 303.3 Class B Units were immediately vested as of the grant date and the remainder are scheduled to vest in equal, annual installments on January 1 of the first two calendar years following the grant date, subject to continued service through the applicable vesting date, such that 303.3 Class B Units vested on each of January 1, 2022 and January 1, 2023. As of the date of this prospectus, all of these Class B Units are fully vested.

Additional Narrative Disclosure

Retirement Benefits

We do not have a defined benefit pension plan or nonqualified deferred compensation plan. We currently maintain a retirement plan intended to provide benefits under Section 401(k) of the Code, pursuant to which employees, including the Named Executive Officers, can make voluntary pre-tax contributions. We match 100% of elective deferrals up to 10% of salary for our Named Executive Officers. Our employer matching contributions vest in equal, annual installments on the first four anniversaries of a participant's commencement of service, and our Named Executive Officers are 100% vested in employer matching contributions. All contributions under the retirement plan are subject to certain annual dollar limitations, which are periodically adjusted for changes in the cost of living.

Potential Payments Upon Termination or Change in Control

Under the applicable equity agreements between each of the Named Executive Officers and the Mach Companies, if a Named Executive Officer's employment is terminated due to his death or disability, then the next tranche of unvested Mach Companies Class B Units, as applicable, held by the Named Executive Officer scheduled to vest on the next vesting date following the termination date will immediately vest as of the termination date. In addition, each Named Executive Officer's unvested Mach Companies Class B Units of the Mach Companies will become fully vested immediately prior to a "Change of Control" (as defined in the applicable operating agreement of the Mach Companies and including an initial public offering), subject to the Named Executive Officer's continued employment through the Change of Control. Accordingly, in connection with the completion of this offering, any unvested Mach Company Class B Units held by the Named Executive Officers are expected to fully vest immediately prior to the consummation of the offering. As described in the footnotes to the "Outstanding Equity Awards at Fiscal Year-End" table above, all of the Class B Units of BCE-Mach held by the Named Executive Officers, and the Class B Units of BCE-Mach II and BCE-Mach III held by Messrs. White and Reineke, were fully vested as of January 1, 2023.

Non-competition Payments

Under the operating agreements of the Mach Companies, if, as of December 31, 2022, (a) Mr. Ward's employment was terminated without "Cause" or for "Good Reason" or (b) any of the Existing MSAs were terminated (subject to limited exceptions), the Company could have extended Mr. Ward's post-termination non-competition and non-solicitation period so long as the Company continued to pay Mr. Ward his annualized compensation (including cash and the value of any equity grants) for the year preceding his (or the applicable Existing MSA's) termination, not to exceed 12 months following the termination. If Mr. Ward's employment (or an Existing MSA) was terminated for any other reason, then Mr. Ward's post-termination non-competition and non-solicitation period would have lasted for six months following such termination without any severance or other consideration required to be paid.

"Cause" is generally defined to mean (subject to customary notice and cure provisions for clauses (iv) and (v)): (i) conviction of, or plea of guilty or *nolo contendere* to, any felony or any crime involving theft, embezzlement, dishonesty or moral turpitude; (ii) any act constituting theft, embezzlement, fraud or similar conduct in the performance of the employee's duties; (iii) any act constituting willful misconduct, deliberate malfeasance, or gross negligence in the performance of the employee's duties; (iv) willful and continued failure to perform any of the employee's duties; or (v) any material breach by the employee of the applicable operating agreement or any other agreement between the employee and the Company.

"Good Reason" is generally defined to mean (subject to customary notice and cure provisions for clauses (i), (ii) and (iii)): (i) a material diminution in title, position or duties; (ii) relocation of the employee's primary office location by more than 50 miles; (iii) any material breach by the Company of any agreement with the employee; (iv) a termination of any of the Existing MSAs pursuant to certain sections thereunder; or (v) any reduction by the Company in any component of the employee's compensation, unless mutually agreed.

Other Restrictive Covenants

Under their equity agreements, Messrs. White and Reineke are subject to non-competition and non-solicitation covenants while they are employees of Mach Resources and providing services to the Company.

Long-Term Incentive Plan

In order to incentivize our employees following the completion of this offering, we anticipate that our general partner will adopt a new long-term incentive plan (the "Long-Term Incentive Plan") for employees, consultants and directors in connection with this offering. Our directors, officers, employees, consultants, and other individual service providers (including our Named Executive Officers) will be eligible to participate in the Long-Term Incentive Plan, which we expect will become effective upon the consummation of this offering. We currently expect that the board of directors of our general partner or a committee thereof will be designated as the plan administrator. The following description reflect the terms that are currently expected to be included in the Long-Term Incentive Plan.

General

We anticipate that the Long-Term Incentive Plan will provide for the grant, at the discretion of the plan administrator, of cash awards, options to purchase common units of the Company ("Options"), unit appreciation rights ("UARs"), restricted units, phantom units, unit awards, distribution equivalent rights and other unit-based awards intended to align the interests of service providers, including our Named Executive Officers, with those of the unitholders. The Long-Term Incentive Plan will limit the number of units that may be delivered pursuant to vested awards, subject to proportionate adjustment in the event of unit splits and similar events or certain transactions in accordance with the Long-Term Incentive Plan. Common units subject to awards that are cancelled, forfeited, withheld to satisfy exercise prices or tax withholding obligations, exchanged or otherwise terminated without delivery of common units will again be available for delivery pursuant to other awards under the Long-Term Incentive Plan.

Types of Awards

Cash Awards. Awards denominated in cash may be granted on terms and conditions, including vesting conditions, and for the consideration, including no consideration or minimum consideration as required by applicable law, as the plan administrator determines in its sole discretion.

Options and UARs. The Long-Term Incentive Plan may also permit the grant of Options, which represent the right to purchase a number of common units at a specified exercise price. UARs represent the right to receive the appreciation in the value of a number of common units over a specified exercise price, either in cash or in common units. Options and UARs may be granted to eligible individuals with any terms as the plan administrator of the Long-Term Incentive Plan may determine, consistent with the Long-Term Incentive Plan; however, an Option or UAR must have an exercise price equal to at least the fair market value of a common unit on the date of grant.

Restricted Units and Phantom Units. A restricted unit is a common unit subject to the restrictions on transferability and risk of forfeiture imposed by the plan administrator. Upon vesting, the forfeiture restrictions lapse and the recipient holds a common unit that is not subject to forfeiture. A phantom unit is a notional unit that entitles the participant to receive a common unit upon the vesting of the phantom unit or on a deferred basis upon specified future dates or events or, in the discretion of the plan administrator, cash equal to the fair market value of a common unit. The plan administrator of the Long-Term Incentive Plan may make grants of restricted units and phantom units under the Long-Term Incentive Plan that contain terms, consistent with the Long-Term Incentive Plan, as the plan administrator may determine are appropriate, including the period over which restricted units or phantom units will vest. The plan administrator of the Long-Term Incentive Plan may, in its discretion, base vesting on the participant's completion of a period of service or upon the achievement of specified financial objectives or other criteria or upon a change of control (as defined in the Long-Term Incentive Plan) or as otherwise described in an award agreement. In the discretion of the plan administrator or as set forth in the applicable award agreement, distributions distributed with respect to restricted units prior to vesting may be subject to the same restrictions and risk of forfeiture as the restricted units with respect to which the distribution was made.

Distribution Equivalent Rights. The plan administrator of the Long-Term Incentive Plan, in its discretion, may also grant distribution equivalent rights, either as standalone awards or in tandem with other awards. Distribution equivalent rights are rights to receive an amount in cash, restricted units or phantom units equal to all or a portion of the cash distributions made on units during the period an award remains outstanding.

Unit Awards. Awards covering common units may be granted under the Long-Term Incentive Plan with terms and conditions, including restrictions on transferability, as the plan administrator of the Long-Term Incentive Plan may establish.

Other Unit-Based Awards. Other unit-based awards are awards denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, the value of our common units. The vesting of other unit-based awards may be based on a participant's continued service, the achievement of performance criteria or other measures. On vesting or on a deferred basis upon specified future dates or events, other unit-based awards may be paid in cash and/or in units (including restricted units) or any combination thereof as the plan administrator of the Long-Term Incentive Plan may determine.

Source of Common Units

Common units to be delivered with respect to awards may be newly-issued units, common units acquired by us or our general partner in the open market, common units already owned by our general partner or us, common units acquired by our general partner directly from us or any other person or any combination of the foregoing.

Certain Transactions

If any change is made to our capitalization, such as a unit split, unit combination, unit distribution, exchange of units or other recapitalization, merger or otherwise, that results in an increase or decrease in the number of outstanding common units, appropriate adjustments will be made by the plan administrator in the number and type of common units subject to an award under the Long-Term Incentive Plan. The plan administrator will also have the discretion to make certain adjustments to awards in the event of a change in control, such as accelerating the vesting or exercisability of awards, requiring the surrender of an award, with or without consideration, or making any other adjustment or modification to the award that the plan administrator determines is appropriate in light of the transaction.

Clawback

All awards granted under the Long-Term Incentive Plan will be subject to clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with any Company clawback policy or similar policy or any applicable law related to such actions.

Termination of Service

The consequences of the termination of a participant's membership on the board of directors of our general partner or other service arrangement will generally be determined by the plan administrator and set forth in the relevant award agreement.

Plan Amendment and Termination

The plan administrator may amend or terminate any award, award agreement or the Long-Term Incentive Plan at any time; however, unitholder approval will be required for any amendment to the extent necessary to comply with applicable law. Unitholder approval will be required to make amendments that (i) increase the aggregate number of common units that may be issued under the Long-Term Incentive Plan or (ii) change the classification of individuals eligible to receive awards under the Long-Term Incentive Plan. The Long-Term Incentive Plan will remain in effect for a period of 10 years (unless earlier terminated by the board of directors of our general partner).

Non-Employee Director Compensation

We did not pay any compensation, make any equity awards or non-equity awards to, or pay any other compensation to, any of the non-employee directors of our board of directors in 2022. We intend to implement a non-employee director compensation program in connection with this offering, but the details of this program have not yet been determined.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of our common units that, upon the consummation of this offering and the related transactions, including the use of proceeds from this offering, will be owned by:

- beneficial owners of more than 5% of our common units;
- each named executive officer of our general partner; and
- all directors, director nominees and executive officers of our general partner as a group.

The percentage of units beneficially owned is based on common units being outstanding immediately following this offering.

	Common Units Beneficially Owned After the Offering (Assuming No Exercise of the Underwriters' Overallotment Option)		Common Units Beneficially Owned After the Offering (Assuming the Underwriters' Over-Allotment Option is Exercised in Full)	
	Common Units	Percentage of Common Units	Common Units	Percentage of Common Units
Name of Beneficial Owner[1]				
5% Unitholders:				
Investment funds managed by Bayou City Energy Management, LLC[2]				
Named Executive Officers, Directors and Director Nominees				
Tom L. Ward[3]				
Kevin R. White				
Daniel T. Reineke, Jr				
William McMullen				
All executive officers, directors and director nominees as a group (persons)		%		

(1) Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Each of the holders listed has sole voting and investment power with respect to the common units beneficially owned by the holder unless noted otherwise, subject to community property laws where applicable. Unless otherwise noted, the address for each beneficial owner listed below is 14201 Wireless Way, Suite 300, Oklahoma City, OK 73134.

(2) Represents the common units held by BCE-Mach Aggregator LLC ("BCE Aggregator"). Investment funds managed by Bayou City Energy Management, LLC controls the investment decisions of BCE Aggregator and William McMullen has management control over these investment funds and accordingly may be deemed to share beneficial ownership of the common units held by BCE Aggregator. William McMullen disclaims beneficial ownership of such common units. The principal address for each of the above referenced entities is c/o Bayou City Energy, L.P., 1201 Louisiana Street Suite 3308, Houston, TX 77002.

(3) Includes common units held in trust for the benefit of Mr. Ward's grandchildren over which Mr. Ward has control.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Upon the consummation of this offering, assuming the underwriters do not exercise their option to purchase additional common units, the Sponsor will own common units (or of our common units if the underwriters exercise in full their option to purchase additional common units) representing an approximate % limited partner interest in us (or % of our limited partner interests if the underwriters exercise in full their option to purchase additional common units), and BCE-Mach Aggregator, which is controlled by the Sponsor, will own 100% of our general partner. Tom L. Ward will own common units (or of our common units if the underwriters exercise in full their option to purchase additional common units) representing an approximate % limited partner interest in us (or % of our limited partner interests if the underwriters exercise in full their option to purchase additional common units). The Sponsor, who owns BCE-Mach Aggregator, and Tom L. Ward through his ownership of Mach Resources will indirectly appoint all of the directors of our general partner, which will own a non-economic general partner interest in us. These percentages do not reflect any common units that may be issued under the long-term incentive plan that our general partner expects to adopt prior to the closing of this offering.

Distributions and Payments to Our General Partner and Its Affiliates

The following table summarizes the distributions and payments to be made by us to our general partner and its affiliates in connection with our formation, ongoing operation and liquidation. These distributions and payments were determined by and among affiliated entities and, consequently, were not the result of arm's length negotiations.

Operational Stage	
Distributions of available cash to affiliates of our general partner	We make cash distributions to our unitholders, including affiliates of our general partner, pro rata. Upon completion of this offering and the use of proceeds thereby, the affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own common units (or of our common units if the underwriters exercise in full their option to purchase additional common units), representing approximately % of our outstanding common units (or % of our outstanding common units if the underwriters exercise in full their option to purchase additional common units) and would receive a pro rata percentage of the cash distributions that we distribute in respect thereof.
Payments to our general partner and its affiliates	Our general partner will not receive a management fee or other compensation for its management of our partnership, but we will reimburse our general partner and its affiliates for costs and expenses they incur and payments they make on our behalf. Our partnership agreement does not set a limit on the amount of expenses for which our general partner may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us.
Withdrawal or removal of our general partner	If our general partner withdraws or is removed, its non-economic general partner interest will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests. Please read "The Partnership Agreement — Withdrawal or Removal of Our General Partner."
Liquidation Stage	
Liquidation	Upon our liquidation, the partners, including our general partner with respect to any common units or other units then held by our general partner, will be entitled to receive liquidating distributions according to their respective capital account balances.

Agreements with Management

Tom L. Ward, our Chief Executive Officer, and certain affiliated entities of Mr. Ward have royalty and working interests in certain of our wells. The payments related to these certain interests were $224,859 for the six months ended June 30, 2023, $595,474 for the year ended December 31, 2022, $451,933 for the year ended December 31, 2021 and $410,650 for the year ended December31, 2020. All of the royalty or working interest payments resulted from well interests in our Legacy Producing Assets.

Management Services Agreements

The Mach Companies have existing management services agreements with Mach Resources, pursuant to which Mach Resources manages and performs all aspects of oil and gas operations and other general and administrative functions of the Mach Companies. On a monthly basis, the Mach Companies reimburse certain costs and expenses to Mach Resources for performance under the existing management services agreements. For the six months ended June 30, 2023, the Mach Companies collectively paid $39.0 million to Mach Resources, which consists of $3.6 million for an annual management fee and $35.4 million for reimbursements of its costs and expenses under the existing management services agreements. For the year ended December 31, 2022, the Mach Companies collectively paid $67.0 million to Mach Resources, which consists of $3.4 million for an annual management fee and $63.6 million for reimbursements of its costs and expenses under the existing management services agreements among Mach Resources and the Mach Companies. In connection with this offering, the existing management services agreements with Mach Resources will be terminated and replaced with the MSA (as defined below).

Other Transactions with Related Persons

BCE-Stack Development LLC ("BCE-Stack") is an affiliate of BCE-Mach Aggregator, a member of our predecessor, and previously was an owner of working and revenue interests in a subset of our predecessor's wells. BCE-Stack sold their interests in the wells to our predecessor on February 28, 2022. As of December 31, 2022 and as of June 30, 2023, our predecessor had no receivables or payables with BCE-Stack.

Agreements with Affiliates in Connection with the Reorganization Transactions

In connection with the closing of this offering, we, our general partner and its affiliates will enter into the various documents and agreements that will affect the Reorganization Transactions. These agreements have been negotiated among affiliated parties and, consequently, are not the result of arm's length negotiations. All of the transaction expenses incurred in connection with these transactions will be paid from the proceeds of this offering.

Contribution Agreement

In connection with the closing of this offering, we will enter into a contribution agreement (the "Contribution Agreement") that will effect the transactions whereby BCE, through its affiliate holding companies, will contribute 100% of its membership interests in the Mach Companies not already owned by BCE-Mach Aggregator to BCE-Mach Aggregator in exchange for additional membership interests in BCE-Mach Aggregator. Each of BCE-Mach Aggregator, the Management Members and Mach Resources will contribute 100% of their respective membership interests in the Mach Companies to the Company in exchange for a pro rata allocation of 100% of the limited partnership interests in the Company. Following the closing of this offering and pursuant to the Contribution Agreement, the Company shall purchase from the contributing parties a portion of their limited partnership interests in the Company for cash with a portion of the proceeds of this offering. See "Use of Proceeds" for additional information.

While we believe this agreement is on terms no less favorable to any party than those that could have been negotiated with an unaffiliated third party, it will not be the result of arm's-length negotiations. All of the transaction expenses incurred in connection with these transactions will be paid from the proceeds of this offering.

New Management Services Agreement

We will also enter into a management services agreement ("MSA") with Mach Resources setting forth the operational services arrangements described below. Mach Resources is owned 50.5% by our Chief Executive Officer, Tom L. Ward, through the Tom L Ward 1992 Revocable Trust and 49.5% by WCT Resources LLC which is

owned by certain trusts owned by certain of Tom L. Ward's family members. Mach Resources will provide certain management, maintenance and operational functions with respect to our assets as fully described in the MSA (the "Services"). We will (i) pay Mach Resources an annual management fee of approximately $7.4 million and (ii) reimburse Mach Resources for the costs and expenses of the Services provided, including, but not limited to, (a) all reasonable third party costs and expenses incurred by or paid by Mach Resources or its Affiliates in the performance of the Services, including the costs of any Person engaged by Service Provider pursuant to the terms of the MSA, and (b) all general, administrative and supervision costs and expenses. We will reimburse Mach Resources on a quarterly basis or at other intervals that we and Mach Resources may agree from time to time. We estimate that payments under the MSA to Mach Resources would be $97.2 million for the twelve months ended June 30, 2024. We anticipate that the size of the reimbursements to Mach Resources will vary with the size and scale of our operations, among other factors. The MSA will have an initial term of one year and will automatically extend for successive extension terms of one year each, unless terminated by either party in accordance with the MSA. In the MSA, both us and Mach Resources and our respective affiliates agree to indemnify and hold harmless the other party from any and all losses arising out of or in connection with the agreement except for losses resulting from the other party or its affiliates' (i) fraud, gross negligence or willful misconduct, (ii) willful breach or (iii) employment claims made by Mach Resources employees.

Procedures for Review, Approval or Ratification of Transactions with Related Persons

We expect that the Board will adopt policies for the review, approval and ratification of transactions with related persons. We anticipate the Board will adopt a written code of business conduct and ethics, under which a director would be expected to bring to the attention of the chief executive officer or the Board any conflict or potential conflict of interest that may arise between the director in his or her personal capacity or any affiliate of the director in his or her personal capacity, on the one hand, and us or our general partner on the other and under which the Board or its authorized committee will periodically review all related person transactions that are required to be disclosed under SEC rules and, when appropriate, initially authorize or ratify all such transactions. The resolution of any such conflict or potential conflict should, at the discretion of the Board in light of the circumstances, be determined by a majority of the disinterested directors.

If a conflict or potential conflict of interest arises between our general partner or its affiliates, on the one hand, and us or our unitholders, on the other hand, the resolution of any such conflict or potential conflict should be addressed by the Board in accordance with the provisions of our partnership agreement. At the discretion of the Board in light of the circumstances, the resolution may be determined by the Board in its entirety, by the conflicts committee of the Board or by approval of our unitholders (other than the general partner and its affiliates); provided, however, the MSA will require our general partner to seek approval by the conflicts committee of the Board in connection with an amendment to the MSA that, in the reasonable discretion of our general partner, adversely affects our unitholders.

Upon our adoption of our code of business conduct, our executive officers will be required to avoid personal conflicts of interest and not compete against us, in each case unless approved by the Board.

Please read "Conflicts of Interest and Duties — Conflicts of Interest" for additional information regarding the relevant provisions of our partnership agreement.

The code of business conduct and ethics described above will be adopted in connection with the closing of this offering, and as a result, the transactions described above were not reviewed according to such procedures.

CONFLICTS OF INTEREST AND DUTIES

Conflicts of Interest

Conflicts of interest exist and may arise in the future as a result of the relationships between our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) on the one hand, and us and our limited partners, on the other hand. In certain cases, directors and officers of our general partner have duties to manage our general partner at the direction of BCE-Mach Aggregator, which is controlled by the Sponsor, and Tom L. Ward through his ownership of Mach Resources. At the same time, our general partner has a duty to manage us in a manner that is not adverse to the best interests of our partnership. The Delaware Revised Uniform Limited Partnership Act (the "Delaware Act"), provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties otherwise owed by a general partner to limited partners and the partnership. Pursuant to these provisions, our partnership agreement contains various provisions replacing the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing the duties of our general partner and the methods of resolving conflicts of interest. Our partnership agreement also specifically limits the remedies available to limited partners for actions taken that, without these defined liability standards, might constitute breaches of fiduciary duty under applicable Delaware law.

Whenever a conflict arises between our general partner or its affiliates, on the one hand, and us or any other partner, on the other hand, our general partner will resolve that conflict. Our general partner may seek the approval of such resolution from the conflicts committee of the Board or from our unitholders. There is no requirement under our partnership agreement that our general partner seek the approval of the conflicts committee or our unitholders for the resolution of any conflict, and, under our partnership agreement, our general partner may decide to seek such approval or resolve a conflict of interest in any other way permitted by our partnership agreement, as described below, in its sole discretion; provided, however, the MSA will require our general partner to seek approval by the conflicts committee of the Board in connection with an amendment to the MSA that, in the reasonable discretion of our general partner, adversely affects our unitholders. Our general partner will make such decisions on a case-by-case basis. An independent third party is not required to evaluate the fairness of the resolution. In determining whether to refer a matter to the conflicts committee or to our unitholders for approval, our general partner will consider a variety of factors, including the nature of the conflict, the size and dollar amount involved, the identity of the parties involved and any other factors the Board deems relevant in determining whether it will seek approval from the conflicts committee or our unitholders. Whenever our general partner makes a determination to refer or not to refer any potential conflict of interest to the conflicts committee for approval or to seek or not to seek unitholder approval, our general partner is acting in its individual capacity, which means that it may act free of any duty or obligation whatsoever to us or our unitholders and will not be required to act in good faith or pursuant to any other standard or duty imposed by our partnership agreement or under applicable law, other than the implied contractual covenant of good faith and fair dealing. For a more detailed discussion of the duties applicable to our general partner, as well as the implied contractual covenant of good faith and fair dealing, please read "— Duties of Our General Partner."

Our general partner will not be in breach of its obligations under our partnership agreement or its duties to us or our limited partners if the resolution of the conflict is:

- approved by the conflicts committee, which our partnership agreement defines as "special approval";
- approved by the vote of a majority of the outstanding common units, excluding any common units owned by our general partner or any of its affiliates;
- determined by the Board to be on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
- determined by the Board to be fair and reasonable to us, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to us.

If our general partner seeks approval from the conflicts committee, then it will be presumed that, in making its decision, the conflicts committee acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will

have the burden of overcoming such presumption. If our general partner does not seek approval from the conflicts committee or our unitholders and our general partner's board of directors determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the third and fourth bullet points above, then it will be presumed that, in making its decision, the Board acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. Unless the resolution of a conflict is specifically provided for in our partnership agreement or the MSA, our general partner or the conflicts committee of our general partner's board of directors may consider any factors it determines in good faith to consider when resolving a conflict. When our partnership agreement requires someone to act in good faith, it requires that person to subjectively believe that he or she is acting in a manner that is not adverse to the best interests of the partnership or that the determination to take or not to take action meets the specified standard; for example, the person may determine that a transaction is being entered into on terms no less favorable to us than those generally being provided to or available from unrelated third parties, or is "fair and reasonable" to us. In taking such action, such person may take into account the totality of the circumstances or the totality of the relationships between the parties involved, including other relationships or transactions that may be particularly favorable or advantageous to us. If that person has the required subjective belief, then the decision or action will be conclusively deemed to be in good faith for all purposes under our partnership agreement. Please read "Management — Committees of the Board of Directors — Conflicts Committee" for information about the conflicts committee of our general partner's board of directors.

Conflicts of interest could arise in the situations described below, among others:

Agreements between us, on the one hand, and our general partner and its affiliates, on the other hand, are not and will not be the result of arm's-length negotiations.

Neither our partnership agreement nor any of the other agreements, contracts and arrangements between us and our general partner and its affiliates are or will be the result of arm's-length negotiations. Our partnership agreement generally provides that any affiliated transaction, such as an agreement, contract or arrangement between us and our general partner and its affiliates that does not receive unitholder or conflicts committee approval, must be determined by the Board to be:

- on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
- "fair and reasonable" to us, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to us.

Our general partner's affiliates may compete with us and neither our general partner nor its affiliates have any obligation to present business opportunities to us.

Our partnership agreement provides that our general partner is restricted from engaging in any business activities other than those incidental to its ownership of interests in us. However, affiliates of our general partner are not prohibited from engaging in other businesses or activities, including those that might directly compete with us. In addition, under our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, will not apply to our general partner and its affiliates. As a result, neither our general partner nor any of its affiliates have any obligation to present business opportunities to us.

Our general partner is allowed to take into account the interests of parties other than us in resolving conflicts of interest.

Our partnership agreement contains provisions that permissibly modify and reduce the standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner or otherwise, free of any duty or obligation whatsoever to us and our unitholders, including any duty to act in a manner not adverse to the best interests of us or our unitholders, other than the implied contractual covenant of good faith and fair dealing, which means that a court will enforce the reasonable expectations of the

partners at the time our partnership agreement was entered into where the language in our partnership agreement does not provide for a clear course of action. This entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner. Examples of decisions that our general partner may make in its individual capacity include the allocation of corporate opportunities among us and our affiliates, the exercise of its limited call right or its voting rights with respect to the units it owns, whether to exercise its registration rights, and whether or not to consent to any merger, consolidation or conversion of the partnership or amendment to our partnership agreement.

We do not have any officers or employees and rely solely on officers and employees of our general partner and its affiliates.

Affiliates of our general partner conduct businesses and activities of their own in which we have no economic interest. There could be material competition for the time and effort of the officers and employees who provide services to our general partner.

Our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties and limits our general partner's liabilities and the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty under applicable Delaware law.

Our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. This entitles our general partner to consider only the interests and factors that it desires, and our general partner has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner;
- provides that our general partner shall not have any liability to us or our limited partners for decisions made in its capacity so long as such decisions are made in good faith;
- generally provides that in a situation involving a transaction with an affiliate or a conflict of interest, any determination by our general partner must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our public common unitholders or the conflicts committee and the Board determines that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest is either on terms no less favorable to us than those generally being provided to or available from unrelated third parties or is "fair and reasonable" to us, considering the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us, then it will be presumed that in making its decision, the Board acted in good faith, and in any proceeding brought by or on behalf of any limited partner or us challenging such decision, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption; and
- provides that our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers or directors, as the cases may be, acted in bad faith or engaged in intentional fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal.

By purchasing a common unit, a common unitholder will be deemed to have agreed to become bound by the provisions in our partnership agreement, including the provisions discussed above.

Except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval.

Under our partnership agreement, our general partner has full power and authority to do all things, other than those items that require unitholder approval, on such terms as it determines to be necessary or appropriate to conduct our business including, but not limited to, the following:

- the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible into or exchangeable for equity interests of the partnership, and the incurring of any other obligations;
- the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over our business or assets;
- the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of our assets or the merger or other combination of us with or into another person;
- the negotiation, execution and performance of any contracts, conveyances or other instruments;
- the distribution of cash held by the partnership;
- the selection and dismissal of employees and agents, attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring;
- the maintenance of insurance for our benefit and the benefit of our partners and indemnitees;
- the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations, limited liability companies or other entities;
- the control of any matters affecting our rights and obligations, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or mediation and the incurring of legal expense and the settlement of claims and litigation;
- the indemnification of any person against liabilities and contingencies to the extent permitted by law;
- the purchase, sale or other acquisition or disposition of our equity interests, or the issuance of additional options, rights, warrants and appreciation rights relating to our equity interests; and
- the entering into of agreements with any of its affiliates to render services to us or to itself in the discharge of its duties as our general partner.

Please read “The Partnership Agreement” for information regarding the voting rights of unitholders.

We will reimburse our general partner and its affiliates for expenses.

Pursuant to our partnership agreement, we will reimburse our general partner and its affiliates for costs and expenses they incur and payments they make on our behalf. Our partnership agreement provides that our general partner will determine such other expenses that are allocable to us, and our partnership agreement does not limit the amount of expenses for which our general partner and its affiliates may be reimbursed. Such reimbursements will be made prior to making any distributions on our common units. Please read “The Partnership Agreement — Reimbursement of Expenses.”

Our general partner intends to limit its liability regarding our obligations.

Our general partner intends to limit its liability under contractual arrangements so that the other party to such agreements has recourse only against our assets and not against our general partner or its assets or any affiliate of our general partner or its assets. Our partnership agreement permits our general partner to limit its or our liability, even if we could have obtained terms that are more favorable without the limitation on liability.

Common units are subject to our general partner's limited call right.

Our general partner may exercise its right to call and purchase common units as provided in our partnership agreement or assign this right to one of its affiliates or to us free of any liability or obligation to us or our partners. As a result, a common unitholder may have his common units purchased from him at an undesirable time or price. Please read "The Partnership Agreement — Limited Call Right."

Limited partners have no right to enforce obligations of our general partner and its affiliates under agreements with us.

Any agreements between us, on the one hand, and our general partner and its affiliates, on the other, will not grant to the limited partners, separate and apart from us, the right to enforce the obligations of our general partner and its affiliates in our favor.

Our general partner decides whether to retain separate counsel, accountants or others to perform services for us.

The attorneys, independent accountants and others who perform services for us have been retained by our general partner. Attorneys, independent accountants and others who perform services for us are selected by our general partner or the conflicts committee and may also perform services for our general partner and its affiliates. We may retain separate counsel for ourselves or the holders of common units in the event of a conflict of interest between our general partner and its affiliates, on the one hand, and us or the holders of common units, on the other, depending on the nature of the conflict. We do not intend to do so in most cases.

Duties of our General Partner

The Delaware Act provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties otherwise owed by a general partner to limited partners and the partnership, provided that partnership agreements may not eliminate the implied contractual covenant of good faith and fair dealing. This implied contractual covenant is a judicial doctrine utilized by Delaware courts in connection with interpreting ambiguities in partnership agreements and other contracts and does not form the basis of any separate or independent fiduciary duty in addition to the express contractual duties set forth in our partnership agreement. Under the implied contractual covenant of good faith and fair dealing, a court will enforce the reasonable expectations of the partners at the time the partnership agreement was entered into where the language in our partnership agreement does not provide for a clear course of action.

As permitted by the Delaware Act, our partnership agreement contains various provisions replacing the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing the duties of our general partner and the methods of resolving conflicts of interest. We have adopted these provisions to allow our general partner or its affiliates to engage in transactions with us that otherwise might be prohibited or restricted by state-law fiduciary standards and to take into account the interests of other parties in addition to or in lieu of our interests when resolving conflicts of interest. We believe this is appropriate and necessary because the Board has duties to manage our general partner at the direction of BCE-Mach Aggregator, which is controlled by the Sponsor, and Tom L. Ward through his ownership of Mach Resources. Without these provisions, our general partner's ability to make decisions involving conflicts of interest would be restricted. These provisions enable our general partner to take into consideration the interests of all parties involved in the proposed action. These provisions also strengthen the ability of our general partner to attract and retain experienced and capable directors. These provisions disadvantage the limited partners because they restrict the remedies available to limited partners for actions that, without those provisions, might constitute breaches of fiduciary duty, as described below and permit our general partner to take into account the interests of third parties in addition to our interests when resolving conflicts of interest. The following is a summary of:

- the fiduciary duties imposed on general partners of a limited partnership by Delaware law in the absence of partnership agreement provisions to the contrary;
- the contractual duties of our general partner contained in our partnership agreement that replace the fiduciary duties referenced in the preceding bullet that would otherwise be imposed by Delaware law on our general partner; and
- certain rights and remedies of our limited partners contained in our partnership agreement and the Delaware Act.

Delaware law fiduciary duty standards	Fiduciary duties are generally considered to include an obligation to act in good faith and with due care and loyalty. The duty of care, in the absence of a provision in a partnership agreement providing otherwise, would generally require a general partner of a Delaware limited partnership to use that amount of care that an ordinarily careful and prudent person would use in similar circumstances and to consider all material information reasonably available in making business decisions. The duty of loyalty, in the absence of a provision in a partnership agreement providing otherwise, would generally prohibit a general partner of a Delaware limited partnership from taking any action or engaging in any transaction where a conflict of interest is present unless such transaction were entirely fair to the partnership. Our partnership agreement modifies these standards as described below.
Partnership agreement modified standards	Our partnership agreement contains provisions that waive or consent to conduct by our general partner and its affiliates that might otherwise raise issues as to compliance with fiduciary duties or applicable law. For example, our partnership agreement provides that when our general partner is acting in its capacity as our general partner, as opposed to in its individual capacity, it must act in "good faith," meaning that it subjectively believed that the decision was not adverse to our best interests, and our general partner will not be subject to any other standard under our partnership agreement or applicable law, other than the implied contractual covenant of good faith and fair dealing. If our general partner has the required subjective belief, then the decision or action will be conclusively deemed to be in good faith for all purposes under our partnership agreement. In taking such action, our general partner may take into account the totality of the circumstances or the totality of the relationships between the parties involved, including other relationships or transactions that may be particularly favorable or advantageous to us. In addition, when our general partner is acting in its individual capacity, as opposed to in its capacity as our general partner, it may act free of any duty or obligation whatsoever to us or our limited partners, other than the implied contractual covenant of good faith and fair dealing. These standards reduce the obligations to which our general partner would otherwise be held under applicable Delaware law. Our partnership agreement generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the public common unitholders or the conflicts committee of the Board must be determined by the Board to be: • on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or • "fair and reasonable" to us, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to us. If our general partner seeks approval from the conflicts committee, then it will be presumed that, in making its decision, the conflicts committee acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. If our general partner does not seek approval from the public common unitholders or the conflicts committee and the Board determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the bullet points above, then it will be presumed that, in making its decision, the Board acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. These standards reduce the obligations to which our general partner would otherwise be held.

	In addition to the other more specific provisions limiting the obligations of our general partner, our partnership agreement further provides that our general partner, its affiliates and their officers and directors will not be liable for monetary damages to us or, our limited partners for losses sustained or liabilities incurred as a result of any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that such person acted in bad faith or engaged in intentional fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal.
Rights and remedies of limited partners	The Delaware Act favors the principles of freedom of contract and enforceability of partnership agreements and allows our partnership agreement to contain terms governing the rights of our unitholders. The rights of our unitholders, including voting and approval rights and the ability of the partnership to issue additional units, are governed by the terms of our partnership agreement. Please read "The Partnership Agreement." As to remedies of unitholders, the Delaware Act generally provides that a limited partner may institute legal action on behalf of the partnership to recover damages from a third party where a general partner has wrongfully refused to institute the action or where an effort to cause a general partner to do so is not likely to succeed. These actions include actions against a general partner for breach of its fiduciary duties, if any, or of our partnership agreement. In addition, the statutory or case law of some jurisdictions may permit a limited partner to institute legal action on behalf of himself and all other similarly situated limited partners to recover damages from a general partner for violations of its fiduciary duties to the limited partners.

By purchasing our common units, each common unitholder will be deemed to have agreed to be bound by the provisions in our partnership agreement, including the provisions discussed above. Please read "Description of the Common Units — Transfer Agent and Register — Transfer of Common Units." This is in accordance with the policy of the Delaware Act favoring the principle of freedom of contract and the enforceability of partnership agreements. The failure of a limited partner to sign our partnership agreement does not render our partnership agreement unenforceable against that person.

Under our partnership agreement, we must indemnify our general partner and its officers, directors and managers, to the fullest extent permitted by law, against liabilities, costs and expenses incurred by our general partner or these other persons. We must provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that our general partner or these persons acted in bad faith or engaged in intentional fraud or willful misconduct. We also must provide this indemnification for criminal proceedings unless our general partner or these other persons acted with knowledge that their conduct was criminal. Thus, our general partner could be indemnified for its negligent acts if it meets the requirements set forth above. To the extent that these provisions purport to include indemnification for liabilities arising under the U.S. federal securities laws, in the opinion of the SEC such indemnification is contrary to public policy and therefore unenforceable. Please read "The Partnership Agreement — Indemnification."

DESCRIPTION OF THE COMMON UNITS

The Units

The common units represent limited partner interests in us. The holders of common units are entitled to participate in partnership distributions and exercise the rights or privileges available to limited partners under our partnership agreement. For a description of the relative rights and preferences of holders of common units in and to partnership distributions, please read this section and "Our Cash Distribution Policy and Restrictions on Distributions." For a description of other rights and privileges of limited partners under our partnership agreement, including voting rights, please read "The Partnership Agreement."

Transfer Agent and Registrar

Duties

American Stock Transfer & Trust Company, LLC, a New York limited liability trust company will serve as registrar and transfer agent for the common units. We will pay all fees charged by the transfer agent for transfers of common units, except the following, which must be paid by our unitholders:

- surety bond premiums to replace lost or stolen certificates or to cover taxes and other governmental charges;
- special charges for services requested by a common unitholder; and
- other similar fees or charges.

There will be no charge to our unitholders for disbursements of our cash distributions. We will indemnify the transfer agent, its agents and each of their respective stockholders, directors, officers and employees against all claims and losses that may arise out of their actions for their activities in that capacity, except for any liability due to any gross negligence or willful misconduct of the indemnitee.

Resignation or Removal

The transfer agent may resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor is appointed, our general partner may act as the transfer agent and registrar until a successor is appointed.

Transfer of Common Units

By transfer of common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Each transferee:

- represents that the transferee has the capacity, power and authority to become bound by our partnership agreement;
- automatically agrees to be bound by the terms and conditions of our partnership agreement; and
- gives the consents, waivers and approvals contained in our partnership agreement, such as the approval of all transactions and agreements that we are entering into in connection with our formation and this offering.

Our general partner may amend our partnership agreement, as it determines necessary or advisable, to obtain proof of the U.S. federal income tax status and/or the nationality, citizenship or other related status of our limited partners (and their owners, to the extent relevant) and to permit our general partner to redeem the units held by any person (i) whose nationality, citizenship or related status creates substantial risk of cancellation or forfeiture of any of our property and/or (ii) who fails to comply with the procedures established to obtain such proof.

The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption. Please read "The Partnership Agreement — Non-Citizen Unitholders; Redemption."

In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a substituted limited partner in our partnership for the transferred common units. Our general partner will cause any transfers to be recorded on our books and records from time to time (or shall cause the transfer agent to do so, as applicable).

The transferor of common units will have a duty to provide the transferee with all information that may be necessary to transfer the common units. The transferor will not have a duty to insure the execution of the transfer application and certification by the transferee and will have no liability or responsibility if the transferee neglects or chooses not to execute and forward the transfer application and certification to the transfer agent.

Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

We may, at our discretion, treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and any transfers are subject to the laws governing transfers of securities.

THE PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our partnership agreement. The form of our partnership agreement is included in this prospectus as Appendix A. We will provide prospective investors with a copy of our partnership agreement upon request at no charge.

We summarize the following provisions of our partnership agreement elsewhere in this prospectus:

- with regard to distributions of available cash, please read "Our Cash Distribution Policy and Restrictions on Distributions" and "Provisions of Our Partnership Agreement Relating to Cash Distributions;"
- with regard to the duties of our general partner, please read "Conflicts of Interest and Duties;"
- with regard to the transfer of common units, please read "Description of the Common Units — Transfer Agent and Registrar — Transfer of Common Units;" and
- with regard to allocations of taxable income, taxable loss and other matters, please read "Material U.S. Federal Income Tax Consequences."

Organization and Duration

Our partnership was organized under Delaware law and will have a perpetual existence unless dissolved, wound up and terminated pursuant to the terms of our partnership agreement and the Delaware Act.

Purpose

Our purpose under our partnership agreement is to engage in any business activity that is approved by our general partner and that lawfully may be conducted by a limited partnership organized under Delaware law. However, our general partner may not cause us to engage, directly or indirectly, in any business activity that it determines would cause us to be treated as an association taxable as a corporation or otherwise taxable as an entity for U.S. federal income tax purposes, except as otherwise provided below under "— Election to be Treated as a Corporation."

Although our general partner has the ability to cause us and our subsidiaries to engage in activities other than the ownership, acquisition, exploitation and development of oil and natural gas properties and the ownership, acquisition and operation of related assets, our general partner has no current plans to do so and may decline to do so free of any fiduciary duty or obligation whatsoever to us or our limited partners, including any duty to act in good faith or in the best interests of us or our limited partners, other than the implied contractual covenant of good faith and fair dealing. Our general partner is generally authorized to perform all acts it determines to be necessary or appropriate to carry out our purposes and to conduct our business.

Capital Contributions

Unitholders are not obligated to make additional capital contributions, except as described under "— Limited Liability."

Limited Voting Rights

The following is a summary of the unitholder vote required for each of the matters specified below. Matters that call for the approval of a "unit majority" require the approval of a majority of the common units.

Various matters require the approval of a "unit majority," which means:

- the approval of a majority of the outstanding common units.

At the closing of this offering, the affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will have the ability to control the passage of, as well as the ability to control the defeat of, any amendment which requires a unit majority by virtue of their approximately % ownership of our common units (or % of our common units if the underwriters exercise in full their option to purchase additional common units).

In voting their common units, our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will have no duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interests of us or our limited partners, other than the implied contractual covenant of good faith and fair dealing. The holders of a majority of the common units (including common units deemed owned by our general partner and its affiliates) entitled to vote at the meeting, represented in person or by proxy shall constitute a quorum at a meeting of common unitholders, unless any such action requires approval by holders of a greater percentage of such units in which case the quorum shall be such greater percentage.

Issuance of additional units	No approval right. Please read "— Issuance of Additional Partnership Interests."
Amendment of the partnership agreement	Certain amendments may be made by our general partner without the approval of the unitholders. Other amendments generally require the approval of a unit majority. Please read "— Amendment of the Partnership Agreement."
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority, in certain circumstances. Please read "— Merger, Consolidation, Sale or Other Disposition of Assets."
Dissolution of our partnership	Unit majority. Please read "— Termination and Dissolution."
Continuation of our business upon certain events of dissolution	Unit majority. Please read "— Termination and Dissolution."
Withdrawal of our general partner	Under most circumstances, the approval of a majority of the outstanding common units, excluding common units held by our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources), is required for the withdrawal of our general partner in a manner that would cause a dissolution of our partnership. Please read "— Withdrawal or Removal of Our General Partner."
Removal of our general partner	Requires both (i) cause and (b) the vote of not less than 66⅔% of the outstanding common units, including units held by our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources), voting as a single class. Please read "— Withdrawal or Removal of Our General Partner."
Transfer of our general partner interest	Our general partner may transfer any or all of its general partner interest in us without a vote of our unitholders. Please read "— Transfer of General Partner Interest."
Transfer of ownership interests in our general partner	No unitholder approval required. Please read "— Transfer of Ownership Interests in Our General Partner."
Election to be treated as a corporation	No approval right. Please read "— Election to be Treated as a Corporation."

The limited liability company agreement of our general partner provides that the board of directors of our general partner will not take any action without approval of BCE-Mach Aggregator, which is wholly owned by the Sponsor, and Tom L. Ward through his ownership of Mach Resources, with respect to an extraordinary matter that would have, or would reasonably be expected to have, a material effect, directly or indirectly, on Sponsor's or management's interests in our general partner. Extraordinary matters include, but are not limited to:

- the commencement of any action relating to bankruptcy, insolvency, reorganization or relief of debtors by our general partner, us or any of our subsidiaries or joint ventures,
- a merger, consolidation, recapitalization or similar transaction involving our general partner, us or any of our material subsidiaries or joint ventures,
- a sale, exchange or other transfer not in the ordinary course of business of a substantial portion of the assets of ours, our general partner or any of our subsidiaries or joint ventures, viewed on a consolidated basis, in one or a series of related transactions,

- the issuance or repurchase of any equity interests in our general partner or a joint venture,
- a dissolution or liquidation of our general partner, us or any of our material subsidiaries or joint ventures, and
- any material amendment of the governing documents of a joint venture, or a transfer, sale or other disposition of by us, our general partner or any of our subsidiaries of equity interests in a joint venture.

Applicable Law; Forum, Venue and Jurisdiction

Our partnership agreement is governed by Delaware law. Our partnership agreement requires that any claims, suits, actions or proceedings:

- arising out of or relating in any way to the partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of the partnership agreement or the duties, obligations or liabilities among limited partners or of limited partners to us, or the rights or powers of, or restrictions on, the limited partners or us);
- brought in a derivative manner on our behalf;
- asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our general partner, or owed by our general partner, to us or the limited partners;
- asserting a claim arising pursuant to any provision of the Delaware Act; or
- asserting a claim governed by the internal affairs doctrine,

shall be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction, any other court located in the State of Delaware with subject matter jurisdiction), regardless of whether such claims, suits, actions or proceedings sound in contract, tort, fraud or otherwise, are based on common law, statutory, equitable, legal or other grounds, or are derivative or direct claims. The foregoing provision will not apply to any claims as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of such court, which is rested in the exclusive jurisdiction of a court or forum other than such court (including claims arising under the Exchange Act), or for which such court does not have subject matter jurisdiction, or to any claims arising under the Securities Act and, unless we consent in writing to the selection of an alternative forum, the United States federal district courts will be the sole and exclusive forum for resolving any action asserting a claim arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules or regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such Securities Act claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, the partnership agreement provides that, unless we consent in writing to the selection of an alternative forum, United States federal district courts shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. There is uncertainty as to whether a court would enforce the forum provision with respect to claims under the federal securities laws.

Our partnership agreement also provides that each limited partner waives the right to trial by jury in any such claim, suit, action or proceeding, including any claim under the U.S. federal securities laws, to the fullest extent permitted by applicable law. No unitholder can waive compliance with respect to the U.S. federal securities laws and the rules and regulations promulgated thereunder. If the partnership or one of the partnership unitholders opposed a jury trial demand based on the waiver, the applicable court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with applicable state and federal laws. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the U.S. federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of Delaware, which govern our partnership agreement.

By purchasing a common unit, a limited partner is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or such other courts in Delaware) in connection with any such claims, suits, actions or proceedings.

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Act and that he or she otherwise acts in conformity with the provisions of our partnership agreement, his or her liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital he or she is obligated to contribute to us for his or her common units plus his or her share of any undistributed profits and assets. If it were determined, however, that the right or exercise of the right by our limited partners as a group:

- to remove or replace our general partner;
- to approve some amendments to the partnership agreement; or
- to take other action under the partnership agreement;

constituted "participation in the control" of our business for the purposes of the Delaware Act, then our limited partners could be held personally liable for our obligations under Delaware law, to the same extent as our general partner. This liability would extend to persons who transact business with us and reasonably believe that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a limited partner were to lose limited liability through any fault of our general partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Act, a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to the partnership, except that such person is not obligated for liabilities unknown to him at the time he became a limited partner and that could not be ascertained from the partnership agreement.

Our operating subsidiaries conduct business in Oklahoma, Kansas and Texas, and we may have operating subsidiaries that conduct business in other states in the future. Maintenance of our limited liability as an owner of our operating subsidiary may require compliance with legal requirements in the jurisdictions in which our operating subsidiary conducts business, including qualifying our operating subsidiary to do business there.

Limitations on the liability of members or limited partners for the obligations of a limited liability company or limited partnership have not been clearly established in many jurisdictions. If, by virtue of our ownership in our subsidiaries or otherwise, it were determined that we were conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by our limited partners as a group to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other action under our partnership agreement constituted "participation in the control" of our business for purposes of the statutes of any relevant jurisdiction, then our limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as our general partner under the circumstances. We will operate in a manner that our general partner considers reasonable and necessary or appropriate to preserve the limited liability of our limited partners.

Issuance of Additional Partnership Interests

Our partnership agreement authorizes us to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by our general partner without the approval of our unitholders.

It is possible that we will fund acquisitions through the issuance of additional common units or other partnership interests. Holders of any additional common units we issue will be entitled to share equally with the then-existing holders of common units in our distributions of available cash. In addition, the issuance of additional common units or other partnership interests may dilute the value of the interests of the then-existing holders of common units in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership interests that, as determined by our general partner, may have special voting or other rights to which the common units are not entitled. In addition, our partnership agreement does not prohibit the issuance by our subsidiaries of equity interests, which may effectively rank senior to our common units.

Our general partner will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other partnership interests whenever, and on the same terms that, we issue those interests to persons other than our general partner and its affiliates, to the extent necessary to maintain the aggregate percentage interest in us of our general partner and its affiliates, including such interest represented by common units, that existed immediately prior to each issuance. The holders of common units will not have preemptive rights to acquire additional common units or other partnership interests.

Amendment of the Partnership Agreement

General

Amendments to our partnership agreement may be proposed only by our general partner. However, our general partner will have no duty or obligation to propose any amendment and may decline to do so free of any fiduciary duty or obligation whatsoever to us or our limited partners, including any duty to act in good faith or in the best interests of us or our limited partners, other than the implied contractual covenant of good faith and fair dealing. To adopt a proposed amendment, other than the amendments discussed below under "— No Unitholder Approval," our general partner is required to seek written approval of the holders of the number of units required to approve the amendment or call a meeting of our limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a unit majority.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, unless approved by at least a majority of the type or class of limited partner interests so affected; or
- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without the consent of our general partner, which consent may be given or withheld in its sole and absolute discretion.

The provisions of our partnership agreement preventing the amendments having the effects described in any of the clauses above can be amended upon the approval of the holders of at least % of the outstanding units voting together as a single class (including units owned by our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources)). Upon the consummation of this offering, the affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own an aggregate of approximately % of our outstanding common units (or % of our outstanding common units if the underwriters exercise in full their option to purchase additional common units), representing an aggregate of approximately % of our outstanding limited partnership units (or % of our outstanding limited partnership units if the underwriters exercise in full their option to purchase additional common units).

No Limited Partner Approval

Our general partner may generally make amendments to our partnership agreement without the approval of any limited partner to reflect:

- a change in our name, the location of our principal place of business, our registered agent or our registered office;
- the admission, substitution, withdrawal or removal of partners in accordance with our partnership agreement;
- a change that our general partner determines to be necessary or appropriate for us to qualify or to continue our qualification as a limited partnership or other entity in which the limited partners have limited liability under the laws of any state or to ensure that neither we nor our subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes, except as otherwise provided below under "— Election to be Treated as a Corporation";
- a change in our fiscal year or taxable year and related changes;
- an amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or the directors, officers, agents or trustees of our general partner from being subjected, in any manner, to the provisions of the Investment Company Act of 1940, the Investment Advisers Act of 1940, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed by the U.S. Department of Labor;
- an amendment that sets forth the designations, preferences, rights, powers and duties of any class or series of additional partnership securities or rights to acquire partnership securities, that our general partner determines to be necessary or appropriate or advisable for the authorization or issuance of additional partnership securities or rights to acquire partnership securities;
- any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;
- an amendment effected, necessitated or contemplated by a merger agreement or plan of conversion that has been approved under the terms of our partnership agreement;
- any amendment that our general partner determines to be necessary or appropriate to reflect and account for the formation by us of, or our investment in, any corporation, partnership, limited liability company, joint venture or other entity, as otherwise permitted by our partnership agreement;
- any amendment necessary to require our limited partners to provide a statement, certification or other evidence to us regarding whether such limited partner is subject to U.S. federal income taxation on the income generated by us and to provide for the ability of our general partner to redeem the units of any limited partner who fails to provide such statement, certification or other evidence;
- an amendment that our general partner determines to be necessary or appropriate or advisable in connection with conversions into, mergers with or conveyances to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the conversion, merger or conveyance other than those it receives by way of the conversion, merger or conveyance; or
- any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our general partner may make amendments to our partnership agreement without the approval of any limited partner if our general partner determines that those amendments:

- do not adversely affect our limited partners (or any particular class of limited partners) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;

- are necessary or appropriate to facilitate the trading of our units or to comply with any rule, regulation, guideline or requirement of any securities exchange on which our units are or will be listed for trading;
- are necessary or appropriate for any action taken by our general partner relating to splits or combinations of units under the provisions of our partnership agreement; or
- are required to effect the intent expressed in this prospectus or the intent of the provisions of our partnership agreement or are otherwise contemplated by our partnership agreement.

Opinion of Counsel and Unitholder Approval

For amendments of the type not requiring unitholder approval, our general partner will not be required to obtain an opinion of counsel that an amendment will not affect the limited liability of any limited partner under Delaware law. No other amendments to our partnership agreement will become effective without the approval of holders of at least % of the outstanding common units unless we first obtain such an opinion.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of outstanding units in relation to other classes of units will require the approval of at least a majority of the holders of the type or class of units so affected, but no vote will be required by the holders of any class or classes or type or types of units that our general partner determines are not adversely affected in any material respect. Any amendment that reduces the voting percentage required to take any action other than to remove the general partner or call a meeting of unitholders is required to be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced. Any amendment that would increase the percentage of units required to remove the general partner or call a meeting of unitholders must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the percentage sought to be increased.

Merger, Consolidation, Sale or Other Disposition of Assets

A merger, consolidation, or conversion of us requires the prior consent of our general partner. However, our general partner will have no duty or obligation to consent to any merger, consolidation, or conversion and may decline to do so free of any fiduciary duty or obligation whatsoever to us or our limited partners, including any duty to act in good faith or in the best interest of us or our limited partners, other than the implied contractual covenant of good faith and fair dealing.

In addition, our partnership agreement generally prohibits our general partner, without the prior approval of the holders of a unit majority, from causing us, among other things, to sell, exchange or otherwise dispose of all or substantially all of our and our subsidiaries' assets in a single transaction or a series of related transactions, including by way of merger, consolidation, conversion or other combination or sale of ownership interests of our subsidiaries. Our general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without such approval. Our general partner may also sell all or substantially all of our assets under a foreclosure or other realization upon those encumbrances without that approval. Finally, our general partner may consummate any merger, consolidation or conversion without the prior approval of our unitholders if we are the surviving entity in the transaction, our general partner has received an opinion of counsel regarding limited liability and tax matters, the transaction will not result in an amendment to our partnership agreement (other than an amendment that the general partner could adopt without the consent of the other partners), each of our units will be an identical unit of our partnership following the transaction, and the partnership interests to be issued do not exceed 20% of our outstanding partnership interests immediately prior to the transaction.

If the conditions specified in our partnership agreement are satisfied, our general partner may convert us or our subsidiaries into a new limited liability entity or merge us or any of our subsidiaries into, or convey all of our assets to, a newly formed entity, if the sole purpose of that conversion, merger or conveyance is to effect a mere change in our legal form into another limited liability entity, our general partner has received an opinion of counsel regarding limited liability and tax matters, and the governing instruments of the new entity provide our limited partners and our general partner with the same rights and obligations as contained in our partnership agreement. Our unitholders are not entitled to dissenters' rights of appraisal under our partnership agreement or applicable Delaware law in the event of a conversion, merger, consolidation or conversion, a sale of substantially all of our assets or any other similar transaction or event.

Termination and Dissolution

We will continue as a limited partnership until dissolved and terminated under our partnership agreement. We will dissolve upon:

- the withdrawal or removal of our general partner or any other event that results in its ceasing to be our general partner, other than by reason of a transfer of its general partner interest in accordance with our partnership agreement or a withdrawal or removal followed by approval and admission of a successor;
- the election of our general partner to dissolve us, if approved by the holders of a unit majority;
- the entry of a decree of judicial dissolution of our partnership pursuant to the provisions of the Delaware Act; or
- there being no limited partners, unless we are continued without dissolution in accordance with applicable Delaware law.

Upon a dissolution under the first bullet above, the holders of a unit majority may also elect, within specific time limitations, to continue our business on the same terms and conditions described in our partnership agreement by appointing as a successor general partner an entity approved by the holders of a unit majority, subject to our receipt of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability under Delaware law of any limited partner; and
- neither our partnership nor our subsidiaries would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes upon the exercise of that right to continue (to the extent not already so treated or taxed).

Liquidation and Distribution of Proceeds

Upon our dissolution, unless our business is continued, the liquidator authorized to wind up our affairs will, acting with all of the powers of our general partner that are necessary or appropriate, liquidate our assets and apply the proceeds of the liquidation as described in "Provisions of Our Partnership Agreement Relating to Cash Distributions — Distributions of Cash Upon Liquidation." The liquidator may defer liquidation or distribution of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

Withdrawal or Removal of Our General Partner

Except as described below, our general partner has agreed not to withdraw voluntarily as our general partner prior to , 2033 without obtaining the approval of the holders of at least a majority of our outstanding common units, excluding common units held by our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources), and furnishing an opinion of counsel regarding limited liability and tax matters. On or after , 2033, our general partner may withdraw as our general partner without first obtaining approval of any unitholder by giving at least 90 days' written notice, and that withdrawal will not constitute a violation of our partnership agreement. Notwithstanding the information above, our general partner may withdraw as our general partner without unitholder approval upon 90 days' notice to our limited partners if at least 50% of the outstanding common units are held or controlled by one person and its affiliates other than our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources). In addition, our partnership agreement permits our general partner to sell or otherwise transfer all of its general partner interest in us without the approval of our unitholders. Please read "— Transfer of General Partner Interest."

Upon voluntary withdrawal of our general partner by giving notice to the other partners, the holders of a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated. Please read "— Termination and Dissolution."

Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than 66⅔% of our outstanding units, voting together as a single class, including units held by our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources), and we receive an opinion of counsel regarding limited liability and tax matters. Any removal of our general partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of our outstanding common units. The ownership of more than 33⅓% of our outstanding units by our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) would give them the practical ability to prevent our general partner's removal. Upon the consummation of this offering, affiliates of our general partner (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) will own an aggregate of approximately % of our outstanding common units (or % of our outstanding common units if the underwriters exercise in full their option to purchase additional common units), representing approximately % of our outstanding limited partnership units (or % of our outstanding limited partnership units if the underwriters exercise in full their option to purchase additional common units).

In the event of removal of our general partner or withdrawal of our general partner where that withdrawal violates our partnership agreement, a successor general partner will have the option to purchase the departing general partner's general partner interest for a cash payment equal to the fair market value of those interests. Under all other circumstances where our general partner withdraws or is removed by the limited partners, the departing general partner will have the option to require the successor general partner to purchase the general partner interest of the departing general partner for fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and its affiliate and the successor general partner. If no agreement is reached, an independent investment banking firm or other independent expert selected by the departing general partner and its affiliate and the successor general partner will determine the fair market value. If the departing general partner and its affiliate and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner's general partner interest will automatically convert into common units equal to the fair market value of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

In addition, we will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing general partner or its affiliates for our benefit.

Transfer of General Partner Interest

Our general partner may transfer all or any of its general partner interest to an affiliate or a third party without the approval of our unitholders. As a condition of this transfer, the transferee must, among other things, assume the rights and duties of our general partner, agree to be bound by the provisions of our partnership agreement and furnish an opinion of counsel regarding limited liability and tax matters.

Our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) may at any time transfer common units to one or more persons without unitholder approval.

Transfer of Ownership Interests in Our General Partner

At any time, the members of our general partner may sell or transfer all or part of their membership interests in our general partner to an affiliate or a third party without the approval of our unitholders.

Election to be Treated as a Corporation

If at any time our general partner determines that (i) we should no longer be characterized as a partnership but instead as an entity taxed as a corporation for U.S. federal income tax purposes or (ii) common units held by some or all unitholders should be converted into or exchanged for interests in a newly formed entity taxed as a corporation for U.S. federal income tax purposes whose sole asset is interests in us (a "parent corporation"), then our general partner may, without unitholder approval, reorganize us and cause us to be treated as an entity taxable as a corporation for U.S. federal income tax purposes or cause us to engage in a merger or other transaction pursuant to which common units held by some or all unitholders will be converted into or exchanged for interests in the parent corporation. In addition, if our general partner causes partnership interests in us to be held by a parent corporation, our Existing Owners may choose to retain their partnership interests in us rather than convert or exchange their partnership interests into parent corporation shares. The general partner may take any of the foregoing actions if it in good faith determines (meaning it subjectively believes) that such action is not adverse to our best interests. Any such event may be taxable or nontaxable to our unitholders, depending on the form of the transaction. The tax liability, if any, of a unitholder as a result of such an event may vary depending on the unitholder's particular situation and may vary from the tax liability of each of our Existing Owners. Our general partner will have no duty or obligation to make any such determination or take any such actions, however, and may decline to do so free of any duty or obligation whatsoever to us or our limited partners, including any duty to act in a manner not adverse to the best interests of us or our limited partners.

Change of Management Provisions

Our partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove our general partner or otherwise change the management of our general partner. If any person or group other than our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to any person or group that acquires the units from our general partner or its affiliates and any transferees of that person or group approved by our general partner or to any person or group who acquires the units with the prior approval of the Board.

Limited Call Right

If at any time our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) own more than % of our then-issued and outstanding limited partner interests of any class, our general partner will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the limited partner interests of the class held by unaffiliated persons as of a record date to be selected by our general partner, on at least 10 but not more than 60 days' notice. The purchase price in the event of this purchase is the greater of:

- the highest cash price paid by either of our general partner or any of its affiliates for any limited partner interests of the class purchased within the 90 days preceding the date on which our general partner first mails notice of its election to purchase those limited partner interests; and
- the current market price calculated in accordance with our partnership agreement as of the date three business days before the date the notice is mailed.

As a result of our general partner's right to purchase outstanding limited partner interests, a holder of limited partner interests may have its limited partner interests purchased at a price that may be lower than market prices at various times prior to such purchase or lower than a unitholder may anticipate the market price to be in the future. The federal income tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of its common units in the market. Please read "Material U.S. Federal Income Tax Consequences — Disposition of Units."

Meetings; Voting

Except as described below regarding a person or group owning 20% or more of any class of units then outstanding, record holders of common units on the record date will be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited.

Our general partner does not anticipate that any meeting of unitholders will be called in the foreseeable future. Any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or without a meeting if consents in writing describing the action so taken are signed by holders of the number of units necessary to authorize or take such action at a meeting. Meetings of the unitholders may be called by our general partner or by unitholders owning at least 20% of the outstanding units of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called, entitled to vote at the meeting represented in person or by proxy, will constitute a quorum unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum will be the greater percentage.

Each record holder of a unit has a vote according to his percentage interest in us, although additional limited partner interests having special voting rights could be issued. Please read "— Issuance of Additional Partnership Interests." However, if at any time any person or group, other than our general partner and its affiliates (including the Sponsor and Tom L. Ward through his ownership of Mach Resources) or a direct or subsequently approved transferee of our general partner or its affiliates or a transferee of that person or group approved by our general partner or a person or group specifically approved by our general partner or the Board, as applicable, acquires, in the aggregate, beneficial ownership of 20% or more of any class of units then outstanding, that person or group will lose voting rights on all of its units and the units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes. Common units held by a nominee or in a street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record holders of common units under our partnership agreement will be delivered to the record holder by us or by the transfer agent or an exchange agent.

Status as Limited Partner

By transfer of any common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission is reflected in our books and records. Except as described under "— Limited Liability," the common units will be fully paid, and unitholders will not be required to make additional contributions.

Non-Citizen Unitholders; Redemption

We may acquire interests in oil and natural gas leases on United States federal lands in the future. To comply with certain U.S. laws relating to the ownership of interests in oil and natural gas leases on federal lands, our general partner, acting on our behalf, may amend our partnership agreement, as it determines necessary or advisable, to obtain proof of the U.S. federal income tax status and/or the nationality, citizenship or other related status of our limited partners (and their owners, to the extent relevant) and to permit our general partner to redeem the units held by any person (i) whose nationality, citizenship or related status creates substantial risk of cancellation or forfeiture of any of our property and/or (ii) who fails to comply with the procedures established to obtain such proof. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption. Further, the units held by such unitholder will not be entitled to any voting rights and may not receive distributions in-kind upon our liquidation.

Furthermore, we have the right to redeem all of the common units of any holder that our general partner concludes is an not an eligible holder pursuant to our partnership agreement or fails to furnish the information requested by our general partner. The redemption price in the event of such redemption for each unit held by such unitholder will be the current market price of such unit (the date of determination of which shall be the date fixed for redemption). The redemption price will be paid, as determined by our general partner, in cash or by delivery of a promissory note. Any such promissory note will bear interest at the rate of 5% annually and be payable in three equal annual installments of principal and accrued interest, commencing one year after the redemption date.

For the avoidance of doubt, onshore mineral leases or any direct or indirect interest therein may be acquired and held by aliens only through stock ownership, holding or control in a corporation organized under the laws of the United States or of any state thereof.

Indemnification

Under our partnership agreement, unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that such person acted in bad faith or engaged in intentional fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal, we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events,:

- our general partner;
- any departing general partner;
- any person who is or was an affiliate of our general partner or any departing general partner;
- any person who is or was a director, officer, manager, managing member, partner, fiduciary or trustee of any entity set forth in the preceding three bullet points;
- any person who is or was serving as a director, officer, manager, managing member, partner, fiduciary or trustee of another person at the request of our general partner or any departing general partner; and
- any person designated by our general partner.

Any indemnification under these provisions will only be out of our assets. Unless it otherwise agrees, our general partner will not be personally liable for, or have any obligation to contribute or lend funds or assets to us to enable us to effectuate, indemnification. We may purchase insurance covering liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our partnership agreement.

Reimbursement of Expenses

Our partnership agreement requires us to reimburse our general partner for all direct and indirect expenses it incurs or payments it makes on our behalf and all other expenses allocable to us or otherwise incurred by our general partner in connection with operating our business. These expenses include salary, bonus, incentive compensation, and other amounts paid to persons who perform services for us or on our behalf, and expenses allocated to our general partner by its affiliates. Our general partner is entitled to determine in good faith the expenses that are allocable to us. The expenses for which we are required to reimburse our general partner are not subject to any caps or other limits.

Books and Reports

Our general partner is required to keep appropriate books of our business at our principal offices. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For financial reporting and tax purposes, our fiscal year is the calendar year.

We will mail or make available to record holders of common units, within 105 days after the close of each fiscal year, an annual report containing audited financial statements and a report on those financial statements by our independent registered public accounting firm. Except for our fourth quarter, we will also mail or make available a report containing unaudited financial statements within 50 days after the close of each quarter. We will be deemed to have made any such report available if we file such report with the SEC on EDGAR or make the report available on a publicly available website which we maintain.

We will furnish each record holder of a unit with information reasonably required for tax reporting purposes within 90 days after the close of each calendar year. This information is expected to be furnished in summary form so that some complex calculations normally required of partners can be avoided. Our ability to furnish this summary information to our unitholders will depend on the cooperation of our unitholders in supplying us with specific information. Every unitholder will receive information to assist it in determining its federal and state tax liability and filing its federal and state income tax returns, regardless of whether such unitholder supplies us with information.

Right to Inspect Our Books and Records

Our partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable written demand stating the purpose of such demand and at his own expense, obtain:

- a current list of the name and last known address of each record holder;
- copies of our partnership agreement and our certificate of limited partnership and related amendments thereto; and
- certain information regarding the status of our business and financial condition.

Our general partner may, and intends to, keep confidential from the limited partners, trade secrets or other information the disclosure of which our general partner determines is not in our best interests or that we are required by law or by agreements with third parties to keep confidential. Our partnership agreement limits the right to information that a limited partner would otherwise have under Delaware law.

Registration Rights

Under our partnership agreement, we have agreed to register for resale under the Securities Act and applicable state securities laws any common units or other partnership interests proposed to be sold by our general partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of our general partner. Please read “Units Eligible for Future Sale.”

UNITS ELIGIBLE FOR FUTURE SALE

After the sale of the common units offered hereby, the Existing Owners will hold an aggregate of common units. The sale of these units could have an adverse impact on the price of the common units or on any trading market that may develop.

The common units sold in this offering will generally be freely transferable without restriction or further registration under the Securities Act, except that any common units owned by an "affiliate" of ours may not be resold publicly except in compliance with the registration requirements of the Securities Act or under an exemption under Rule 144 or otherwise. Rule 144 permits securities acquired by an affiliate of the issuer to be sold into the market in an amount that does not exceed, during any three-month period, the greater of:

- 1.0% of the total number of the securities outstanding; or
- the average weekly reported trading volume of the common units for the four calendar weeks prior to the sale.

Sales under Rule 144 are also subject to specific manner of sale provisions, holding period requirements, notice requirements and the availability of current public information about us. A unitholder who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned his common units for at least six months (provided we are in compliance with the current public information requirement) or one year (regardless of whether we are in compliance with the current public information requirement), would be entitled to sell those common units under Rule 144 without regard to the volume limitations, manner of sale provisions and notice requirements of Rule 144.

Our Partnership Agreement and Registration Rights

Our partnership agreement provides that we may issue an unlimited number of limited partner interests of any type without a vote of the unitholders. Any issuance of additional common units or other equity interests would result in a corresponding decrease in the proportionate ownership interest in us represented by, and could adversely affect the cash distributions to and market price of, our common units then outstanding. Please read "The Partnership Agreement — Issuance of Additional Partnership Interests."

Under our partnership agreement, our general partner and its affiliates, including the Sponsor and Tom L. Ward through his ownership of Mach Resources, have the right to cause us to register under the Securities Act and applicable state securities laws the offer and sale of any common units or other partnership interests that they hold, which we refer to as registerable securities. Subject to the terms and conditions of our partnership agreement, these registration rights allow our general partner and its affiliates or their assignees holding any registerable securities to require registration of such registerable securities and to include any such registerable securities in a registration by us of common units or other partnership interests, including common units or other partnership interests offered by us or by any unitholder. Our general partner and its affiliates will continue to have these registration rights for two years following the withdrawal or removal of our general partner. In connection with any registration of units held by our general partner or its affiliates, we will indemnify each unitholder participating in the registration and its officers, directors, and controlling persons from and against any liabilities under the Securities Act or any applicable state securities laws arising from the registration statement or prospectus. We will bear all costs and expenses incidental to any registration, excluding any underwriting discounts. Except as described below, our general partner and its affiliates may sell their common units or other partnership interests in private transactions at any time, subject to compliance with applicable laws.

Lock-Up Agreements

We, the Sponsor and all of our directors and executive officers have agreed not to sell any common units or securities convertible into or exchangeable for common units for a period of 180 days from the date of this prospectus, subject to certain exceptions. For a description of these lock-up provisions, please read "Underwriting."

Registration Statement on Form S-8

Prior to the completion of this offering, we expect to adopt a new long-term incentive plan (the "Long-Term Incentive Plan"). If adopted, we intend to file a registration statement on Form S8 under the Securities Act to register common units issuable under the Long-Term Incentive Plan. This registration statement on Form S-8 is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, common units issued under the Long-Term Incentive Plan will be eligible for resale in the public market without restriction after the effective date of the Form S-8 registration statement, subject to applicable vesting requirements, Rule 144 limitations applicable to affiliates and the lock-up restrictions described above.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

This section is a summary of certain material U.S. federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States and, unless otherwise noted in the following discussion, is the opinion of Kirkland & Ellis LLP, counsel to our general partner and us, insofar as it relates to legal conclusions with respect to matters of U.S. federal income tax law. This section is based upon current provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed U.S. Treasury regulations promulgated under the Code (the "Treasury Regulations") and current administrative rulings and court decisions, all of which are subject to change. Later changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. Unless the context otherwise requires, references in this section to "us" or "we" are references to Mach Natural Resources and our operating subsidiaries.

This discussion focuses on unitholders who are individual citizens or residents of the United States and has only limited application to other categories of unitholders, such as corporations (or entities treated as corporations for U.S. federal income tax purposes), partnerships (or entities treated as partnerships for U.S. federal income tax purposes), trusts and estates. This discussion does not address all tax considerations that may be relevant to a particular unitholder in light of the unitholder's circumstances. Moreover, this discussion does not address, or addresses only to a limited extent, the tax considerations that may be applicable to certain categories of unitholders that may be subject to special tax treatment under U.S. federal income tax laws, such as:

- U.S. expatriates and former citizens or long-term residents of the United States;
- banks, insurance companies and other financial institutions;
- tax-exempt institutions and IRAs;
- foreign persons (including controlled foreign corporations, passive foreign investment companies and foreign persons eligible for the benefits of an applicable income tax treaty with the United States);
- real estate investment trusts;
- mutual funds;
- dealers or traders in securities or currencies;
- U.S. persons whose "functional currency" is not the U.S. dollar;
- persons holding their units as part of a straddle, hedge, conversion, constructive sale or other integrated transaction; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our common units being taken into account in an applicable financial statement.

In addition, this discussion does not comment on all U.S. federal income tax matters affecting us or our unitholders, such as the application of the alternative minimum tax, and only comments to a limited extent on state, local and foreign tax consequences. ***Accordingly, we encourage each prospective unitholder to consult his own tax advisor in analyzing the U.S. federal, state, local and foreign tax consequences particular to him of the ownership or disposition of common units and potential changes in applicable laws***.

No ruling has been requested from the IRS regarding our characterization as a partnership for tax purposes. Instead, we will rely on opinions of Kirkland & Ellis LLP. Unlike a ruling, an opinion of counsel represents only that counsel's best legal judgment and does not bind the IRS or the courts. Accordingly, the opinions and statements made herein may not be sustained by a court if contested by the IRS. Any contest of this sort with the IRS may materially and adversely impact the market for our common units, including the prices at which our common units trade. In addition, the costs of any contest with the IRS, principally legal, accounting and related fees, will result in a reduction in cash available for distribution to our unitholders and thus will be borne indirectly by our unitholders. Furthermore, the tax treatment of us, or of an investment in us, may be significantly modified by future legislative or administrative changes or court decisions. Any modifications may or may not be retroactively applied.

Unless otherwise noted, all statements as to matters of U.S. federal income tax law and legal conclusions with respect thereto, but not as to factual matters, contained in this section are the opinion of Kirkland & Ellis LLP and are based on the accuracy of the representations made by us. Notwithstanding the foregoing, and for the reasons described below, Kirkland & Ellis LLP has not rendered an opinion with respect to the following specific U.S. federal income tax issues: (i) the treatment of a unitholder whose common units are loaned to a short seller to cover a short sale of common units (please read "— Tax Consequences of Unit Ownership — Treatment of Short Sales"); (ii) whether all aspects of our method for allocating taxable income and losses is permitted by existing Treasury Regulations (please read "— Disposition of Common Units — Allocations Between Transferors and Transferees"); (iii) whether our method for taking into account Section 743 adjustments is sustainable in certain cases (please read "— Tax Consequences of Unit Ownership — Section 754 Election" and "— Uniformity of Units"); and (iv) whether percentage depletion will be available to a unitholder or the extent of the percentage depletion deduction (please read "— Tax Treatment of Operations — Depletion Deductions").

Partnership Status

A partnership is not a taxable entity and generally incurs no U.S. federal income tax liability. Instead, each partner of a partnership is required to take into account his share of items of income, gain, loss and deduction of the partnership in computing his U.S. federal income tax liability, regardless of whether cash distributions are made to him by the partnership. Distributions by a partnership to a partner are generally not taxable to the partnership or the partner unless the amount of cash distributed to him is in excess of the partner's adjusted basis in his partnership interest.

Section 7704 of the Code provides that publicly traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists with respect to publicly traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the exploration, development, mining or production, processing, refining, transportation and marketing of certain minerals and natural resources, including crude oil, natural gas and certain products thereof, certain related hedging activities, certain activities that are intrinsic to other qualifying activities, and our allocable share of our subsidiaries' income from these sources. Other types of qualifying income include interest (other than from a financial business), dividends, real property rents, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. We estimate that less than % of our current gross income is not qualifying income; however, this estimate could change from time to time. Based upon and subject to this estimate, Kirkland & Ellis LLP is of the opinion that at least 90% of our current gross income constitutes qualifying income.

The IRS has made no determination as to our status or the status of our operating subsidiaries for U.S. federal income tax purposes or whether our operations generate "qualifying income" under Section 7704 of the Code. Instead, we will rely on the opinion of Kirkland & Ellis LLP on such matters. It is the opinion of Kirkland & Ellis LLP that, based upon the Code, the Treasury Regulations, published revenue rulings and court decisions and the representations described below that:

- We will be classified as a partnership for U.S. federal income tax purposes; and
- Each of our operating subsidiaries will be treated as a partnership or will be disregarded as an entity separate from us for U.S. federal income tax purposes.

In rendering its opinion, Kirkland & Ellis LLP has relied on factual representations made by us and our general partner. The representations made by us and our general partner upon which Kirkland & Ellis LLP has relied include:

- Neither we nor any of our operating subsidiaries has elected or will elect to be treated as a corporation for U.S. federal income tax purposes;
- For each taxable year, more than 90% of our gross income has been and will be income of the type that Kirkland & Ellis LLP has opined or will opine is "qualifying income" within the meaning of Section 7704(d) of the Code; and

- Each commodity hedging transaction that we treat as resulting in qualifying income has been and will be appropriately identified as a hedging transaction pursuant to the applicable Treasury Regulations, and has been and will be associated with oil, gas or products thereof that are held or to be held by us in activities of a type that Kirkland & Ellis LLP has opined or will opine result in qualifying income.

We believe that these representations have been true in the past, are true as of the date hereof and expect that these representations will continue to be true in the future.

If we fail to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery (in which case the IRS may also require us to make adjustments with respect to our unitholders or pay other amounts), we will be treated as if we had transferred all of our assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which we fail to meet the Qualifying Income Exception, in return for stock in that corporation, and then distributed that stock to the unitholders in liquidation of their interests in us. This deemed contribution and liquidation should be tax-free to unitholders and us so long as we, at that time, do not have liabilities in excess of the tax basis of our assets. Thereafter, we would be treated as a corporation for U.S. federal income tax purposes.

In addition, our general partner may, without unitholder approval, reorganize us and cause us to be treated as an entity taxable as a corporation for U.S. federal income tax purposes or cause us to enter into a transaction in which common units held by some or all unitholders will be converted into or exchanged for interests in a newly formed entity taxed as a corporation for U.S. federal income tax purposes whose sole asset is interests in us. Any such event may be taxable or nontaxable to our unitholders, depending on the form of the transaction. Please read “The Partnership Agreement — Election to be Treated as a Corporation.”

If we were treated as an association taxable as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, our items of income, gain, loss and deduction would be reflected only on our tax return rather than being passed through to our unitholders, and our net income would be taxed to us at corporate rates. In addition, any distribution made to a unitholder generally would be treated as (i) taxable dividend income, to the extent of our current and accumulated earnings and profits, (ii) then as a nontaxable return of capital, to the extent of the unitholder’s tax basis in his common units, and (iii) then as taxable capital gain, after the unitholder’s tax basis in his common units is reduced to zero. Accordingly, taxation as a corporation would result in a material reduction in a unitholder’s cash flow and after-tax return and thus would likely result in a substantial reduction of the value of the common units.

The discussion below is based on Kirkland & Ellis LLP’s opinion that we will be classified as a partnership for U.S. federal income tax purposes.

Limited Partner Status

Unitholders of Mach Natural Resources will be treated as partners of Mach Natural Resources for U.S. federal income tax purposes. In addition, unitholders whose common units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of all substantive rights attendant to the ownership of their common units will be treated as partners of Mach Natural Resources for U.S. federal income tax purposes.

A beneficial owner of common units whose common units have been transferred to a short seller to complete a short sale would appear to lose his status as a partner with respect to those common units for U.S. federal income tax purposes. Please read “— Tax Consequences of Unit Ownership — Treatment of Short Sales.” Income, gains, losses or deductions would not appear to be reportable by a unitholder who is not a partner for U.S. federal income tax purposes, and any cash distributions received by a unitholder who is not a partner for U.S. federal income tax purposes would therefore appear to be fully taxable as ordinary income. These holders are urged to consult their tax advisors with respect to the tax consequences to them of holding common units. The references to “unitholders” in the discussion that follows are to persons who are treated as partners in Mach Natural Resources for U.S. federal income tax purposes.

Tax Consequences of Unit Ownership

Flow-Through of Taxable Income

Subject to the discussion below under "— Entity-Level Collections," we will not pay any U.S. federal income tax. Instead, each unitholder will be required to report on his income tax return his share of our income, gains, losses and deductions without regard to whether we make cash distributions to him. Consequently, we may allocate income to a unitholder even if he has not received a cash distribution. Each unitholder will be required to include in income his allocable share of our income, gains, losses and deductions for our taxable year ending with or within his taxable year. Our taxable year ends on December 31.

Treatment of Distributions

Distributions of cash by us to a unitholder generally will not be taxable to the unitholder for U.S. federal income tax purposes, except to the extent the amount of any such distribution exceeds his tax basis in his common units immediately before the distribution. Cash distributions in excess of a unitholder's tax basis generally will be treated as gain from the sale or exchange of the common units, taxable in accordance with the rules described under "— Disposition of Common Units." Any reduction in a unitholder's share of our liabilities for which no partner, including the general partner, bears the economic risk of loss, known as "nonrecourse liabilities," will be treated as a distribution by us of cash to that unitholder. To the extent our distributions cause a unitholder's "at-risk" amount to be less than zero at the end of any taxable year, he must recapture any losses deducted in previous years. Please read "— Limitations on Deductibility of Losses."

A decrease in a unitholder's percentage interest in us because of our issuance of additional common units will decrease his share of our nonrecourse liabilities, and thus will result in a corresponding deemed distribution of cash. This deemed distribution may constitute a non-pro rata distribution. A non-pro rata distribution may result in ordinary income to a unitholder, regardless of his tax basis in his common units, if the distribution reduces the unitholder's share of our (i) "unrealized receivables," including depreciation recapture, depletion recapture and intangible drilling costs recapture, or (ii) substantially appreciated "inventory items," each as defined in the Code (collectively, "Section 751 Assets"). To that extent, the unitholder will be treated as having been distributed his proportionate share of the Section 751 Assets and then as having exchanged those assets with us in return for the non-pro rata portion of the distribution (or deemed distribution) made to him. This latter deemed exchange will generally result in the unitholder's realization of ordinary income, which will equal the excess of (1) the non-pro rata portion of that distribution over (2) the unitholder's tax basis (often zero) for the share of Section 751 Assets deemed relinquished in the exchange.

Ratio of Taxable Income to Distributions

We estimate that a purchaser of common units in this offering who owns those common units from the date of closing of this offering through the record date for distributions for the year ending December 31, 2025, will be allocated, on a cumulative basis, an amount of U.S. federal taxable income for that period that will be % or less of the cash distributed with respect to that period. Thereafter, we anticipate that the ratio of allocable taxable income to cash distributions to the unitholders will increase. Our estimate is based upon many assumptions regarding our business operations, including assumptions as to our revenues, capital expenditures, cash flow, net working capital and anticipated cash distributions. These estimates and assumptions are subject to, among other factors, numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and tax reporting positions that we will adopt and with which the IRS could disagree. Accordingly, we cannot assure you that these estimates will prove to be correct.

The actual ratio of allocable taxable income to cash distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of allocable taxable income to cash distributions to a purchaser of common units in this offering will be higher, and perhaps substantially higher, than our estimate with respect to the period described above if:

- gross income from operations exceeds the amount required to make quarterly cash distributions from our available cash on all common units, yet we only distribute the quarterly cash distributions from our available cash on all common units;

- we make a future offering of common units and use the proceeds of the offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness outstanding at the time of this offering or to acquire property that is not eligible for depletion, depreciation or amortization for U.S. federal income tax purposes or that is depletable, depreciable or amortizable at a rate significantly slower than the rate applicable to our assets at the time of this offering; or

- legislation is enacted that limits or repeals certain U.S. federal income tax preferences currently available to oil and gas exploration and production companies (please read "— Recent Legislative Developments").

Basis of Common Units

A unitholder's initial tax basis for his common units will be the amount he paid for the common units plus his share of our nonrecourse liabilities. That basis will be increased by his share of our income, by any increases in his share of our nonrecourse liabilities and, on the disposition of a common unit, by his share of certain items related to business interest not yet deductible by him due to applicable limitations. Please read "— Limitations on Interest Deductions." That basis will be decreased, but not below zero, by distributions from us, by the unitholder's share of our losses, by depletion deductions taken by him to the extent such deductions do not exceed his proportionate share of the adjusted tax basis of the underlying properties, by any decreases in his share of our nonrecourse liabilities, by his share of our excess business interest (generally, the excess of our business interest over the amount that is deductible) and by his share of our expenditures that are not deductible in computing taxable income and are not required to be capitalized. A unitholder will have a share, generally based on his share of profits, of our nonrecourse liabilities. Please read "— Disposition of Common Units — Recognition of Gain or Loss."

Limitations on Deductibility of Losses

The deduction by a unitholder of his share of our losses will be limited to the tax basis in his common units and, in the case of an individual unitholder, estate, trust or certain closely-held corporations, to the amount for which the unitholder is considered to be "at risk" with respect to our activities, if that is less than his tax basis. A unitholder subject to these limitations must recapture losses deducted in previous years to the extent that distributions cause his at-risk amount to be less than zero at the end of any taxable year. Losses disallowed to a unitholder or recaptured as a result of these limitations will carry forward and will be allowable as a deduction to the extent that his at-risk amount is subsequently increased, provided such losses do not exceed such unitholder's tax basis in his common units. Upon the taxable disposition of a common unit, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at-risk limitation but may not be offset by losses suspended by the basis limitation. Any loss previously suspended by the at-risk limitation in excess of that gain would no longer be utilizable.

In general, a unitholder will be at risk to the extent of the tax basis of his common units, excluding any portion of that basis attributable to his share of our nonrecourse liabilities, reduced by (i) any portion of that basis representing amounts otherwise protected against loss because of a guarantee, stop loss agreement or other similar arrangement and (ii) any amount of money he borrows to acquire or hold his common units, if the lender of those borrowed funds owns an interest in us, is related to the unitholder or can look only to the common units for repayment. A unitholder's at-risk amount will increase or decrease as the tax basis of the unitholder's common units increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in his share of our nonrecourse liabilities.

The at-risk limitation applies on an activity-by-activity basis, and in the case of oil and natural gas properties, each property is treated as a separate activity. Thus, a taxpayer's interest in each oil or natural gas property is generally required to be treated separately so that a loss from any one property would be limited to the at-risk amount for that property and not the at-risk amount for all the taxpayer's oil and natural gas properties. It is uncertain how this rule is implemented in the case of multiple oil and natural gas properties owned by a single entity treated as a partnership for U.S. federal income tax purposes. However, for taxable years ending on or before the date on which further guidance is published, the IRS will permit aggregation of oil or natural gas properties we own in computing a unitholder's at-risk limitation with respect to us. If a unitholder were required to compute his at-risk amount separately with respect to each oil or natural gas property we own, he might not be allowed to utilize his share of losses or deductions attributable to a particular property even though he has a positive at-risk amount with respect to his common units as a whole.

In addition to the basis and at-risk limitations on the deductibility of losses, the passive loss limitations generally provide that individuals, estates, trusts and certain closely-held corporations and personal service corporations can deduct losses from passive activities, which are generally trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer's income from those passive activities. The passive loss limitations are applied separately with respect to each publicly traded partnership. Consequently, any passive losses we generate will only be available to offset our passive income generated in the future and will not be available to offset income from other passive activities or investments, including our investments or a unitholder's investments in other publicly traded partnerships, or the unitholder's salary, active business or other income. Passive losses that are not deductible because they exceed a unitholder's share of income we generate may be deducted in full when he disposes of his entire investment in us in a fully taxable transaction with an unrelated party. The passive loss limitations are applied after other applicable limitations on deductions, including the at-risk rules and the basis limitation described above.

An additional loss limitation may apply to certain of our unitholders for taxable years beginning before January 1, 2029. A non-corporate unitholder will not be allowed to take a deduction for certain excess business losses in such taxable years. An excess business loss is the excess (if any) of a taxpayer's aggregate deductions for the taxable year that are attributable to the trades or businesses of such taxpayer (determined without regard to the excess business loss limitation or any deduction allowable for net operating losses, qualified business income or capital losses) over the aggregate gross income or gain of such taxpayer for the taxable year that is attributable to such trades or businesses (subject to certain limitations in the case of capital gains) plus a threshold amount. The current threshold amount is equal to $289,000, or $578,000 for taxpayers filing a joint return. Any losses disallowed in a taxable year due to the excess business loss limitation may be used by the applicable unitholder in the following taxable year if certain conditions are met. Unitholders to which this excess business loss limitation applies will take their allocable share of our items of income, gain, loss and deduction into account in determining this limitation. This excess business loss limitation will be applied to a non-corporate unitholder after the passive loss limitations and may limit such unitholders' ability to utilize any losses we generate allocable to such unitholder that are not otherwise limited by the basis, at-risk and passive loss limitations described above.

Limitations on Interest Deductions

Our ability to deduct interest paid or accrued on indebtedness properly allocable to a trade or business, "business interest", may be limited in certain circumstances. Should our ability to deduct business interest be limited, the amount of taxable income allocated to our unitholders in the taxable year in which the limitation is in effect may increase. However, in certain circumstances, a unitholder may be able to utilize a portion of a business interest deduction subject to this limitation in future taxable years.

In addition, the deductibility of a non-corporate taxpayer's "investment interest expense" is generally limited to the amount of that taxpayer's "net investment income." Investment interest expense is interest expense on indebtedness that is properly allocable to property held for investment, which includes (i) property that produces portfolio income (for example, interest and dividends) and (ii) any interest held by the taxpayer in an activity that is not a passive activity and with respect to which the taxpayer does not materially participate. Net investment income is gross income from property held for investment, less deductible expenses (other than interest) directly connected with the production of such income. Net investment income, however, generally does not include gains attributable to the disposition of property held for investment or (if applicable) qualified dividend income. The IRS has indicated that the net passive income earned by a publicly traded partnership will be treated as investment income to its unitholders. In addition, a unitholder's share of our portfolio income will be treated as investment income.

Prospective unitholders should consult their tax advisors regarding the impact of the foregoing interest deduction limitations on an investment in our common units.

Entity-Level Collections

If we are required or elect under applicable law to pay any federal, state, local or foreign income tax on behalf of any unitholder or any former unitholder, we are authorized to pay those taxes from our funds. That payment, if made, will be treated as a distribution of cash to the unitholder on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, we are authorized to treat the payment as a distribution to all current unitholders. We are authorized to amend our partnership agreement in the manner

necessary to maintain uniformity of intrinsic tax characteristics of common units and to adjust later distributions, so that after giving effect to these distributions, the priority and characterization of distributions otherwise applicable under our partnership agreement is maintained as nearly as is practicable. Payments by us as described above could give rise to an overpayment of tax on behalf of an individual unitholder in which event the unitholder would be required to file a claim in order to obtain a credit or refund.

Allocation of Income, Gain, Loss and Deduction

In general, if we have a net profit, our items of income, gain, loss and deduction will be allocated among the unitholders in accordance with their percentage interests in us. If we have a net loss, that loss will be allocated to the unitholders in accordance with their percentage interests in us to the extent of their positive capital accounts, as adjusted for certain items in accordance with applicable Treasury Regulations.

Specified items of our income, gain, loss and deduction will be allocated to account for (i) any difference between the tax basis and fair market value of our assets at the time of this offering and (ii) any difference between the tax basis and fair market value of any property contributed to us that exists at the time of such contribution, together referred to in this discussion as the "Contributed Property." The effect of these allocations, referred to as "Section 704(c) Allocations," to a unitholder purchasing common units from us in this offering will be essentially the same as if the tax bases of our assets were equal to their fair market values at the time of this offering. In the event we issue additional common units or engage in certain other transactions in the future, "reverse Section 704(c) Allocations," similar to the Section 704(c) Allocations described above, will be made to all of our unitholders immediately prior to such issuance or other transactions to account for the difference between the "book" basis for purposes of maintaining capital accounts and the fair market value of all property held by us at the time of such issuance or future transaction. However, it may not be administratively feasible to make the relevant adjustments to "book" basis and the relevant reverse Section 704(c) Allocations each time we issue common units, particularly in the case of small or frequent common unit issuances. If that is the case, we may use simplifying conventions to make those adjustments and allocations, which may include the aggregation of certain issuances of common units. Kirkland & Ellis LLP is unable to opine as to the validity of such conventions. In addition, items of recapture income will be allocated to the extent possible to the unitholder who was allocated the deduction giving rise to the recapture income in order to minimize the recognition of ordinary income by some unitholders. Finally, although we do not expect that our operations will result in the creation of negative capital accounts (subject to certain adjustments), if negative capital accounts (subject to certain adjustments) nevertheless result, items of our income and gain will be allocated in an amount and manner sufficient to eliminate such negative balance as quickly as possible.

An allocation of items of our income, gain, loss or deduction, other than an allocation required by the Code to eliminate the difference between a partner's "book" capital account, credited with the fair market value of Contributed Property, and "tax" capital account, credited with the tax basis of Contributed Property, referred to in this discussion as the "Book-Tax Disparity," will generally be given effect for U.S. federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction only if the allocation has "substantial economic effect." In any other case, a partner's share of an item will be determined on the basis of his interest in us, which will be determined by taking into account all the facts and circumstances, including:

- his relative contributions to us;
- the interests of all the partners in profits and losses;
- the interest of all the partners in cash flow; and
- the rights of all the partners to distributions of capital upon liquidation.

Kirkland & Ellis LLP is of the opinion that, with the exception of the issues described in "— Section 754 Election" and "— Disposition of Common Units — Allocations Between Transferors and Transferees," allocations under our partnership agreement will be given effect for U.S. federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction.

Treatment of Short Sales

A unitholder whose common units are loaned to a "short seller" to cover a short sale of common units may be considered as having disposed of those common units. If so, he would no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period:

- any of our income, gain, loss or deduction with respect to those common units would not be reportable by the unitholder;
- any cash distributions received by the unitholder as to those common units would be fully taxable; and
- while not entirely free from doubt, all of these distributions would appear to be ordinary income.

Because there is no direct or indirect controlling authority on the issue relating to partnership interests, Kirkland & Ellis LLP has not rendered an opinion regarding the tax treatment of a unitholder whose common units are loaned to a short seller to cover a short sale of common units; therefore, unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and loaning their common units. The IRS has previously announced that it is studying issues relating to the tax treatment of short sales of partnership interests. Please also read "— Disposition of Common Units — Recognition of Gain or Loss."

Tax Rates

Currently, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 37% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, capital gains on certain assets held for more than twelve months) of individuals is 20%. Such rates are subject to change by new legislation at any time.

In addition, a 3.8% Medicare tax, or NIIT, is imposed on certain net investment income earned by individuals, estates and trusts. For these purposes, net investment income generally includes both a unitholder's allocable share of our income and a unitholder's gain realized upon a sale of common units. In the case of an individual, the tax will be imposed on the lesser of (i) the unitholder's net investment income or (ii) the amount by which the unitholder's modified adjusted gross income exceeds $250,000 (if the unitholder is married and filing jointly or a surviving spouse), $125,000 (if the unitholder is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) the estate or trust's "undistributed net investment income," or (ii) the excess (if any) of the estate or trust's adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins for such taxable year. Prospective unitholders are urged to consult with their tax advisors as to the impact of the NIIT on an investment in our common units.

For taxable years beginning on or before December 31, 2025, a non-corporate unitholder is entitled to a deduction equal to 20% of its "qualified business income" attributable to us, subject to certain limitations. For purposes of this deduction, a unitholder's "qualified business income" attributable to us is equal to the sum of:

- the net amount of such unitholder's allocable share of certain of our items of income, gain, deduction and loss (generally excluding certain items related to our investment activities, such as capital gains and dividends, which are subject to a U.S. federal income tax rate of 20%); and
- any gain recognized by such unitholder on the disposition of its common units, or the deemed disposition of its common units (as described above under "— Tax Consequences of Unit Ownership — Treatment of Distributions"), to the extent such gain is attributable to certain Section 751 assets, including depreciation recapture and "inventory items" we own.

Prospective unitholders should consult their tax advisors regarding the application of this deduction and its interaction with the overall deduction for qualified business income.

Section 754 Election

We have made the election permitted by Section 754 of the Code. That election is irrevocable without the consent of the IRS. The election generally permits us to adjust a common unit purchaser's tax basis in our assets ("inside basis") under Section 743(b) of the Code to reflect his purchase price. This election does not apply with respect to a person who purchases common units directly from us. The Section 743(b) adjustment belongs to the purchaser and not to other unitholders. For purposes of this discussion, the inside basis in our assets with respect to a unitholder will be considered to have two components: (i) his share of our tax basis in our assets ("common basis") and (ii) his Section 743(b) adjustment to that basis.

We have adopted or will adopt the remedial allocation method as to all our properties. Where the remedial allocation method is adopted, the Treasury Regulations under Section 743 of the Code require a portion of the Section 743(b) adjustment that is attributable to recovery property that is subject to depreciation under Section 168 of the Code and whose book basis is in excess of its tax basis to be depreciated over the remaining cost recovery period for the property's unamortized Book-Tax Disparity. Under Treasury Regulations Section 1.167(c)-1(a)(6), a Section 743(b) adjustment attributable to property subject to depreciation under Section 167 of the Code, rather than cost recovery deductions under Section 168, is generally required to be depreciated using either the straight-line method or the 150% declining balance method. Under our partnership agreement, our general partner is authorized to take a position to preserve the uniformity of common units even if that position is not consistent with these and any other Treasury Regulations. Please read "— Uniformity of Units."

We will depreciate the portion of a Section 743(b) adjustment attributable to unrealized appreciation in the value of Contributed Property, to the extent of any unamortized Book-Tax Disparity, using a rate of depreciation or amortization derived from the depreciation or amortization method and useful life applied to the property's unamortized Book-Tax Disparity, or treat that portion as non-amortizable to the extent attributable to property that is not amortizable. This method is consistent with the methods employed by other publicly traded partnerships but is arguably inconsistent with Treasury Regulations Section 1.167(c)-1(a)(6), which is not expected to directly apply to a material portion of our assets. To the extent this Section 743(b) adjustment is attributable to appreciation in value in excess of the unamortized Book-Tax Disparity, we will apply the rules described in the Treasury Regulations and legislative history. If we determine that this position cannot reasonably be taken, we may take a depreciation or amortization position under which all purchasers acquiring common units in the same month would receive depreciation or amortization, whether attributable to common basis or a Section 743(b) adjustment, based upon the same applicable rate as if they had purchased a direct interest in our assets. This kind of aggregate approach may result in lower annual depreciation or amortization deductions than would otherwise be allowable to some unitholders. Please read "— Uniformity of Units." A unitholder's tax basis for his common units is reduced by his share of our deductions (whether or not such deductions were claimed on an individual's income tax return) so that any position we take that understates deductions will overstate such unitholder's basis in his common units, which may cause the unitholder to understate gain or overstate loss on any sale of such common units. Please read "— Disposition of Common Units — Recognition of Gain or Loss." Kirkland & Ellis LLP is unable to opine as to whether our method for taking into account Section 743 adjustments is sustainable for property subject to depreciation under Section 167 of the Code or if we use an aggregate approach as described above, as there is no direct or indirect controlling authority addressing the validity of these positions. Moreover, the IRS may challenge our position with respect to depreciating or amortizing the Section 743(b) adjustment we take to preserve the uniformity of the common units. If such a challenge were sustained, the gain from the sale of common units might be increased without the benefit of additional deductions.

Subject to certain limitations, a Section 743(b) adjustment may create additional depreciable basis that is eligible for bonus depreciation under Section 168(k) to the extent the adjustment is attributable to depreciable property and not to goodwill or real property. However, because we may not be able to determine whether transfers of our common units satisfy all of the eligibility requirements and due to other limitations regarding administrability, we may elect out of the bonus depreciation provisions of Section 168(k) with respect to basis adjustments under Section 743(b).

A Section 754 election is advantageous if the transferee's tax basis in his common units is higher than the common units' share of the aggregate tax basis of our assets immediately prior to the transfer. Conversely, a Section 754 election is disadvantageous if the transferee's tax basis in his common units is lower than those common units' share of the aggregate tax basis of our assets immediately prior to the transfer. Thus, the fair market

value of the common units may be affected either favorably or unfavorably by the election. A basis adjustment is required regardless of whether a Section 754 election is made in the case of a transfer of an interest in us if we have a substantial built-in loss immediately after the transfer. Generally, a built-in loss is substantial if (i) it exceeds $250,000 or (ii) the transferee would be allocated a net loss in excess of $250,000 on a hypothetical sale of our assets for their fair market value immediately after a transfer of the interests at issue. In addition, a basis adjustment is required regardless of whether a Section 754 election is made if we distribute property and have a substantial basis reduction. A substantial basis reduction exists if, on a liquidating distribution of property to a unitholder, there would be a negative basis adjustment to our assets in excess of $250,000 if a Section 754 election were in place.

The calculations involved in the Section 754 election are complex and will be made on the basis of certain assumptions as to the value of our assets and other matters. The IRS could seek to reallocate some or all of any Section 743(b) adjustment allocated by us to our tangible assets to goodwill instead. Goodwill, as an intangible asset, is generally nonamortizable or amortizable over a longer period of time or under a less accelerated method than our tangible assets. We cannot assure you that the determinations we make will not be successfully challenged by the IRS and that the deductions resulting from them will not be reduced or disallowed altogether. Should the IRS require a different basis adjustment to be made, and should, in our opinion, the expense of compliance exceed the benefit of the election, we may seek permission from the IRS to revoke our Section 754 election. If permission is granted, a subsequent purchaser of common units may be allocated more income than he would have been allocated had the election not been revoked.

Tax Treatment of Operations

Accounting Method and Taxable Year

We will use the year ending December 31 as our taxable year and the accrual method of accounting for U.S. federal income tax purposes. Each unitholder will be required to include in income his share of our income, gain, loss and deduction for our taxable year ending within or with his taxable year. In addition, a unitholder who has a taxable year ending on a date other than December 31 and who disposes of all of his common units following the close of our taxable year but before the close of his taxable year must include his share of our income, gain, loss and deduction in income for his taxable year, with the result that he will be required to include in income for his taxable year his share of more than twelve months of our income, gain, loss and deduction. Please read "— Disposition of Common Units — Allocations Between Transferors and Transferees."

Depletion Deductions

Subject to the limitations on deductibility of losses discussed above (please read "— Tax Consequences of Unit Ownership — Limitations on Deductibility of Losses"), unitholders will be entitled to deductions for the greater of either cost depletion or (if otherwise allowable) percentage depletion with respect to our oil and natural gas interests. Although the Code requires each unitholder to compute his own depletion allowance and maintain records of his share of the adjusted tax basis of the underlying property for depletion and other purposes, we intend to furnish each of our unitholders with information relating to this computation for U.S. federal income tax purposes. Each unitholder, however, remains responsible for calculating his own depletion allowance and maintaining records of his share of the adjusted tax basis of the underlying property for depletion and other purposes.

Percentage depletion is generally available with respect to unitholders who qualify under the independent producer exemption contained in Section 613A(c) of the Code. To qualify as an "independent producer" eligible for percentage depletion (and that is not subject to the intangible drilling and development cost deduction limits, please read "— Deductions for Intangible Drilling and Development Costs"), a unitholder, either directly or indirectly through certain related parties, may not be involved in the refining of more than 75,000 barrels of oil (or the equivalent amount of natural gas) on average for any day during the taxable year or in the retail marketing of oil and natural gas products exceeding $5.0 million per year in the aggregate. Percentage depletion is calculated as an amount generally equal to 15% (and, in the case of marginal production, potentially a higher percentage) of the unitholder's gross income from the depletable property for the taxable year. The percentage depletion deduction with respect to any property is limited to 100% of the taxable income of the unitholder from the property for each taxable year, computed without the depletion allowance. A unitholder that qualifies as an independent producer may deduct percentage depletion only to the extent the unitholder's average net daily production of domestic crude oil, or the natural gas equivalent, does not exceed 1,000 barrels. This depletable amount may be allocated between

oil and natural gas production, with 6,000 cubic feet of domestic natural gas production regarded as equivalent to one barrel of crude oil. The 1,000-barrel limitation must be allocated among the independent producer and controlled or related persons and family members in proportion to the respective production by such persons during the period in question.

In addition to the foregoing limitations, the percentage depletion deduction otherwise available is limited to 65% of a unitholder's total taxable income from all sources for the year, computed without the depletion allowance, net operating loss carrybacks, capital loss carrybacks, or any deduction allowable under Section 199A of the Code. Any percentage depletion deduction disallowed because of the 65% limitation may be deducted in the following taxable year if the percentage depletion deduction for such year plus the deduction carryover does not exceed 65% of the unitholder's total taxable income for that year. The carryover period resulting from the 65% net income limitation is unlimited.

Unitholders that do not qualify under the independent producer exemption are generally restricted to depletion deductions based on cost depletion. Cost depletion deductions are calculated by (i) dividing the unitholder's share of the adjusted tax basis in the underlying mineral property by the number of mineral common units (barrels of oil and thousand cubic feet, or Mcf, of natural gas) remaining as of the beginning of the taxable year and (ii) multiplying the result by the number of mineral common units sold within the taxable year. The total amount of deductions based on cost depletion cannot exceed the unitholder's share of the total adjusted tax basis in the property.

All or a portion of any gain recognized by a unitholder as a result of either the disposition by us of some or all of our oil and natural gas interests or the disposition by the unitholder of some or all of his common units may be taxed as ordinary income to the extent of recapture of depletion deductions, except for percentage depletion deductions in excess of the tax basis of the property. The amount of the recapture is generally limited to the amount of gain recognized on the disposition.

The foregoing discussion of depletion deductions does not purport to be a complete analysis of the complex legislation and Treasury Regulations relating to the availability and calculation of depletion deductions by the unitholders. Further, because depletion is required to be computed separately by each unitholder and not by our partnership, no assurance can be given, and counsel is unable to express any opinion, with respect to the availability or extent of percentage depletion deductions to the unitholders for any taxable year. Moreover, the availability of percentage depletion may be reduced or eliminated if recently proposed (or similar) tax legislation is enacted. For a discussion of such legislative proposals, please read "— Recent Legislative Developments." We encourage each prospective unitholder to consult his tax advisor to determine whether percentage depletion would be available to him.

Deductions for Intangible Drilling and Development Costs

We will elect to currently deduct intangible drilling and development costs ("IDCs"). IDCs generally include our expenses for wages, fuel, repairs, hauling, supplies and other items that are incidental to, and necessary for, the drilling and preparation of wells for the production of oil, natural gas, or geothermal energy. The option to currently deduct IDCs applies only to those items that do not have a salvage value.

Although we will elect to currently deduct IDCs, each unitholder will have the option of either currently deducting IDCs or capitalizing all or part of the IDCs and amortizing them on a straight-line basis over a 60-month period, beginning with the taxable month in which the expenditure is made. If a non-corporate unitholder makes the election to amortize the IDCs over a 60-month period, no IDC preference amount in respect of those IDCs will result for alternative minimum tax purposes.

Integrated oil companies must capitalize 30% of all their IDCs (other than IDCs paid or incurred with respect to oil and natural gas wells located outside of the United States) and amortize these IDCs over 60 months beginning in the month in which those costs are paid or incurred. If the taxpayer ceases to be an integrated oil company, it must continue to amortize those costs as long as it continues to own the property to which the IDCs relate. An "integrated oil company" is a taxpayer that has economic interests in oil or natural gas properties and also carries on substantial retailing or refining operations. An oil or natural gas producer is deemed to be a substantial retailer or refiner if it is does not qualify as an independent producer under the rules disqualifying retailers and refiners from taking percentage depletion. Please read "— Depletion Deductions."

IDCs previously deducted that are allocable to property (directly or through ownership of an interest in a partnership) and that would have been included in the adjusted tax basis of the property had the IDC deduction not been taken are recaptured to the extent of any gain realized upon the disposition of the property or upon the disposition by a unitholder of interests in us. Recapture is generally determined at the unitholder level. Where only a portion of the recapture property is sold, any IDCs related to the entire property are recaptured to the extent of the gain realized on the portion of the property sold. In the case of a disposition of an undivided interest in a property, a proportionate amount of the IDCs with respect to the property is treated as allocable to the transferred undivided interest to the extent of any gain recognized. Please read "— Disposition of Common Units — Recognition of Gain or Loss."

The election to currently deduct IDCs may be restricted or eliminated if recently proposed (or similar) tax legislation is enacted. For a discussion of such legislative proposals, please read "— Recent Legislative Developments."

Lease Acquisition Costs

The cost of acquiring oil and natural gas leases or similar property interests is a capital expenditure that must be recovered through depletion deductions if the lease is productive. If a lease is proved worthless and abandoned, the cost of acquisition less any depletion claimed may be deducted as an ordinary loss in the year the lease becomes worthless. Please read "— Depletion Deductions."

Geophysical Costs

The cost of geophysical exploration incurred in connection with the exploration and development of oil and natural gas properties in the United States are deducted ratably over a 24-month period beginning on the date that such expense is paid or incurred. The amortization period for certain geological and geophysical expenditures may be extended if recently proposed (or similar) tax legislation is enacted. For a discussion of such legislative proposals, please read "— Recent Legislative Developments."

Operating and Administrative Costs

Amounts paid for operating a producing well are deductible as ordinary business expenses, as are administrative costs, to the extent they constitute ordinary and necessary business expenses that are reasonable in amount.

Tax Basis, Depreciation and Amortization

The tax basis of our assets will be used for purposes of computing depreciation, depletion, amortization, accretion and cost recovery deductions and, ultimately, gain or loss on the disposition of these assets. The U.S. federal income tax burden associated with the difference between the fair market value of our assets and their tax basis immediately prior to an offering will be borne by our unitholders holding interests in us prior to any such offering. Please read "— Tax Consequences of Unit Ownership — Allocation of Income, Gain, Loss and Deduction."

To the extent allowable, we may use the depreciation and cost recovery methods, including bonus depreciation to the extent available, that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service. Please read "— Uniformity of Units." Property we subsequently acquire or construct may be depreciated using accelerated methods permitted by the Code.

If we dispose of depreciable or depletable property by sale, foreclosure or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation and depletion previously deducted and the nature of the property, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a unitholder who has taken cost recovery, depletion or depreciation deductions with respect to property we own will likely be required to recapture some or all of those deductions as ordinary income upon a sale of his interest in us. Please read "— Tax Consequences of Unit Ownership — Allocation of Income, Gain, Loss and Deduction" and "— Disposition of Common Units — Recognition of Gain or Loss."

The costs we incur in selling our common units (called "syndication expenses") must be capitalized and cannot be deducted currently, ratably or upon our termination. There are uncertainties regarding the classification of costs as organization expenses, which may be amortized by us, and as syndication expenses, which may not be amortized by us. The underwriting discounts and commissions we incur will be treated as syndication expenses.

Valuation and Tax Basis of our Properties

The U.S. federal income tax consequences of the ownership and disposition of common units will depend in part on our estimates of the relative fair market values, and the initial tax bases, of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we will make many of the relative fair market value estimates ourselves. These estimates and determinations of basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or determinations of basis are later found to be incorrect, the character and amount of items of income, gain, loss or deductions previously reported by unitholders might change, and unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

Disposition of Common Units

Recognition of Gain or Loss

Gain or loss will be recognized on a sale of common units equal to the difference between the amount realized and the unitholder's tax basis in the common units sold. A unitholder's amount realized will be measured by the sum of the cash or the fair market value of other property received by him plus his share of our nonrecourse liabilities. Because the amount realized includes a unitholder's share of our nonrecourse liabilities, the gain recognized on the sale of common units could result in a tax liability in excess of any cash received from the sale.

Prior distributions from us that in the aggregate were in excess of cumulative net taxable income for a common unit and, therefore, decreased a unitholder's tax basis in that common unit will, in effect, become taxable income if the common unit is sold at a price greater than the unitholder's tax basis in that common unit, even if the price received is less than his original cost.

Except as noted below, gain or loss recognized by a unitholder, other than a "dealer" in common units, on the sale or exchange of a common unit will generally be taxable as capital gain or loss. Capital gain recognized by an individual on the sale of common units held for more than twelve months will generally be taxed at the U.S. federal income tax rate applicable to long-term capital gains. However, a portion of this gain or loss, which will likely be substantial, will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to (i) "unrealized receivables," including potential recapture items such as depreciation, depletion, amortization and accretion expenses or IDCs, or (ii) "inventory items" we own. Ordinary income attributable to unrealized receivables and inventory items may exceed net taxable gain realized upon the sale of a common unit and may be recognized even if there is a net taxable loss realized on the sale of a common unit. Thus, a unitholder may recognize both ordinary income and a capital loss upon a sale of common units. Capital losses may offset capital gains and no more than $3,000 of ordinary income, in the case of individuals, and may only be used to offset capital gains in the case of corporations. Ordinary income recognized by a non-corporate unitholder on disposition of our common units may be reduced by such unitholder's deduction for qualified business income. Both ordinary income and capital gain recognized on a sale of common units may be subject to the NIIT in certain circumstances. Please read "— Tax Consequences of Unit Ownership — Tax Rates."

The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an "equitable apportionment" method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner's tax basis in his entire interest in the partnership as the value of the interest sold bears to the value of the partner's entire interest in the partnership. Treasury Regulations under Section 1223 of the Code allow a selling unitholder who can identify common units transferred with an ascertainable holding period to elect to use the actual holding period of the common units transferred. Thus, according to the ruling discussed above, a unitholder will be unable to select high or low basis common units to sell as would be the case with corporate stock, but, according to the Treasury Regulations, he may designate specific common units sold for purposes of determining the holding period of common units transferred. A unitholder electing to use the actual holding period of common units transferred must consistently use that identification method for all subsequent sales or exchanges of common units. Unitholders considering the purchase of additional common units or a sale of common units purchased in separate transactions should consult their tax advisors as to the possible consequences of this ruling and application of the Treasury Regulations.

Specific provisions of the Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an "appreciated" partnership interest — that is, one in which gain would be recognized if it were sold, assigned or terminated at its fair market value — if the taxpayer or related persons enter(s) into:

- a short sale;
- an offsetting notional principal contract; or
- a futures or forward contract;

in each case, with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is also authorized to issue regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position. Prospective unitholders should consult their tax advisors regarding the impact of these constructive sale rules in connection with an investment in our common units.

Allocations between Transferors and Transferees

In general, our taxable income and losses will be determined annually, will be prorated on a monthly basis in proportion to the number of days in each month and will be subsequently apportioned among our unitholders in proportion to the number of common units owned by each of them as of the opening of the applicable exchange on the first business day of the month, which we refer to in this prospectus as the "Allocation Date." However, gain or loss realized on a sale or other disposition of our assets other than in the ordinary course of business will be allocated among our unitholders on the Allocation Date in the month in which that gain or loss is recognized. As a result, a unitholder transferring common units may be allocated income, gain, loss and deduction realized after the date of transfer.

The U.S. Department of Treasury and the IRS have issued Treasury Regulations that permit publicly traded partnerships to use a monthly simplifying convention that is similar to ours, but they do not specifically authorize all aspects of the proration method we have adopted. Accordingly, Kirkland & Ellis LLP is unable to opine on the validity of this method of allocating income and deductions between transferor and transferee unitholders. If this method is not allowed under the Treasury Regulations, our taxable income or losses might be reallocated among the unitholders. We are authorized to revise our method of allocation between transferor and transferee unitholders, as well as unitholders whose interests vary during a taxable year.

A unitholder who owns common units at any time during a quarter and who disposes of them prior to the record date set for a cash distribution for that quarter will be allocated items of our income, gain, loss and deductions attributable to that quarter through the month of disposition but will not be entitled to receive that cash distribution.

Notification Requirements

A unitholder who sells any of his common units is generally required to notify us in writing of that sale within 30 days after the sale (or, if earlier, January 15 of the year following the sale). A purchaser of common units who purchases common units from another unitholder is also generally required to notify us in writing of that purchase within 30 days after the purchase. Upon receiving such notifications, we are required to notify the IRS of that transaction and to furnish specified information to the transferor and transferee. Failure to notify us of a purchase may, in some cases, lead to the imposition of penalties. However, these reporting requirements do not apply to a sale by an individual who is a citizen of the United States and who effects the sale or exchange through a broker who will satisfy such requirements.

Uniformity of Units

Because we cannot match transferors and transferees of common units, we must maintain uniformity of the economic and tax characteristics of the common units to a purchaser of these common units. In the absence of uniformity, we may be unable to completely comply with a number of U.S. federal income tax requirements, both statutory and regulatory. A lack of uniformity can result from a literal application of Treasury Regulations Section 1.167(c)-1(a)(6). Any non-uniformity could have a negative impact on the value of the common units. Please read "— Tax Consequences of Unit Ownership — Section 754 Election."

We will depreciate the portion of a Section 743(b) adjustment attributable to unrealized appreciation in the value of Contributed Property, to the extent of any unamortized Book-Tax Disparity, using a rate of depreciation or amortization derived from the depreciation or amortization method and useful life applied to the property's unamortized Book-Tax Disparity, or treat that portion as non-amortizable to the extent attributable to property that is not amortizable. This method is consistent with the methods employed by other publicly traded partnerships but is arguably inconsistent with Treasury Regulations Section 1.167(c)-1(a)(6), which is not expected to directly apply to a material portion of our assets. Please read "— Tax Consequences of Unit Ownership — Section 754 Election." To the extent this Section 743(b) adjustment is attributable to appreciation in value in excess of the unamortized Book-Tax Disparity, we will apply the rules described in the Treasury Regulations and legislative history. If we determine that this position cannot reasonably be taken, we may take a depreciation or amortization position under which all purchasers acquiring common units in the same month would receive depreciation or amortization, whether attributable to common basis or a Section 743(b) adjustment, based upon the same applicable rate as if they had purchased a direct interest in our assets. This kind of aggregate approach may result in lower annual depreciation or amortization deductions than would otherwise be allowable to some unitholders and risk the loss of depreciation and amortization deductions not taken in the year that these deductions are otherwise allowable. This position will not be adopted if we determine that the loss of depreciation and amortization deductions will have a material adverse effect on the unitholders. If we choose not to utilize this aggregate method, we may use any other reasonable depreciation and amortization method to preserve the uniformity of the intrinsic tax characteristics of any common units that would not have a material adverse effect on the unitholders. In either case, and as stated above under "— Tax Consequences of Unit Ownership — Section 754 Election," Kirkland & Ellis LLP has not rendered an opinion with respect to these methods. Moreover, the IRS may challenge any method of depreciating the Section 743(b) adjustment described in this paragraph. If this challenge were sustained, the uniformity of common units might be affected, and the gain from the sale of common units might be increased without the benefit of additional deductions. Please read "— Disposition of Common Units — Recognition of Gain or Loss."

Tax-Exempt Organizations and Other Investors

Ownership of common units by employee benefit plans, other tax-exempt organizations, non-resident aliens, foreign corporations and other foreign persons raises issues unique to those investors and, as described below to a limited extent, may have substantially adverse tax consequences to them. If you are such an investor, you should consult your own tax advisor before investing in our common units.

Employee benefit plans and most other organizations exempt from U.S. federal income tax, including IRAs and other retirement plans, are subject to U.S. federal income tax on unrelated business taxable income. Virtually all of our income allocated to a unitholder that is a tax-exempt organization will be unrelated business taxable income and will be taxable to it. Further, a tax-exempt organization with more than one unrelated trade or business (including by attribution from investments in a partnership, such as us, that is engaged in one or more unrelated trades or businesses) must compute its unrelated business taxable income separately for each such trade or business, including for purposes of determining any net operating loss deduction. As a result, it may not be possible for tax-exempt organizations to use losses from an investment in us to offset taxable income from another unrelated trade or business.

Non-resident aliens and foreign corporations, trusts or estates that own common units will be considered to be engaged in business in the United States because of the ownership of common units. As a consequence, they will be required to file federal tax returns to report their share of our income, gain, loss or deduction and pay U.S. federal income tax at regular rates on their share of our net income or gain. Moreover, under rules applicable to publicly traded partnerships, our quarterly distribution to foreign unitholders will be subject to withholding at the highest

applicable marginal tax rate. Each foreign unitholder must obtain a taxpayer identification number from the IRS and submit that number to our transfer agent on a Form W-8BEN, W-8BEN-E or applicable substitute form in order to obtain credit for these withholding taxes. A change in applicable law may require us to change these procedures.

In addition, because a foreign corporation that owns common units will be treated as engaged in a U.S. trade or business, that corporation may be subject to the U.S. branch profits tax at a rate of 30%, in addition to regular U.S. federal income tax, on its share of our earnings and profits, as adjusted for changes in the foreign corporation's "U.S. net equity," that are effectively connected with the conduct of a U.S. trade or business. That tax may be reduced or eliminated by an income tax treaty between the United States and the country in which the foreign corporate unitholder is a "qualified resident." In addition, this type of unitholder is subject to special information reporting requirements under Section 6038C of the Code.

A foreign unitholder who sells or otherwise disposes of a common unit will be subject to U.S. federal income tax on gain realized from the sale or disposition of that common unit to the extent the gain is effectively connected with a U.S. trade or business of the foreign unitholder. Gain on the sale or disposition of a common unit will be treated as effectively connected with a U.S. trade or business to the extent that a foreign unitholder would recognize gain effectively connected with a U.S. trade or business upon the hypothetical sale of our assets at fair market value on the date of the sale or exchange of that common unit. Such gain shall be reduced by certain amounts treated as effectively connected with a U.S. trade or business attributable to certain real property interests, as set forth in the following paragraph.

Under the Foreign Investment in Real Property Tax Act, a foreign unitholder (other than certain "qualified foreign pension funds" (or an entity all of the interests of which are held by such a qualified foreign pension fund), which generally are entities or arrangements that are established and regulated by foreign law to provide retirement or other pension benefits to employees, do not have a single participant or beneficiary that is entitled to more than 5% of the assets or income of the entity or arrangement and are subject to certain preferential tax treatment under the laws of the applicable foreign country), generally will be subject to U.S. federal income tax upon the sale or disposition of a common unit if (i) he owned (directly or constructively applying certain attribution rules) more than 5% of our common units at any time during the five-year period ending on the date of such disposition and (ii) 50% or more of the fair market value of all of our assets consisted of U.S. real property interests at any time during the shorter of the period during which such unitholder held the common units or the five-year period ending on the date of disposition. Currently, more than 50% of our assets consist of U.S. real property interests and we do not expect that to change in the foreseeable future.

Therefore, foreign unitholders may be subject to U.S. federal income tax on gain from the sale or disposition of their common units.

Upon the sale, exchange or other disposition of a common unit by a foreign unitholder, the transferee is generally required to withhold 10% of the amount realized on such sale, exchange or other disposition if any portion of the gain on such sale, exchange or other disposition would be treated as effectively connected with a U.S. trade or business. The U.S. Department of the Treasury and the IRS have issued final regulations providing guidance on the application of these rules for transfers of certain publicly traded partnership interests, including transfers of our common units. Under these regulations, the "amount realized" on a transfer of our common units will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and such broker will generally be responsible for the relevant withholding obligations. Quarterly distributions made to our foreign unitholders may also be subject to withholding under these rules to the extent a portion of a distribution is attributable to an amount in excess of our cumulative net income that has not previously been distributed. Prospective foreign unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.

Additional withholding requirements may also affect certain foreign unitholders. Please read "— Administrative Matters — Additional Withholding Requirements."

Administrative Matters

Information Returns and Audit Procedures

We intend to furnish to each unitholder, within 90 days after the close of each calendar year, specific tax information, including a Schedule K-1, which describes his share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, which will not be reviewed by counsel, we will take various accounting and reporting positions, some of which have been mentioned earlier, to determine each unitholder's share of income, gain, loss and deduction. We cannot assure you that those positions will yield a result that conforms to the requirements of the Code, Treasury Regulations or administrative interpretations of the IRS. Neither we nor Kirkland & Ellis LLP can assure prospective unitholders that the IRS will not successfully contend that those positions are impermissible. Any challenge by the IRS could negatively affect the value of the common units.

A unitholder must file a statement with the IRS identifying the treatment of any item on his U.S. federal income tax return that is not consistent with the treatment of the item on our return. Intentional or negligent disregard of this consistency requirement may subject a unitholder to substantial penalties.

The IRS may audit our U.S. federal income tax information returns. Adjustments resulting from an IRS audit may require each unitholder to adjust a prior year's tax liability, and possibly may result in an audit of his return. Any audit of a unitholder's return could result in adjustments not related to our returns as well as those related to our returns.

Partnerships generally are treated as separate entities for purposes of federal tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined in a partnership proceeding rather than in separate proceedings with the partners.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns (including any income tax returns filed by us or the Mach Companies in respect of periods beginning prior to the closing of this offering), it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. Similarly, if the IRS makes audit adjustments to income tax returns filed by an entity in which we are a member or a partner, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from such entity. Generally, we expect to elect to have our unitholders and former unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, but there can be no assurance that such election will be made or be effective in all circumstances. If we are unable to have our unitholders and former unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own our common units during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced.

Additionally, pursuant to the Bipartisan Budget Act of 2015, we are required to designate a partner, or other person, with a substantial presence in the United States as the partnership representative ("Partnership Representative"). The Partnership Representative has the sole authority to act on our behalf for purposes of, among other situations, U.S. federal income tax audits and judicial review of administrative adjustments by the IRS. If we do not make such a designation, the IRS can select any person as the Partnership Representative. We currently anticipate that we will designate our general partner as our Partnership Representative. Further, any actions taken by us or by the Partnership Representative on our behalf with respect to, among other situations, U.S. federal income tax audits and judicial review of administrative adjustments by the IRS, will be binding on us and all of our unitholders.

Additional Withholding Requirements

Withholding taxes may apply to certain types of payments made to "foreign financial institutions" (as specifically defined in the Code) and certain other foreign entities. Specifically, a 30% withholding tax may be imposed on interest, dividends and other fixed or determinable annual or periodical gains, profits and income from sources within the United States ("FDAP Income"), or, subject to the proposed Treasury Regulations discussed below, gross proceeds from the sale or other disposition of any property of a type that can produce interest or dividends from sources within the United States ("Gross Proceeds") paid to a foreign financial institution or to

a "non-financial foreign entity" (as specifically defined in the Code), unless (i) the foreign financial institution undertakes certain diligence and reporting, (ii) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (i) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other obligations, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to noncompliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these requirements may be subject to different rules.

These rules generally apply to payments of FDAP Income currently and, while these rules generally would have applied to payments of relevant Gross Proceeds made on or after January 1, 2019, proposed Treasury Regulations eliminate these withholding taxes on payments of Gross Proceeds entirely. Unitholders generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued. Thus, to the extent we have FDAP Income that is not treated as effectively connected with a U.S. trade or business (please read "— Tax-Exempt Organizations and Other Investors"), unitholders who are foreign financial institutions or certain other foreign entities, or persons that hold their common units through such foreign entities, may be subject to withholding on distributions they receive from us, or their distributive share of our income, pursuant to the rules described above.

Prospective unitholders should consult their own tax advisors regarding the potential application of these withholding provisions to their investment in our common units.

Nominee Reporting

Persons who hold an interest in us as a nominee for another person are required to furnish to us:

1. the name, address and taxpayer identification number of the beneficial owner and the nominee;
2. whether the beneficial owner is:
    a. a person that is not a U.S. person;
    b. a foreign government, an international organization or any wholly owned agency or instrumentality of either of the foregoing; or
    c. a tax-exempt entity;
3. the amount and description of units held, acquired or transferred for the beneficial owner; and
4. specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition costs for purchases, as well as the amount of net proceeds from dispositions.

Brokers and financial institutions are required to furnish additional information, including whether they are U.S. persons and specific information on common units they acquire, hold or transfer for their own account. A penalty of $290 per failure, up to a maximum of $3,532,500 per calendar year, is imposed by the Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the common units with the information furnished to us.

Accuracy-Related Penalties

Certain penalties may be imposed on taxpayers as a result of an underpayment of tax that is attributable to one or more specified causes, including: (i) negligence or disregard of rules or regulations, (ii) substantial understatements of income tax, (iii) substantial valuation misstatements and (iv) the disallowance of claimed tax benefits by reason of a transaction lacking economic substance or failing to meet the requirements of any similar rule of law. Except with respect to the disallowance of claimed tax benefits by reason of a transaction lacking economic substance or failing to meet the requirements of any similar rule of law, however, no penalty will be imposed for any portion of any such underpayment if it is shown that there was a reasonable cause for the underpayment of that portion and that the taxpayer acted in good faith regarding the underpayment of that portion.

With respect to substantial understatements of income tax, the amount of any understatement subject to penalty generally is reduced by that portion of the understatement which is attributable to a position adopted on the return: (A) for which there is or was "substantial authority"; or (B) as to which there is a reasonable basis and the relevant facts are adequately disclosed on the return.

If any item of income, gain, loss or deduction included in the distributive shares of unitholders might result in that kind of an "understatement" of income for which no "substantial authority" exists, we must adequately disclose the relevant facts on our return. In addition, we will make a reasonable effort to furnish sufficient information for unitholders to make adequate disclosure on their returns and to take other actions as may be appropriate to permit unitholders to avoid liability for this penalty.

Recent Legislative Developments

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial interpretation at any time. For example, from time to time, members of Congress and the President propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships, including the elimination of partnership tax treatment for publicly traded partnerships. For example, in recent years, the Biden administration has proposed repealing the exemption from the corporate income tax for "fossil fuel" publicly traded partnerships in its budget, which is published annually.

In recent years, legislation has been proposed that would reduce or eliminate certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. Changes in such proposals include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, and (iii) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could become effective. The passage of any legislation as a result of these proposals or any other similar changes in U.S. federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development, and any such change could increase the taxable income allocable to our unitholders and negatively impact the value of an investment in our common units.

Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible to meet the exception for us to be treated as a partnership for U.S. federal income tax purposes. Please read "— Partnership Status". We are unable to predict whether any such changes will ultimately be enacted. However, it is possible that a change in law could affect us, and any such changes could negatively impact the value of an investment in our common units.

State, Local, Foreign and Other Tax Considerations

In addition to U.S. federal income taxes, you will likely be subject to other taxes, such as state, local and foreign income taxes, unincorporated business taxes, and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which we do business or own property or in which you are a resident. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on his investment in us. We expect initially to own property or do business in Oklahoma, Kansas and Texas. Oklahoma and Kansas each impose a personal income tax. Texas does not currently impose a personal income tax on individuals, but it does impose an entity level tax (to which we will be subject) on corporations and other entities. As we make acquisitions or expand our business, we may control assets or conduct business in additional states that impose a personal income tax. Although you may not be required to file a return and pay taxes in some jurisdictions because your income from that jurisdiction falls below the filing and payment requirement, you will be required to file income tax returns and pay income taxes in many of these jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. In some jurisdictions, tax losses may not produce a tax benefit in the year incurred and may not be available to offset income in subsequent taxable years. Some of the jurisdictions may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder's income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return. Amounts withheld will be treated as if distributed to

unitholders for purposes of determining the amounts distributed by us. Please read "— Tax Consequences of Unit Ownership — Entity-Level Collections." Based on current law and our estimate of our future operations, our general partner anticipates that any amounts required to be withheld will not be material.

It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of the United States, pertinent states, localities and foreign jurisdictions, of his investment in us. Accordingly, each prospective unitholder should consult his own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local and foreign, as well as U.S. federal tax returns, that may be required of him. Kirkland & Ellis LLP has not rendered an opinion on the state tax, local tax, alternative minimum tax or non-U.S. tax consequences of an investment in us.

INVESTMENT IN MACH NATURAL RESOURCES BY EMPLOYEE BENEFIT PLANS

An investment in us by an employee benefit plan is subject to additional considerations because the investments of these plans are subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and the restrictions imposed by Section 4975 of the Internal Revenue Code and provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Internal Revenue Code or ERISA (collectively, "Similar Laws"). For these purposes the term "employee benefit plan" includes, but is not limited to, qualified pension, profit-sharing and stock bonus plans, Keogh plans, simplified employee pension plans and tax deferred annuities or IRAs established or maintained by an employer or employee organization, and entities whose underlying assets are considered to include "plan assets" of such plans, accounts and arrangements (collectively, "Employee Benefit Plans"). Among other things, consideration should be given to:

- whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;
- whether in making the investment, the plan will satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA and any other applicable Similar Laws;
- whether the investment will result in recognition of unrelated business taxable income by the plan and, if so, the potential after-tax investment return. Please read "Material U.S. Federal Income Tax Consequences — Tax-Exempt Organizations and Other Investors"; and
- whether making such an investment will comply with the delegation of control and prohibited transaction provisions of ERISA, the Internal Revenue Code and any other applicable Similar Laws.

The person with investment discretion with respect to the assets of an Employee Benefit Plan, often called a fiduciary, should determine whether an investment in us is authorized by the appropriate governing instrument and is a proper investment for the plan.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit Employee Benefit Plans, and IRAs that are not considered part of an Employee Benefit Plan, from engaging, either directly or indirectly, in specified transactions involving "plan assets" with parties that, with respect to the plan, are "parties in interest" under ERISA or "disqualified persons" under the Internal Revenue Code unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Internal Revenue Code. In addition, the fiduciary of the ERISA plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Internal Revenue Code.

In addition to considering whether the purchase of common units is a prohibited transaction, a fiduciary should consider whether the plan will, by investing in us, be deemed to own an undivided interest in our assets, with the result that our general partner would also be a fiduciary of such plan and our operations would be subject to the regulatory restrictions of ERISA, including its prohibited transaction rules, as well as the prohibited transaction rules of the Internal Revenue Code, ERISA and any other applicable Similar Laws.

The Department of Labor regulations and Section 3(42) of ERISA provide guidance with respect to whether, in certain circumstances, the assets of an entity in which Employee Benefit Plans acquire equity interests would be deemed "plan assets." Under these rules, an entity's assets would not be considered to be "plan assets" if, among other things:

- the equity interests acquired by the Employee Benefit Plan are publicly offered securities — i.e., the equity interests are widely held by 100 or more investors independent of the issuer and each other, are freely transferable and are registered under certain provisions of the federal securities laws;
- the entity is an "operating company," — i.e., it is primarily engaged in the production or sale of a product or service, other than the investment of capital, either directly or through a majority-owned subsidiary or subsidiaries; or
- there is no significant investment by "benefit plan investors," which is generally defined to mean that less than 25% of the value of each class of equity interest, disregarding any such interests held by our general partner, its affiliates and certain persons, is held by the Employee Benefit Plans.

Our assets should not be considered “plan assets” under these regulations because it is expected that the investment will satisfy the requirements in the first two bullet points above.

In light of the serious penalties imposed on persons who engage in prohibited transactions or other violations, plan fiduciaries contemplating a purchase of common units should consult with their own counsel regarding the consequences under ERISA, the Internal Revenue Code and other Similar Laws.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement dated the date of this prospectus, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of our common units set forth opposite its name below.

Underwriters	Number of Common Units
Stifel, Nicolaus & Company, Incorporated	
Raymond James & Associates, Inc.	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of our common units (other than those covered by the underwriters' option to purchase additional common units described below) sold under the underwriting agreement. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering our common units, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the common units, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Underwriting Discounts and Expenses

The representatives have advised us that the underwriters propose initially to offer our common units to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per common unit. After this offering, the public offering price, concession or any other term of this offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional common units.

	Per Unit	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated expenses of this offering payable by us, exclusive of the underwriting discount, are approximately $. The underwriting discount includes a structuring fee we will pay to Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. equal to % of the gross proceeds of this offering (including upon exercise of the underwriters' option to purchase additional common units) for the evaluation, analysis and structuring of the partnership. We will reimburse the underwriters for certain reasonable out-of-pocket expenses (including those related to background checks, blue sky laws and the review by the Financial Industry Regulatory Authority ("FINRA") of the terms of sale of the common units offered hereby) not to exceed $ in the aggregate.

Over-Allotment Option

We have granted an option to the underwriters to purchase up to an aggregate of additional common units at the public offering price, less the underwriting discount. The underwriters may exercise this option at any time or from time to time for 30 days from the date of this prospectus solely to cover any over-allotments.

If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional common units proportionate to that underwriter's initial amount as reflected in the above table.

No Sales of Similar Securities

The Sponsor, the directors and executive officers of our general partner have agreed with the underwriters not to offer, sell, transfer or otherwise dispose of any common units or any securities convertible into or exercisable or, exchangeable for, exercisable for, or repayable with common units, for a period of 180 days after the date of this prospectus without first obtaining the written consent of the representatives. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common units;
- sell any option or contract to purchase any common units;
- purchase any option or contract to sell any common units;
- grant any option, right or warrant for the sale of any common units;
- lend or otherwise dispose of or transfer any common units;
- file or cause to be filed any registration statement related to the common units; or
- enter into any swap hedging, collar or other agreement that can be reasonably expected to transfer, in whole or in part, the economic consequence of ownership of any common units whether any such swap hedging, collar or other agreement is to be settled by delivery of common units or other securities, in cash or otherwise.

This lock-up provision applies to common units and to securities convertible into or exchangeable or exercisable for or repayable with common units. It also applies to common units owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. may release any of the common units and other securities subject to the lock-up agreements described above in whole or in part subject to the below considerations. When determining whether or not to release common units from lock-up agreements, Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. will consider, among other factors, the unitholders' reasons for requesting the release, the number of common units for which the release is being requested and market conditions at the time. However, Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. have informed us that, as of the date of this prospectus, there are no agreements between them and any party that would allow such party to transfer any common units, nor do they have any intention at this time of releasing any of the common units subject to the lock-up agreements, prior to the expiration of the lock-up period.

Listing

We intend to list our common units on the NYSE under the symbol "MNR." In order to meet the requirements for listing on that exchange, the underwriters will undertake to sell a minimum number of our common units to a minimum number of beneficial owners as required by the NYSE.

Determination of Offering Price

Before this offering, there has been no public market for our common units. The public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the public offering price are:

- the information set forth in this prospectus and otherwise available to the underwriters;
- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us;

- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- the ability of our management;
- an assessment of our general partner, its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development;
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours; and
- other factors deemed relevant by the underwriters and us.

An active trading market for our common units may not develop or, if developed, be maintained or be liquid. It is also possible that after this offering our common units will not trade in the public market at or above the public offering price.

The underwriters do not expect to sell more than 5% of the common units in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of our common units is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common units. However, the underwriters may engage in transactions that stabilize the price of the common units, such as bids or purchases to peg, fix or maintain that price.

In connection with this offering, the underwriters may purchase and sell our common units in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of our common units than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' over-allotment option to purchase additional common units described above. The underwriters may close out any covered short position by either exercising their option or purchasing common units in the open market. In determining the source of our common units to close out the covered short position, the underwriters will consider, among other things, the price of our common units available for purchase in the open market as compared to the price at which they may purchase our common units through the option. "Naked" short sales are sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing our common units in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common units in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of our common units made by the underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased common units sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common units or preventing or retarding a decline in the market price of our common units. As a result, the price of our common units may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common units. In addition, neither we nor any of the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, the underwriters may facilitate Internet distribution for this offering to certain of their Internet subscription customers. The underwriters may allocate a limited number of our common units for sale to their online brokerage customers. An electronic prospectus may be available on the websites maintained by the underwriters. Other than the prospectus set forth in electronic format, the information on the underwriters' websites is not part of this prospectus.

Other Relationships

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Direct Participation Program Requirements

Because FINRA views the common units offered hereby as interests in a direct participation program, the offering is being made in compliance with FINRA Rule 2310. Investor suitability with respect to the common units should be judged similarly to the suitability with respect to other securities that are listed for trading on a national securities exchange.

VALIDITY OF THE COMMON UNITS

The validity of the common units and certain tax matters will be passed upon for us by Kirkland & Ellis LLP, Houston, Texas. Certain legal matters in connection with the common units offered by us will be passed upon for the underwriters by Baker Botts L.L.P., Houston, Texas.

EXPERTS

The audited consolidated financial statements of BCE-Mach III LLC as of and for the years ended December 31, 2022 and 2021 included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

The audited financial statements of BCE-Mach LLC as of and for the years ended December 31, 2022 and 2021 included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent certified public accountants, upon the authority of said firm as experts in accounting and auditing.

The audited financial statements of BCE-Mach II LLC as of and for the years ended December 31, 2022 and 2021 included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent certified public accountants, upon the authority of said firm as experts in accounting and auditing.

Estimated quantities of proved and probable oil and natural gas reserves of the Mach Companies and the net present value of such reserves as of June 30, 2023 and proved oil and natural gas reserves of the Mach Companies and the net present value of such reserves as of December 31, 2022 set forth in this prospectus are based upon reserve reports prepared by our internal reservoir engineers and evaluated by Cawley, Gillespie & Associates.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 (including the exhibits, schedules and amendments thereto) regarding our common units. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information regarding us and our common units offered in this prospectus, we refer you to the full registration statement, including its exhibits and schedules, filed under the Securities Act. Statements contained in this prospectus as to the contents of any contract, agreement or any other document are summaries of the material terms of such contract, agreement or other document and are not necessarily complete. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. Our registration statement, of which this prospectus constitutes a part, can be downloaded from the SEC's website. The address of the SEC's website is *www.sec.gov*.

As a result of the offering, we will become subject to full information requirements of the Exchange Act. We intend to furnish or make available to our unitholders annual reports containing our audited financial statements and furnish or make available quarterly reports containing our unaudited interim financial information, including the information required by Form 10-K and Form 10-Q. Additionally, we intend to file other periodic reports with the SEC on Form 8-K, as required by the Exchange Act.

FORWARD-LOOKING STATEMENTS

Some of the information in this prospectus may contain "forward-looking statements." All statements, other than statements of historical fact included in this prospectus regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, words such as "may," "assume," "forecast," "could," "should," "will," "plan," "believe," "anticipate," "intend," "estimate," "expect," "project," "budget" and similar expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events at the time such statement was made. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in this prospectus.

- our business strategy;
- our estimated proved reserves;
- our ability to distribute cash available for distribution and achieve or maintain certain financial and operational metrics;
- our drilling prospects, inventories, projects and programs;
- general economic conditions, including the effects of a global health crises such as the COVID-19 pandemic;
- actions taken by OPEC + as it pertains to the global supply and demand of, and prices for, oil, natural gas and NGLs;
- our ability to replace the reserves we produce through drilling and property acquisitions;
- our financial strategy, leverage, liquidity and capital required for our development program;
- our pending legal or environmental matters;
- our realized oil and natural gas prices;
- the timing and amount of our future production of natural gas;
- our ability to reduce or offset our GHG emissions, including our ability to achieve carbon neutrality;
- our hedging strategy and results;
- our competition and government regulations;
- our ability to obtain permits and governmental approvals;
- our marketing of natural gas;
- our leasehold or business acquisitions;
- our costs of developing our properties;
- credit markets;
- our decline rates of our oil and gas properties;
- uncertainty regarding our future operating results; and
- our plans, objectives, expectations and intentions contained in this prospectus that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development and production of oil, natural gas and NGL. We disclose important factors that could cause our

actual results to differ materially from our expectations as discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this prospectus. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statement include:

- commodity price volatility;
- the impact of epidemics, outbreaks or other public health events, and the related effects on financial markets, worldwide economic activity and our operations;
- the impact of COVID-19, and governmental measures related thereto, on global demand for oil and natural gas and on the operations of our business;
- uncertainties about our estimated oil, natural gas and NGL reserves, including the impact of commodity price declines on the economic producibility of such reserves, and in projecting future rates of production;
- the concentration of our operations in the Anadarko Basin;
- difficult and adverse conditions in the domestic and global capital and credit markets;
- lack of transportation and storage capacity as a result of oversupply, government regulations or other factors;
- lack of availability of drilling and production equipment and services;
- potential financial losses or earnings reductions resulting from our commodity price risk management program or any inability to manage our commodity risks;
- failure to realize expected value creation from property acquisitions and trades;
- access to capital and the timing of development expenditures;
- environmental, weather, drilling and other operating risks;
- regulatory changes, including potential shut-ins or production curtailments mandated by the Railroad Commission of Texas;
- competition in the oil and natural gas industry;
- loss of production and leasehold rights due to mechanical failure or depletion of wells and our inability to re-establish their production;
- our ability to service our indebtedness;
- any downgrades in our credit ratings that could negatively impact our cost of and ability to access capital;
- cost inflation;
- political and economic conditions and events in foreign oil and natural gas producing countries, including embargoes, continued hostilities in the Middle East and other sustained military campaigns, the war Ukraine and associated economic sanctions on Russia, conditions in South America, Central America, China and Russia, and acts of terrorism or sabotage;
- evolving cybersecurity risks such as those involving unauthorized access, denial-of-service attacks, malicious software, data privacy breaches by employees, insiders or other with authorized access, cyber or phishing-attacks, ransomware, social engineering, physical breaches or other actions; and
- risks related to our ability to expand our business, including through the recruitment and retention of qualified personnel.

Reserve engineering is a process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reservoir engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, our reserve and PV-10 estimates may differ significantly from the quantities of oil, natural gas and NGLs that are ultimately recovered.

Should one or more of the risks or uncertainties described in this prospectus occur, or should underlying assumptions prove to be incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus.

INDEX TO FINANCIAL STATEMENTS

MACH NATURAL RESOURCES LP
Pro Forma Condensed Consolidated Financial Statements
(Unaudited)
(in thousands)

Introduction

Mach Natural Resources LP (the "Company") is a limited partnership focused on the acquisition, development, and production of oil, natural gas and NGL reserves in the Anadarko Basin region of Western, Oklahoma, Southern Kansas and the panhandle of Texas. The unaudited pro forma financial statements have been prepared in accordance with Article 11 of Regulation S-X, using assumptions set forth in the notes to the unaudited pro forma financial statements. The following unaudited pro forma financial statements of the Company reflect the historical results of BCE-Mach III LLC ("Predecessor"), BCE-Mach LLC and BCE-Mach II LLC on a pro forma basis to give effect to the following transactions, which are described in further detail below, as if they had occurred on June 30, 2023, for pro forma balance sheet purposes, and on January 1, 2022, for pro forma statements of operations purposes:

1. The Reorganization Transactions as described in "Prospectus Summary — Reorganization Transactions and Partnership Structure" elsewhere in this prospectus; and

2. The initial public offering of common units (the "Offering") and the use of the net proceeds as follows: (i) repay in full and terminate the BCE-Mach II credit facility and the BCE-Mach credit facility, (ii) repay a portion of the BCE-Mach III credit facility and (iii) to the extent additional proceeds are available, purchase common units from our existing owners prior to this offering on a pro rata basis (the "Exchanging Members") for $ million, with any remainder for general partnership purposes. For purposes of the unaudited pro forma financial statements, the Offering is defined as the planned issuance and sale to the public of common units of the Company at an assumed initial public offering price of $ per common unit as contemplated by this prospectus. The gross proceeds from the sale of the common units are expected to be $200 million, reduced by underwriting discounts of $14 million and other offering costs of $5 million.

The unaudited pro forma balance sheet of the Company is based on the historical balance sheets of BCE-Mach III LLC, BCE-Mach LLC and BCE-Mach II LLC, as of June 30, 2023, and includes pro forma adjustments to give effect to the described transactions as if they had occurred on June 30, 2023. The unaudited pro forma statements of operations of the Company are based on the audited historical statement of operations of BCE-Mach III LLC, BCE-Mach LLC and BCE-Mach II LLC for the year ended December 31, 2022, and for the six months ended June 30, 2023, and all having been adjusted to give effect to the described transactions as if they occurred on January 1, 2022. All entities to be contributed in the Reorganization Transactions have a high degree of common ownership, though no individual controls any of the entities and therefore the transactions are not accounted for as common control transactions, and the acquisition of BCE-Mach and BCE-Mach II by BCE-Mach III as the accounting acquirer will be accounted for in accordance with the business combination guidance in ASC 805.

The Company considered the guidance in ASC 805 to determine the Predecessor for accounting and reporting purposes. In consideration of the guidance, Mach Natural Resources LP, BCE-Mach LLC, BCE-Mach II LLC and BCE-Mach III LLC were all reviewed. Mach Natural Resources LP is not considered to be a substantive entity as it was formed for the sole purpose of receiving the transfer of equity interests and has no other operations. As such, Mach Natural Resources LP is not the Predecessor. For BCE-Mach LLC, BCE-Mach II LLC and BCE-Mach III LLC, relevant financial data was reviewed to determine if one of the entities was significantly larger than the other entities. In reviewing total assets, oil and gas sales and operating cash flow, it was determined that BCE-Mach III LLC is significantly larger by these relevant measures. Additionally, BCE-Mach III LLC has a meaningful operating history over the past three years. As such, BCE-Mach III LLC is considered the Predecessor and accounting acquirer for accounting and reporting purposes.

The pro forma data presented reflect events directly attributable to the described transactions and certain assumptions the Company believes are reasonable. The pro forma data is not necessarily indicative of financial results that would have been attained had the described transactions occurred on the date indicated or which could be achieved in the future because they necessarily exclude various operating expenses, such as incremental general and administrative expenses associated with being a public company. The adjustments are based on currently available

information and certain estimates and assumptions. Therefore, the actual adjustments may differ from the pro forma adjustments. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated and the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited financial statements. The Company has not included any adjustments depicting synergies or dis-synergies of the Reorganization Transactions.

The unaudited pro forma financial statements and related notes are presented for illustrative purposes only. If the Reorganization Transactions and the Offering had occurred in the past, the Company's operating results might have been materially different from those presented in the unaudited pro forma financial statements. The unaudited pro forma financial statements should not be relied upon as an indication of operating results that the Company would have achieved if the Reorganization Transactions and the Offering had taken place on the specified date. In addition, future results may vary significantly from the results reflected in the unaudited pro forma financial statements of operations and should not be relied upon as an indication of the future results the Company will have after the contemplation of the Reorganization Transactions and the Offering.

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

MACH NATURAL RESOURCES LP
Pro Forma Balance Sheet
As of June 30, 2023
(Unaudited)
(in thousands)

	Historical			Reorganization Transaction Pro Forma Adjustments		Offering Transaction Pro Forma Adjustments		Pro Forma
	BCE-Mach III Predecessor	BCE-Mach I	BCE-Mach II					
ASSETS								
Current assets								
Cash and cash equivalents	$ 48,846	$ 23,441	$ 11,321	$ —		$ —	(a)	$ 83,608
Accounts receivable – joint interest and other	20,093	11,860	6,823	—		—		38,776
Accounts receivable – oil, gas, and NGL sales	52,394	18,712	1,548	—		—		72,654
Inventories	20,958	13,776	1,085	—		—		35,819
Short-term derivative contracts	—	1,378	429	—		—		1,807
Other current assets	2,088	1,297	690	—		—		4,075
Total current assets	144,379	70,464	21,896	—		—		236,739
Oil and natural gas properties, using the full cost method:								
Proved oil and natural gas properties	939,516	527,892	81,280	(268,035)	(b)	—		1,280,653
Less: accumulated depreciation and depletion	(195,445)	(292,424)	(39,651)	332,075	(b)	—		(195,445)
Oil and natural gas properties, net	744,071	235,468	41,629	64,040		—		1,085,208
Other property, plant and equipment	87,015	98,589	11,474	(94,099)	(c)	—		102,979
Less: accumulated depreciation and impairment	(11,964)	(39,953)	(2,448)	38,150	(c)	—		(16,215)
Other property, plant and equipment, net	75,051	58,636	9,026	(55,949)		—		86,764
Other assets	2,124	4,337	169	(693)	(d)	—		5,937
Operating lease assets	13,687	3,196	1,145	—		—		18,028
Goodwill	—	2,674	—	(2,674)	(e)	—		—
Total assets	$ 979,312	$ 374,775	$ 73,865	$ 4,724		$ —		$ 1,432,676
LIABILITIES AND EQUITY								
Current liabilities								
Accounts payable	$ 38,129	$ 6,033	$ 1,222	$ —		$ —		$ 45,384
Accrued liabilities	38,172	10,455	2,657	—		—		51,284
Revenue payable	50,569	25,796	15,839	—		—		92,204
Current portion of operating lease liabilities	10,692	1,463	426	—		—		12,581
Short-term derivative contracts	1,869	—	—	—		—		1,869
Total current liabilities	139,431	43,747	20,144			—		203,322
Long-term debt	91,900	65,000	17,100	—		(106,000)	(a)	68,000
Asset retirement obligations	54,592	34,445	19,028	—		—		108,065
Long-term portion of operating lease liabilities	3,176	1,740	720	—		—		5,636
Other long-term liabilities	686	274	482	—		—		1,442
Total long-term liabilities	150,354	101,459	37,330			(106,000)		183,143
Members' equity	689,527	229,569	16,391	4,724		106,000		1,046,211
Total liabilities and members' equity	$ 979,312	$ 374,775	$ 73,865	$ 4,724		$ —		$ 1,432,676

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

MACH NATURAL RESOURCES LP
Pro Forma Statement of Operations for the Six Months Ended June 30, 2023
(Unaudited)
(in thousands)

	Historical			Reorganization Transaction Pro Forma Adjustments		Offering Transaction Pro Forma Adjustments		Pro Forma
	BCE-Mach III Predecessor	BCE-Mach I	BCE-Mach II					
Revenue								
Oil, natural gas, and NGL sales	$ 312,613	$ 70,710	$ 16,363	$ —		$ —		$ 399,686
Midstream revenue	13,318	—	213	—		—		13,531
Gain on oil and natural gas derivatives	15,742	6,048	828	—		—		22,618
Product sales	17,421	—	—	—		—		17,421
Total revenues	359,094	76,758	17,404	—		—		453,256
Operating expenses								
Gathering and processing	17,510	13,928	1,992	—		—		33,430
Lease operating expense	60,615	20,514	6,310	—		—		87,439
Midstream operating expense	5,538	—	223	—		—		5,761
Cost of product sales	15,575	—	—	—		—		15,575
Production taxes	15,526	3,644	833	—		—		20,003
Depreciation, depletion, and accretion – oil and natural gas	58,095	12,678	2,167	(823)	(f)	—		72,117
Depreciation and amortization – other	2,793	4,454	346	(4,422)	(g)	—		3,171
General and administrative	9,905	4,791	(1,536)	—		(1,410)	(h)	11,750
Total operating expenses	185,557	60,009	10,335	(5,245)		(1,410)		249,246
Income from operations	173,537	16,749	7,069	5,245		1,410		204,010
Other (expense) income								
Interest expense	(3,789)	(2,811)	(747)	—		4,230	(i)	(3,117)
Other (expense) income, net	(245)	(4,075)	(646)	—		—		(4,966)
Total other expense	(4,034)	(6,886)	(1,393)	—		4,230		(8,083)
Net income	$ 169,503	$ 9,863	$ 5,676	$ 5,245		$ 5,640		$ 195,927
Net income per Common Unit								
Basic	$							$
Diluted	$							$
Weighted Average Common Units Outstanding								
Basic								
Diluted								

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

MACH NATURAL RESOURCES LP
Pro Forma Statement of Operations for the Year Ended December 31, 2022
(Unaudited)
(in thousands)

	Historical			Reorganization Transaction Pro Forma Adjustments		Offering Transaction Pro Forma Adjustments		Pro Forma
	BCE-Mach III Predecessor	BCE-Mach I	BCE-Mach II					
Revenue								
Oil, natural gas, and NGL sales	$ 860,388	$ 233,644	$ 71,388	$ —		$ —		$ 1,165,420
Midstream revenue	44,373	—	459	—		—		44,832
Loss on oil and natural gas derivatives	(67,453)	(42,334)	(3,535)	—		—		(113,322)
Product sales	100,106	—	—	—		—		100,106
Total revenues	937,414	191,310	68,312	—		—		1,197,036
Operating expenses								
Gathering and processing	47,484	34,437	5,966	—		—		87,887
Lease operating expense	95,941	35,605	13,721	—		—		145,267
Midstream operating expense	15,157	—	461	—		—		15,618
Cost of product sales	94,580	—	—	—		—		94,580
Production taxes	47,825	13,246	4,123	—		—		65,194
Depreciation, depletion, and accretion – oil and natural gas	84,070	26,621	4,487	4,181	(f)	—		119,359
Depreciation and amortization – other	4,519	8,318	679	(8,071)	(g)	—		5,445
General and administrative	25,454	4,577	(2,551)	—		(8,202)	(h)	19,278
Total operating expenses	415,030	122,804	26,886	(3,890)		(8,202)		552,628
Income from operations	522,384	68,506	41,426	3,890		8,202		644,408
Other (expense) income								
Interest expense	(4,852)	(5,515)	(951)	—		7,077	(i)	(4,241)
Other (expense) income, net	(691)	(452)	60	—		—		(1,083)
Loss on debt extinguishment		(898)	—	—		898	(j)	—
Total other expense	(5,543)	(6,865)	(891)	—		7,975		(5,324)
Net income	$ 516,841	$ 61,641	$ 40,535	$ 3,890		$ 16,177		$ 639,084
Net income per Common Unit								
Basic	$							$
Diluted	$							$
Weighted Average Common Units Outstanding								
Basic								

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

MACH NATURAL RESOURCES LP
Notes to Pro Forma Condensed Consolidated Financial Statements

1. Basis of Presentation, Corporate Reorganization and the Offering

The historical financial information is derived from the financial statements of BCE-Mach III LLC included elsewhere in this prospectus. For purposes of the audited balance sheet, it is assumed that the transaction took place on June 30, 2023. For purposes of the audited pro forma statement of operations it is assumed that the transaction took place on January 1, 2022.

Upon closing the Offering, the Company expects to incur direct, incremental general and administrative expenses as a result of being publicly traded, including, but not limited to, costs associated with annual and quarterly reports to unitholders, tax return preparation, independent auditor fees, incremental legal fees, investor relations activities, registrar and transfer agent fees, incremental director and officer liability insurance costs, and independent director compensation. These direct, incremental general and administrative expenditures are not reflected in the historical financial statements or in the unaudited pro forma financial statements.

Prior to the closing of this offering, the following transactions, which we refer to as the reorganization transactions, will occur:

(a) Investment funds managed by Bayou City Energy Management, LLC will contribute 100% of their membership interests in Predecessor, BCE-Mach LLC and BCE-Mach II LLC to BCE Mach Aggregator LLC ("BCE-Mach Aggregator") in exchange for 100% of the membership interests in BCE-Mach Aggregator;

(b) Each of BCE-Mach Aggregator, the current officers and employees who own indirect equity interests in Predecessor, BCE-Mach LLC and BCE-Mach II LLC and Mach Resources, LLC will contribute 100% of their respective membership interests in Predecessor, BCE-Mach LLC and BCE-Mach II LLC to the Company in exchange for a pro rata allocation of 100% of the limited partner interests in the Company;

(c) The Company will contribute 100% of its membership interests in Predecessor, BCE-Mach LLC and BCE-Mach II LLC to Mach Natural Resources Intermediate LLC ("Intermediate") in exchange for 100% of the membership interests in Intermediate; and

(d) Intermediate will contribute 100% of its membership interests in Predecessor, BCE-Mach LLC and BCE-Mach II LLC to Mach Natural Resources Holdco LLC ("Holdco") in exchange for 100% of the membership interests in Holdco.

2. Pro Forma Adjustments and Assumptions

The Company made the following adjustments and assumptions in preparation of the audited pro forma financial statements:

(a) Reflects estimated gross proceeds of $200 million from the issuance and sale of common units at an assumed initial public offering price of $ per unit, reduced by underwriting discounts and commissions of $14 million, in the aggregate, and additional estimated expenses related to the Offering of approximately $5 million and the use of the net proceeds therefrom as follows:

- Pay down $106 million of outstanding borrowings under the Company's existing credit facilities, which was $174.0 million as of June 30, 2023. For purposes of the unaudited pro forma financial statements, $106 million was first applied to repay in full and terminate the BCE-Mach II credit facility and the BCE-Mach credit facility, and then applied to repay a portion of the BCE-Mach III credit facility.
- Repurchase common units from the Sponsor and its affiliates at the assumed initial public offering price of $ per unit, totaling approximately $75 million.

(b) Adjustment reflects removal of historical cost and accumulated depreciation of oil and gas properties of BCE-Mach and BCE-Mach II, and replacement with current fair value. The fair value of the oil and gas properties was assessed by utilizing a fair value reserve report that used future pricing and other commonly used valuation techniques.

MACH NATURAL RESOURCES LP
Notes to Pro Forma Condensed Consolidated Financial Statements

2. Pro Forma Adjustments and Assumptions (cont.)

(c) Adjustment reflects removal of certain operator owned equipment from other property, plant, and equipment, as it is inclusive in value of oil and gas properties in new fair value, as well as the fair value of BCE-Mach II's gathering assets. The fair value of the gathering assets was assessed using the income approach.

(d) Adjustment reflects removal of all loan origination fees on the BCE-Mach credit facility and BCE-Mach II credit facility, as these will cease to exist upon completion of the offering.

(e) Adjustment reflects removal of goodwill as there is no implied goodwill on the transaction.

(f) Adjustment reflects changes to depreciation, depletion and amortization expense that would have been incurred as if the transaction occurred on January 1, 2022 as a result of new fair value of oil and gas properties.

(g) Adjustment reflects changes to depreciation and amortization of other assets that would have been incurred as if the transaction occurred on January 1, 2022 based on new fair value of other property and equipment.

(h) Adjustment reflects removal of all equity compensation expense associated with B Units issued, as these units will cease to exist upon completion of the transaction.

(i) Adjustment reflects the reduction of interest expense of the Existing Credit Facilities from the use of offering proceeds to pay down debt outstanding.

(j) Adjustment reflects the reduction of the loss on debt extinguishment as the BCE-Mach credit facility would have been paid down.

3. Supplementary Disclosure for Oil and Gas Producing Activities

The following tables present the pro forma standardized measure of the discounted net future cash flows and changes applicable to Mach Natural Resources' proved reserves. The future cash flows are discounted at 10% per year and assume continuation of existing economic conditions.

The standardized measure of discounted future net cash flows, in management's opinion, should be examined with caution. The basis for this table is the reserve studies prepared by independent petroleum engineering consultants, which contain imprecise estimates of quantities and rates of production of reserves. Revisions of previous year estimates can have a significant impact on these results. Also, exploration costs in one year may lead to significant discoveries in later years and may significantly change previous estimates of proved reserves and their valuation. Therefore, the standardized measure of discounted future net cash flow is not necessarily indicative of the fair value of Mach Natural Resources' proved oil and natural gas properties.

The data presented should not be viewed as representing the expected cash flow from or current value of, existing proved reserves since the computations are based on a large number of estimates and assumptions. Reserve quantities cannot be measured with precision and their estimation requires many judgmental determinations and frequent revisions. Actual future prices and costs are likely to be substantially different from the prices and costs utilized in the computation of reported amounts.

MACH NATURAL RESOURCES LP
Notes to Pro Forma Condensed Consolidated Financial Statements

3. Supplementary Disclosure for Oil and Gas Producing Activities (cont.)

Oil (MMbbl)	BCE-Mach_III (Predecessor)	BCE-Mach	BCE-Mach II	Pro Forma
December 31, 2021	35.8	16.4	1.6	53.8
Revisions of previous estimates	15.7	1.1	0.2	17.0
Purchases in place	1.9	—	—	1.9
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(4.8)	(1.0)	(0.1)	(5.9)
December 31, 2022	48.6	16.5	1.7	66.8
Proved Developed Reserves				
December 31, 2021	22.8	12.3	1.6	36.7
December 31, 2022	30.0	11.7	1.7	43.4
Proved Undeveloped Reserves				
December 31, 2021	13.0	4.1	—	17.1
December 31, 2022	18.6	4.8	—	23.4

Natural Gas (bcf)	BCE-Mach III (Predecessor)	BCE-Mach	BCE-Mach II	Pro Forma
December 31, 2021	437.1	241.6	86.2	764.9
Revisions of previous estimates	167.6	28.3	14.7	210.6
Purchases in place	72.5	—	5.6	78.1
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(47.6)	(15.8)	(7.6)	(71.0)
December 31, 2022	629.6	254.1	98.9	982.6
Proved Developed Reserves				
December 31, 2021	415.1	210.9	86.2	712.2
December 31, 2022	527.4	212.0	98.9	838.3
Proved Undeveloped Reserves				
December 31, 2021	22.0	30.7	—	52.7
December 31, 2022	102.2	42.1	—	144.3

NGL (MMbbl)	BCE-Mach III (Predecessor)	BCE-Mach	BCE-Mach II	Pro Forma
December 31, 2021	30.1	15.3	5.5	50.9
Revisions of previous estimates	11.4	1.9	1.7	15.0
Purchases in place	8.1	—	—	8.1
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(2.8)	(1.0)	(0.5)	(4.3)
December 31, 2022	46.8	16.2	6.7	69.7
Proved Developed Reserves				
December 31, 2021	29.8	13.6	5.5	48.9
December 31, 2022	39.2	13.8	6.7	59.7
Proved Undeveloped Reserves				
December 31, 2021	0.3	1.7	—	2.0
December 31, 2022	7.6	2.4	—	10.0

MACH NATURAL RESOURCES LP
Notes to Pro Forma Condensed Consolidated Financial Statements

3. Supplementary Disclosure for Oil and Gas Producing Activities (cont.)

Total (MMBoe)	BCE-Mach III (Predecessor)	BCE-Mach	BCE-Mach II	Pro Forma
December 31, 2021	138.7	71.9	21.5	232.1
Revisions of previous estimates	54.9	7.7	4.3	66.9
Purchases in place	22.2	—	1.0	23.2
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(15.5)	(4.6)	(1.9)	(22.0)
December 31, 2022	200.3	75.0	24.9	300.2
Proved Developed Reserves				
December 31, 2021	121.7	61.0	21.5	204.2
December 31, 2022	157.1	60.8	24.9	242.8
Proved Undeveloped Reserves				
December 31, 2021	17.0	10.9	—	27.9
December 31, 2022	43.2	14.2	—	57.4

The pro forma standardized measure of discounted estimated future net cash flows was as follows as of December 31, 2022 (in thousands):

(in thousands)	BCE-Mach III (Predecessor)	BCE-Mach	BCE-Mach II	Pro Forma
Future cash inflows	$ 9,666,636	$ 3,206,749	$ 852,310	$ 13,725,695
Future costs:				—
Production[1]	(3,143,467)	(1,086,699)	(292,974)	(4,523,140)
Development[2]	(876,115)	(241,007)	(23,486)	(1,140,608)
Income taxes[3]	—	—	—	—
Future net cash flows	5,647,054	1,879,043	535,850	8,061,947
10% annual discount	(2,693,549)	(1,029,073)	(281,020)	(4,003,642)
Standardized measure	$ 2,953,505	$ 849,970	$ 254,830	$ 4,058,305

The change in the pro forma standardized measure of discounted estimated future net cash flows were as follows for 2022 (in thousands):

(in thousands)	BCE-Mach III (Predecessor)	BCE-Mach	BCE-Mach II	Pro Forma
Standardized measure, beginning of period	$ 1,413,611	$ 540,643	$ 124,185	$ 2,078,439
Revisions of previous quantity estimates	962,927	98,988	45,324	1,107,239
Changes in estimated future development costs	169,405	30,957	210	200,572
Purchases of minerals in place	201,135	—	9,699	210,834
Net changes in prices and production costs	442,599	301,637	100,586	844,822
Accretion of discount	141,361	54,064	12,418	207,843
Sales of oil and gas produced, net of production costs	(669,138)	(150,356)	(47,578)	(867,072)
Development costs incurred during the period	261,650	14,619	441	276,710
Change in timing of estimated future production and other	29,955	(40,582)	9,545	(1,082)
Standardized measure, end of period	$ 2,953,505	$ 849,970	$ 254,830	$ 4,058,305

1 Production costs include production severance taxes, ad valorem taxes and operating expenses.
2 Development costs include plugging expenses, net of salvage and net capital investment.
3 Income taxes — the Company is a limited partnership treated as a partnership for federal and state income tax purposes, with the exception of the state of Texas, with taxable income of the Company passed through to partners based on their respective share. Limited partnerships are subject to state income taxes in Texas. Due to immateriality, state income taxes related to the Texas margin tax are not included in our Standardized Measure calculation.

Table of Contents

BCE-Mach III LLC Consolidated Financial Statements and Report of Independent Registered Public Accounting Firm

As of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Members
BCE-Mach III LLC

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of BCE-Mach III LLC (a Delaware limited liability company) and subsidiary (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Change in accounting principle

As discussed in Note 12 to the financial statements, the Company has changed its method of accounting for leases in 2022 due to the adoption of FASB Accounting Standards Codification 842, *Leases*.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standardsof the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2020.

Oklahoma City, Oklahoma
June 27, 2023

BCE-MACH III LLC
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 29,417	$ 59,272
Accounts receivable – joint interest and other	21,490	18,270
Accounts receivable – oil, gas, and NGL sales	108,277	75,610
Inventories	24,700	4,943
Other current assets	2,349	20,379
Total current assets	186,233	178,474
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	749,934	337,049
Less: accumulated depreciation, depletion and amortization	(139,514)	(59,057)
Oil and natural gas properties, net	610,420	277,992
Other property, plant and equipment	82,125	70,014
Less: accumulated depreciation	(9,198)	(4,823)
Other property, plant and equipment, net	72,927	65,191
Other assets	3,052	3,722
Operating lease assets	14,809	—
Total assets	$ 887,441	$ 525,379
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 19,429	$ 7,582
Accrued liabilities	60,169	29,429
Revenue payable	52,196	51,139
Short-term derivative liabilities	10,080	28,315
Current portion of operating lease	10,767	—
Other short-term liabilities	—	12,974
Total current liabilities	152,641	129,439
Long-term debt	84,900	85,800
Asset retirement obligations	52,359	25,620
Long-term derivative liabilities	—	5,100
Long-term portion of operating lease	4,042	—
Other long-term liabilities	269	721
Total long-term liabilities	141,570	117,241
Commitments and contingencies (Note 11)		
Members' equity	593,230	278,699
Total liabilities and members' equity	$ 887,441	$ 525,379

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

BCE-MACH III LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Year Ended December 31,	
	2022	**2021**
Revenue		
Oil, natural gas, and NGL sales	$ 860,388	$ 397,500
Midstream revenue	44,373	31,883
Loss on oil and natural gas derivatives	(67,453)	(67,549)
Product sales	100,106	30,663
Total revenues	937,414	392,497
Operating expenses		
Gathering and processing	47,484	27,987
Lease operating expense	95,941	45,391
Midstream operating expense	15,157	12,248
Cost of product sales	94,580	28,687
Production taxes	47,825	21,165
Depreciation, depletion, amortization and accretion – oil and natural gas	84,070	37,537
Depreciation and amortization – other	4,519	3,148
General and administrative	25,454	60,927
Total operating expenses	415,030	237,090
Income from operations	522,384	155,407
Other (expense) income		
Interest expense	(4,852)	(1,656)
Other (expense) income, net	(691)	1,023
Loss on contingent consideration	—	(16,400)
Total other expense	(5,543)	(17,033)
Net income	$ 516,841	$ 138,374

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

BCE-MACH III LLC
CONSOLIDATED STATEMENT OF MEMBERS' EQUITY
(in thousands)

	Total Members' Equity
Balance at December 31, 2020	$ 139,561
Contributions	101,461
Distributions	(146,000)
Equity Compensation	45,303
Net income	138,374
Balance at December 31, 2021	$ 278,699
Contributions	65,000
Distributions	(274,837)
Equity Compensation	7,527
Net income	516,841
Balance at December 31, 2022	$ 593,230

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

BCE-MACH III LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31,	
	2022	**2021**
Cash flows from operating activities		
Net income	$ 516,841	$ 138,374
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation, depletion and amortization	88,589	40,685
Loss on derivative instruments	67,453	67,549
Cash payments on settlement of derivative contracts, net	(94,201)	(59,381)
Debt issuance costs amortization	375	312
Loss on contingent consideration	—	16,400
Settlement of contingent consideration	(13,547)	(9,553)
Equity based compensation	7,527	45,303
Gain on sale of assets	(45)	(85)
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable, inventories, other assets	(30,671)	(74,462)
Revenue payable	(908)	24,389
Accounts payable and accrued liabilities	12,178	8,966
Settlement of asset retirement obligations	(49)	(35)
Net cash provided by operating activities	553,542	198,462
Cash flows from investing activities		
Capital expenditures for oil and natural gas properties	(233,584)	(37,789)
Capital expenditures for other property and equipment	(9,441)	(3,219)
Acquisition of assets	(96,620)	(154,419)
Acquisition of assets – related party	(37,242)	—
Proceeds from sales of oil and natural gas properties	3,996	599
Proceeds from sales of other property and equipment	231	85
Net cash used in investing activities	(372,660)	(194,743)
Cash flows from financing activities		
Proceeds from borrowings on credit facility	—	72,900
Repayments of borrowings on credit facility	(900)	(30,800)
Debt issuance costs	—	(245)
Contributions from members	65,000	101,461
Distributions to members	(274,837)	(146,000)
Settlement of contingent consideration	—	(1,900)
Net cash used in financing activities	(210,737)	(4,584)
Net decrease in cash and cash equivalents	(29,855)	(865)
Cash and cash equivalents, beginning of period	59,272	60,137
Cash and cash equivalents, end of period	$ 29,417	$ 59,272

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

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

BCE-Mach III LLC ("the Company") was formed on December 28, 2019 as a limited liability company under the laws of the State of Delaware. On December 28, 2019, the Company entered into a limited liability company agreement (the "LLC agreement") with its initial member. The LLC agreement was amended and restated on March 25, 2021 to allow additional equity to be issued to certain employees of the Company. The Company wholly owns one subsidiary, BCE-Mach III Midstream Holdings LLC. On April 9, 2020, the Company closed on an acquisition and operations subsequently began for the Company. The Company owns and operates producing wells and undeveloped acreage primarily in Oklahoma and Texas. The Company also owns gas gathering lines, gas processing facilities, and saltwater disposal facilities.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements included herein were prepared fromrecords of the Company in accordance with generally accepted accounting principles in the United States ("US GAAP") and include accounts of our wholly owned subsidiary. Intercompany accounts and transactions have been eliminated upon consolidation. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals that are considered necessary for a fair statement of the financial information, have been included.

Use of Estimates

The preparation of the financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates. The Company evaluates these estimates on an ongoing basis, using historical experience, consultation with experts and other methods the Company considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Significant items subject to such estimates and assumptions include, but are not limited to, estimates of proved oil and natural gas reserves and related present value estimates of future net cash flows therefrom, the fair value determination of acquired assets and liabilities, equity based compensation, the fair value of contingent consideration, and the fair value estimates of commodity derivatives.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the financial statements. The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in this area.

Accounts Receivable

Accounts receivable consist of receivables from joint interest owners on properties the Company operates and from sales of oil and natural gas production delivered to purchasers. The purchasers remit payment for production directly to the Company. Most payments for production are received within three months after the production date.

Accounts receivable are stated at amounts due from joint interest owners or purchasers, net of an allowance for doubtful accounts when the Company believes collection is doubtful. The Company extends credit to joint interest owners and generally does not require collateral. For receivables from joint interest owners, the Company typically has the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

Accounts receivable outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole. The Company writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. No allowance was deemed necessary as of December 31, 2022 or 2021.

Derivative Instruments

The Company is required to recognize its derivative instruments on the balance sheet as assets or liabilities at fair value with such amounts classified as current or long-term based on their anticipated settlement dates. The accounting for the changes in fair value of a derivative depends on the intended use of the derivative and resulting designation. The Company has not designated its derivative instruments as hedges for accounting purposes and, as a result, marks its derivative instruments to fair value and recognizes the cash and non-cash change in fair value on derivative instruments in the statement of operations.

Oil and Natural Gas Operations

The Company 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, which are expensed as incurred. Capitalized costs are depreciated using the unit-of production method. Under this method, depletion is computed at the end of each period by multiplying total production for the period by a depletion rate. The depletion rate is determined by dividing the total unamortized cost base plus future development costs by a net equivalent proved reserves at the beginning of the period. The average depletion rate per barrel equivalent unit of production was $5.18 and $3.46 for the years ended December 31, 2022 and 2021, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $80.5 million and $35.8 million for the years ended December 31, 2022 and 2021, respectively.

Under the full cost method, capitalized costs of oil and gas properties, net of accumulated depreciation, depletion and amortization, may not exceed the full cost "ceiling" at the end of each year. The ceiling is calculated based on the present value of estimated future net cash flows from proved oil and gas reserves, discounted at 10%. The estimated future net revenues exclude future cash outflows associated with settling asset retirement obligations included in the net book value of oil and gas properties. Estimated future net cash flows are calculated using the preceding 12-months' average price based on closing prices on the first day of each month. The net book value is compared to the ceiling limitation on an annual basis. The excess, if any, of the net book value above the ceiling limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. The ceiling limitation computation is determined without regard to income taxes due to the Internal Revenue Service ("IRS") recognition of the Company as a flow-through entity. No impairments on proved oil and natural gas properties were recorded for the year ended December 31, 2022 or 2021.

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 assesses all items classified as unevaluated property on an annual basis for possible impairment. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. As of December 31, 2022, the Company had no properties excluded from the full cost pool. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

Sales of oil and natural gas properties being amortized are accounted for as adjustments to the full cost pool, with no gain or loss recognized, unless the adjustments would significantly alter the relationship between capitalized costs and proved oil, natural gas, and natural gas liquids ("NGL") reserves. A significant alteration would not ordinarily be expected to occur upon the sale of reserves involving less than 25% of the proved reserve quantities of a cost center.

Other Property and Equipment, Net

Other property and equipment primarily consists of a gathering system, processing plant, and salt water disposal system. Property and equipment are capitalized and recorded at cost, while maintenance and repairs are expensed. Depreciation of such property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from two to 39 years. Depreciation expense for other property and equipment was $4.5 million and $3.1 million for the years ended December 31, 2022 and 2021, respectively.

Impairment losses are recorded on property and equipment used in operations and other long-lived assets held and used when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured based on the excess of the carrying amount over the fair value of the asset. No impairment was recorded for the years ending December 31, 2022 or 2021.

Inventories

Inventories are stated at the lower of cost or net realizable value and consist of production and midstream equipment not placed in service as of December 31, 2022 and 2021. The Company's production equipment is primarily comprised of oil and natural gas drilling or repair items such as tubing, casing and pumping units, as well as pipe for midstream operations.

Debt Issuance Costs

Other assets include capitalized costs related to the credit facility of $1.0 million, net of accumulated amortization of $0.8 million as of December 31, 2022. As of December 31, 2021, other assets include capitalized costs related to the credit facility of $1.0 million, net of accumulated amortization of $0.5 million. These costs are being amortized over the term of the credit facility and are reported as interest expense on the Company's statement of operations.

Income Taxes

The Company is an LLC taxed as a partnership, and any associated tax liability is the responsibility of the individual members of the LLC. Accordingly, no provision for income taxes has been made in these financial statements.

The Company disallows the recognition of tax positions not deemed to meet a "more-likely-than not" threshold of being sustained by the applicable tax authority. The Company's policy is to reflect interest and penalties related to uncertain tax positions in general and administrative expense, when and if they become applicable. The Company has not recognized any potential interest or penalties in its financial statements for the year ended December 31, 2022. The Company's tax years 2021 and 2020 remain open for examination by state authorities.

Asset Retirement Obligations

The Company records the fair value of the future legal liability for an asset retirement obligation ("ARO") in the period in which the liability is incurred (at the time the wells are drilled or acquired), with the offsetting increase to property cost. These property costs are depreciated on a unit-of-production basis within the full cost pool. The liability accretes each period until it is settled or the well is sold, at which time the liability is satisfied.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

The Company estimates a fair value of the obligation on each well in which it owns an interest by identifying costs associated with the future downhole plugging, dismantlement and removal of production equipment and facilities, and the restoration and reclamation of a field's surface to a condition similar to that existing before oil and natural gas extraction or salt water disposal began.

In general, the amount of ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an estimated credit adjusted rate. If the estimated ARO changes materially, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. The following is a reconciliation of ARO as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022	December 31, 2021
Asset retirement obligation at beginning of period	$ 25,620	$ 10,411
Liabilities assumed in acquisitions	21,385	13,281
Liabilities incurred	1,660	240
Liabilities settled	(136)	(19)
Liabilities revised	218	(21)
Accretion expense	3,612	1,728
Asset retirement obligation at end of period	$ 52,359	$ 25,620

Revenue Recognition

Sales of oil, natural gas and NGL 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. The Company's 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 pricing provisions in the Company's contracts are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, the quality of the oil or natural gas and the prevailing supply and demand conditions. As a result, the price of the oil, natural gas and NGL fluctuates to remain competitive with other available oil, natural gas and NGL supplies.

Our major market risk exposure is in the pricing applicable to our oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas production. Pricing for oil and natural gas production has been volatile and unpredictable for several years, and the Company expects this volatility to continue in the future. The prices the Company receives for production depend on many factors outside of our control. See Note 8. Derivative Contracts, for the Company's management of price volatility.

Oil Sales

The Company's oil sales contracts are structured where it delivers oil to the purchasers at the wellhead, where the purchaser takes custody, title and risk of loss of the product. Under this arrangement, the Company recognizes revenue when control transfers to the purchaser at the delivery point based on the price received from the purchaser. Oil revenues are recorded net of any third-party transportation fees and other applicable differentials in the Company's statement of operations.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

Natural Gas and NGL Sales

Under the Company's natural gas and NGL sales contracts, it first delivers wet natural gas to a midstream processing entity. After processing, the residue gas is transported to the purchaser at the inlet to certain natural gas pipelines, where the purchaser takes control, title and risk of loss of the product. The NGL are delivered to the purchaser at the tailgate of the midstream processing plant, where the purchaser takes control, title and risk of loss of the product. For both natural gas sales and NGL sales, the Company evaluates whether it is the principal or the agent in the transaction. For those contracts where the Company has concluded it is the principal and the ultimate third party is its customer, the Company recognizes revenue on a gross basis, with gathering and processing fees presented as an expense in its statement of operations.

Midstream Revenue and Product Sales

The Company's gathering and processing revenue is generated from owned gathering and compression systems and processing plants acquired in the Company's acquisitions. The Company charges a gathering, compression, processing rate per MMBtu transported through the gathering system and processing plant. The Company also gathers and disposes of salt water from producing wells through an owned pipeline system and disposal wells. The Company charges a fixed rate per barrel of water for disposal.

Product sales are generated from the Company's sale of natural gas, oil and NGL production purchased from third parties and subsequently gathered and processed through the Company's owned midstream facilities. Product sales includes activity from certain third-party percent-of-proceeds contracts where the Company keeps a contractually based percentage of proceeds from the sale of natural gas and NGL production, as payment for processing natural gas from the third parties. The costs of buying natural gas, oil and NGL production from third party shippers are included as costs of product sales on the statement of operations.

Transaction Price Allocated to Remaining Performance Obligations

For the Company's product sales that are short-term in nature with a contract term of one year or less, the Company has utilized the practical expedient that exempts it from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For the Company's product sales that have a contract term greater than one year, the Company has utilized the practical expedient, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Prior-Period Performance Obligations

The Company records revenue in the month production is delivered and control passes to the customer. However, settlement statements and payment may not be received for 30 to 90 days after the date production occurs, and as a result, the Company is required to estimate the amount of production that was delivered and the price that will be received for the sale of the product. The Company records variances between its estimates and actual amounts received in the month payment is received and such variances have historically not been significant.

Concentrations

The Company is subject to risk resulting from the concentration of its crude oil and natural gas sales and receivables with several significant purchasers. For the period ended December 31, 2022, three purchasers each accounted for more than 10% of the Company's revenue: Hinkle Oil and Gas Inc. (31.5%); NextEra Energy Marketing, LLC (17.0%); and Phillips 66 Company (16.9%). For the year ended December 31, 2021, four purchasers each accounted for more than 10% of the Company's revenue: Phillips 66 Company (33.5%); NextEra

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

Energy Marketing, LLC (20.2%); Hinkle Oil and Gas Inc. (13.3%), and ONEOK Hydrocarbon L.P. (13.9%). The Company's receivables as of December 31, 2022 and 2021 from oil and gas sales are concentrated with the same counterparties noted above. The Company does not believe the loss of any single purchaser would materially impact its operating results, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

As of December 31, 2022, the Company had one customer that represented approximately 20.8% of our total joint interest receivables. As of December 31, 2021, the Company had one customer that represented approximately 12.3% of joint interest receivables.

Revenue Disaggregation

The following table displays the revenue disaggregated and reconciles disaggregated revenue to the revenue reported (in thousands):

	Year Ended December 31,	
	2022	**2021**
Revenues:		
Oil	$ 447,997	$ 189,390
Natural gas	300,785	131,784
NGL	109,756	75,081
Gross oil, natural gas, and NGL sales	858,538	396,255
Transportation, gathering and marketing	1,850	1,245
Net oil, natural gas, and NGL sales	$ 860,388	$ 397,500

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". ASU 2016-02 establishes a right of use "ROU" model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. All leases create an asset and a liability for the lessee and therefore recognition of those lease assets and lease liabilities is required by ASU 2016-02. When measuring lease assets and liabilities, payments to be made in optional extension periods should be included if the lessee is reasonably certain to exercise the option. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 will not impact the accounting or financial presentation of our mineral leases.

In July 2018, the FASB issued Accounting Standards Update 2018-11, "Leases (Topic 842): Targeted Improvements", which included the option to implement the standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings, as opposed to the modified retrospective transition method required when ASU 2016-02 was issued. This guidance is effective for periods after December 15, 2021 and the Company implemented effective January 1, 2022. See Note 12. Leases, for further discussion.

Recent Accounting Pronouncements Issued But Not Yet Adopted

Accounting Standards Update 2016-13, "Financial Instrument-Credit Losses: Measurement of Credit Losses on Financial Instruments," which amends reporting guidance on credit loses for certain financial instruments. The Company's primary risk for credit losses related to its receivables from joint interest owners in our operated oil and natural gas wells. This guidance is effective for periods after December 15, 2022. The Company is currently implementing it with no significant changes expected to the financial statements as the Company has no history of credit losses.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Supplemental Cash Flow Information

Supplemental disclosures to the statement of cash flows are presented below (in thousands):

	Year ended December 31,	
	2022	**2021**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 4,339	$ 1,150
Supplemental disclosure of non-cash transactions:		
Change in accrued capital expenditures	$ 29,363	$ 12,392
Asset retirement cost capitalized	$ 1,660	$ 240
Right-of-use assets obtained in exchange for lease liabilities	$ 22,266	$ —

4. Acquisitions

2022 Acquisitions

Camino Natural Resources, LLC

On May 17, 2022, the Company executed a purchase and sale agreement with Camino Natural Resources, LLC for the sale of certain oil and gas properties in Oklahoma for $22.0 million subject to certain adjustments. The transaction closed on June 30, 2022 and was effective as of January 1, 2022. The acquisition was funded through contributions from members and operational cash flow. The purchase was accounted for as an asset acquisition as substantially all the fair value of the acquired assets could be allocated to a single identifiable asset group. Acquired assets primarily consist of oil and gas properties of $15.8 million, net of asset retirement obligations assumed of $2.2 million and revenue suspense liabilities of $0.4 million. Cash paid for assets as of December 31, 2022 was $15.4 million.

Scout Energy, LP

On May 6, 2022, the Company executed a purchase and sale agreement with Scout Energy Group I, LP and other affiliates for the sale of certain oil and gas properties in Oklahoma and Texas for $66.0 million subject to certain adjustments. The transaction closed on June 30, 2022 and was effective as of March 1, 2022. The acquisition was funded through contributions from members and operational cash flow. The purchase was accounted for as an asset acquisition as substantially all the fair value of the acquired assets could be allocated to a single identifiable asset group. The fair value of the midstream assets was assessed using a variety of valuation techniques including the income and cost approach. Below is a reconciliation of the assets acquired and liabilities assumed (in thousands):

Assets acquired and liabilities assumed	
Oil and natural gas properties	$ 69,103
Other property and equipment	3,000
Other assets	147
Revenue suspense	(1,415)
Asset retirement obligations assumed	(11,841)
Total assets acquired, net of liabilities assumed	$ 58,994

Cash paid for assets as of December 31, 2022 was $59.0 million.

Woolsey Energy Corporation

On December 1, 2021, the Company executed a purchase and sale agreement with Woolsey Energy Corporation and other affiliates for the sale of certain oil and gas properties in Kansas, Oklahoma, and Texas for $26.0 million subject to certain adjustments. The transaction closed on January 31, 2022 and was effective as of December 1, 2021. The acquisition was funded through operational cash flow. The purchase was accounted for as

4. Acquisitions (cont.)

an asset acquisition as substantially all the fair value of the acquired assets could be allocated to a single identifiable asset group. Acquired assets primarily consist of oil and gas properties of $23.2 million, net of asset retirement obligations assumed of $6.4 million, and inventory of $1.5 million. Cash paid for assets as of December 31, 2022 was $24.7 million, including a $2.6 million deposit included in other current assets as of December 31, 2021.

BCE-Stack Development LLC

On November 12, 2021, the Company executed a purchase and sale agreement with BCE-Stack Development LLC for the sale of certain oil and gas properties in Oklahoma for $40.5 million subject to certain adjustments. The transaction closed on February 28, 2022 and was effective as of January 1, 2022. The acquisition was funded through operational cash flow. The purchase was accounted for as an asset acquisition as substantially all the fair value of the acquired assets could be allocated to a single identifiable asset group. Acquired assets primarily consist of oil and gas properties of $37.2 million, net of asset retirement obligations assumed of $0.5 million. Cash paid for assets as of December 31, 2022 was $37.2 million, including a $15.0 million deposit included in other current assets as of December 31, 2021.

2021 Acquisitions

Chisholm Oil and Gas Operating, LLC

On December 30, 2021, the Company executed a purchase and sale agreement with Chisholm Oil and Gas Operating, LLC for the sale of certain oil and gas properties in Oklahoma for $33.0 million subject to certain adjustments. The transaction closed on December 31, 2021 and was effective as of October 1, 2021. The acquisition was funded through operational cash flow. The purchase was accounted for as an asset acquisition as substantially all the fair value of the acquired assets could be allocated to a single identifiable asset group. Acquired assets primarily consist of oil and gas properties of $28.9 million, net of asset retirement obligations assumed of $1.1 million.

MEP Mid-Con III, LLC

On June 15, 2021, the Company executed a purchase and sale agreement with MEP Mid-Con III, LLC for the sale of certain oil and gas properties in Oklahoma for $34.0 million subject to certain adjustments. The transaction closed on July 29, 2021 and was effective as of March 1, 2021. The acquisition was primarily funded from equity contributions from its members. The purchase was accounted for as an asset acquisition as substantially all the fair value of the acquired assets could be allocated to a single identifiable asset group. Acquired assets primarily consist of oil and gas properties of $25.7 million, net of asset retirement obligations assumed of $0.1 million.

Cimarex Energy Co.

On April 26, 2021 the Company executed a purchase and sale agreement with Cimarex Energy Co. (“XEC”) for the sale of certain oil and gas assets in Oklahoma and Texas, two gas processing plants, and a gathering system at a purchase price of $95.7 million, subject to certain adjustments. The transaction with XEC closed on June 18, 2021 and was effective as of March 1, 2021. The sale was primarily funded through contributions from its members. The purchase was accounted for as a business combination, under the acquisition method as the Company obtained control of a business by obtaining the legal right to use and develop the oil and natural gas properties included in the purchase and sale agreement, as well as additional oil and gas related assets that can be used to enhance the value of the business. The fair value of the oil and gas properties acquired was assessed by utilizing a fair value reserve report that used future pricing and other commonly used valuation techniques.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Acquisitions (cont.)

The fair value of the midstream assets was assessed using a variety of valuation techniques including the income and cost approach. Below is a reconciliation of the assets acquired and liabilities assumed (in thousands):

Assets acquired and liabilities assumed	
Oil and natural gas properties	$ 85,959
Other property and equipment	13,474
Inventory	122
Linefill	465
Gas imbalances	(149)
Revenue suspense	(931)
Asset retirement obligations assumed	(12,440)
Total assets acquired, net of liabilities assumed	$ 86,500

5. Property and Equipment

The Company's property and equipment consists of the following (in thousands):

	December 31, 2022	December 31, 2021
Oil and natural gas properties		
Proved properties	$ 749,934	$ 337,049
Accumulated depreciation and depletion	(139,514)	(59,057)
Oil and natural gas properties, net	610,420	277,992
Other property and equipment		
Gas gathering system	24,713	17,089
Gas processing plants	33,858	29,943
Water disposal assets	21,029	18,453
Other assets	2,525	4,529
Total other property and equipment	82,125	70,014
Accumulated depreciation, depletion and amortization	(9,198)	(4,823)
Total other property and equipment, net	$ 72,927	$ 65,191

6. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Operating expenses	$ 10,198	$ 4,762
Capital expenditures	37,375	12,900
Payroll costs	2,450	1,603
Hedge Settlements	898	4,311
Severance and other tax	3,662	3,031
Midstream shipper payable	5,157	2,318
General, administrative, and other	429	504
Total accrued liabilities	$ 60,169	$ 29,429

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Long-Term Debt

On May 19, 2020, the Company entered into a credit agreement for a revolving credit facility ("the credit facility") with a syndicate of banks, including MidFirst Bank ("MidFirst"), who serves as administrative agent and issuing bank. The credit facility provides for a maximum of $300.0 million, subject to commitments of $100.0 million as of December 31, 2022 and matures in May 2024. Outstanding obligations under the credit facility are secured by substantially all of the Company's assets. The amount available to be borrowed under the credit facility is subject to a borrowing base that is redetermined semiannually each May and November in an amount determined by the lenders. As of December 31, 2022, and 2021, there was $84.9 million and $85.8 million, respectively, outstanding under the credit facility.

The credit agreement contains various affirmative, negative and financial maintenance covenants. These covenants, among other things, limit additional indebtedness, additional liens, sales of assets, mergers and consolidations, dividends and distributions, transactions with affiliates and entering into certain swap agreements and require the maintenance of the financial ratios. Financial ratios the Company is required to maintain on a quarterly basis include the ratio of total debt to EBITDAX not greater than 3.25 and the ratio of current assets to current liabilities of no less than 1.0. As of December 31, 2022 and 2021, the Company was in compliance with all applicable covenants under the credit facility.

The credit facility requires mandatory payments when the consolidated cash balance of the Company as defined in the credit agreement exceeds $20.0 million. The consolidated cash balance is defined as the unrestricted cash held by the Company shown and on the balance sheet less cash set aside to pay royalty obligations, working interest obligations, production payments, vendor payments, suspense payments, severance and ad valorem taxes, payroll, payroll taxes, other taxes, and employee wage and benefits. The Company calculates the amount to be paid down to maintain compliance with the cash balance covenant at the end of each month. As of December 31, 2022 and 2021 there was no excess cash balance.

At the Company's election, outstanding borrowings under the credit agreement bear interest at a per annum rate elected by the Company that is equal to an alternative base rate (which is equal to the greatest of the most recent prime rate, the Federal Funds effective rate plus 0.5%, and 1-month LIBOR plus 1.0%) or LIBOR, in each case plus the applicable margin. The applicable margin ranges from 2.0% to 3.0% in the case of the alternate base rate and from 3.25% to 4.25% in the case of LIBOR, in each case depending on the amount of loans and letters of credit outstanding. The Company is obligated to pay a quarterly commitment fee of 0.50% per year on the unused portion of the commitment, which fee is also dependent on the amount of loans and letters of credit outstanding. The effective interest rate as of December 31, 2022 was 7.7%.

8. Derivative Contracts

The Company uses derivative contracts to reduce exposure to fluctuations in commodity prices. These transactions are in the form of fixed price swaps. While the use of these instruments limits the downside risk of adverse price changes, their use may also limit future revenues from favorable price changes. The Company does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Under fixed price swap contracts, the Company receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

The Company reports the fair value of derivatives on the balance sheet in derivative contracts assets and derivative contracts liabilities as either current or noncurrent based on the timing of expected future cash flows of individual trades. See Note 9, Fair Value Measurements for additional information regarding fair value measurements.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Derivative Contracts (cont.)

The following table summarizes the open financial derivative positions as of December 31, 2022, related to oil production:

Period	Volume (Mbbl)	Weighted Average Fixed Price
January – September 2023	605	$ 61.00

The following table summarizes the open financial derivative positions as of December 31, 2022, related to natural gas production:

Period	Volume (Mmbtu)	Weighted Average Fixed Price
January – October 2023	5,316	$ 4.42

Balance Sheet Presentation. The Company has master netting agreements with all of its derivative counterparties and presents its derivative assets and liabilities with the same counterparty on a net basis on the balance sheet. The following tables presents the gross amounts of recognized derivative liabilities, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	December 31, 2022	December 31, 2021
Derivative contracts – current, gross	$ 10,080	$ 28,315
Netting arrangements	—	—
Derivative contracts – current, net	$ 10,080	$ 28,315
Derivative contracts – long-term, gross	$ —	$ 5,100
Netting arrangements	—	—
Derivative contracts – long-term, net	$ —	$ 5,100

Gains and Losses. The following table presents the settlement and mark-to-market ("MTM") gains and losses presented as a gain or loss on derivatives in the statement of operations for the years ended December 31, 2022 and 2021 (in thousands):

	Year ended December 31,	
	2022	2021
Settlements on derivatives	$ (90,788)	$ (61,265)
MTM gains (losses) on derivatives, net	23,335	(6,284)
Total losses on derivative contracts	$ (67,453)	$ (67,549)

The following table presents the losses recognized on oil and natural gas derivatives in the accompanying statement of operations for the years ended December 31, 2022 and 2021 (in thousands):

	Year ended December 31,	
	2022	2021
Oil derivatives	$ (32,581)	$ (54,585)
Natural gas derivatives	(34,872)	(12,964)
Total losses on derivative contracts, net	$ (67,453)	$ (67,549)

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Fair Value Measurements

Fair value measurement is established by a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 — Quoted prices are available in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 — Quoted prices for similar assets or liabilities in active markets or observable inputs for assets or liabilities in non-active markets.

Level 3 — Measurement based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources.

Assets and liabilities that are measured at fair value are classified 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, which may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value on a Recurring Basis

Derivative Contracts. The Company determines the fair value of its derivative contracts using industry standard models that consider various assumptions including current market and contractual prices for the underlying instruments, time value, and nonperformance risk. Substantially all of these inputs are observable in the marketplace throughout the full term of the contract and can be supported by observable data.

Contingent Overriding Royalty Interest. On January 15, 2020, the Company executed a purchase and sale agreement with Alta Mesa Holdings, LP ("AMH") for the sale of certain oil and gas assets in Oklahoma and Kingfisher Midstream LLC ("KFM") for the sale of midstream gathering and processing assets that primarily service the AMH oil and gas assets (the "AMH Acquisition"). On April 2, 2020, the Company entered into the first amendment to the purchase and sale agreement with AMH and KFM. As part of the first amendments to the purchase and sale agreement, consideration of a 5% contingent overriding royalty interest ("the ORRI") was reserved when certain conditions regarding the market price of oil are met. There is a maximum consideration payable of $25 million related to the ORRI, and the ORRI will be terminated at the earlier of $25 million paid out or three years from the date of the acquisition. The conditions for the ORRI to take effect are that the West Texas Intermediate futures price ("WTI") of oil trades at or above $45/Bbl for 15 consecutive trading days. The ORRI may also go out of effect after previously being in effect if WTI trades below $45/Bbl for 15 consecutive trading days. Payments relating to this liability for the years ended December 31, 2022, and 2021, were $13.6 million and $11.4 million, respectively.

During 2022, the Company reached the maximum consideration of $25 million. As such, there was no liability recorded as of December 31, 2022. The Company determined the fair value of the ORRI using a Monte Carlo model, where the primary input is WTI futures pricing. The fair value of the ORRI as of December 31, 2021 was $13.7 million, with $13.0 million in other short-term liabilities and $0.7 million in other long-term liabilities. For the year ended December 31, 2021, the Company recognized losses of $16.4 million in relation to the ORRI. No loss was recognized for the year ended December 31, 2022.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Fair Value Measurements (cont.)

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021 (in thousands):

	Level 1	Level 2	Level 3	Fair Value
As of December 31, 2021				
Liabilities:				
Derivative Instruments	$ —	$ 33,415	$ —	$ 33,415
Contingent overriding royalty interest	$ —	$ 13,695	$ —	$ 13,695
As of December 31, 2022				
Liabilities:				
Derivative Instruments	$ —	$ 10,080	$ —	$ 10,080

Fair Value on a Non-Recurring Basis

The Company determines the estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to plugging and abandonment liabilities using level 3 inputs. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted with proved oil and natural gas properties using the unit of production method.

Fair Value of Other Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, revenue payable, accrued interest payable, and other current liabilities approximate fair values due to the short-term maturities of these instruments.

The carrying amount of the Company's credit facility approximates fair value, as the current borrowing base rate does not materially differ from market rates of similar borrowings.

10. Equity Compensation and Deferred Compensation Plan

As part of the Company's amended and restated LLC agreement as of March 25, 2021, incentive units (Class B Units) were issued to certain employees as compensation for services to be rendered to the Company. In determining the appropriate accounting treatment, the Company considered the characteristics of the awards in terms of treatment as stock-based compensation. US GAAP generally requires that all equity awards granted to employees be accounted for at fair value and recognized as compensation cost over the vesting period.

The incentive units are subject to graded vesting over a period of 3 or 4 years (subject to accelerated vesting, as defined by the incentive unit agreement) and a holder of incentive units forfeits unvested incentive units upon ceasing to be an employee of the Company, excluding limited exceptions. The Company recognizes forfeitures as they occur. Holders of incentive units participate in distributions upon the Company meeting a certain requisite financial internal rate of return threshold as defined in the amended LLC agreement.

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Equity Compensation and Deferred Compensation Plan (cont.)

valuation methodologies. For awards granted for the year ended December 31, 2021, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Company's business of 53%
- 7 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business
- a risk-free rate based on a U.S Treasury yield curve of 1.40%

On March 25, 2021, all 20,000 authorized incentive units were granted. Total non-cash compensation cost related to the incentive units was $7.5 and $37.4 million for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, there was $2.6 million in unrecognized compensation cost related to incentive units, which is expected to be recognized over a weighted-average period of 0.5 years.

A summary of the incentive unit awards as of December 31, 2022 is as follows:

	Class B units		Weighted Average Grant Date Fair Value
Grated at March 25, 2021	20,000	$	2,378.80
Vested	(9,667)	$	2,378.80
Unvested at December 31, 2021	10,333	$	2,378.80
Vested	(3,665)	$	2,378.80
Unvested at December 31, 2022	6,668	$	2,378.80

As part of the Company's amended and restated LLC agreement as of March 25, 2021 and the Class A-2 Issuance Agreement, the Company issued 1,349 Class A-2 Units to an employee of Mach Resources LLC ("Mach Resources") for services performed for the company. Additionally, A-2 Units were issued on a quarterly basis to the employee for the year ended December 31, 2021 and vested on the grant date. In accordance with US GAAP, the equity awards granted to the employee will be accounted for at fair value and recognized as compensation cost over the vesting period.

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those valuation methodologies. For awards granted for the year ended December 31, 2021, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Company's business of 53%
- 7 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business
- a risk-free rate based on a U.S Treasury yield curve of 1.40%

There were no unvested Class A-2 Units and no related unrecognized costs as of December 31, 2022. Non-cash compensation cost related to the Class A-2 Units was $7.8 million for the year ended December 31, 2021.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Commitments and Contingencies

Legal Matters. In the ordinary course of business, the Company may at times be subject to claims and legal actions. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date and the Company's estimates of the outcomes of these matters. The Company did not recognize any material liability as of December 31, 2022 or 2021. Management does not expect that the impact of such matters will have a materially adverse effect on the Company's financial position, results of operations or cash flows.

Environmental Matters. The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws, which are often changing, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

The Company accounts for environmental contingencies in accordance with the accounting guidance related to accounting for contingencies. Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated.

12. Leases

Effective January 1, 2022, the Company adopted ASU No. 2016-02, Leases (Topic 842). The new standard supersedes the previous lease guidance by requiring lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year while maintaining substantially similar classifications for financing and operating leases. The Company adopted the new standard on a prospective basis using the simplified transition method permitted by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. No cumulative-effect adjustment to retained earnings was required upon adoption of the new standard. The comparative information has not been restated and continues to be reported under the historic accounting standards in effect for those periods. The Company elected the package of practical expedients permitted under the new standard, which among other things, allows for lease and non-lease components in a contract to be accounted for as a single lease component for all asset classes and the carry forward of historical lease classifications.

Nature of Leases

The Company has operating leases on various vehicles and compressors with remaining lease durations in excess of one year. These leases have various expiration dates throughout 2026. The vehicles are used for field operations and leased from third parties. The Company recognizes right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year. Short-term leases that have an initial term of one year or less are not capitalized.

Discount Rate

As most of the Company's leases do not provide an implicit rate, the Company uses the U.S. 5 Year Treasury Rate in determining the present value of lease payments. Minor changes to the discount rate do not have a material impact to the calculation of the liability, therefore the Company will use this for all asset classes.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Leases (cont.)

Future amounts due under operating lease liabilities as of December 31, 2022, were as follows (in thousands):

2023	$	10,789
2024		3,434
2025		483
2026		251
Total lease payments	$	14,957
Less: imputed interest		(148)
Total	$	14,809

The following table summarizes our total lease costs before amounts are recovered from our joint interest partners, where applicable, for the year ended December 31, 2022 (in thousands):

Operating lease cost	$	7,462
Short-term lease cost		9,300
Total lease cost	$	16,762

The weighted-average remaining lease term as of December 31, 2022 was 1.56 years. The weighted-average discount rate used to determine the operating lease liability as of December 31, 2022 was 3.99%.

13. Members' Equity

The Company was formed with one member, BCE-Mach Holdings III LLC. Upon formation, the Company consisted of one class of common interests, that were all owned by the member. An amended and restated LLC agreement was executed on February 18, 2020, replacing BCE-Mach Holdings III LLC with BCE-Mach Intermediate Holdings III LLC as the sole initial member. Contributions from the member were $150.0 million for the year ended December 31, 2020. On March 25, 2021, per the amended and restated LLC agreement and the Class A-2 Issuance Agreement, the Company issued 150,000 Class A-1 Units to the initial member, and 1,349 Class A-2 Units to an employee of Mach Resources for service performed for the Company. Additionally, Class A-2 Units were granted to the employee on a quarterly basis throughout 2021. As of December 31, 2022, there were 3,504 total Class A-2 Units issued to the employee, which have substantially all the same rights as the initial member. In 2022, the Class A-2 Issuance Agreement was updated and there are no additional units being granted to the employee. As part of a long-term incentive plan for certain employees, 20,000 Class B Units were outstanding as of December 31, 2022. The Class B Units represent a non-voting interest in the Company that allows the holder to participate in distributions once the Company's Class A shares have met a certain requisite financial internal rate of return in accordance with the LLC agreement.

Contributions from the members were $65.0 million and $101.5 million for the years ended December 31, 2022 and 2021, respectively. Distributions to the members were $274.8 million and $146.0 million for the years ended December 31, 2022 and 2021, respectively.

14. Related Parties

Management Services Agreement. Upon formation of the Company, the Company entered into a management services agreement ("MSA") with Mach Resources. Under the MSA, Mach Resources manages and performs all aspects of oil and gas operations and other general and administrative functions for the Company. On a monthly basis, the Company distributes funding to Mach Resources for performance under the MSA. During the year ended December 31, 2022 and 2021, the Company paid Mach Resources $33.7 million, which was inclusive of $2.0 million in management fees, and $23.6 million, which included no management fees, respectively. As of December 31, 2022 the Company owed $0.4 million to MR. As of December 31, 2021, the Company had $0.2 million in prepaid assets with Mach Resources.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Related Parties (cont.)

BCE-Stack Development LLC. BCE-Stack Development LLC ("BCE-Stack") is an affiliate of the member, and previously was an owner of working and revenue interests in a subset of the Company's wells. BCE-Stack sold their interests in the wells to the Company on February 28, 2022. See Note 4. Acquisitions, for additional information on the acquisition. As of December 31, 2022 the Company had no receivables or payables with BCE-Stack. As of December 31, 2021 the Company had $0.4 million in joint interest receivables from BCE-Stack.

BCE-Mach LLC and BCE-Mach II LLC. BCE-Mach LLC and BCE-Mach II LLC are two related parties that also entered into a MSA with Mach Resources. These entities have shared ownership with the Company and operate primarily in different geographical locations than the Company. As of December 31, 2022 the Company has receivables from these related parties for approximately $0.7 million included in accounts receivable — joint interest and other. As of December 31, 2021 the Company had payables to these related parties for approximately $1.5 million included in accounts payable.

15. Subsequent Events

The Company has evaluated its financial statements for subsequent events through June27, 2023, the date the financial statements were available to be issued to ensure that any subsequent events that met the criteria for recognition and disclosure in this report have been properly included.

16. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*)

The following tables provide historical cost information regarding the Company's oil and gas operations located entirely in the United States:

Capitalized Costs related to Oil and Gas Producing Activities

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Proved properties	$ 749,934	$ 337,049
Accumulated depreciation, depletion, amortization and impairment	(139,514)	(59,057)
Net capitalized costs	$ 610,420	$ 277,992

Costs Incurred in Oil and Gas Property Acquisition and Development Activities

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Acquisition	$ 130,866	$ 130,959
Development	262,889	51,886
Exploratory	—	—
Costs incurred	$ 393,755	$ 182,845

Results of Operations for Producing Activities

The following table includes revenue and expenses related to the production and sale of oil, natural gas, and NGLs. It does not include any derivative activity, interest costs or general and administrative costs.

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Revenues	$ 860,388	$ 397,500
Production costs	(191,250)	(94,543)
Depreciation, depletion, amortization and accretion	(84,070)	(37,537)
Results of operations from producing activities	$ 585,068	$ 265,420

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

Proved Reserves

Our proved oil and gas reserves have been estimated by independent petroleum engineers. Proved reserves are those quantities of oil and natural 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 regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Proved developed reserves are the quantities expected to be recovered through existing wells with existing equipment and operating methods in which the cost of the required equipment is relatively minor compared with the cost of a new well. Due to the inherent uncertainties and the limited nature of reservoir data, such estimates are subject to change as additional information becomes available. The reserves actually recovered and the timing of production of these reserves may be substantially different from the original estimate. Revisions result primarily from new information obtained from development drilling and production history and from changes in economic factors.

Proved reserves. Reserves of oil and natural gas that have been proved to a high degree of certainty by analysis of the producing history of a reservoir and/or by volumetric analysis of adequate geological and engineering data.

Proved developed reserves. Proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.

Proved undeveloped reserves or PUDs. Proved reserves 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.

Standardized Measure

The standardized measure of discounted future net cash flows and changes in such cash flows are prepared using assumptions required by the US GAAP. Such assumptions include the use of 12-month average prices for oil and gas, based on the first-day-of-the-month price for each month in the period, and year end costs for estimated future development and production expenditures to produce year-end estimated proved reserves. Discounted future net cash flows are calculated using a 10% rate. No provision is included for federal income taxes since our future net cash flows are not subject to taxation.

Estimated well abandonment costs, net of salvage values, are deducted from the standardized measure using year-end costs and discounted at the 10% rate. Such abandonment costs are recorded as a liability on the consolidated balance sheet, using estimated values as of the projected abandonment date and discounted using a risk-adjusted rate at the time the well is drilled or acquired (Note 2).

The standardized measure does not represent management's estimate of our future cash flows or the fair value of proved oil and natural gas reserves. Probable and possible reserves, which may become proved in the future, are excluded from the calculations. Furthermore, prices used to determine the standardized measure are influenced by supply and demand as affected by recent economic conditions as well as other factors and may not be the most representative in estimating future revenues or reserve data.

Proved Reserves Summary

All of the Company's reserves are located in the United States. The following table sets forth the changes in the Company's net proved reserves (including developed and undeveloped reserves) for the years ended December 31, 2022 and 2021. Reserves estimates as of December 31, 2022 were estimated by the independent petroleum consulting firm Cawley, Gillespie & Associates, Inc.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

Proved Reserves	Oil (mmbbl)	Natural Gas (bcf)	NGL (mmbbl)	Oil Equivalents (mmboe)
December 31, 2020	14.8	139.7	9.2	47.3
Revisions of previous estimates	18.7	122.4	9.5	48.6
Purchases in place	5.1	207.3	13.6	53.1
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(2.8)	(32.3)	(2.2)	(10.3)
December 31, 2021	35.8	437.1	30.1	138.7
Revisions of previous estimates	15.7	167.6	11.4	54.9
Purchases in place	1.9	72.5	8.1	22.2
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(4.8)	(47.6)	(2.8)	(15.5)
December 31, 2022	48.6	629.6	46.8	200.3

Proved Developed Reserves	Oil (mmbbl)	Natural Gas (bcf)	NGL (mmbbl)	Oil Equivalents (mmboe)
December 31, 2020	12.3	126.5	8.6	41.9
December 31, 2021	22.8	415.1	29.8	121.7
December 31, 2022	30.0	527.4	39.2	157.1

Proved Undeveloped Reserves	Oil (mmbbl)	Natural Gas (bcf)	NGL (mmbbl)	Oil Equivalents (mmboe)
December 31, 2020	2.5	13.2	0.6	5.4
December 31, 2021	13.0	22.0	0.3	17.0
December 31, 2022	18.6	102.2	7.6	43.2

In 2021, the 53.1 mmboe acquisitions represents the reserves acquired from several acquisitions that closed in 2021, refer to note 4 for more information. The 48.6 mmboe of upward revisions in proved reserves were the result of a combination of higher commodity prices (20.9 mmboe), positive changes to production forecasts (4.6 mmboe), adjustments to product pricing differentials and lease operating expenses (5.9 mmboe) and the addition of PUDs based on drilling results (17.0 mmboe).

In 2022, the 22.2 mmboe of acquisitions represents the reserves acquired from several acquisitions that closed in 2022, refer to note 4 for more information. The 54.9 mmboe of upward revisions in proved reserves were the result of higher commodity prices (9.0 mmboe), the addition of PUDs (35.8 mmboe) and the addition of proved developed producing reserves associated with the drilling of wells within proved areas that were not booked as PUD at prior year-end (7.2 mmboe). The remainder was associated with revisions to reflect current lease operating expenses and production pricing differentials.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

The following table sets forth the standardized measure of discounted future net cash flow from projected production of the Company's oil and natural gas reserves:

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Reserves (in thousands)	**December 31, 2022**	**December 31, 2021**
Future cash inflows	$ 9,666,636	$ 4,482,198
Future costs:		
Production[1]	(3,143,467)	(1,670,421)
Development[2]	(876,115)	(290,564)
Income taxes	—	—
Future net cash flows	5,647,054	2,521,213
10% annual discount	(2,693,549)	(1,107,602)
Standardized measure	$ 2,953,505	$ 1,413,611

(1) Production costs include production severance taxes, ad valorem taxes and operating expenses.
(2) Development costs include plugging expenses, net of salvage and net capital investment.

Changes in Standardized Measure of Discounted Future Net Cash Flows (in thousands)	**For the Year Ended December 31,**	
	2022	**2021**
Standardized measure, beginning of period	$ 1,413,611	$ 319,372
Revisions of previous quantity estimates	962,927	574,343
Changes in estimated future development costs	169,405	89,648
Purchases of minerals in place	201,135	319,488
Net changes in prices and production costs	442,599	379,219
Accretion of discount	141,361	31,937
Sales of oil and gas produced, net of production costs	(669,138)	(302,957)
Development costs incurred during the period	261,650	51,281
Change in timing of estimated future production and other	29,955	(48,720)
Standardized measure, end of period	$ 2,953,505	$ 1,413,611

Price and cost revisions are primarily the net result of changes in prices, based on beginning of the year reserve estimates. Future development costs revisions are primarily the result of the extended economic life of proved reserves and proved undeveloped reserve additions attributable to increased development activity.

Average oil prices used in the estimation of proved reserves and calculation of the standardized measure were $93.67 for 2022 and $66.56 for 2021. Average realized gas prices were $6.36 for 2022 and $3.60 for 2021. We used 12-month average oil and gas prices, based on the first-day-of-the-month price for each month in the period.

BCE-Mach III LLC Unaudited Consolidated Financial Statements

As of June 30, 2023 and December 31, 2022 and for the six months ended June 30, 2023 and 2022

BCE-MACH III LLC
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 48,846	$ 29,417
Accounts receivable – joint interest and other	20,093	21,490
Accounts receivable – oil, gas, and NGL sales	52,394	108,277
Inventories	20,958	24,700
Other current assets	2,088	2,349
Total current assets	144,379	186,233
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	939,516	749,934
Less: accumulated depreciation, depletion and amortization	(195,445)	(139,514)
Oil and natural gas properties, net	744,071	610,420
Other property, plant and equipment	87,015	82,125
Less: accumulated depreciation	(11,964)	(9,198)
Other property, plant and equipment, net	75,051	72,927
Other assets	2,124	3,052
Operating lease assets	13,687	14,809
Total assets	$ 979,312	$ 887,441
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 38,129	$ 19,429
Accrued liabilities	38,172	60,169
Revenue payable	50,569	52,196
Current portion of operating lease liabilities	10,692	10,767
Short-term derivative contracts	1,869	10,080
Total current liabilities	139,431	152,641
Long-term debt	91,900	84,900
Asset retirement obligations	54,592	52,359
Long-term portion of operating lease liabilities	3,176	4,042
Other long-term liabilities	686	269
Total long-term liabilities	150,354	141,570
Commitments and contingencies (Note 10)		
Members' equity	689,527	593,230
Total liabilities and members' equity	$ 979,312	$ 887,441

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

BCE-MACH III LLC
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands)

	Six months ended June 30,	
	2023	**2022**
Revenue		
Oil, natural gas, and NGL sales	$ 312,613	$ 408,442
Midstream revenue	13,318	19,883
Gain (loss) on oil and natural gas derivatives	15,742	(72,857)
Product sales	17,421	47,960
Total revenues	359,094	403,428
Operating expenses		
Gathering and processing	17,510	20,812
Lease operating expense	60,615	39,592
Midstream operating expense	5,538	6,976
Cost of product sales	15,575	44,958
Production taxes	15,526	22,675
Depreciation, depletion, and accretion – oil and natural gas	58,095	29,374
Depreciation and amortization – other	2,793	2,008
General and administrative	9,905	13,648
Total operating expenses	185,557	180,043
Income from operations	173,537	223,385
Other (expense) income		
Interest expense	(3,789)	(1,876)
Other (expense) income, net	(245)	1,121
Total other expense	(4,034)	(755)
Net income	$ 169,503	$ 222,630

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

BCE-MACH III LLC
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY (UNAUDITED)
(in thousands)

	Total Members' Equity
Balance at December 31, 2022	$ 593,230
Net income	169,503
Distributions	(74,500)
Equity compensation	1,294
Balance at June 30, 2023	$ 689,527
Balance at December 31, 2021	$ 278,699
Net income	222,630
Distributions	(91,337)
Equity compensation	3,764
Contributions	65,000
Balance at June 30, 2022	$ 478,756

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

BCE-MACH III LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Six months ended June 30,	
	2023	**2022**
Cash flows from operating activities		
Net income	$ 169,503	$ 222,630
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation, depletion and amortization	60,888	31,382
(Gain) loss on derivative instruments	(15,742)	72,857
Cash receipts (payments) on settlement of derivative contracts, net	7,245	(53,755)
Debt issuance costs amortization	202	186
Settlement on contingent consideration	—	(8,111)
Equity based compensation	1,294	3,763
(Gain) loss on sale of assets	(1)	22
Settlement of asset retirement obligations	(79)	(49)
Changes in operating assets and liabilities (decreasing) increasing cash:		
Accounts receivable, inventories, other assets	59,643	(53,180)
Revenue payable	(2,675)	7,289
Accounts payable and accrued liabilities	(5,133)	4,902
Net cash provided by operating activities	275,145	227,936
Cash flows from investing activities		
Capital expenditures for oil and natural gas properties	(182,427)	(82,873)
Capital expenditures for other property and equipment	(4,953)	(3,891)
Acquisition of assets	(468)	(91,082)
Acquisition of assets – related party	—	(37,428)
Proceeds from sales of oil and natural gas properties	—	2,305
Proceeds from sales of other property and equipment	36	18
Net cash used in investing activities	(187,812)	(212,951)
Cash flows from financing activities		
Distributions to members	(74,500)	(91,336)
Payment of other financing fees	(404)	—
Proceeds from long-term debt	7,000	—
Repayments of borrowings	—	(900)
Contributions from members	—	65,000
Net cash used in financing activities	(67,904)	(27,236)
Net increase (decrease) in cash and cash equivalents	19,429	(12,251)
Cash and cash equivalents, beginning of period	29,417	59,272
Cash and cash equivalents, end of period	$ 48,846	$ 47,021

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

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Nature of Business

BCE-Mach III LLC ("the Company") was formed on December 28, 2019, as a limited liability company under the laws of the State of Delaware. On December 28, 2019, the Company entered into an LLC agreement with its initial member. The LLC agreement was amended and restated on March 25, 2021, to allow additional equity to be issued to certain employees of the Company. The Company wholly owns one subsidiary, BCE-Mach III Midstream Holdings LLC. On April 9, 2020, the Company closed on an acquisition and operations subsequently began for the Company. The Company owns and operates producing wells and undeveloped acreage primarily in Oklahoma and Texas. The Company also owns gas gathering lines, gas processing facilities, and saltwater disposal facilities.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The unaudited consolidated financial statements included herein were prepared fromrecords of the Company in accordance with generally accepted accounting principles in the United States ("US GAAP") and include accounts of our wholly owned subsidiary. Intercompany accounts and transactions have been eliminated upon consolidation. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2022. Results for interim periods are not necessarily indicative of results to be expected for the full year ending December 31, 2023. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals that are considered necessary for a fair statement of the financial information, have been included.

Use of Estimates

The preparation of the financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates. The Company evaluates these estimates on an ongoing basis, using historical experience, consultation with experts and other methods the Company considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Significant items subject to such estimates and assumptions include, but are not limited to, estimates of proved oil and natural gas reserves and related present value estimates of future net cash flows therefrom, the fair value determination of acquired assets and liabilities, equity based compensation, the fair value of contingent consideration, and the fair value estimates of commodity derivatives.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the financial statements. The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in this area.

Accounts Receivable

Accounts receivable consist of receivables from joint interest owners on properties the Company operates and from sales of oil and natural gas production delivered to purchasers. The purchasers remit payment for production directly to the Company. Most payments for production are received within three months after the production date.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

Accounts receivable are stated at amounts due from joint interest owners or purchasers, net of an allowance for credit losses when the Company believes collection is doubtful. The Company extends credit to joint interest owners and generally does not require collateral. For receivables from joint interest owners, the Company typically has the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings. Accounts receivable outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole. The Company writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for credit losses. At June 30, 2023 and December 31, 2022, the Company's allowance for credit losses was not material.

Derivative Instruments

The Company is required to recognize its derivative instruments on the balance sheet as assets or liabilities at fair value with such amounts classified as current or long-term based on their anticipated settlement dates. The accounting for the changes in fair value of a derivative depends on the intended use of the derivative and resulting designation. The Company has not designated its derivative instruments as hedges for accounting purposes and, as a result, marks its derivative instruments to fair value and recognizes the cash and non-cash change in fair value on derivative instruments in the statement of operations.

Oil and Natural Gas Operations

The Company 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, which are expensed as incurred. Capitalized costs are depreciated using the unit-of production method. Under this method, depletion is computed at the end of each period by multiplying total production for the period by a depletion rate. The depletion rate is determined by dividing the total unamortized cost base plus future development costs by a net equivalent proved reserves at the beginning of the period. The average depletion rate per barrel equivalent unit of production was $6.44 and $4.04 for the six months ended June 30, 2023 and 2022, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $55.9 million and $27.8 for the six months ended June 30, 2023 and 2022, respectively.

Under the full cost method, capitalized costs of oil and gas properties, net of accumulated depreciation, depletion and amortization, may not exceed the full cost "ceiling" at the end of each year. The ceiling is calculated based on the present value of estimated future net cash flows from proved oil and gas reserves, discounted at 10%. The estimated future net revenues exclude future cash outflows associated with settling asset retirement obligations included in the net book value of oil and gas properties. Estimated future net cash flows are calculated using the preceding 12-months' average price based on closing prices on the first day of each month. The net book value is compared to the ceiling limitation on an annual basis. The excess, if any, of the net book value above the ceiling limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. The ceiling limitation computation is determined without regard to income taxes due to the Internal Revenue Service ("IRS") recognition of the Company as a flow-through entity. No impairments on proved oil and natural gas properties were recorded for the six months ended June 30, 2023 and 2022.

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 assesses all items classified as unevaluated property on an annual basis for possible impairment. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

assigned. As of June 30, 2023, and December 31, 2022, the Company had no properties excluded from the full cost pool. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

Sales of oil and natural gas properties being amortized are accounted for as adjustments to the full cost pool, with no gain or loss recognized, unless the adjustments would significantly alter the relationship between capitalized costs and proved oil, natural gas, and natural gas liquids ("NGL") reserves. A significant alteration would not ordinarily be expected to occur upon the sale of reserves involving less than 25% of the proved reserve quantities of a cost center.

Other Property and Equipment, Net

Other property and equipment primarily consists of a gathering system, processing plant, and salt water disposal system. Property and equipment are capitalized and recorded at cost, while maintenance and repairs are expensed. Depreciation of such property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from 2 to 37 years. Depreciation expense for other property and equipment was $2.8 million and $2.0 million for the six months ended June 30, 2023 and 2022, respectively.

Impairment losses are recorded on property and equipment used in operations and other long-lived assets held and used when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured based on the excess of the carrying amount over the fair value of the asset. No impairment of other property and equipment was recorded for the six months ended June 30, 2023 or 2022.

Inventories

Inventories are stated at the lower of cost or net realizable value and consist of production and midstream equipment not placed in service as of June 30, 2023 and December 31, 2022. The Company's production equipment is primarily comprised of oil and natural gas drilling or repair items such as tubing, casing and pumping units, as well as pipe for midstream operations.

Debt Issuance Costs

Other assets include capitalized costs related to the credit facility of $1.4 million, net of accumulated amortization of $1.0 million as of June 30, 2023. As of December 31, 2022, other assets include capitalized costs related to the credit facility of $1.0 million, net of accumulated amortization of $0.8 million. These costs are being amortized over the term of the credit facility and are reported as interest expense on the Company's statement of operations.

Income Taxes

The Company is an LLC taxed as a partnership, and any associated tax liability is the responsibility of the individual members of the LLC. Accordingly, no provision for income taxes has been made in these financial statements.

The Company disallows the recognition of tax positions not deemed to meet a "more-likely-than not" threshold of being sustained by the applicable tax authority. The Company's policy is to reflect interest and penalties related to uncertain tax positions in general and administrative expense, when and if they become applicable. The Company has not recognized any potential interest or penalties in its financial statements for the six months ended June 30, 2023. The Company's tax years 2022, 2021, and 2020 remain open for examination by state authorities.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

Asset Retirement Obligations

The Company records the fair value of the future legal liability for an asset retirement obligation ("ARO") in the period in which the liability is incurred (at the time the wells are drilled or acquired), with the offsetting increase to property cost. These property costs are depreciated on a unit-of-production basis within the full cost pool. The liability accretes each period until it is settled or the well is sold, at which time the liability is satisfied.

The Company estimates a fair value of the obligation on each well in which it owns an interest by identifying costs associated with the future downhole plugging, dismantlement and removal of production equipment and facilities, and the restoration and reclamation of a field's surface to a condition similar to that existing before oil and natural gas extraction or salt water disposal began.

In general, the amount of ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an estimated credit adjusted rate. If the estimated ARO changes materially, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. The following is a reconciliation of ARO for the six months ended (in thousands):

	June 30, 2023	June 30, 2022
Asset retirement obligation at beginning of period	$ 52,359	$ 25,620
Liabilities assumed in acquisitions	—	18,397
Liabilities incurred	109	1,009
Liabilities settled	(49)	(9)
Liabilities revised	9	141
Accretion expense	2,164	1,529
Asset retirement obligation at end of period	$ 54,592	$ 46,687

Revenue Recognition

Sales of oil, natural gas and NGL 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. The Company's 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 pricing provisions in the Company's contracts are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, the quality of the oil or natural gas and the prevailing supply and demand conditions. As a result, the price of the oil, natural gas and NGL fluctuates to remain competitive with other available oil, natural gas and NGL supplies.

Our major market risk exposure is in the pricing applicable to our oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas production. Pricing for oil and natural gas production has been volatile and unpredictable for several years, and the Company expects this volatility to continue in the future. The prices the Company receives for production depend on many factors outside of our control. See Note 8. Derivative Contracts, for the Company's management of price volatility.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

Oil Sales

The Company's oil sales contracts are structured where it delivers oil to the purchasers at the wellhead, where the purchaser takes custody, title and risk of loss of the product. Under this arrangement, the Company recognizes revenue when control transfers to the purchaser at the delivery point based on the price received from the purchaser. Oil revenues are recorded net of any third-party transportation fees and other applicable differentials in the Company's statement of operations.

Natural Gas and NGL Sales

Under the Company's natural gas and NGL sales contracts, it first delivers wet natural gas to a midstream processing entity. After processing, the residue gas is transported to the purchaser at the inlet to certain natural gas pipelines, where the purchaser takes control, title and risk of loss of the product. The NGL are delivered to the purchaser at the tailgate of the midstream processing plant, where the purchaser takes control, title and risk of loss of the product. For both natural gas sales and NGL sales, the Company evaluates whether it is the principal or the agent in the transaction. For those contracts where the Company has concluded it is the principal and the ultimate third party is its customer, the Company recognizes revenue on a gross basis, with gathering and processing fees presented as an expense in its statement of operations.

Midstream Revenue and Product Sales

The Company's gathering and processing revenue is generated from owned gathering and compression systems and processing plants acquired in the Company's acquisitions. The Company charges a gathering, compression, processing rate per MMBtu transported through the gathering system and processing plant. The Company also gathers and disposes of salt water from producing wells through an owned pipeline system and disposal wells. The Company charges a fixed rate per barrel for disposal.

Product sales are generated from the Company's sale of natural gas, oil and NGL production purchased from third parties and subsequently gathered and processed through the Company's owned midstream facilities. Product sales includes activity from certain third-party percent-of-proceeds contracts where the Company keeps a contractually based percentage of proceeds from the sale of natural gas and NGL production, as payment for processing natural gas from the third parties. The costs of buying natural gas, oil and NGL production from third party shippers are included as costs of product sales on the statement of operations.

Transaction Price Allocated to Remaining Performance Obligations

For the Company's product sales that are short-term in nature with a contract term of one year or less, the Company has utilized the practical expedient that exempts it from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For the Company's product sales that have a contract term greater than one year, the Company has utilized the practical expedient, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Prior-Period Performance Obligations

The Company records revenue in the month production is delivered and control passes to the customer. However, settlement statements and payment may not be received for 30 to 90 days after the date production occurs, and as a result, the Company is required to estimate the amount of production that was delivered and the price that will be received for the sale of the product. The Company records variances between its estimates and actual amounts received in the month payment is received and such variances have historically not been significant.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of Presentation and Summary of Significant Accounting Policies (cont.)

Concentrations

The Company is subject to risk resulting from the concentration of its crude oil and natural gas sales and receivables with several significant purchasers. For the six months ended June 30, 2023, two purchasers each accounted for more than 10% of the Company's revenue: Phillips 66 Company (52.0%) and NextEra Energy Marketing, LLC (16.7%). For the six months ended June 30, 2022, four purchasers each accounted for more than 10% of the Company's revenue: Hinkle Oil and Gas Inc. (27.9%); Phillips 66 Company (20.2%); NextEra Energy Marketing, LLC (16.5%), and OneOK Hydrocarbon L.P. (10.5%). The Company's receivables as of June 30, 2023, and December 31, 2022, from oil and gas sales are concentrated with the same counterparties noted above. The Company does not believe the loss of any single purchaser would materially impact its operating results, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

As of June 30, 2023, the Company had two customers that represented approximately 30% and 12%, respectively, of our total joint interest receivables. As of December 31, 2022, the Company had one customer that represented approximately 21% of our total joint interest receivables.

Revenue Disaggregation

The following table displays the revenue disaggregated and reconciles disaggregated revenue to the revenue reported (in thousands):

	Six Months Ended June 30,	
	2023	**2022**
Revenues:		
Oil	$ 208,086	$ 218,867
Natural gas	69,699	129,591
NGL	34,544	59,028
Gross oil, natural gas, and NGL sales	312,329	407,486
Transportation, gathering and marketing	284	956
Net oil, natural gas, and NGL sales	$ 312,613	$ 408,442

Recent Accounting Pronouncements Adopted

In June 2016, the FASB issued Accounting Standards Update 2016-13, "Financial Instrument-Credit Losses: Measurement of Credit Losses on Financial Instruments," which amends reporting guidance on credit loses for certain financial instruments. The Company's primary risk for credit losses related to its receivables from joint interest owners in our operated oil and natural gas wells. This guidance is effective for periods after December 15, 2022, and the Company implemented it effective January 1, 2023, with no material impacts to the financial statements.

3. Supplemental Cash Flow Information

Supplemental disclosures to the statement of cash flows are presented below (in thousands):

	Six months ended June,	
	2023	**2022**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,517	$ 1,703
Supplemental disclosure of non-cash transactions:		
Change in accrued capital expenditures	$ (2,078)	$ 28,714
Asset retirement cost capitalized	$ 109	$ 1,009
Right-of-use assets obtained in exchange for lease liabilities	$ 4,872	$ 14,936

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. Property and Equipment

The Company's property and equipment consists of the following (in thousands):

	June 30, 2023	December 31, 2022
Oil and natural gas properties		
Proved properties	$ 939,516	$ 749,934
Accumulated depreciation and depletion	(195,445)	(139,514)
Oil and natural gas properties, net	744,071	610,420
Other property and equipment		
Gas gathering system	24,469	22,366
Gas processing plants	34,392	33,858
Water disposal assets	23,142	21,029
Other assets	5,012	4,872
Total other property and equipment	87,015	82,125
Accumulated depreciation, depletion and amortization	(11,964)	(9,198)
Total other property and equipment, net	$ 75,051	$ 72,927

5. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Operating expenses	$ 11,317	$ 10,198
Capital expenditures	18,762	37,375
Payroll costs	3,033	2,450
Hedge settlements	613	898
Severance and other tax	2,253	3,662
Midstream shipper payable	1,100	5,157
General, administrative, and other	1,094	429
Total accrued liabilities	$ 38,172	$ 60,169

6. Long-Term Debt

On May 19, 2020, the Company entered into a credit agreement for a revolving credit facility ("the Credit Facility") with a syndicate of banks, including MidFirst Bank ("MidFirst"), who serves as administrative agent and issuing bank. The Credit Facility provides for a maximum of $400.0 million, subject to commitments of $100.0 million as of June 30, 2023, and matures in May 2026. Outstanding obligations under the credit facility are secured by substantially all of the Company's assets. The amount available to be borrowed under the Credit Facility is subject to a borrowing base that is redetermined semiannually each May and November in an amount determined by the lenders. As of June 30, 2023, and December 31, 2022, there was $91.9 million and $84.9 million, respectively, outstanding under the Credit Facility.

The credit agreement contains various affirmative, negative and financial maintenance covenants. These covenants, among other things, limit additional indebtedness, additional liens, sales of assets, mergers and consolidations, dividends and distributions, transactions with affiliates and entering into certain swap agreements and require the maintenance of the financial ratios. Financial ratios the Company is required to maintain on a quarterly basis include the ratio of total debt to EBITDAX not greater than 3.25 and the ratio of current assets to current liabilities of no less than 1.0. As of June 30, 2023, and December 31, 2022, the Company was in compliance with all applicable covenants under the Credit Facility.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

6. Long-Term Debt (cont.)

The Company entered into the third amendment to the credit agreement on January 27, 2023. The third amendment includes an excess cash threshold that sets a limit of the consolidated cash balance of the Company at $20.0 million. The consolidated cash balance is defined as the unrestricted cash held by the Company shown and on the balance sheet less cash set aside to pay royalty obligations, working interest obligations, production payments, vendor payments, suspense payments, severance and ad valorem taxes, payroll, payroll taxes, other taxes, and employee wage and benefits. Required payments will be made only when the Company experiences one or more of the following:

- Ratio of total debt to EBITDAX greater than 2.5 evaluated each fiscal quarter
- Liquidity is less than 20% of the borrowing base.
- An event of default or borrowing base deficiency occurs.

Outstanding borrowings under the credit agreement bear interest at a per annum rate that is equal to the SOFR rate (which is equal to the Term SOFR rate as published by the Chicago Mercantile Exchange, Inc., CME Group Inc. and their Affiliates or their successor as the administrator for Term SOFR two Business Days before commencement of such Interest Period, subject to SOFR adjustment periods one month: 0.10%, three months: 0.15%, and six months: 0.25%), plus the applicable margin. The applicable margin ranges from 2.00% to 3.00% in the case of the alternate base rate and from 3.25% to 4.25% in the case of SOFR, in each case depending on the amount of loans and letters of credit outstanding. The Company is obligated to pay a quarterly commitment fee of 0.50% per year on the unused portion of the commitment, which fee is also dependent on the amount of loans and letters of credit outstanding. The effective interest rate as of June 30, 2023, and December 31, 2022, was 8.5% and 7.7%, respectively.

7. Derivative Contracts

The Company uses derivative contracts to reduce exposure to fluctuations in commodity prices. These transactions are in the form of fixed price swaps. While the use of these instruments limits the downside risk of adverse price changes, their use may also limit future revenues from favorable price changes. The Company does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Under fixed price swap contracts, the Company receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

The Company reports the fair value of derivatives on the balance sheet in derivative contracts assets and derivative contracts liabilities as either current or noncurrent based on the timing of expected future cash flows of individual trades. See Note 9, Fair Value Measurements for additional information regarding fair value measurements.

The following table summarizes the open financial derivative positions as of June 30, 2023, related to oil production:

Period	Volume (Mbbl)	Weighted Average Fixed Price
July – September 2023	193	$ 61.00

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

7. Derivative Contracts (cont.)

As of June 30, 2023, the Company has no natural gas volumes hedged due to offsetting swap positions of equal volumes.

Balance Sheet Presentation. The Company has master netting agreements with all of its derivative counterparties and presents its derivative assets and liabilities with the same counterparty on a net basis on the balance sheet. The following table presents the gross amounts of recognized derivative liabilities, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	June 30, 2023	December 31, 2022
Derivative contracts – current, gross	$ 1,869	$ 10,080
Netting arrangements	—	—
Derivative contracts – current liabilities, net	$ 1,869	$ 10,080

There were no recognized derivative assets at June 30, 2023 or December 31, 2022.

Gains and Losses. The following table presents the settlement and mark-to-market ("MTM") gains and losses presented as a gain or loss on derivatives in the statement of operations (in thousands):

	Six months ended June 30,	
	2023	2022
Settlements on derivatives	$ 7,530	$ (56,122)
MTM gains (losses) on derivatives, net	8,212	(16,735)
Total gains (losses) on derivative contracts	$ 15,742	$ (72,857)

The following table presents the gains and losses recognized on oil and natural gas derivatives in the accompanying statement of operations (in thousands):

	Six months ended June 30,	
	2023	2022
Oil derivatives	$ 3,907	$ (42,644)
Natural gas derivatives	11,835	(30,213)
Total gains (losses) on derivative contracts, net	$ 15,742	$ (72,857)

8. Fair Value Measurements

Fair value measurement is established by a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 — Quoted prices are available in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 — Quoted prices for similar assets or liabilities in active markets or observable inputs for assets or liabilities in non-active markets.

Level 3 — Measurement based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

8. Fair Value Measurements (cont.)

Assets and liabilities that are measured at fair value are classified 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, which may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value on a Recurring Basis

Derivative Contracts. The Company determines the fair value of its derivative contracts using industry standard models that consider various assumptions including current market and contractual prices for the underlying instruments, time value, and nonperformance risk. Substantially all of these inputs are observable in the marketplace throughout the full term of the contract and can be supported by observable data.

Contingent Overriding Royalty Interest. On January 15, 2020, the Company executed a purchase and sale agreement with Alta Mesa Holdings, LP ("AMH") for the sale of certain oil and gas assets in Oklahoma and Kingfisher Midstream LLC ("KFM") for the sale of midstream gathering and processing assets that primarily service the AMH oil and gas assets (the "AMH Acquisition"). On April 2, 2020, the Company entered into the first amendment to the purchase and sale agreement with AMH and KFM. As part of the first amendments to the purchase and sale agreement, consideration of a 5% contingent overriding royalty interest ("the ORRI") was reserved when certain conditions regarding the market price of oil are met. There is a maximum consideration payable of $25 million related to the ORRI, and the ORRI will be terminated at the earlier of $25 million paid out or three years from the date of the acquisition. The conditions for the ORRI to take effect are that the West Texas Intermediate futures price ("WTI") of oil trades at or above $45/Bbl for 15 consecutive trading days. The ORRI may also go out of effect after previously being in effect if WTI trades below $45/Bbl for 15 consecutive trading days. Payments relating to this liability for the six months ended June 30, 2022, were $8.1 million. During the year ending December 31, 2022, the Company reached the maximum consideration of $25 million, therefore no liability remains in relation to the ORRI.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022 (in thousands).

	Level 1	Level 2	Level 3	Fair Value
As of June 30, 2023				
Liabilities:				
Derivative Instruments	$ —	$ 1,869	$ —	$ 1,869
As of December 31, 2022				
Liabilities:				
Derivative Instruments	$ —	$ 10,080	$ —	$ 10,080

Fair Value on a Non-Recurring Basis

The Company determines the initial estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to plugging and abandonment liabilities using level 3 inputs. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted with proved oil and natural gas properties using the unit of production method.

Fair Value of Other Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, revenue payable, accrued interest payable, and other current liabilities approximate fair values due to the short-term maturities of these instruments.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

8. Fair Value Measurements (cont.)

The carrying amount of the Company's credit facility approximates fair value, as the current borrowing base rate does not materially differ from market rates of similar borrowings.

9. Equity Compensation and Deferred Compensation Plan

As part of the Company's Amended and Restated LLC Agreement as of March 25, 2021, incentive units (Class B Units) were issued to certain employees as compensation for services to be rendered to the Company. In determining the appropriate accounting treatment, the Company considered the characteristics of the awards in terms of treatment as stock-based compensation. US GAAP generally requires that all equity awards granted to employees be accounted for at fair value and recognized as compensation cost over the vesting period.

The incentive units are subject to graded vesting over a period of 3 or 4 years (subject to accelerated vesting, as defined by the incentive unit agreement) and a holder of incentive units forfeits unvested incentive units upon ceasing to be an employee of the Company, excluding limited exceptions. The Company recognizes forfeitures as they occur. Holders of incentive units participate in distributions upon the Company meeting a certain requisite financial internal rate of return threshold as defined in the amended LLC agreement.

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those valuation methodologies. For awards granted for the year ended December 31, 2021, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Company's business of 53%
- 7 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business
- a risk-free rate based on a U.S Treasury yield curve of 1.40%

On March 25, 2021, all 20,000 authorized incentive units were granted. Total non-cash compensation cost related to the incentive units was $1.3 million and $3.8 million for the six months ended June 30, 2023, and 2022, respectively. As of June 30, 2023, there was $1.3 million in unrecognized compensation cost related to incentive units, which is expected to be recognized over a weighted-average period of 0.5 years.

A summary of the incentive unit awards as of June 30, 2023, and 2022 is as follows:

	Class B units		Weighted Average Grant Date Fair Value
Unvested at December 31, 2021	10,333	$	2,378.80
Vested	(3,665)	$	2,378.80
Unvested at June 30, 2022	6,668	$	2,378.80
Unvested at December 31, 2022	6,668	$	2,378.80
Vested	(3,667)	$	2,378.80
Unvested at June 30, 2023	3,001	$	2,378.80

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

10. Commitments and Contingencies

Legal Matters. In the ordinary course of business, the Company may at times be subject to claims and legal actions. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date and the Company's estimates of the outcomes of these matters. The Company did not recognize any material liability as of June 30, 2023, or December 31, 2022. Management does not expect that the impact of such matters will have a materially adverse effect on the Company's financial position, results of operations or cash flows.

Environmental Matters. The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws, which are often changing, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

The Company accounts for environmental contingencies in accordance with the accounting guidance related to accounting for contingencies. Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated.

11. Leases

Nature of Leases

The Company has operating leases on an office space, various vehicles, and compressors with remaining lease durations in excess of one year. These leases have various expiration dates throughout 2026. The vehicles are used for field operations and leased from third parties. The Company recognizes right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year. Short-term leases that have an initial term of one year or less are not capitalized.

Discount Rate

As most of the Company's leases do not provide an implicit rate, the Company uses the U.S. 5 Year Treasury Rate in determining the present value of lease payments. Minor changes to the discount rate do not have a material impact to the calculation of the liability, therefore the Company will use this for all asset classes.

Future amounts due under operating lease liabilities as of June 30, 2023, were as follows (in thousands):

Remaining 2023	$	6,820
2024		5,919
2025		1,271
2026		202
Total lease payments	$	14,212
Less: imputed interest		(344)
Total	$	13,868

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11. Leases (cont.)

The following table summarizes our total lease costs before amounts are recovered from our joint interest partners, where applicable, for the six months ended June 30, 2023, and 2022 (in thousands):

	Six months ended June 30,	
	2023	**2022**
Operating lease cost	$ 6,619	$ 2,642
Short-term lease cost	5,143	5,552
Total lease cost	$ 11,762	$ 8,194

The weighted-average remaining lease term as of June 30, 2023, was 1.4 years. The weighted-average discount rate used to determine the operating lease liability as of June 30, 2023, was 3.9%.

12. Members' Equity

The Company was formed with one member, BCE-Mach Holdings III LLC. Upon formation, the Company consisted of one class of common interests, that were all owned by the member. An amended and restated LLC agreement was executed on February 18, 2020, replacing BCE-Mach Holdings III LLC with BCE-Mach Intermediate Holdings III LLC as the sole initial member. Contributions from the member were $150.0 million for the year ended December 31, 2020. On March 25, 2021, per the amended and restated LLC agreement and the Class A-2 Issuance Agreement, the Company issued 150,000 Class A-1 Units to the initial member, and 1,349 Class A-2 Units to an employee of Mach Resources LLC ("MR") for service performed for the Company. Additionally, Class A-2 Units were granted to the employee on a quarterly basis throughout 2021. As of June 30, 2023, there were 3,504 total Class A-2 Units issued to the employee, which have substantially all the same rights as the initial member. In 2022, the Class A-2 Issuance Agreement was updated and there are no additional units being granted to the employee. As part of a long-term incentive plan for certain employees, 20,000 Class B Units were outstanding as of June 30, 2023. The Class B Units represent a non-voting interest in the Company that allows the holder to participate in distributions once the Company's Class A shares have met a certain requisite financial internal rate of return in accordance with the LLC agreement.

Distributions to the members were $74.5 million and $91.3 million for the six months ended June 30, 2023, and 2022, respectively. Contributions from the members were $65.0 million for the six months ended June 30, 2022. There were no contributions from the members for the six months ended June 30, 2023.

13. Related Parties

Management Services Agreement. Upon formation of the Company, the Company entered into a management services agreement ("MSA") with Mach Resources LLC ("MR"). Under the MSA, MR manages and performs all aspects of oil and gas operations and other general and administrative functions for the Company. On a monthly basis, the Company distributes funding to MR for performance under the MSA. During the six months ended June 30, 2023, the Company paid MR $21.1 million, which was inclusive of $2.1 million in management fees. During the six months ended June 30, 2022, the Company paid MR $15.7 million, which was inclusive of $1.0 million in management fees. As of June 30, 2023, the Company has $0.3 million in prepaid assets with MR. As of December 31, 2022, the Company owed $0.4 million to MR.

BCE-Stack Development LLC. BCE-Stack Development LLC ("BCE-Stack") is an affiliate of the member, and previously was an owner of working and revenue interests in a subset of the Company's wells. BCE-Stack sold their interests in the wells to the Company on February 28, 2022. Cash paid for the properties was $37.4 million.

BCE-MACH III LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

13. Related Parties (cont.)

BCE-Mach LLC and BCE-Mach II LLC. BCE-Mach LLC and BCE-Mach II LLC are two related parties that also entered into a MSA with Mach Resources. These entities have shared ownership with the Company and operate primarily in different geographical locations than the Company. As of June 30, 2023, the Company owed these entities $1.1 million included in accounts payable. As of December 31, 2022, the Company had receivables from these related parties of approximately $0.7 million included in accounts receivable-joint interest and other.

14. Subsequent Events

The Company has evaluated its financial statements for subsequent events through August30, 2023 the date the financial statements were available to be issued to ensure that any subsequent events that met the criteria for recognition and disclosure in this report have been properly included.

BCE-Mach LLC Financial Statements and Report of Independent Certified Public Accountants

As of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members
BCE-Mach LLC

Opinion

We have audited the financial statements of BCE-Mach LLC (a Delaware limited liability company) (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, members' equity, and cash flows for the years then ended, 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 the Company as of 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US 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.

Emphasis of matter

As discussed in Note 12 to the financial statements, the Company has adopted new accounting guidance related to the adoption of FASB Accounting Standards Codification 842, *Leases*, effective January 1, 2022. 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 the Company's ability to continue as a going concern for one year after the date 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 US 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 US 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/ GRANT THORNTON LLP

Oklahoma City, Oklahoma
March 31, 2023

BCE-MACH LLC
BALANCE SHEETS
(in thousands)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 30,266	$ 36,550
Accounts receivable – joint interest and other	10,941	9,966
Accounts receivable – oil, gas, and NGL sales	31,457	35,329
Inventories	12,518	7,266
Other current assets	403	395
Total current assets	85,585	89,506
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	515,790	501,923
Less: accumulated depreciation, depletion, amortization and impairment	(280,472)	(255,315)
Oil and natural gas properties, net	235,318	246,608
Other property, plant and equipment	96,292	94,125
Less: accumulated depreciation and impairment	(35,499)	(27,425)
Other property, plant and equipment, net	60,793	66,700
Other assets	8,326	8,004
Operating lease assets	2,496	—
Goodwill	2,674	2,674
Total assets	$ 395,192	$ 413,492
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 12,818	$ 3,496
Accrued liabilities	15,055	8,497
Revenue payable	34,860	36,484
Current portion of long-term debt	—	26,000
Short-term derivative contracts	9,339	31,018
Current portion of operating lease liabilities	1,117	—
Total current liabilities	73,189	105,495
Long-term debt	65,000	87,500
Asset retirement obligations	33,693	33,617
Other long-term liabilities	225	233
Long-term derivative contracts	—	6,582
Long-term portion of operating lease liabilities	1,379	—
Total long-term liabilities	100,297	127,932
Commitments and contingencies (Note 10)		
Members' equity	221,706	180,065
Total liabilities and members' equity	$ 395,192	$ 413,492

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

BCE-MACH LLC
STATEMENTS OF OPERATIONS
(in thousands)

	Year ended December 31,	
	2022	**2021**
Revenue		
Oil, natural gas, and NGL sales	$ 233,644	$ 183,065
Loss on oil and natural gas derivatives, net	(42,334)	(59,959)
Total revenues	191,310	123,106
Operating expenses		
Gathering and processing	34,437	30,729
Lease operating expense	35,605	24,578
Production taxes	13,246	9,645
Depreciation, depletion, amortization and accretion – oil and natural gas	26,621	26,977
Depreciation and amortization – other	8,318	7,778
General and administrative	4,577	10,429
Total operating expenses	122,804	110,136
Income from operations	68,506	12,970
Other income (expense)		
Interest expense	(5,515)	(6,915)
Loss on debt extinguishment	(898)	—
Other expense, net	(452)	(1,356)
Total other expense	(6,865)	(8,271)
Net income	$ 61,641	$ 4,699

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

BCE-MACH LLC
STATEMENT OF MEMBERS' EQUITY
(in thousands)

	Total Members' Equity
Balance as of December 31, 2020	$ 171,868
Equity compensation	3,498
Net income	4,699
Balance as of December 31, 2021	$ 180,065
Distributions	(20,000)
Net income	61,641
Balance as of December 31, 2022	$ 221,706

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

BCE-MACH LLC
STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31,	
	2022	**2021**
Cash flows from operating activities		
Net income	$ 61,641	$ 4,699
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation, depletion and amortization	34,939	34,755
Loss on derivative instruments	42,334	59,959
Cash payments on settlement of derivative contracts, net	(71,060)	(30,213)
Debt issuance costs amortization	1,994	1,561
Equity based compensation	—	3,498
Gain on sale of assets	(30)	(187)
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable, inventories, other assets	(1,631)	(12,407)
Revenue payable	(1,624)	11,742
Accounts payable and accrued liabilities	7,872	(4,527)
Settlement of asset retirement obligations	(118)	(184)
Net cash provided by operating activities	74,317	68,696
Cash flows from investing activities		
Capital expenditures for oil and natural gas properties	(9,024)	(2,071)
Capital expenditures for other property and equipment	(2,722)	(3,225)
Proceeds from sales of other property and equipment	345	187
Net cash used in investing activities	(11,401)	(5,109)
Cash flows from financing activities		
Proceeds from borrowings	70,000	—
Repayment of borrowings	(118,500)	(44,000)
Debt issuance costs	(700)	—
Distributions to members	(20,000)	—
Net cash used in financing activities	(69,200)	(44,000)
Net (decrease) increase in cash and cash equivalents	(6,284)	19,587
Cash and cash equivalents, beginning of period	36,550	16,963
Cash and cash equivalents, end of period	$ 30,266	$ 36,550

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

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

1. Nature of Business

BCE-Mach LLC ("the Company") was formed on January 23, 2018 as a limited liability company under the laws of the State of Delaware. On March 29, 2018, the Company entered into an amended and restated limited liability company agreement (the "Operating Agreement") with two entities (the "Members", see Note 12 — Members' Equity), capitalizing the Company concurrent with its initial acquisitions of oil and natural gas properties and commencement of operations. Revenues and expenses are allocated to the Members based upon the provisions of the Company's Operating Agreement. The Company owns producing wells and undeveloped acreage primarily in Oklahoma and Kansas.

2. Basis of presentation and Summary of Significant Accounting Policies

Basis of Presentation

The financial statements included herein were prepared fromrecords of the Company in accordance with generally accepted accounting principles in the United States ("US GAAP"). In the opinion of management, all adjustments, consisting primarily of normal recurring accruals that are considered necessary for a fair statement of the financial information, have been included.

Use of Estimates

The preparation of the financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates. The Company evaluates these estimates on an ongoing basis, using historical experience, consultation with experts and other methods the Company considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Significant items subject to such estimates and assumptions include, but are not limited to, estimates of proved oil and natural gas reserves and related present value estimates of future net cash flows therefrom, equity-based compensation, and the fair value estimates of commodity derivatives.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the financial statements. The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in this area.

Accounts Receivable

Accounts receivable consist of receivables from joint interest owners on properties the Company operates and from sales of oil and natural gas production delivered to purchasers. The purchasers remit payment for production directly to the Company. Most payments for production are received within three months after the production date.

Accounts receivable are stated at amounts due from joint interest owners or purchasers, net of an allowance for doubtful accounts when the Company believes collection is doubtful. The Company extends credit to joint interest owners and generally does not require collateral. For receivables from joint interest owners, the Company typically has the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings. Accounts receivable outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole. The Company writes off specific accounts receivable

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. There were no write offs for the year ended December 31, 2022. The Company wrote off $4.0 million in receivables from a joint interest partner for the year ended December 31, 2021 regarding billing for the Company's saltwater disposal system.

Derivative Instruments

The Company is required to recognize its derivative instruments on the balance sheet as assets or liabilities at fair value with such amounts classified as current or long-term based on their anticipated settlement dates. The accounting for the changes in fair value of a derivative depends on the intended use of the derivative and resulting designation. The Company has not designated its derivative instruments as hedges for accounting purposes and, as a result, marks its derivative instruments to fair value and recognizes the cash and non-cash change in fair value on derivative instruments for each period in the statements of operations.

Oil and Natural Gas Operations

The Company 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. Capitalized costs are depreciated using the unit-of production method. Under this method, depletion is computed at the end of each period by multiplying total production for the period by a depletion rate. The depletion rate is determined by dividing the total unamortized cost base plus future development costs by a net equivalent proved reserves at the beginning of the period. The average depletion rate per barrel equivalent unit of production was $5.44 and $4.70 for the years ended December 31, 2022 and 2021, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $25.2 million and $25.5 million for the years ended December 31, 2022 and 2021, respectively.

Under the full cost method, capitalized costs of oil and gas properties, net of accumulated depreciation, depletion and amortization, may not exceed the full cost "ceiling" at the end of each quarter. The ceiling is calculated based on the present value of estimated future net cash flows from proved oil and gas reserves, discounted at 10%. The estimated future net revenues exclude future cash outflows associated with settling asset retirement obligations included in the net book value of oil and gas properties. Estimated future net cash flows are calculated using the preceding 12-months' average price based on closing prices on the first day of each month. The net book value is compared to the ceiling limitation on an annual basis. The excess, if any, of the net book value above the ceiling limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. The ceiling limitation computation is determined without regard to income taxes due to the Internal Revenue Service ("IRS") recognition of the Company as a flow-through entity. No impairment was recorded for the years ended December 31, 2022 and 2021, respectively.

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 assesses all items classified as unevaluated property on an annual basis for possible impairment. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization. As of December 31, 2022 and 2021, there were no properties excluded from the full cost pool.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

Sales of oil and natural gas properties being amortized are accounted for as adjustments to the full cost pool, with no gain or loss recognized, unless the adjustments would significantly alter the relationship between capitalized costs and proved oil, natural gas and natural gas liquids ("NGL") reserves. A significant alteration would not ordinarily be expected to occur upon the sale of reserves involving less than 25% of the proved reserve quantities of a cost center.

Other Property and Equipment, Net

Other property and equipment primarily consists of compression assets. Additionally, other property and equipment includes computer equipment and software, vehicles, office furniture, and an office building for field operations. Property and equipment are capitalized and recorded at cost, while maintenance and repairs are expensed. Depreciation of such property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from two to 32 years. Depreciation expense for other property and equipment was $8.3 million and $7.8 million for the years ended December 31, 2022 and 2021, respectively.

Impairment losses are recorded on property and equipment used in operations and other long-lived assets held and used when indicators of impairment are present and the undiscounted cashflows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured based on the excess of the carrying amount over the fair value of the asset. No impairment of other property and equipment was recorded for the years ended December 31, 2022 or 2021.

Inventories

Inventories are stated at the lower of cost or net realizable value and consist of production equipment not placed in service as of December 31, 2022 and 2021. The Company's equipment is primarily comprised of oil and natural gas drilling or repair items such as tubing, casing and pumping units. The inventory is primarily acquired for use in future drilling or repair operations.

Debt Issuance Costs

Other assets include capitalized costs related to the credit facility of $0.7 million, net of accumulated amortization of $0.1 million as of December 31, 2022. These costs are being amortized over the term of the credit facility and are reported as interest expense on the Company's statements of operations.

Income Taxes

The Company is an LLC taxed as a partnership, and any associated tax liability is the responsibility of the individual members of the LLC. Accordingly, no provision for income taxes has been made in these financial statements.

The Company disallows the recognition of tax positions not deemed to meet a "more-likely-than not" threshold of being sustained by the applicable tax authority. The Company's policy is to reflect interest and penalties related to uncertain tax positions in general and administrative expense, when and if they become applicable. The Company has not recognized any potential interest or penalties in its financial statements for the year ended December 31, 2022. The Company's tax years 2018, 2019, 2020 and 2021 remain open for examination by state authorities.

Goodwill

Goodwill represents the excess of the purchase price of a business combination over the fair value of the net assets acquired and is tested for impairment at least annually. Such test includes an assessment of the qualitative factors that could indicate impairment, and if necessary, the quantitative analysis to determine the goodwill impairment. If the fair value of the reporting unit is less than the net book value, including goodwill, then the

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

goodwill is written down to the implied fair value of the goodwill through a charge to expense. The Company performed an annual impairment test as of December 31, 2022 and 2021. Based on this assessment, no impairment of goodwill was required.

Asset Retirement Obligations

The Company records the fair value of the future legal liability for an asset retirement obligation ("ARO") in the period in which the liability is incurred (at the time the wells are drilled or acquired), with the offsetting increase to property cost. These property costs are depreciated on a unit-of-production basis within the full cost pool. The liability accretes each period until it is settled or the well is sold, at which time the liability is satisfied.

The Company estimates a fair value of the obligation on each well in which it owns an interest by identifying costs associated with the future downhole plugging, dismantlement and removal of production equipment and facilities, and the restoration and reclamation of a field's surface to a condition similar to that existing before oil and natural gas extraction began.

In general, the amount of ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an estimated credit adjusted rate. If the estimated ARO changes materially, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. The following is a reconciliation of ARO as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022	December 31, 2021
Asset retirement obligation at beginning of period	$ 33,617	$ 32,317
Liabilities incurred	481	—
Liabilities settled	(1,892)	(159)
Liabilities revised	22	—
Accretion expense	1,465	1,459
Asset retirement obligation at end of period	$ 33,693	$ 33,617

Revenue Recognition

Sales of oil, natural gas and NGL 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. The Company's 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 pricing provisions in the Company's contracts are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, the quality of the oil or natural gas and the prevailing supply and demand conditions. As a result, the price of the oil, natural gas and NGL fluctuates to remain competitive with other available oil, natural gas and NGL supplies.

Our major market risk exposure is in the pricing applicable to our oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas production. Pricing for oil and natural gas production has been volatile and unpredictable for several years, and the Company expects this volatility to continue in the future. The prices the Company receives for production depend on many factors outside of our control. See Note 7. Derivative Contracts, for the Company's management of price volatility.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

Oil Sales

The Company's oil sales contracts are structured where it delivers oil to the purchasers at the wellhead, where the purchaser takes custody, title and risk of loss of the product. Under this arrangement, the Company recognizes revenue when control transfers to the purchaser at the delivery point based on the price received from the purchaser. Oil revenues are recorded net of any third-party transportation fees and other applicable differentials in the Company's statements of operations.

Natural Gas and NGL Sales

Under the Company's natural gas and NGL sales contracts, it first delivers wet natural gas to a midstream processing entity. After processing, the residue gas is transported to the purchaser at the inlet to certain natural gas pipelines, where the purchaser takes control, title and risk of loss of the product. The NGLs are delivered to the purchaser at the tailgate of the midstream processing plant, where the purchaser takes control, title and risk of loss of the product. For both natural gas sales and NGL sales, the Company evaluates whether it is the principal or the agent in the transaction. For those contracts where the Company has concluded it is the principal and the ultimate third party is its customer, the Company recognizes revenue on a gross basis, with gathering and processing fees presented as an expense in its statements of operations.

Transaction Price Allocated to Remaining Performance Obligations

For the Company's product sales that are short-term in nature with a contract term of one year or less, the Company has utilized the practical expedient that exempts it from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For our product sales that have a contract term greater than one year, the Company has utilized the practical expedient, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Prior-Period Performance Obligations

The Company records revenue in the month production is delivered and control passes to the customer. However, settlement statements and payment may not be received for 30 to 90 days after the date production occurs, and as a result, the Company is required to estimate the amount of production that was delivered and the price that will be received for the sale of the product. The Company records variances between its estimates and actual amounts received in the month payment is received and such variances have historically not been significant.

Concentrations

The Company is subject to risk resulting from the concentration of its crude oil and natural gas sales and receivables with several significant purchasers. For the period ended December 31, 2022, five purchasers each accounted for more than 10% of the Company's revenue: NextEra Energy Marketing, LLC (34.0%); Southwest Energy, LP (23.8%); ONEOK Hydrocarbon, L.P. (13.0%); Sandridge Energy, Inc. (11.9%) and Coffeyville Resources, LLC (11.6%). For the period ended December 31, 2021, three purchasers each accounted for more than 10% of the Company's revenue: Southwest Energy L.P. (42.7%); NextEra Energy Marketing, LLC (28.0%); and ONEOK Hydrocarbon, L.P. (15.3%). The Company's receivables as of December 31, 2022 and 2021 from oil and gas sales are concentrated with the same counterparties noted above. The Company does not believe the loss of any single purchaser would materially impact its operating results, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

As of December 31, 2022 and 2021, the Company had one customer that represented approximately 70.7% and 74.6%, respectively, of our total joint interest receivables.

Revenue Disaggregation

The following table displays the revenue disaggregated and reconciles disaggregated revenue to the revenue reported (in thousands):

	Year ended	
	December 31, 2022	December 31, 2021
Revenues:		
Oil	$ 96,015	$ 85,777
Natural gas	99,922	63,114
Natural gas liquids	37,849	35,072
Gross oil, natural gas, and NGL sales	233,786	183,963
Transportation and marketing	(142)	(898)
Net oil, natural gas, and NGL sales	$ 233,644	$ 183,065

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". ASU 2016-02 establishes a right of use "ROU" model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. All leases create an asset and a liability for the lessee and therefore recognition of those lease assets and lease liabilities is required by ASU 2016-02. When measuring lease assets and liabilities, payments to be made in optional extension periods should be included if the lessee is reasonably certain to exercise the option. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 will not impact the accounting or financial presentation of our mineral leases.

In July 2018, the FASB issued Accounting Standards Update 2018-11, "Leases (Topic 842): Targeted Improvements", which included the option to implement the standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings, as opposed to the modified retrospective transition method required when ASU 2016-02 was issued. This guidance is effective for periods after December 15, 2021 and the Company implemented effective January 1, 2022. See Note 11. Leases, for further discussion.

Recent Accounting Pronouncements Issued But Not Yet Adopted

In June 2016, the FASB issued Accounting Standards Update 2016-13, "Financial Instrument-Credit Losses: Measurement of Credit Losses on Financial Instruments," which amends reporting guidance on credit loses for certain financial instruments. The Company's primary risk for credit losses related to its receivables from joint interest owners in our operated oil and natural gas wells. This guidance is effective for periods after December 15, 2022. The Company is currently implementing it with no significant changes expected to the financial statements as the Company has no history of credit losses.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

3. Supplemental Cash Flow Information

Supplemental disclosures to the statements of cash flows are presented below (in thousands):

	Year ended December 31,	
	2022	2021
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 4,418	$ 5,354
Supplemental disclosure of non-cash transactions:		
Change in accrued capital expenditures	$ 6,114	$ 147
Right-of-use assets obtained in exchange for lease liabilities	$ 3,487	$ —

4. Property and Equipment

The Company's property and equipment consists of the following (in thousands):

	December 31, 2022	December 31, 2021
Oil and natural gas properties		
Proved properties	$ 515,790	$ 501,923
Accumulated depreciation, depletion, amortization and impairment	(280,472)	(255,315)
Oil and natural gas properties, net	235,318	246,608
Other property and equipment		
Compressors	88,802	86,508
Buildings	4,032	4,032
Vehicles	912	1,039
Office equipment	1,038	1,038
Land	904	904
Other assets	604	604
Total other property and equipment	96,292	94,125
Accumulated depreciation and impairment	(35,499)	(27,425)
Total other property and equipment, net	$ 60,793	$ 66,700

Capitalized internal costs were approximately $1.7 million and $1.5 million as of December 31, 2022 and 2021, respectively.

5. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Lease operating expense	$ 5,356	$ 3,307
Capital expenditures	4,968	353
Payroll costs	2,033	1,704
General, administrative, and other	2,698	3,133
Total accrued liabilities	$ 15,055	$ 8,497

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

6. Long-Term Debt

The Company entered into a new revolving credit facility ("the credit facility") on September 2, 2022 with a syndicate of banks, including MidFirst Bank who serves as sole book runner and lead arranger, maturing in September 2026. Outstanding obligations under the credit facility are secured by substantially all of the Company's assets. The previous revolving credit facility was retired in September 2022 and the Company wrote off all unamortized loan origination costs, recognizing $0.9 million as loss on debt extinguishment.

The credit agreement provides for a revolving credit facility in the maximum of $200.0 million, subject to commitments of $100.0 million as of December 31, 2022. As of December 31, 2022, $65.0 million was outstanding under the credit facility and $5.0 million in outstanding letters of credit, which reduces the availability under the credit facility on a dollar-for-dollar basis. The amount available to be borrowed under the credit facility is subject to a borrowing base that is redetermined semiannually each May and November in an amount determined by the lenders.

The credit agreement contains various affirmative, negative and financial maintenance covenants. These covenants, among other things, limit additional indebtedness, additional liens, sales of assets, mergers and consolidations, dividends and distributions, transactions with affiliates and entering into certain swap agreements and require the maintenance of the financial ratios. Financial ratios the Company is required to maintain on a quarterly basis include the ratio of total net debt to EBITDAX not greater than 3.25 and the ratio of current assets to current liabilities of no less than 1.0. As of December 31, 2022, the Company was in compliance with all applicable covenants under the credit facility.

Outstanding borrowings under the credit agreement bear interest at a per annum rate that is equal to the SOFR rate (which is equal to the Term SOFR rate as published by the Chicago Mercantile Exchange, Inc., CME Group Inc. and their affiliates or their successor as the administrator for Term SOFR two business days before commencement of the interest period, subject to SOFR adjustment periods one month: 0.10%, three months: 0.15%, and six months: 0.25%), plus the applicable margin. The applicable margin ranges from 3% to 4% depending on the amount of loans and letters of credit outstanding. The Company is obligated to pay a quarterly commitment fee of 0.50% per year on the unused portion of the commitment, which fee is also dependent on the amount of loans and letters of credit outstanding. The effective interest rate as of December 31, 2022 was 7.43%.

7. Derivative Contracts

The Company uses derivative contracts to reduce exposure to fluctuations in commodity prices. These transactions are in the form of fixed price swaps. While the use of these instruments limits the downside risk of adverse price changes, their use may also limit future revenues from favorable price changes. The Company does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Under fixed price swap contracts, the Company receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

The Company reports the fair value of derivatives on the balance sheet in derivative contracts assets and derivative contracts liabilities as either current or noncurrent based on the timing of expected future cash flows of individual trades. See Note 8, Fair Value Measurements for additional information regarding fair value measurements.

The following table summarizes the open financial derivative positions as of December 31, 2022, related to oil production:

Period	Volume (Mbbl)	Weighted Average Fixed Price
January – March 2023	143	$ 41.35

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

7. Derivative Contracts (cont.)

The following table summarizes the open financial derivative positions as of December 31, 2022, related to natural gas production:

Period	Volume (Mmbtu)	Weighted Average Fixed Price
January – March 2023	1,957	$ 2.52

Balance Sheet Presentation. The Company has master netting agreements with all of its derivative counterparties and presents its derivative assets and liabilities with the same counterparty on a net basis on the balance sheet. The Company did not have any derivative assets as of December 31, 2022 and 2021.

The following table presents the gross amounts of recognized derivative liabilities, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	December 31, 2022	December 31, 2021
Derivative contracts – current, gross	$ 9,339	$ 31,018
Netting arrangements	—	—
Derivative contracts – current, net	$ 9,339	$ 31,018
Derivative contracts – long-term, gross	$ —	$ 6,582
Netting arrangements	—	—
Derivative contracts – long-term, net	$ —	$ 6,582

Gains and Losses. The following table presents the settlement and mark-to-market ("MTM") gains and losses presented as a gain or loss on derivatives in the statements of operations (in thousands):

	Year ended	
	December 31, 2022	December 31, 2021
Settlements on derivatives	$ (70,595)	$ (32,349)
MTM gains (losses) on derivatives, net	28,261	(27,610)
Total losses on derivative contracts	$ (42,334)	$ (59,959)

The following table presents the gains and losses recognized on oil and natural gas derivatives in the accompanying statements of operations (in thousands):

	Year ended	
	December 31, 2022	December 31, 2021
Oil derivatives	$ (15,883)	$ (34,671)
Natural gas derivatives	(26,451)	(25,288)
Total losses on derivative contracts, net	$ (42,334)	$ (59,959)

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

8. Fair Value Measurements

Fair value measurement is established by a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 — Quoted prices are available in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 — Quoted prices for similar assets or liabilities in active markets or observable inputs for assets or liabilities in non-active markets.

Level 3 — Measurement based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources.

Assets and liabilities that are measured at fair value are classified 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, which may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value on a Recurring Basis

Derivative Contracts. The Company determines the fair value of its derivative contracts using industry standard models that consider various assumptions including current market and contractual prices for the underlying instruments, time value, and nonperformance risk. Substantially all of these inputs are observable in the marketplace throughout the full term of the contract and can be supported by observable data.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021 (in thousands):

	Level 1	Level 2	Level 3	Fair Value
As of December 31, 2021				
Liabilities:				
Derivative Instruments	$ —	$ 37,600	$ —	$ 37,600
As of December 31, 2022				
Liabilities:				
Derivative Instruments	$ —	$ 9,339	$ —	$ 9,339

Fair Value on a Non-Recurring Basis

The Company determines the estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to plugging and abandonment liabilities using level 3 inputs. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted with proved oil and natural gas properties using the unit of production method.

The Company determines the estimated grant date fair value of its incentive units and common member interests to be recognized as compensation cost using level 3 inputs. The significant inputs used to calculate fair value include enterprise value, market volatility and future exit event dates. See Note 9, Equity Compensation and Deferred Compensation Plan, for additional information.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

8. Fair Value Measurements (cont.)

Fair Value of Other Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, revenue payable, accrued interest payable, and other current liabilities approximate fair values due to the short-term maturities of these instruments.

The carrying amount of the Company's credit facility approximates fair value, as the current borrowing base rate does not materially differ from market rates of similar borrowings.

9. Equity Compensation and Deferred Compensation Plan

As part of the Company's LLC Agreement, incentive units (Class B Units) were issued to certain employees as compensation for services to be rendered to the Company. In determining the appropriate accounting treatment, the Company considered the characteristics of the awards in terms of treatment as stock-based compensation. US GAAP generally requires that all equity awards granted to employees be accounted for at fair value and recognized as compensation cost over the vesting period.

The incentive units are subject to graded vesting over a period of 3 or 4 years (subject to accelerated vesting, as defined by the incentive unit agreement) and a holder of incentive units forfeits unvested incentive units upon ceasing to be an employee of the Company, excluding limited exceptions. The Company recognizes forfeitures as they occur. Holders of incentive units will begin to participate in distributions upon the Company meeting a certain requisite financial internal rate of return threshold as defined in the LLC agreement.

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those valuation methodologies. For awards granted for the period ended December 31, 2018, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Company's business of 40%;
- 7 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business; and
- a risk-free rate based on a U.S Treasury yield curve of 2.68%.

As of December 31, 2022, 19,300 of the 20,000 authorized incentive units had been granted. Total non-cash compensation cost related to the incentive units was $0.2 million for the year ended December 31, 2021. The Company did not recognize non-cash compensation for Class B Units for the year ended December 31, 2022. As of December 31, 2022, there is no material unrecognized compensation cost related to incentive units.

A summary of the incentive unit awards as of December 31, 2022 is as follows:

	Class B units		Weighted Average Grant Date Fair Value
Unvested at December 31, 2020	4,317	$	773.50
Vested	(3,492)	$	773.50
Unvested at December 31, 2021	825	$	773.50
Vested	(825)	$	773.50
Unvested at December 31, 2022	—	$	—

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

9. Equity Compensation and Deferred Compensation Plan (cont.)

Upon formation, the Company issued 8,000 Class A-2 Units to Mach Resources LLC ("Mach Resources"), an initial member. As part of the Company's Amended and Restated LLC Agreement as of March 25, 2021 and the Class A-2 Issuance Agreement, the Company issued an additional 2,866 Class A-2 Units to an employee of Mach Resources for services performed for the Company. Additionally, A-2 Units were issued on a quarterly basis for the year ended December 31, 2021 to the employee and vest on the grant date. There were no new awards granted for the year ended December 31, 2022. In accordance with US GAAP, the equity awards granted to the employee will be accounted for at fair value and recognized as compensation cost over the vesting period. There were 11,438 total A-2 Units granted and vested as of December 31, 2022.

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those valuation methodologies. For awards granted for the year ended December 31, 2021, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Company's business of 67%
- 5 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business
- a risk-free rate based on a U.S Treasury yield curve of 0.98%

Non-cash compensation cost related to the Class A-2 Units was $0 and $3.3 million for the years ended December 31, 2022 and 2021, respectively. There were no unvested Class A-2 Units and no related unrecognized costs as of December 31, 2022.

10. Commitments and Contingencies

Legal Matters. In the ordinary course of business, the Company may at times be subject to claims and legal actions. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date and the Company's estimates of the outcomes of these matters. The Company did not recognize any material liability as of December 31, 2022. Management does not expect that the impact of such matters will have a materially adverse effect on the Company's financial position, results of operations or cash flows.

Environmental Matters. The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws, which are often changing, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

The Company accounts for environmental contingencies in accordance with the accounting guidance related to accounting for contingencies. Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated.

NGL Sales and Gas Transportation Commitments. The Company is party to a NGL sales contract, which includes certain NGL volume commitments in the event the Company elects not to reduce its committed quantity, at its option. To the extent the Company does not deliver NGL volumes in sufficient quantities to meet the commitment and does not elect to reduce its committed quantity, it would be required to pay a deficiency fee. The Company is currently delivering at least the minimum volumes. Additionally, the Company has natural gas firm transportation agreements terminating in 2024. For the years ended December 31, 2022 and 2021, the Company incurred approximately $3.0 million and $2.5 million, respectively, of transportation charges under these agreements.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

11. Leases

Effective January 1, 2022, the Company adopted and implemented ASU No. 2016-02, Leases (Topic 842). The new standard supersedes the previous lease guidance by requiring lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year while maintaining substantially similar classifications for financing and operating leases. The Company adopted the new standard on a prospective basis using the simplified transition method permitted by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. No cumulative-effect adjustment to retained earnings was required upon adoption of the new standard. The comparative information has not been restated and continues to be reported under the historic accounting standards in effect for those periods. The Company elected the package of practical expedients permitted under the new standard, which among other things, allows for lease and non-lease components in a contract to be accounted for as a single lease component for all asset classes and the carry forward of historical lease classifications.

Nature of Leases

The Company has operating leases on vehicles with remaining lease durations in excess of one year. These leases have various expiration dates throughout 2026. The vehicles are used for field operations and leased from a third party. The Company recognizes a right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year. Short-term leases that have an initial term of one year or less are not capitalized.

Discount Rate

As most of the Company's leases do not provide an implicit rate, the Company uses the U.S. 5 Year Treasury Rate in determining the present value of lease payments. Minor changes to the discount rate do not have a material impact to the calculation of the liability, therefore the Company will use this for all asset classes.

Future amounts due under operating lease liabilities as of December 31, 2022, were as follows (in thousands):

2023	$	1,166
2024		765
2025		535
2026		214
Total lease payments	$	2,680
Less: imputed interest		(184)
Total	$	2,496

The following table summarizes our total lease costs before amounts are recovered from our joint interest partners, where applicable, for the year ended December 31, 2022 (in thousands):

Operating lease cost	$	1,007
Short-term lease cost		5,181
Total lease cost	$	6,188

The weighted-average remaining lease term as of December 31, 2022 was 2.8 years. The weighted-average discount rate used to determine the operating lease liability as of December 31, 2022 was 3.62%.

12. Members' Equity

Upon formation, the Company issued 124,000 Class A-1 Units to BCE-Mach Holdings LLC and 8,000 Class A-2 Units to Mach Resources LLC. The Company issued 26,437 Class A-3 Units to BCE-Mach Holdings LLC and 313 Class A-3 Units to Mach Resources LLC for additional capital contributed throughout 2020. As part of the amended and restated LLC agreement holders of class A-3 Units are entitled to 100% of all distributions until a 1.0x return on invested capital has been met. On March 25, 2021, per the Operating Agreement, the Company issued 2,351 Class A-2 Units to an employee of Mach Resources for services performed for the Company. Additionally,

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

12. Members' Equity (cont.)

Class A-2 Units were granted to the employee on a quarterly basis throughout 2021. During 2021 there were 3,135 total Class A-2 Units issued to the employee, which have substantially all the same rights as the equity holders. In 2022, the Class A-2 Issuance Agreement was updated and there are no additional units being granted to the employee. As of December 31, 2022 there were 11,438 Class A-2 Units issued and outstanding.

As part of a long-term incentive plan for certain employees, 19,300 Class B Units were outstanding as of December 31, 2022 and December 31, 2021. The Class B Units represent a non-voting interest in the Company that allows the holder to participate in distributions once the Company's Class A shares have met a certain requisite financial internal rate of return in accordance with the LLC agreement.

13. Related Parties

Management Services Agreement. Upon formation of the Company, the Company entered into a management services agreement ("MSA") with one of its members, Mach Resources. Under the MSA, Mach Resources manages and performs all aspects of oil and gas operations and other general and administrative functions for the Company. On a monthly basis, the Company distributes funding to Mach Resources for performance under the MSA. During the years ended December 31, 2022 and 2021, the Company paid Mach Resources $23.4 million and $25.6 million, respectively. As of December 31, 2022, the Company owed $0.3 million to Mach Resources. As of December 31, 2021, the Company had $0.1 million in prepaid assets with Mach Resources.

BCE-Mach II LLC and BCE-Mach III LLC. BCE-Mach II LLC and BCE-Mach III LLC are two related parties that also entered into a MSA with Mach Resources. These entities have shared ownership with the Company and operate primarily in different geographical locations than the Company. As of December 31, 2022 the Company has a payable to BCE-Mach III LLC for $1.3 million. As of December 31, 2021 the Company has a payable to BCE-Mach II LLC for $0.1 million and a receivable from BCE-Mach III LLC for $0.6 million.

14. Subsequent Events

The Company has evaluated its financial statements for subsequent events through March31, 2023, the date the financial statements were available to be issued to ensure that any subsequent events that met the criteria for recognition and disclosure in this report have been properly included.

15. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*)

The following tables provide historical cost information regarding the Company's oil and gas operations located entirely in the United States:

Capitalized Costs related to Oil and Gas Producing Activities

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Proved properties	$ 515,790	$ 501,923
Accumulated depreciation, depletion, amortization and impairment	(280,472)	(255,315)
Net capitalized costs	$ 235,318	$ 246,608

Costs Incurred in Oil and Gas Property Acquisition and Development Activities

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Acquisition	$ —	$ —
Development	15,446	2,404
Exploratory	—	—
Costs incurred	$ 15,446	$ 2,404

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

15. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

Results of Operations for Producing Activities

The following table includes revenue and expenses related to the production and sale of oil, natural gas, and NGLs. It does not include any derivative activity, interest costs or general and administrative costs.

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Revenues	$ 233,644	$ 183,065
Production costs	(83,288)	(64,952)
Depreciation, depletion, amortization and accretion	(26,621)	(26,977)
Results of operations from producing activities	$ 123,735	$ 91,136

Proved Reserves

Our proved oil and gas reserves have been estimated by independent petroleum engineers. Proved reserves are those quantities of oil and natural 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 regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Proved developed reserves are the quantities expected to be recovered through existing wells with existing equipment and operating methods in which the cost of the required equipment is relatively minor compared with the cost of a new well. Due to the inherent uncertainties and the limited nature of reservoir data, such estimates are subject to change as additional information becomes available. The reserves actually recovered and the timing of production of these reserves may be substantially different from the original estimate. Revisions result primarily from new information obtained from development drilling and production history and from changes in economic factors.

Proved reserves. Reserves of oil and natural gas that have been proved to a high degree of certainty by analysis of the producing history of a reservoir and/or by volumetric analysis of adequate geological and engineering data.

Proved developed reserves. Proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.

Proved undeveloped reserves or PUDs. Proved reserves 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.

Standardized Measure

The standardized measure of discounted future net cash flows and changes in such cash flows are prepared using assumptions required by the US GAAP. Such assumptions include the use of 12-month average prices for oil and gas, based on the first-day-of-the-month price for each month in the period, and year end costs for estimated future development and production expenditures to produce year-end estimated proved reserves. Discounted future net cash flows are calculated using a 10% rate. No provision is included for federal income taxes since our future net cash flows are not subject to taxation.

Estimated well abandonment costs, net of salvage values, are deducted from the standardized measure using year-end costs and discounted at the 10% rate. Such abandonment costs are recorded as a liability on the consolidated balance sheet, using estimated values as of the projected abandonment date and discounted using a risk-adjusted rate at the time the well is drilled or acquired (Note 2).

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

15. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

The standardized measure does not represent management's estimate of our future cash flows or the fair value of proved oil and natural gas reserves. Probable and possible reserves, which may become proved in the future, are excluded from the calculations. Furthermore, prices used to determine the standardized measure are influenced by supply and demand as affected by recent economic conditions as well as other factors and may not be the most representative in estimating future revenues or reserve data.

Proved Reserves Summary

All of the Company's reserves are located in the United States. The following table sets forth the changes in the Company's net proved reserves (including developed and undeveloped reserves) for the years ended December 31, 2022 and 2021. Reserves estimates as of December 31, 2022 were estimated by the independent petroleum consulting firm Cawley, Gillespie & Associates, Inc.

Proved Reserves	**Oil (mmbbl)**	**Natural Gas (bcf)**	**NGL (mmbbl)**	**Oil Equivalents (mmboe)**
December 31, 2020	17.8	220.5	12.4	66.9
Revisions of previous estimates	(0.1)	39.1	4.0	10.4
Purchases in place	—	—	—	—
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(1.3)	(18.0)	(1.1)	(5.4)
December 31, 2021	16.4	241.6	15.3	71.9
Revisions of previous estimates	1.1	28.3	1.9	7.7
Purchases in place	—	—	—	—
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(1.0)	(15.8)	(1.0)	(4.6)
December 31, 2022	16.5	254.1	16.2	75.0

Proved Developed Reserves	**Oil (mmbbl)**	**Natural Gas (bcf)**	**NGL (mmbbl)**	**Oil Equivalents (mmboe)**
December 31, 2020	11.9	168.2	9.8	49.7
December 31, 2021	12.3	210.9	13.6	61.0
December 31, 2022	11.7	212.0	13.8	60.8

Proved Undeveloped Reserves	**Oil (mmbbl)**	**Natural Gas (bcf)**	**NGL (mmbbl)**	**Oil Equivalents (mmboe)**
December 31, 2020	5.9	52.3	2.6	17.2
December 31, 2021	4.1	30.7	1.7	10.9
December 31, 2022	4.8	42.1	2.4	14.2

In 2021, the 10.3 mmboe of upward revisions in proved reserves were the result of a combination of higher commodity prices (13.5 mmboe), PUD changes (-0.7 mmboe), production forecast revisions (-5.5 mmboe) and changes in lease operating expenses and product price differentials to reflect current market conditions (3.0 mmboe).

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS

15. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

In 2022, the 7.7 mmboe of upward revisions in proved reserves were the result of higher commodity prices (6.0 mmboe), PUD adds and deletions (1.9 mmboe) and changes to product pricing differentials and lease operating expenses to reflect current market conditions (-0.2 mmboe).

The following table sets forth the standardized measure of discounted future net cash flow from projected production of the Company's oil and natural gas reserves:

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Reserves (in thousands)	**December 31, 2022**	**December 31, 2021**
Future cash inflows	$ 3,206,749	$ 1,926,393
Future costs:		
Production[(1)]	(1,086,699)	(561,429)
Development[(2)]	(241,007)	(157,953)
Income taxes	—	—
Future net cash flows	1,879,043	1,207,011
10% annual discount	(1,029,073)	(666,368)
Standardized measure	$ 849,970	$ 540,643

(1) Production costs include production severance taxes, ad valorem taxes and operating expenses.
(2) Development costs include plugging expenses, net of salvage and net capital investment.

Changes in Standardized Measure of Discounted Future Net Cash Flows (in thousands)	**For the Year Ended December 31,**	
	2022	**2021**
Standardized measure, beginning of period	$ 540,643	$ 258,406
Revisions of previous quantity estimates	98,988	88,731
Changes in estimated future development costs	30,957	13,398
Net changes in prices and production costs	301,637	191,879
Accretion of discount	54,064	25,841
Sales of oil and gas produced, net of production costs	(150,356)	(118,113)
Development costs incurred during the period	14,619	2,324
Change in timing of estimated future production and other	(40,582)	78,177
Standardized measure, end of period	$ 849,970	$ 540,643

Price and cost revisions are primarily the net result of changes in prices, based on beginning of the year reserve estimates. Future development costs revisions are primarily the result of the extended economic life of proved reserves and proved undeveloped reserve additions attributable to increased development activity.

Average oil prices used in the estimation of proved reserves and calculation of the standardized measure were $93.67 for 2022 and $66.56 for 2021. Average realized gas prices were $6.36 for 2022 and $3.60 for 2021. We used 12-month average oil and gas prices, based on the first-day-of-the-month price for each month in the period.

BCE-Mach LLC Unaudited Financial Statements

As of June 30, 2023 and December 31 2022 and for the six months ended June 30, 2023 and 2022

BCE-MACH LLC
BALANCE SHEETS (UNAUDITED)
(in thousands)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 23,441	$ 30,266
Accounts receivable – joint interest and other	11,860	10,941
Accounts receivable – oil, gas, and NGL sales	18,712	31,457
Inventories	13,776	12,518
Short-term derivative contracts	1,378	—
Other current assets	1,297	403
Total current assets	70,464	85,585
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	527,892	515,790
Less: accumulated depreciation, depletion, amortization and impairment	(292,424)	(280,472)
Oil and natural gas properties, net	235,468	235,318
Other property, plant and equipment	98,589	96,292
Less: accumulated depreciation and impairment	(39,953)	(35,499)
Other property, plant and equipment, net	58,636	60,793
Other assets	4,337	8,326
Operating lease assets	3,196	2,496
Goodwill	2,674	2,674
Total assets	$ 374,775	$ 395,192
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 6,033	$ 12,818
Accrued liabilities	10,455	15,055
Revenue payable	25,796	34,860
Short-term derivative contracts	—	9,339
Current portion of operating lease liabilities	1,463	1,117
Total current liabilities	43,747	73,189
Long-term debt	65,000	65,000
Asset retirement obligations	34,445	33,693
Other long-term liabilities	274	225
Long-term portion of operating lease liabilities	1,740	1,379
Total long-term liabilities	101,459	100,297
Commitments and contingencies (Note 10)		
Members' equity	229,569	221,706
Total liabilities and members' equity	$ 374,775	$ 395,192

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

BCE-MACH LLC
STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands)

	Six months ended June 30,	
	2023	**2022**
Revenue		
Oil, natural gas, and NGL sales	$ 70,710	$ 121,364
Gain (loss) on oil and natural gas derivatives, net	6,048	(42,710)
Total revenues	76,758	78,654
Operating expenses		
Gathering and processing	13,928	16,746
Lease operating expense	20,514	16,565
Production taxes	3,644	6,875
Depreciation, depletion, and accretion – oil and natural gas	12,678	12,822
Depreciation and amortization – other	4,454	4,094
General and administrative	4,791	2,667
Total operating expenses	60,009	59,769
Income from operations	16,749	18,885
Other income (expense)		
Interest expense	(2,811)	(2,861)
Other income (expense), net	(4,075)	3,331
Total other income (expense)	(6,886)	470
Net income	$ 9,863	$ 19,355

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

BCE-MACH LLC
STATEMENTS OF MEMBERS' EQUITY (UNAUDITED)
(in thousands)

	Total Members' Equity
Balance as of December 31, 2022	$ 221,706
Distributions	(2,000)
Net income	9,863
Balance as of June 30, 2023	$ 229,569
Balance as of December 31, 2021	$ 180,065
Net income	19,355
Balance as of June 30, 2022	$ 199,420

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

BCE-MACH LLC
STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Six months ended June 30,	
	2023	**2022**
Cash flows from operating activities		
Net income	$ 9,863	$ 19,355
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and depletion	17,133	16,916
(Gain) loss on derivative instruments	(6,048)	42,710
Cash payments on settlement of derivative contracts	(6,889)	(34,744)
Debt issuance costs amortization	87	774
Loss on sale of assets	—	25
Settlement of asset retirement obligations	(52)	(118)
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable, inventories, other assets	12,073	(17,807)
Revenue payable	(9,064)	12,316
Accounts payable and accrued liabilities	(1,736)	3,375
Net cash provided by operating activities	15,367	42,802
Cash flows from investing activities		
Capital expenditures for oil and natural gas properties	(17,895)	(1,460)
Capital expenditures for other property and equipment	(2,297)	(1,325)
Proceeds from sales of other property and equipment	—	285
Net cash used in investing activities	(20,192)	(2,500)
Cash flows from financing activities		
Repayment of borrowings	—	(30,500)
Distributions to members	(2,000)	—
Net cash used in financing activities	(2,000)	(30,500)
Net (decrease) increase in cash and cash equivalents	(6,825)	9,802
Cash and cash equivalents, beginning of period	30,266	36,550
Cash and cash equivalents, end of period	$ 23,441	$ 46,352

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

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. Nature of Business

BCE-Mach LLC ("the Company") was formed on January 23, 2018 as a limited liability company under the laws of the State of Delaware. On March 29, 2018, the Company entered into an amended and restated LLC agreement with two entities (the "Members", see Note 12 — Members' Equity), capitalizing the Company concurrent with its initial acquisitions of oil and natural gas properties and commencement of operations. Revenues and expenses are allocated to the Members based upon the provisions of the Company's operating agreement. The Company owns producing wells and undeveloped acreage primarily in Oklahoma and Kansas.

2. Basis of presentation and Summary of Significant Accounting Policies

Basis of Presentation

The unaudited financial statements included herein were prepared fromrecords of the Company in accordance with generally accepted accounting principles in the United States ("US GAAP"). These financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2022. Results for interim periods are not necessarily indicative of results to be expected for the full year ending December 31, 2023. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals that are considered necessary for a fair statement of the financial information, have been included.

Use of Estimates

The preparation of the financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates. The Company evaluates these estimates on an ongoing basis, using historical experience, consultation with experts and other methods the Company considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Significant items subject to such estimates and assumptions include, but are not limited to, estimates of proved oil and natural gas reserves and related present value estimates of future net cash flows therefrom, equity-based compensation, and the fair value estimates of commodity derivatives.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the financial statements. The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in this area.

Accounts Receivable

Accounts receivable consist of receivables from joint interest owners on properties the Company operates and from sales of oil and natural gas production delivered to purchasers. The purchasers remit payment for production directly to the Company. Most payments for production are received within three months after the production date.

Accounts receivable are stated at amounts due from joint interest owners or purchasers, net of an allowance for credit losses when the Company believes collection is doubtful. The Company extends credit to joint interest owners and generally does not require collateral. For receivables from joint interest owners, the Company typically has the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings. Accounts receivable outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

Company's previous loss history, the debtor's current ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole. The Company writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for credit losses. At June 30, 2023 and December 31, 2022, the Company's allowance for credit losses was not material.

Derivative Instruments

The Company is required to recognize its derivative instruments on the balance sheet as assets or liabilities at fair value with such amounts classified as current or long-term based on their anticipated settlement dates. The accounting for the changes in fair value of a derivative depends on the intended use of the derivative and resulting designation. The Company has not designated its derivative instruments as hedges for accounting purposes and, as a result, marks its derivative instruments to fair value and recognizes the cash and non-cash change in fair value on derivative instruments for each period in the statements of operations.

Oil and Natural Gas Operations

The Company 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. Capitalized costs are depreciated using the unit-of production method. Under this method, depletion is computed at the end of each period by multiplying total production for the period by a depletion rate. The depletion rate is determined by dividing the total unamortized cost base plus future development costs by a net equivalent proved reserves at the beginning of the period. The average depletion rate per barrel equivalent unit of production was $5.13 and $5.09 for the six months ended June 30, 2023 and 2022, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $12.0 million and $12.1 million for the six months ended June 30, 2023 and 2022, respectively.

Under the full cost method, capitalized costs of oil and gas properties, net of accumulated depreciation, depletion and amortization, may not exceed the full cost "ceiling" at the end of each quarter. The ceiling is calculated based on the present value of estimated future net cash flows from proved oil and gas reserves, discounted at 10%. The estimated future net revenues exclude future cash outflows associated with settling asset retirement obligations included in the net book value of oil and gas properties. Estimated future net cash flows are calculated using the preceding 12-months' average price based on closing prices on the first day of each month. The net book value is compared to the ceiling limitation on an annual basis. The excess, if any, of the net book value above the ceiling limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. The ceiling limitation computation is determined without regard to income taxes due to the Internal Revenue Service ("IRS") recognition of the Company as a flow-through entity. No impairment was recorded for the six months ended June 30, 2023 and 2022.

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 assesses all items classified as unevaluated property on an annual basis for possible impairment. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization. As of June 30, 2023 and December 31, 2022, there were no properties excluded from the full cost pool.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

Sales of oil and natural gas properties being amortized are accounted for as adjustments to the full cost pool, with no gain or loss recognized, unless the adjustments would significantly alter the relationship between capitalized costs and proved oil, natural gas and natural gas liquids ("NGL") reserves. A significant alteration would not ordinarily be expected to occur upon the sale of reserves involving less than 25% of the proved reserve quantities of a cost center.

Other Property and Equipment, Net

Other property and equipment primarily consists of compression assets. Additionally, other property and equipment includes computer equipment and software, vehicles, office furniture, and an office building for field operations. Property and equipment are capitalized and recorded at cost, while maintenance and repairs are expensed. Depreciation of such property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from 2 to 32 years. Depreciation expense for other property and equipment was $4.5 million and $4.1 million for the six months ended June 30, 2023 and 2022, respectively.

Impairment losses are recorded on property and equipment used in operations and other long-lived assets held and used when indicators of impairment are present and the undiscounted cashflows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured based on the excess of the carrying amount over the fair value of the asset. No impairment of other property and equipment was recorded for the six months ended June 30, 2023 or 2022.

Inventories

Inventories are stated at the lower of cost or net realizable value and consist of production equipment not placed in service as of June 30, 2023 and December 31, 2022. The Company's equipment is primarily comprised of oil and natural gas drilling or repair items such as tubing, casing and pumping units. The inventory is primarily acquired for use in future drilling or repair operations.

Debt Issuance Costs

Other assets include capitalized costs related to the credit facility of $0.7 million, net of accumulated amortization of $0.1 million as of June 30, 2023. As of December 31, 2022, other assets included costs related to the credit facility of $0.7 million, net of accumulated amortization of $0.1 million. These costs are being amortized over the term of the credit facility and are reported as interest expense on the Company's statements of operations.

Income Taxes

The Company is an LLC taxed as a partnership, and any associated tax liability is the responsibility of the individual members of the LLC. Accordingly, no provision for income taxes has been made in these financial statements.

The Company disallows the recognition of tax positions not deemed to meet a "more-likely-than not" threshold of being sustained by the applicable tax authority. The Company's policy is to reflect interest and penalties related to uncertain tax positions in general and administrative expense, when and if they become applicable. The Company has not recognized any potential interest or penalties in its financial statements for the six months ended June 30, 2023 and 2022. The Company's tax years 2018, 2019, 2020, 2021, and 2022 remain open for examination by state authorities.

Goodwill

Goodwill represents the excess of the purchase price of a business combination over the fair value of the net assets acquired and is tested for impairment at least annually. Such test includes an assessment of the qualitative factors that could indicate impairment, and if necessary, the quantitative analysis to determine the goodwill

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

impairment. If the fair value of the reporting unit is less than the net book value, including goodwill, then the goodwill is written down to the implied fair value of the goodwill through a charge to expense. The Company performed an annual impairment test as of December 31, 2022. Based on this assessment, no impairment of goodwill was required. There has been no triggering event for the six months ended June 30, 2023 that would indicate goodwill is required to be reassessed for impairment during the period.

Asset Retirement Obligations

The Company records the fair value of the future legal liability for an asset retirement obligation ("ARO") in the period in which the liability is incurred (at the time the wells are drilled or acquired), with the offsetting increase to property cost. These property costs are depreciated on a unit-of-production basis within the full cost pool. The liability accretes each period until it is settled or the well is sold, at which time the liability is satisfied.

The Company estimates a fair value of the obligation on each well in which it owns an interest by identifying costs associated with the future downhole plugging, dismantlement and removal of production equipment and facilities, and the restoration and reclamation of a field's surface to a condition similar to that existing before oil and natural gas extraction began.

In general, the amount of ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an estimated credit adjusted rate. If the estimated ARO changes materially, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. The following is a reconciliation of ARO for the six months ended (in thousands):

	June 30, 2023	June 30, 2022
Asset retirement obligation at beginning of period	$ 33,693	$ 33,617
Liabilities incurred	32	51
Liabilities settled	(84)	(898)
Liabilities revised	78	201
Accretion expense	726	738
Asset retirement obligation at end of period	$ 34,445	$ 33,709

Revenue Recognition

Sales of oil, natural gas and NGL 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. The Company's 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 pricing provisions in the Company's contracts are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, the quality of the oil or natural gas and the prevailing supply and demand conditions. As a result, the price of the oil, natural gas and NGL fluctuates to remain competitive with other available oil, natural gas and NGL supplies.

Our major market risk exposure is in the pricing applicable to our oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas production. Pricing for oil and natural gas production has been volatile and unpredictable for several years, and the Company expects this volatility to continue in the future. The prices the Company receives for production depend on many factors outside of our control. See Note 7. Derivative Contracts, for the Company's management of price volatility.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

Oil Sales

The Company's oil sales contracts are structured where it delivers oil to the purchasers at the wellhead, where the purchaser takes custody, title and risk of loss of the product. Under this arrangement, the Company recognizes revenue when control transfers to the purchaser at the delivery point based on the price received from the purchaser. Oil revenues are recorded net of any third-party transportation fees and other applicable differentials in the Company's statements of operations.

Natural Gas and NGL Sales

Under the Company's natural gas and NGL sales contracts, it first delivers wet natural gas to a midstream processing entity. After processing, the residue gas is transported to the purchaser at the inlet to certain natural gas pipelines, where the purchaser takes control, title and risk of loss of the product. The NGLs are delivered to the purchaser at the tailgate of the midstream processing plant, where the purchaser takes control, title and risk of loss of the product. For both natural gas sales and NGL sales, the Company evaluates whether it is the principal or the agent in the transaction. For those contracts where the Company has concluded it is the principal and the ultimate third party is its customer, the Company recognizes revenue on a gross basis, with gathering and processing fees presented as an expense in its statements of operations.

Transaction Price Allocated to Remaining Performance Obligations

For the Company's product sales that are short-term in nature with a contract term of one year or less, the Company has utilized the practical expedient that exempts it from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For our product sales that have a contract term greater than one year, the Company has utilized the practical expedient, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Prior-Period Performance Obligations

The Company records revenue in the month production is delivered and control passes to the customer. However, settlement statements and payment may not be received for 30 to 90 days after the date production occurs, and as a result, the Company is required to estimate the amount of production that was delivered and the price that will be received for the sale of the product. The Company records variances between its estimates and actual amounts received in the month payment is received and such variances have historically not been significant.

Concentrations

The Company is subject to risk resulting from the concentration of its crude oil and natural gas sales and receivables with several significant purchasers. For the six months ended June 30, 2023, four purchasers each accounted for more than 10% of the Company's revenue: Coffeyville Resources, LLC (40.5%); NextEra Energy Marketing, LLC (29.5%); Sandridge Energy, Inc. (11.4%); and One-OK Hydrocarbon, L.P. (10.3%). For the six months ended June 30, 2022, four purchasers each accounted for more than 10% of the Company's revenue: Southwest Energy L.P. (37.5%); NextEra Energy Marketing, LLC (29.0%); Sandridge Energy, Inc. (12.8%); and One-Ok Hydrocarbon, L.P. (12.2%). The Company's receivables as of June 30, 2023 and December 31, 2022 from oil and gas sales are concentrated with the same counterparties noted above. The Company does not believe the loss of any single purchaser would materially impact its operating results, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

As of June 30, 2023 and December 31, 2022, the Company had one customer that represented approximately 65.8% and 70.7%, respectively, of our total joint interest receivables.

Revenue Disaggregation

The following table displays the revenue disaggregated and reconciles disaggregated revenue to the revenue reported (in thousands):

	Six months ended	
	June 30, 2023	**June 30, 2022**
Revenues:		
Oil	$ 38,595	$ 52,478
Natural gas	21,450	47,388
Natural gas liquids	11,614	21,681
Gross oil, natural gas, and NGL sales	71,659	121,547
Transportation and marketing	(949)	(183)
Net oil, natural gas, and NGL sales	$ 70,710	$ 121,364

Recent Accounting Pronouncements Adopted

In June 2016, the FASB issued Accounting Standards Update 2016-13, "Financial Instrument-Credit Losses: Measurement of Credit Losses on Financial Instruments," which amends reporting guidance on credit loses for certain financial instruments. The Company's primary risk for credit losses related to its receivables from joint interest owners in our operated oil and natural gas wells. This guidance is effective for periods after December 15, 2022 and the Company implemented it effective January 1, 2023 with no material impacts to the financial statements.

3. Supplemental Cash Flow Information

Supplemental disclosures to the statements of cash flows are presented below (in thousands):

	Six months ended June,	
	2023	**2022**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 2,724	$ 2,087
Supplemental disclosure of non-cash transactions:		
Change in accrued capital expenditures	$ (6,416)	$ (97)
Right-of-use assets obtained in exchange for lease liabilities	$ 1,213	$ 2,362

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

4. Property and Equipment

The Company's property and equipment consists of the following (in thousands):

	June 30, 2023	December 31, 2022
Oil and natural gas properties		
Proved properties	$ 527,892	$ 515,790
Accumulated depreciation, depletion, amortization and impairment	(292,424)	(280,472)
Oil and natural gas properties, net	235,468	235,318
Other property and equipment		
Compressors	91,034	88,802
Buildings	4,032	4,032
Vehicles	912	912
Office equipment	1,103	1,038
Land	904	904
Other assets	604	604
Total other property and equipment	98,589	96,292
Accumulated depreciation and impairment	(39,953)	(35,499)
Total other property and equipment, net	$ 58,636	$ 60,793

Capitalized internal costs were approximately $1.8 million and $1.7 million as of June 30, 2023 and December 31, 2022, respectively.

5. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Lease operating expense	$ 6,100	$ 5,356
Capital expenditures	524	4,968
Payroll costs	2,473	2,033
General, administrative, and other	1,358	2,698
Total accrued liabilities	$ 10,455	$ 15,055

6. Long-Term Debt

The Company entered into a revolving credit facility ("the Credit Facility") on September 2, 2022 with a syndicate of banks, including MidFirst Bank who serves as sole book runner and lead arranger, maturing in September 2026. Outstanding obligations under the Credit Facility are secured by substantially all of the Company's assets. The previous revolving Credit Facility was retired in September 2022 and the Company wrote off all unamortized loan origination costs, recognizing $0.9 million as loss on debt extinguishment in the third quarter of 2022.

The credit agreement provides for a revolving Credit Facility in the maximum of $200.0 million, subject to commitments of $100.0 million as of June 30, 2023. As of June 30, 2023, $65.0 million was outstanding under the Credit Facility and $5.0 million in outstanding letters of credit, which reduces the availability under the Credit Facility on a dollar-for-dollar basis. The amount available to be borrowed under the Credit Facility is subject to a borrowing base that is redetermined semiannually each May and November in an amount determined by the lenders.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

6. Long-Term Debt (cont.)

The credit agreement contains various affirmative, negative and financial maintenance covenants. These covenants, among other things, limit additional indebtedness, additional liens, sales of assets, mergers and consolidations, dividends and distributions, transactions with affiliates and entering into certain swap agreements and require the maintenance of the financial ratios. Financial ratios the Company is required to maintain on a quarterly basis include the ratio of total net debt to EBITDAX not greater than 3.25 and the ratio of current assets to current liabilities of no less than 1.0. As of June 30, 2023 and December 31, 2022, the Company was in compliance with all applicable covenants under the Credit Facility.

Outstanding borrowings under the credit agreement bear interest at a per annum rate that is equal to the SOFR rate (which is equal to the Term SOFR rate as published by the Chicago Mercantile Exchange, Inc., CME Group Inc. and their Affiliates or their successor as the administrator for Term SOFR two Business Days before commencement of such Interest Period, subject to SOFR adjustment periods one month: 0.10%, three months: 0.15%, and six months: 0.25%), plus the applicable margin. The applicable margin ranges from 3% to 4% depending on the amount of loans and letters of credit outstanding. The Company is obligated to pay a quarterly commitment fee of 0.50% per year on the unused portion of the commitment, which fee is also dependent on the amount of loans and letters of credit outstanding. The effective interest rate as of June 30, 2023 and December 31, 2022 was 8.5% and 7.4%, respectively.

7. Derivative Contracts

The Company uses derivative contracts to reduce exposure to fluctuations in commodity prices. These

transactions are in the form of fixed price swaps. While the use of these instruments limits the downside risk of adverse price changes, their use may also limit future revenues from favorable price changes. The Company does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Under fixed price swap contracts, the Company receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

The Company reports the fair value of derivatives on the balance sheet in derivative contracts assets and derivative contracts liabilities as either current or noncurrent based on the timing of expected future cash flows of individual trades. See Note 8, Fair Value Measurements for additional information regarding fair value measurements.

As of June 30, 2023 the Company has no oil volumes hedged due to offsetting swap positions of equal volumes.

The following table summarizes the open financial derivative positions as of June 30, 2023, related to natural gas production:

Period	Volume (Mmbtu)	Weighted Average Fixed Price
July – October 2023	962	$ 3.29

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

7. Derivative Contracts (cont.)

Balance Sheet Presentation. The Company has master netting agreements with all of its derivative counterparties and presents its derivative assets and liabilities with the same counterparty on a net basis on the balance sheet. The following table presents the gross amounts of recognized derivative assets, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	June 30, 2023	December 31, 2022
Derivative contracts – current, gross	$ 1,378	$ —
Netting arrangements	—	—
Derivative contracts – current assets, net	$ 1,378	$ —

The following table presents the gross amounts of recognized derivative liabilities, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	June 30, 2023	December 31, 2022
Derivative contracts – current, gross	$ —	$ 9,339
Netting arrangements	—	—
Derivative contracts – current liabilities, net	$ —	$ 9,339

Gains and Losses. The following table presents the settlement and mark-to-market ("MTM") gains and losses presented as a gain or loss on derivatives in the statements of operations (in thousands):

	Six months ended June 30,	
	2023	2022
Settlements on derivatives	$ (4,669)	$ (36,337)
MTM gains (losses) on derivatives, net	10,717	(6,373)
Total gains (losses) on derivative contracts	$ 6,048	$ (42,710)

The following table presents the gains and losses recognized on oil and natural gas derivatives in the accompanying statements of operations (in thousands):

	Six months ended June 30,	
	2023	2022
Oil derivatives	$ 2,621	$ (20,783)
Natural gas derivatives	3,427	(21,927)
Total gains (losses) on derivative contracts, net	$ 6,048	$ (42,710)

8. Fair Value Measurements

Fair value measurement is established by a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

8. Fair Value Measurements (cont.)

are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 —	Quoted prices are available in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 —	Quoted prices for similar assets or liabilities in active markets or observable inputs for assets or liabilities in non-active markets.
Level 3 —	Measurement based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources.

Assets and liabilities that are measured at fair value are classified 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, which may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value on a Recurring Basis

Derivative Contracts. The Company determines the fair value of its derivative contracts using industry standard models that consider various assumptions including current market and contractual prices for the underlying instruments, time value, and nonperformance risk. Substantially all of these inputs are observable in the marketplace throughout the full term of the contract and can be supported by observable data.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022 (in thousands).

	Level 1	Level 2	Level 3	Fair Value
As of June 30, 2023				
Assets:				
Derivative Instruments	$ —	$ 1,378	$ —	$ 1,378
As of December 31, 2022				
Liabilities:				
Derivative Instruments	$ —	$ 9,339	$ —	$ 9,339

Fair Value on a Non-Recurring Basis

The Company determines the initial estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to plugging and abandonment liabilities using level 3 inputs. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted with proved oil and natural gas properties using the unit of production method.

The Company determines the estimated grant date fair value of its incentive units and common member interests to be recognized as compensation cost using level 3 inputs. The significant inputs used to calculate fair value include enterprise value, market volatility and future exit event dates. See Note 9, Equity Compensation and Deferred Compensation Plan, for additional information.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

8. Fair Value Measurements (cont.)

Fair Value of Other Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, revenue payable, accrued interest payable, and other current liabilities approximate fair values due to the short-term maturities of these instruments.

The carrying amount of the Company's credit facility approximates fair value, as the current borrowing base rate does not materially differ from market rates of similar borrowings.

9. Equity Compensation and Deferred Compensation Plan

As part of the Company's LLC Agreement, incentive units (Class B Units) were issued to certain employees as compensation for services to be rendered to the Company. In determining the appropriate accounting treatment, the Company considered the characteristics of the awards in terms of treatment as stock-based compensation. US GAAP generally requires that all equity awards granted to employees be accounted for at fair value and recognized as compensation cost over the vesting period.

The incentive units are subject to graded vesting over a period of 3 or 4 years (subject to accelerated vesting, as defined by the incentive unit agreement) and a holder of incentive units forfeits unvested incentive units upon ceasing to be an employee of the Company, excluding limited exceptions. The Company recognizes forfeitures as they occur. Holders of incentive units will begin to participate in distributions upon the Company meeting a certain requisite financial internal rate of return threshold as defined in the LLC agreement.

As of June 30, 2023, 19,300 of the 20,000 authorized incentive units had been granted. As of June 30, 2023 there were no unvested units or unrecognized compensation costs. The Company did not recognize non-cash compensation for Class B Units for the three and six months ended June 30, 2023 or 2022. As of June 30, 2023, there is no material unrecognized compensation cost related to incentive units.

10. Commitments and Contingencies

Legal Matters. In the ordinary course of business, the Company may at times be subject to claims and legal actions. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date and the Company's estimates of the outcomes of these matters. The Company did not recognize any material liability as of June 30, 2023. Management does not expect that the impact of such matters will have a materially adverse effect on the Company's financial position, results of operations or cash flows.

Environmental Matters. The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws, which are often changing, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

The Company accounts for environmental contingencies in accordance with the accounting guidance related to accounting for contingencies. Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated.

NGL Sales and Gas Transportation Commitments. The Company is party to a NGL sales contract, which includes certain NGL volume commitments. To the extent the Company does not deliver NGL volumes in sufficient quantities to meet the commitment, it would be required to pay a deficiency fee. The Company is currently delivering at least the minimum volumes. Additionally, the Company has natural gas firm transportation agreements terminating in 2024. For the six months ended June 30, 2023 and 2022, the Company incurred approximately $1.6 million and $1.6 million, respectively, of transportation charges under these agreements.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

11. Leases

Nature of Leases

The Company has operating leases on compressors, an office space, and vehicles with remaining lease durations in excess of one year. These leases have various expiration dates throughout 2026. The vehicles are used for field operations and leased from a third party. The Company recognizes a right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year. Short-term leases that have an initial term of one year or less are not capitalized.

Discount Rate

As most of the Company's leases do not provide an implicit rate, the Company uses the U.S. 5 Year Treasury Rate in determining the present value of lease payments. Minor changes to the discount rate do not have a material impact to the calculation of the liability, therefore the Company will use this for all asset classes.

Future amounts due under operating lease liabilities as of June 30, 2023, were as follows (in thousands):

Remaining 2023	$	850
2024		1,336
2025		941
2026		214
Total lease payments	$	3,341
Less: imputed interest		(138)
Total	$	3,203

The following table summarizes our total lease costs before amounts are recovered from our joint interest partners, where applicable, for the six months ended June 30, 2023 and 2022 (in thousands):

	Six months ended June 30,			
	2023		2022	
Operating lease cost	$	847	$	326
Short-term lease cost		3,140		2,498
Total lease cost	$	3,987	$	2,824

The weighted-average remaining lease term as of June 30, 2023 was 2.4 years. The weighted-average discount rate used to determine the operating lease liability as of June 30, 2023 was 3.65%.

12. Members' Equity

Upon formation, the Company issued 124,000 Class A-1 Units to BCE-Mach Holdings LLC and 8,000 Class A-2 Units to Mach Resources LLC. The Company issued 26,437 Class A-3 Units to BCE-Mach Holdings LLC and 313 Class A-3 Units to Mach Resources LLC for additional capital contributed throughout 2020. As part of the amended and restated LLC agreement holders of class A-3 Units are entitled to 100% of all distributions until a 1.0x return on invested capital has been met. On March 25, 2021, per the Amended and Restated LLC Agreement, the Company issued 2,351 Class A-2 Units to an employee of MR for services performed for the Company. Additionally, Class A-2 Units were granted to the employee on a quarterly basis throughout 2021. During 2021 there were 3,135 total Class A-2 Units issued to the employee, which have substantially all the same rights as the equity holders. In 2022, the Class A-2 Issuance Agreement was updated and there are no additional units being granted to the employee. As of June 30, 2023 there were 11,438 Class A-2 Units issued and outstanding.

As part of a long-term incentive plan for certain employees, 19,300 Class B Units were outstanding as of June 30, 2023 and 2022. The Class B Units represent a non-voting interest in the Company that allows the holder to participate in distributions once the Company's Class A shares have met a certain requisite financial internal rate of return in accordance with the LLC agreement.

BCE-MACH LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

13. Related Parties

Management Services Agreement. Upon formation of the Company, the Company entered into a management services agreement ("MSA") with one of its Members, Mach Resources LLC ("MR"). Under the MSA, MR manages and performs all aspects of oil and gas operations and other general and administrative functions for the Company. On a monthly basis, the Company distributes funding to MR for performance under the MSA. During the six months ended June 30, 2023, the Company paid MR $12.2 million, which was inclusive of $1.3 million in management fees. During the six months ended June 30, 2022, the Company paid MR $11.8 million, which was inclusive of $0.6 million in management fees. As of June 30, 2023 the Company had $0.5 million in prepaid assets with MR. As of December 31, 2022, the Company owed $0.3 million to MR.

BCE-Mach II LLC and BCE-Mach III LLC. BCE-Mach II LLC and BCE-Mach III LLC are two related parties that also entered into a MSA with Mach Resources. These entities have shared ownership with the Company and operate primarily in different geographical locations than the Company. As of June 30, 2023 the Company has receivables from these related parties for approximately $0.2 million included in accounts receivable-joint interest and other. As of December 31, 2022 the Company had payables to these related parties for approximately $1.3 million included in accounts payable.

14. Subsequent Events

The Company has evaluated its financial statements for subsequent events through August30, 2023 the date the financial statements were available to be issued to ensure that any subsequent events that met the criteria for recognition and disclosure in this report have been properly included.

BCE-Mach II LLC Financial Statements and Report of Independent Certified Public Accountants

As of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members
BCE-Mach II LLC

Opinion

We have audited the financial statements of BCE-Mach II LLC (a Delaware limited liability company) (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, members' equity, and cash flows for the years then ended, 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 the Company as of 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US 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.

Emphasis of matter

As discussed in Note 12 to the financial statements, the Company has adopted new accounting guidance related to the adoption of FASB Accounting Standards Codification 842, *Leases*, effective January 1, 2022. 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 the Company's ability to continue as a going concern for one year after the date 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 US 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 US 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/ GRANT THORNTON LLP

Oklahoma City, Oklahoma
March 31, 2023

BCE-MACH II LLC
BALANCE SHEETS
(in thousands)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 19,303	$ 29,588
Accounts receivable – joint interest and other	9,586	8,041
Accounts receivable – oil, gas, and NGL sales	10,326	10,715
Short-term derivative contracts	737	—
Inventories	1,154	1,171
Other current assets	1,449	513
Total current assets	42,555	50,028
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	82,989	68,948
Less: accumulated depreciation, depletion, and impairment	(38,024)	(34,575)
Oil and natural gas properties, net	44,965	34,373
Other property, plant and equipment	11,418	11,409
Less: accumulated depreciation	(2,102)	(1,435)
Other property, plant and equipment, net	9,316	9,974
Other assets	235	370
Operating lease assets	1,113	—
Total assets	$ 98,184	$ 94,745
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 1,940	$ 1,951
Accrued liabilities	3,212	2,071
Revenue payable	22,952	21,604
Current portion of long-term debt	—	3,500
Short-term derivative contracts	—	1,397
Current portion of operating lease liabilities	374	—
Total current liabilities	28,478	30,523
Long-term debt	17,100	18,100
Asset retirement obligations	18,499	16,469
Other long-term liabilities	524	571
Long-term portion of operating lease liabilities	739	—
Total long-term liabilities	36,862	35,140
Commitments and contingencies (Note 11)		
Members' equity	32,844	29,082
Total liabilities and members' equity	$ 98,184	$ 94,745

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

BCE-MACH II LLC
STATEMENTS OF OPERATIONS
(in thousands)

	Years Ended December 31,	
	2022	**2021**
Revenue		
Oil, natural gas, and NGL sales	$ 71,388	$ 44,845
Loss on oil and natural gas derivatives, net	(3,535)	(4,494)
Gathering revenue	459	541
Total revenues	68,312	40,892
Operating expenses		
Gathering and processing	5,966	3,787
Gathering operating expense	461	424
Lease operating expense	13,721	10,755
Production taxes	4,123	2,273
Depreciation, depletion, amortization and accretion – oil and natural gas	4,487	4,284
Depreciation and amortization – other	679	654
General and administrative	(2,551)	743
Total operating expenses	26,886	22,920
Income from operations	41,426	17,972
Other (expense) income		
Interest expense	(951)	(813)
Other income, net	60	3,578
Total other (expense) income	(891)	2,765
Net income	$ 40,535	$ 20,737

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

BCE-MACH II LLC
STATEMENT OF MEMBERS' EQUITY
(in thousands)

	Total Members' Equity
Balance at December 31, 2020	$ 10,314
Net income	20,737
Equity compensation	4,031
Distributions	(6,000)
Balance at December 31, 2021	$ 29,082
Net income	40,535
Equity compensation	674
Distributions	(37,447)
Balance at December 31, 2022	$ 32,844

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

BCE-MACH II LLC
STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,	
	2022	**2021**
Cash flows from operating activities		
Net income	$ 40,535	$ 20,737
Adjustments to reconcile net loss to cash provided by operating activities		
Depreciation, depletion and amortization	5,166	4,938
Loss on derivative instruments	3,535	4,494
Cash payments on settlement of derivative contracts, net	(5,819)	(2,692)
Debt issuance costs amortization	134	134
Equity based compensation	674	4,031
Gain on sale of assets	(19)	(68)
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable, inventories, other assets	(2,108)	(5,823)
Revenue payable	1,348	2,779
Accounts payable and accrued liabilities	1,328	(16)
Settlement of asset retirement obligations	(39)	(30)
Net cash provided by operating activities	44,735	28,484
Cash flows from investing activities		
Capital expenditures for oil and natural gas properties	(1,070)	(970)
Capital expenditures for other property and equipment	(48)	(439)
Divestiture of assets	—	242
Acquisition of assets	(12,001)	—
Proceeds from sales of other property and equipment	46	—
Net cash used in investing activities	(13,073)	(1,167)
Cash flows from financing activities		
Repayments of borrowings	(4,500)	(4,400)
Distributions to members	(37,447)	(6,000)
Net cash used in financing activities	(41,947)	(10,400)
Net (decrease) increase in cash and cash equivalents	(10,285)	16,917
Cash and cash equivalents, beginning of period	29,588	12,671
Cash and cash equivalents, end of period	$ 19,303	$ 29,588

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

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

1. Nature of Business

BCE-Mach II LLC ("the Company") was formed on October 26, 2018 as a limited liability company under the laws of the State of Delaware. On July 9, 2019, the Company entered into the original limited liability company agreement with its initial member (the "LLC agreement"). An employee was admitted as a member of the Company in the LLC agreement as amended and restated on March 25, 2021. On September 13, 2019, and September 27, 2019, the Company closed on two acquisitions and operations subsequently began. The Company owns and operates producing wells and undeveloped acreage primarily in the Anadarko Basin in both Texas and Oklahoma.

2. Basis of presentation and Summary of Significant Accounting Policies

Basis of Presentation

The financial statements included herein were prepared fromrecords of the Company in accordance with generally accepted accounting principles in the United States ("US GAAP"). In the opinion of management, all adjustments, consisting primarily of normal recurring accruals that are considered necessary for a fair statement of the financial information, have been included.

Use of Estimates

The preparation of the financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates. The Company evaluates these estimates on an ongoing basis, using historical experience, consultation with experts and other methods the Company considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Significant items subject to such estimates and assumptions include, but are not limited to, estimates of proved oil and natural gas reserves and related present value estimates of future net cash flows therefrom, the fair value determination of acquired assets and liabilities, equity based compensation, and the fair value estimates of commodity derivatives.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the financial statements. The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in this area.

Accounts Receivable

Accounts receivable consist of receivables from joint interest owners on properties the Company operates and from sales of oil and natural gas production delivered to purchasers. The purchasers remit payment for production directly to the Company. Most payments for production are received within three months after the production date.

Accounts receivable are stated at amounts due from joint interest owners or purchasers, net of an allowance for doubtful accounts when the Company believes collection is doubtful. The Company extends credit to joint interest owners and generally does not require collateral. For receivables from joint interest owners, the Company typically has the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings. Accounts receivable outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligation to the Company, the

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

condition of the general economy and the industry as a whole. The Company writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. No allowance was deemed necessary at December 31, 2022 or 2021.

Derivative Instruments

The Company is required to recognize its derivative instruments on the balance sheet as assets or liabilities at fair value with such amounts classified as current or long-term based on their anticipated settlement dates. The accounting for the changes in fair value of a derivative depends on the intended use of the derivative and resulting designation. The Company has not designated its derivative instruments as hedges for accounting purposes and, as a result, marks its derivative instruments to fair value and recognizes the cash and non-cash change in fair value on derivative instruments for each period in the statements of operations.

Oil and Natural Gas Operations

The Company 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, which are expensed as incurred. Capitalized costs are depreciated using the unit-of production method. Under this method, depletion is computed at the end of each period by multiplying total production for the period by a depletion rate. The depletion rate is determined by dividing the total unamortized cost base plus future development costs by a net equivalent proved reserves at the beginning of the period. The average depletion rate per barrel equivalent unit of production was $1.82 and $1.86 for the years ended December 31, 2022 and 2021, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $3.5 million and $3.4 million for the years ended December 31, 2022 and 2021, respectively.

Under the full cost method, capitalized costs of oil and gas properties, net of accumulated depreciation, depletion and amortization, may not exceed the full cost “ceiling” at the end of each quarter. The ceiling is calculated based on the present value of estimated future net cash flows from proved oil and gas reserves, discounted at 10%. The estimated future net revenues exclude future cash outflows associated with settling asset retirement obligations included in the net book value of oil and gas properties. Estimated future net cash flows are calculated using the preceding 12-months’ average price based on closing prices on the first day of each month. The net book value is compared to the ceiling limitation on an annual basis. The excess, if any, of the net book value above the ceiling limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. The ceiling limitation computation is determined without regard to income taxes due to the Internal Revenue Service (“IRS”) recognition of the Company as a flow-through entity. No impairments on proved oil and natural gas properties were recorded for the years ended December 31, 2022 and 2021.

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 assesses all items classified as unevaluated property on an annual basis for possible impairment. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. As of December 31, 2022 and 2021, the Company had no properties excluded from the full cost pool. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

Sales of oil and natural gas properties being amortized are accounted for as adjustments to the full cost pool, with no gain or loss recognized, unless the adjustments would significantly alter the relationship between capitalized costs and proved oil, natural gas and natural gas liquids (“NGL”) reserves. A significant alteration would not ordinarily be expected to occur upon the sale of reserves involving less than 25% of the proved reserve quantities of a cost center.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

Other Property and Equipment, Net

Other property and equipment primarily consists of a gathering system, computer equipment and software, office furniture, and an office building for field operations. Property and equipment are capitalized and recorded at cost, while maintenance and repairs are expensed. Depreciation of such property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from two to 39 years. Depreciation expense for other property and equipment was $0.7 million and $0.7 million for the years ended December 31, 2022 and 2021, respectively.

Impairment losses are recorded on property and equipment used in operations and other long-lived assets held and used when indicators of impairment are present and the undiscounted cashflows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured based on the excess of the carrying amount over the fair value of the asset. No impairment was recorded for the years ended December 31, 2022 or 2021.

Inventories

Inventories are stated at the lower of cost or net realizable value and consist of production equipment not placed in service as of December 31, 2022 and 2021. The Company's equipment is primarily comprised of oil and natural gas drilling or repair items such as tubing, casing and pumping units. The inventory is primarily acquired for use in future drilling or repair operations.

Debt Issuance Costs

Other assets include capitalized costs related to the credit facility of $0.7 million, net of accumulated amortization of $0.4 million as of December 31, 2022. As of December 31, 2021, other assets included costs related to the credit facility of $0.7 million, net of accumulated amortization of $0.3 million. These costs are being amortized over the term of the credit facility and are reported as interest expense on the Company's statements of operations.

Income Taxes

The Company is an LLC taxed as a partnership, and any associated tax liability is the responsibility of the individual members of the LLC. Accordingly, no provision for income taxes has been made in these financial statements.

The Company disallows the recognition of tax positions not deemed to meet a "more-likely-than not" threshold of being sustained by the applicable tax authority. The Company's policy is to reflect interest and penalties related to uncertain tax positions in general and administrative expense, when and if they become applicable. The Company has not recognized any potential interest or penalties in its financial statements for the year ended December 31, 2022. The Company's tax years 2021, 2020, and 2019 remain open for examination by state authorities.

General and Administrative Costs

General and administrative expenses include cost recovery from joint interest owners. Per the terms of the joint operating agreements with working interest owners, the Company has the right to recover costs using an established contractual rate. Recoveries for the years ended December 31, 2022 and 2021 were $6.5 million and $6.3 million, respectively.

Other Income

Other income includes interest income, gain/loss on sale of equipment and other miscellaneous items. The year ended December 31, 2021 includes the derecognition of a $3.5 million liability previously classified as revenue payable. The revenue payable was initially recorded as part of the acquisitions that formed the Company

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

in 2019. Upon continued research, the Company determined the revenue payable acquired was not valid. As this determination was made after the measurement period for the acquisitions had passed, the Company accounted for this as a change in estimate and recognized the amount in the statement of operations.

Asset Retirement Obligations

The Company records the fair value of the future legal liability for an asset retirement obligation ("ARO") in the period in which the liability is incurred (at the time the wells are drilled or acquired), with the offsetting increase to property cost. These property costs are depreciated on a unit-of-production basis within the full cost pool. The liability accretes each period until it is settled or the well is sold, at which time the liability is satisfied.

The Company estimates a fair value of the obligation on each well in which it owns an interest by identifying costs associated with the future downhole plugging, dismantlement and removal of production equipment and facilities, and the restoration and reclamation of a field's surface to a condition similar to that existing before oil and natural gas extraction began.

In general, the amount of ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an estimated credit adjusted rate. If the estimated ARO changes materially, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. The following is a reconciliation of ARO as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022	December 31, 2021
Asset retirement obligation at beginning of period	$ 16,469	$ 15,568
Liabilities assumed in acquisitions	1,159	—
Liabilities settled	(206)	(33)
Liabilities revised	38	—
Accretion expense	1,039	934
Asset retirement obligation at end of period	$ 18,499	$ 16,469

Revenue Recognition

Sales of oil, natural gas and NGL 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. The Company's 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 pricing provisions in the Company's contracts are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, the quality of the oil or natural gas and the prevailing supply and demand conditions. As a result, the price of the oil, natural gas and NGL fluctuates to remain competitive with other available oil, natural gas and NGL supplies.

Our major market risk exposure is in the pricing applicable to our oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas production. Pricing for oil and natural gas production has been volatile and unpredictable for several years, and the Company expects this volatility to continue in the future. The prices the Company receives for production depend on many factors outside of our control. See Note 8. Derivative Contracts, for the Company's management of price volatility.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

Oil Sales

The Company's oil sales contracts are structured where it delivers oil to the purchasers at the wellhead, where the purchaser takes custody, title and risk of loss of the product. Under this arrangement, the Company recognizes revenue when control transfers to the purchaser at the delivery point based on the price received from the purchaser. Oil revenues are recorded net of any third-party transportation fees and other applicable differentials in the Company's statements of operations.

Natural Gas and NGL Sales

Under the Company's natural gas and NGL sales contracts, it first delivers wet natural gas to a midstream processing entity. After processing, the residue gas is transported to the purchaser at the inlet to certain natural gas pipelines, where the purchaser takes control, title and risk of loss of the product. The NGLs are delivered to the purchaser at the tailgate of the midstream processing plant, where the purchaser takes control, title and risk of loss of the product. For both natural gas sales and NGL sales, the Company evaluates whether it is the principal or the agent in the transaction. For those contracts where the Company has concluded it is the principal and the ultimate third party is its customer, the Company recognizes revenue on a gross basis, with gathering and processing fees presented as an expense in its statements of operations.

Gathering Revenue

The Company's gathering revenue is generated from a majority owned gathering system acquired in one of the Company's acquisitions. The Company charges a gathering rate per MMBtu transported through the gathering system. Gathering revenue and gathering operating expense are recorded net of the Company's ownership interest in the system.

Transaction Price Allocated to Remaining Performance Obligations

For the Company's product sales that are short-term in nature with a contract term of one year or less, the Company has utilized the practical expedient that exempts it from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For the Company's product sales that have a contract term greater than one year, the Company has utilized the practical expedient, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Prior-Period Performance Obligations

The Company records revenue in the month production is delivered and control passes to the customer. However, settlement statements and payment may not be received for 30 to 90 days after the date production occurs, and as a result, the Company is required to estimate the amount of production that was delivered and the price that will be received for the sale of the product. The Company records variances between its estimates and actual amounts received in the month payment is received and such variances have historically not been significant.

Concentrations

The Company is subject to risk resulting from the concentration of its crude oil and natural gas sales and receivables with several significant purchasers. For the period ended December 31, 2022, three purchasers each accounted for more than 10% of the Company's revenue: NextEra Energy Marketing, LLC (27.4%); ETC Field Services LLC (23.2%); and Wheeler Midstream LLC. (10.6%). For the period ended December 31, 2021, three purchasers each accounted for more than 10% of the Company's revenue: NextEra Energy Marketing, LLC (30.6%);

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

ETC Field Services LLC (25.6%); and Wheeler Midstream LLC. (12.4%). The Company's receivables as of December 31, 2022 and 2021 from oil and gas sales are concentrated with the same counterparties noted above. The Company does not believe the loss of any single purchaser would materially impact its operating results, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

As of December 31, 2022 and 2021, the Company had one customer that represented approximately 63.0% and 56.0%, respectively, of our total joint interest receivables.

Revenue Disaggregation

The following table displays the revenue disaggregated and reconciles disaggregated revenue to the revenue reported (in thousands):

	Years Ended December 31,	
	2022	2021
Revenues:		
Oil	$ 14,419	$ 10,258
Natural gas	39,904	21,283
NGL	15,786	12,560
Gross oil, natural gas, and NGL sales	70,109	44,101
Transportation, gathering and marketing	1,279	744
Net oil, natural gas, and NGL sales	$ 71,388	$ 44,845

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". ASU 2016-02 establishes a right of use "ROU" model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. All leases create an asset and a liability for the lessee and therefore recognition of those lease assets and lease liabilities is required by ASU 2016-02. When measuring lease assets and liabilities, payments to be made in optional extension periods should be included if the lessee is reasonably certain to exercise the option. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 will not impact the accounting or financial presentation of our mineral leases.

In July 2018, the FASB issued Accounting Standards Update 2018-11, "Leases (Topic 842): Targeted Improvements", which included the option to implement the standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings, as opposed to the modified retrospective transition method required when ASU 2016-02 was issued. This guidance is effective for periods after December 15, 2021 and the Company implemented effective January 1, 2022. See Note 12. Leases, for further discussion.

Recent Accounting Pronouncements Issued But Not Yet Adopted

In June 2016, the FASB issued Accounting Standards Update 2016-13, "Financial Instrument-Credit Losses: Measurement of Credit Losses on Financial Instruments," which amends reporting guidance on credit loses for certain financial instruments. The Company's primary risk for credit losses related to its receivables from joint interest owners in our operated oil and natural gas wells. This guidance is effective for periods after December 15, 2022. The Company is currently implementing it with no significant changes expected to the financial statements as the Company has no history of credit losses.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

3. Supplemental Cash Flow Information

Supplemental disclosures to the statements of cash flows are presented below (in thousands):

	Year ended December 31,	
	2022	**2021**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 800	$ 698
Supplemental disclosure of non-cash transactions:		
Change in accrued capital expenditures	$ (61)	$ (69)
Right-of-use assets obtained in exchange for lease liabilities	$ 1,360	$ —

4. Acquisitions

2022 Acquisitions

On February 3, 2022, the Company executed a purchase and sale agreement with Ellipse Resources, LLC for the sale of certain oil and gas properties in Oklahoma for $16.2 million subject to certain adjustments. The transaction closed on March 24, 2022 and was effective as of October 1, 2021. The acquisition was funded through operational cash flow. The purchase was accounted for as an asset acquisition as substantially all the fair value of the acquired assets could be allocated to a single identifiable asset group. Acquired assets primarily consist of oil and gas properties of $12.0 million, net of asset retirement obligations assumed of $1.2 million. Cash paid for assets as of December 31, 2022 was $12.0 million.

5. Property and Equipment

The Company's property and equipment consists of the following (in thousands):

	December 31, 2022	December 31, 2021
Oil and natural gas properties		
Proved properties	$ 82,989	$ 68,948
Accumulated depreciation, depletion and impairment	(38,024)	(34,575)
Oil and natural gas properties, net	44,965	34,373
Other property and equipment		
Buildings and leasehold improvements	1,907	1,907
Office equipment	138	138
Vehicles	453	444
Land	320	320
Gathering system	8,600	8,600
Total other property and equipment	11,418	11,409
Accumulated depreciation, depletion and amortization	(2,102)	(1,435)
Total other property and equipment, net	$ 9,316	$ 9,974

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

6. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Lease operating expense	$ 1,998	$ 823
Capital expenditures	1	98
Payroll costs	895	662
General, administrative, and other	318	488
Total accrued liabilities	$ 3,212	$ 2,071

7. Long-Term Debt

The Company maintains a revolving credit facility ("the credit facility") with a syndicate of banks, including East West Bank, who serves as sole book runner and lead arranger, maturing in September 2024. Outstanding obligations under the credit facility are secured by substantially all of the Company's assets.

The credit agreement provides for a revolving credit facility in the maximum of $250.0 million, subject to a borrowing base of $26.0 million as of December 31, 2022. As of December 31, 2022, $17.1 million was outstanding under the credit facility. The amount available to be borrowed under the credit facility is subject to a borrowing base that is redetermined semiannually each April and October in an amount determined by the lenders. The Company's borrowing base was last affirmed at $26.0 million in conjunction with the October 2022 re-determination.

The Company entered into the fourth amendment to the credit agreement on December 8, 2022. The fourth amendment includes an excess cash threshold that sets a limit of the consolidated cash balance of the Company at $5.0 million. Excess cash will be swept only when the Company experiences an "anti-cash triggering event" defined as one or more of the following:

- Ratio of total debt to EBITDAX greater than 2.5 evaluated each fiscal quarter
- Liquidity is less than 20% of the borrowing base.
- An event of default or borrowing base deficiency occurs.

The consolidated cash balance is defined as the total unrestricted cash and cash equivalents held by the Company, less any cash set aside to pay royalty obligations, working interest obligations, suspense payments, severance taxes, payroll, payroll taxes, other taxes, employee wage and benefits.

The credit agreement contains various affirmative, negative and financial maintenance covenants. These covenants, among other things, limit additional indebtedness, additional liens, sales of assets, mergers and consolidations, dividends and distributions, transactions with affiliates and entering into certain swap agreements and require the maintenance of the financial ratios. Financial ratios the Company is required to maintain on a quarterly basis include the ratio of total debt to EBITDAX not greater than 2.5 and the ratio of current assets to current liabilities of no less than 1.0. As of December 31, 2022 and 2021, the Company was in compliance with all applicable covenants under the credit facility.

Outstanding borrowings under the credit agreement bear interest at a per annum rate that is equal to the SOFR rate (which is equal to the Term SOFR rate as published by the Chicago Mercantile Exchange, Inc., CME Group Inc. and their affiliates or their successor as the administrator for Term SOFR two business days before commencement of such interest period, subject to SOFR adjustment periods one month: 0.10%, three months: 0.15%, and six months: 0.25%), plus the applicable margin. The applicable margin ranges from 1.25% to 2.25% in the case of the alternate base rate and from 2.25% to 3.25% in the case of SOFR, in each case depending on the amount of loans and letters of credit outstanding. The Company is obligated to pay a quarterly commitment fee ranging from 0.375% to 0.500% per year on the unused portion of the commitment, which fee is also dependent on the amount of loans and letters of credit outstanding. The effective interest rate as of December 31, 2022 was 7.27%.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

8. Derivative Contracts

The Company uses derivative contracts to reduce exposure to fluctuations in commodity prices. These transactions are in the form of fixed price swaps. While the use of these instruments limits the downside risk of adverse price changes, their use may also limit future revenues from favorable price changes. The Company does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Under fixed price swap contracts, the Company receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

The Company reports the fair value of derivatives on the balance sheet in derivative contracts assets and derivative contracts liabilities as either current or noncurrent based on the timing of expected future cash flows of individual trades. See Note 9, Fair Value Measurements for additional information regarding fair value measurements.

The following table summarizes the open financial derivative positions as of December 31, 2022, related to gas production:

Period	Volume (Mmbtu)	Weighted Average Fixed Price
January – March 2023	726	$ 4.95

Balance Sheet Presentation. The Company has master netting agreements with all of its derivative counterparties and presents its derivative assets and liabilities with the same counterparty on a net basis on the balance sheet. The following table presents the gross amounts of recognized derivative assets, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	December 31, 2022	December 31, 2021
Derivative contracts – current, gross	$ 737	$ —
Netting arrangements	—	—
Derivative contracts – current, net	$ 737	$ —

The following table presents the gross amounts of recognized derivative liabilities, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	December 31, 2022	December 31, 2021
Derivative contracts – current, gross	$ —	$ 1,397
Netting arrangements	—	—
Derivative contracts – current, net	$ —	$ 1,397

Gains and Losses. The following table presents the settlement and mark-to-market ("MTM") gains and losses presented as a gain or loss on derivatives in the statements of operations (in thousands):

	Years Ended December 31,	
	2022	2021
Settlements on derivatives	$ (5,669)	$ (2,916)
MTM gains (losses) on derivatives, net	2,134	(1,578)
Total losses on derivative contracts	$ (3,535)	$ (4,494)

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

8. Derivative Contracts (cont.)

The following table presents the gains and losses recognized on oil and natural gas derivatives in the accompanying statements of operations (in thousands):

	Years Ended December 31,	
	2022	2021
Oil derivatives	$ (1,555)	$ (3,482)
Natural gas derivatives	(1,980)	(1,012)
Total losses on derivative contracts, net	$ (3,535)	$ (4,494)

9. Fair Value Measurements

Fair value measurement is established by a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 — Quoted prices are available in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 — Quoted prices for similar assets or liabilities in active markets or observable inputs for assets or liabilities in non-active markets.

Level 3 — Measurement based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources.

Assets and liabilities that are measured at fair value are classified 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, which may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value on a Recurring Basis

Derivative Contracts. The Company determines the fair value of its derivative contracts using industry standard models that consider various assumptions including current market and contractual prices for the underlying instruments, time value, and nonperformance risk. Substantially all of these inputs are observable in the marketplace throughout the full term of the contract and can be supported by observable data.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021 (in thousands):

	Level 1	Level 2	Level 3	Fair Value
As of December 31, 2021				
Liabilities:				
Derivative Instruments	$ —	$ 1,397	$ —	$ 1,397
As of December 31, 2022				
Assets:				
Derivative Instruments	$ —	$ 737	$ —	$ 737

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

9. Fair Value Measurements (cont.)

Fair Value on a Non-Recurring Basis

The Company determines the estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to plugging and abandonment liabilities using level 3 inputs. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted with proved oil and natural gas properties using the unit of production method.

Fair Value of Other Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, revenue payable, accrued interest payable, and other current liabilities approximate fair values due to the short-term maturities of these instruments.

The carrying amount of the Company's credit facility approximates fair value, as the current borrowing base rate does not materially differ from market rates of similar borrowings.

10. Equity Compensation and Deferred Compensation Plan

As part of the Company's amended and restated LLC agreement as of March 25, 2021, incentive units (Class B Units) were issued to certain employees as compensation for services to be rendered to the Company. In determining the appropriate accounting treatment, the Company considered the characteristics of the awards in terms of treatment as stock-based compensation. US GAAP generally requires that all equity awards granted to employees be accounted for at fair value and recognized as compensation cost over the vesting period.

The incentive units are subject to graded vesting over a period of 3 or 4 years (subject to accelerated vesting, as defined by the incentive unit agreement) and a holder of incentive units forfeits unvested incentive units upon ceasing to be an employee of the Company, excluding limited exceptions. The Company recognizes forfeitures as they occur. Holders of incentive units participate in distributions upon the Company meeting a certain requisite financial internal rate of return threshold as defined in the amended and restated LLC agreement.

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those valuation methodologies. For awards granted for the year ended December 31, 2021, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Company's business of 62%
- 7 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business
- a risk-free rate based on a U.S Treasury yield curve of 1.40%

On March 25, 2021, all 20,000 authorized incentive units were granted. Total non-cash compensation cost related to the incentive units was $0.7 million and $3.4 million for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, there was $0.2 million in unrecognized compensation cost related to incentive units, which is expected to be recognized over a weighted-average period of 0.5 years.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

10. Equity Compensation and Deferred Compensation Plan (cont.)

A summary of the incentive unit awards as of December 31, 2022 is as follows:

	Class B units	Weighted Average Grant Date Fair Value
Unvested at March 25, 2021	20,000	$ 213.39
Vested	(9,667)	$ 213.39
Unvested at December 31, 2021	10,333	$ 213.39
Vested	(3,665)	$ 213.39
Unvested at December 31, 2022	6,668	$ 213.39

As part of the Company's amended and restated LLC agreement as of March 25, 2021 and the Class A-2 Issuance Agreement, the Company issued 480 Class A-2 Units to an employee of Mach Resources LLC ("Mach Resources") for services performed for the Company. Additional Class A-2 Units were granted on a quarterly basis during the year ended December 31, 2021 to the employee and vested on the grant date. There were no new awards granted for the year ended December 31, 2022. In accordance with US GAAP, the equity awards granted to the employee will be accounted for at fair value and recognized as compensation cost over the vesting period.

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those valuation methodologies. For awards granted for the year ended December 31, 2021, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Company's business of 62%
- 7 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business
- a risk-free rate based on a U.S Treasury yield curve of 1.40%

There were no unvested Class A-2 Units and no related unrecognized costs as of December 31, 2022.

11. Commitments and Contingencies

Legal Matters. In the ordinary course of business, the Company may at times be subject to claims and legal actions. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date and the Company's estimates of the outcomes of these matters. The Company did not recognize any material liability as of December 31, 2022. Management does not expect that the impact of such matters will have a materially adverse effect on the Company's financial position, results of operations or cash flows.

Environmental Matters. The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws, which are often changing, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

The Company accounts for environmental contingencies in accordance with the accounting guidance related to accounting for contingencies. Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

12. Leases

Effective January 1, 2022, the Company adopted ASU No. 2016-02, Leases (Topic 842). The new standard supersedes the previous lease guidance by requiring lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year while maintaining substantially similar classifications for financing and operating leases. The Company adopted the new standard on a prospective basis using the simplified transition method permitted by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. No cumulative-effect adjustment to retained earnings was required upon adoption of the new standard. The comparative information has not been restated and continues to be reported under the historic accounting standards in effect for those periods. The Company elected the package of practical expedients permitted under the new standard, which among other things, allows for lease and non-lease components in a contract to be accounted for as a single lease component for all asset classes and the carry forward of historical lease classifications.

Nature of Leases

The Company has operating leases on vehicles with remaining lease durations in excess of one year. These leases have various expiration dates throughout 2026. The vehicles are used for field operations and leased from third parties. The Company recognizes right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year. Short-term leases that have an initial term of one year or less are not capitalized.

Discount Rate

As most of the Company's leases do not provide an implicit rate, the Company uses the U.S. 5 Year Treasury Rate in determining the present value of lease payments. Minor changes to the discount rate do not have a material impact to the calculation of the liability, therefore the Company will use this for all asset classes.

Future amounts due under operating lease liabilities as of December 31, 2022, were as follows (in thousands):

2023	$	390
2024		352
2025		330
2026		143
Total lease payments	$	1,215
Less: imputed interest		(102)
Total	$	1,113

The following table summarizes our total lease costs before amounts are recovered from our joint interest partners, where applicable, for the year ended December 31, 2022 (in thousands):

Operating lease cost	$	251
Short-term lease cost		2,954
Total lease cost	$	3,205

The weighted-average remaining lease term as of December 31, 2022 was 3.3 years. The weighted-average discount rate used to determine the operating lease liability as of December 31, 2022 was 3.93%.

13. Members' Equity

Upon formation, the Company consisted of one class of common interests that were all owned by its initial member, BCE-Mach Holdings II. On March 25, 2021, per the amended and restated LLC agreement and the Class A-2 Issuance Agreement, the Company issued 76,500 Class A-1 Units to the initial member, and 480 Class A-2 Units to an employee of Mach Resources for services performed for the Company. Additionally, Class A-2 Units were granted to the employee on a quarterly basis throughout 2021. In 2022, the Class A-2 Issuance Agreement was updated and there are no additional units being granted to the employee. As of December 31, 2022, there were 788 total Class A-2 Units issued to the employee, which have substantially all the same rights as the

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

13. Members' Equity (cont.)

initial member. As part of a long-term incentive plan for certain employees, 20,000 Class B Units were outstanding as of December 31, 2022. The Class B Units represent a non-voting interest in the Company that allows the holder to participate in distributions once the Company's Class A shares have met a certain requisite financial internal rate of return in accordance with the LLC agreement.

Distributions to the members for the years ended December 31, 2022 and 2021 were $37.4 million and $6.0 million, respectively. There were no contributions from the members for the years ended December 31, 2022 or 2021.

14. Related Parties

Management Services Agreement. Upon formation of the Company, the Company entered into a management services agreement ("MSA") with Mach Resources. Under the MSA, Mach Resources manages and performs all aspects of oil and gas operations and other general and administrative functions for the Company. On a monthly basis, the Company distributes funding to Mach Resources for performance under the MSA. During the years ended December 31, 2022 and 2021, the Company paid Mach Resources $9.9 million and $7.6 million, respectively. As of December 31, 2022 and 2021, the Company had $0.2 million and $0.3 million in prepaid assets with Mach Resources, respectively.

BCE-Mach LLC and BCE-Mach III LLC. BCE-Mach LLC and BCE-Mach III LLC are two related parties that also entered into a MSA with Mach Resources. These entities have shared ownership with the Company and operate primarily in different geographical locations than the Company. As of December 31, 2022 the Company has receivables from these related parties for approximately $0.5 million. As of December 31, 2021 the Company had receivables from these related parties for approximately $1.0 million.

15. Subsequent Events

The Company has evaluated its financial statements for subsequent events through March31, 2023, the date the financial statements were available to be issued to ensure that any subsequent events that met the criteria for recognition and disclosure in this report have been properly included.

16. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*)

The following tables provide historical cost information regarding the Company's oil and gas operations located entirely in the United States:

Capitalized Costs related to Oil and Gas Producing Activities

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Proved properties	$ 82,989	$ 68,948
Accumulated depreciation, depletion, amortization and impairment	(38,024)	(34,575)
Net capitalized costs	$ 44,965	$ 34,373

Costs Incurred in Oil and Gas Property Acquisition and Development Activities

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Acquisition	$ 12,028	$ —
Development	1,021	930
Exploratory	—	—
Costs incurred	$ 13,049	$ 930

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

16. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

Results of Operations for Producing Activities

The following table includes revenue and expenses related to the production and sale of oil, natural gas, and NGLs. It does not include any derivative activity, interest costs or general and administrative costs.

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Revenues	$ 71,388	$ 44,845
Production costs	(23,810)	(16,815)
Depreciation, depletion, amortization and accretion	(4,487)	(4,284)
Results of operations from producing activities	$ 43,091	$ 23,746

Proved Reserves

Our proved oil and gas reserves have been estimated by independent petroleum engineers. Proved reserves are those quantities of oil and natural 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 regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Proved developed reserves are the quantities expected to be recovered through existing wells with existing equipment and operating methods in which the cost of the required equipment is relatively minor compared with the cost of a new well. Due to the inherent uncertainties and the limited nature of reservoir data, such estimates are subject to change as additional information becomes available. The reserves actually recovered and the timing of production of these reserves may be substantially different from the original estimate. Revisions result primarily from new information obtained from development drilling and production history and from changes in economic factors.

Proved reserves. Reserves of oil and natural gas that have been proved to a high degree of certainty by analysis of the producing history of a reservoir and/or by volumetric analysis of adequate geological and engineering data.

Proved developed reserves. Proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.

Proved undeveloped reserves or PUDs. Proved reserves 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.

Standardized Measure

The standardized measure of discounted future net cash flows and changes in such cash flows are prepared using assumptions required by the US GAAP. Such assumptions include the use of 12-month average prices for oil and gas, based on the first-day-of-the-month price for each month in the period, and year end costs for estimated future development and production expenditures to produce year-end estimated proved reserves. Discounted future net cash flows are calculated using a 10% rate. No provision is included for federal income taxes since our future net cash flows are not subject to taxation.

Estimated well abandonment costs, net of salvage values, are deducted from the standardized measure using year-end costs and discounted at the 10% rate. Such abandonment costs are recorded as a liability on the consolidated balance sheet, using estimated values as of the projected abandonment date and discounted using a risk-adjusted rate at the time the well is drilled or acquired (Note 2).

The standardized measure does not represent management’s estimate of our future cash flows or the fair value of proved oil and natural gas reserves. Probable and possible reserves, which may become proved in the future, are excluded from the calculations. Furthermore, prices used to determine the standardized measure are influenced by supply and demand as affected by recent economic conditions as well as other factors and may not be the most representative in estimating future revenues or reserve data.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

16. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

Proved Reserves Summary

All of the Company's reserves are located in the United States. The following table sets forth the changes in the Company's net proved reserves (including developed and undeveloped reserves) for the years ended December 31, 2022 and 2021. Reserves estimates as of December 31, 2022 were estimated by the independent petroleum consulting firm Cawley, Gillespie & Associates, Inc.

Proved Reserves	**Oil (mmbbl)**	**Natural Gas (bcf)**	**NGL (mmbbl)**	**Oil Equivalents (mmboe)**
December 31, 2020	1.2	52.7	3.6	13.5
Revisions of previous estimates	0.6	40.7	2.4	9.8
Purchases in place	—	—	—	—
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	(0.2)	—	—
Production	(0.2)	(7.0)	(0.5)	(1.8)
December 31, 2021	1.6	86.2	5.5	21.5
Revisions of previous estimates	0.2	14.7	1.7	4.3
Purchases in place	—	5.6	—	1.0
Extensions, discoveries and other additions	—	—	—	—
Sales in place	—	—	—	—
Production	(0.1)	(7.6)	(0.5)	(1.9)
December 31, 2022	1.7	98.9	6.7	24.9

Proved Developed Reserves	**Oil (mmbbl)**	**Natural Gas (bcf)**	**NGL (mmbbl)**	**Oil Equivalents (mmboe)**
December 31, 2020	1.2	52.7	3.6	13.5
December 31, 2021	1.6	86.2	5.5	21.5
December 31, 2022	1.7	98.9	6.7	24.9

In 2021, the 9.8 mmboe of upward revisions in proved reserves were the result of a combination of higher commodity prices (6.1 mmboe), upward proved developed producing production forecasts (2.5 mmboe) and revisions in lease operating expenses and product price differentials to reflect current market conditions (1.2 mmboe).

In 2022, the 1.0 mmboe of acquisitions represents the reserves acquired from Ellipse Resources in February 2022 (note 4). The 4.3 mmboe of upward revisions in proved reserves were the result of higher commodity prices (2.4 mmboe) and revisions to lease operating expenses and product price differentials to reflect current market conditions (1.9 mmboe).

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS

16. Supplementary Financial Information for Oil and Gas Producing Activities (*Unaudited*) (cont.)

The following table sets forth the standardized measure of discounted future net cash flow from projected production of the Company's oil and natural gas reserves:

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Reserves (in thousands)	**December 31, 2022**	**December 31, 2021**
Future cash inflows	$ 852,310	$ 446,106
Future costs:		
Production[(1)]	(292,974)	(173,520)
Development[(2)]	(23,486)	(21,487)
Income taxes	—	—
Future net cash flows	535,850	251,099
10% annual discount	(281,020)	(126,914)
Standardized measure	$ 254,830	$ 124,185

(1) Production costs include production severance taxes, ad valorem taxes and operating expenses.
(2) Development costs include plugging expenses, net of salvage and net capital investment.

Changes in Standardized Measure of Discounted Future Net Cash Flows (in thousands)	**For the Year Ended December 31,**	
	2022	**2021**
Standardized measure, beginning of period	$ 124,185	$ 29,940
Extensions, discoveries and improved recovery less related costs	—	—
Revisions of previous quantity estimates	45,324	61,615
Changes in estimated future development costs	210	255
Purchases (sales) of minerals in place	9,699	—
Net changes in prices and production costs	100,586	57,409
Accretion of discount	12,418	2,994
Sales of oil and gas produced, net of production costs	(47,578)	(28,030)
Development costs incurred during the period	441	516
Change in timing of estimated future production and other	9,545	(514)
Net change in income taxes	—	—
Standardized measure, end of period	$ 254,830	$ 124,185

Price and cost revisions are primarily the net result of changes in prices, based on beginning of the year reserve estimates. Future development costs revisions are primarily the result of the extended economic life of proved reserves and proved undeveloped reserve additions attributable to increased development activity.

Average oil prices used in the estimation of proved reserves and calculation of the standardized measure were $93.67 for 2022 and $66.56 for 2021. Average realized gas prices were $6.36 for 2022 and $3.60 for 2021. We used 12-month average oil and gas prices, based on the first-day-of-the-month price for each month in the period.

Table of Contents

BCE-Mach II LLC Unaudited Financial Statements

As of June 30, 2023 and December 31, 2022 and for the six months ended June 30, 2023 and 2022

BCE-MACH II LLC
BALANCE SHEETS (UNAUDITED)
(in thousands)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,321	$ 19,303
Accounts receivable – joint interest and other	6,823	9,586
Accounts receivable – oil, gas, and NGL sales	1,548	10,326
Short-term derivative contracts	429	737
Inventories	1,085	1,154
Other current assets	690	1,449
Total current assets	21,896	42,555
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	81,280	82,989
Less: accumulated depreciation, depletion, and impairment	(39,651)	(38,024)
Oil and natural gas properties, net	41,629	44,965
Other property, plant and equipment	11,474	11,418
Less: accumulated depreciation	(2,448)	(2,102)
Other property, plant and equipment, net	9,026	9,316
Other assets	169	235
Operating lease assets	1,145	1,113
Total assets	$ 73,865	$ 98,184
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 1,222	$ 1,940
Accrued liabilities	2,657	3,212
Revenue payable	15,839	22,952
Current portion of operating lease liabilities	426	374
Total current liabilities	20,144	28,478
Long-term debt	17,100	17,100
Asset retirement obligations	19,028	18,499
Other long-term liabilities	482	524
Long-term portion of operating lease liabilities	720	739
Total long-term liabilities	37,330	36,862
Commitments and contingencies (Note 10)		
Members' equity	16,391	32,844
Total liabilities and members' equity	$ 73,865	$ 98,184

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

BCE-MACH II LLC
STATEMENT OF OPERATIONS (UNAUDITED)
(in thousands)

	Six Months Ended June 30,	
	2023	**2022**
Revenue		
Oil, natural gas, and NGL sales	$ 16,363	$ 34,878
Gain (loss) on oil and natural gas derivatives, net	828	(1,679)
Gathering revenue	213	245
Total revenues	17,404	33,444
Operating expenses		
Gathering and processing	1,992	2,770
Gathering operating expense	223	217
Lease operating expense	6,310	6,155
Production taxes	833	1,966
Depreciation, depletion, and accretion – oil and natural gas	2,167	2,211
Depreciation and amortization – other	346	341
General and administrative	(1,536)	(1,349)
Total operating expenses	10,335	12,311
Income from operations	7,069	21,133
Other (expense) income		
Interest expense	(747)	(374)
Other (expense) income, net	(646)	12
Total other expense	(1,393)	(362)
Net income	$ 5,676	$ 20,771

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

BCE-MACH II LLC
STATEMENTS OF MEMBERS' EQUITY (UNAUDITED)
(in thousands)

	Total Members' Equity
Balance at December 31, 2022	$ 32,844
Net income	5,676
Equity compensation	116
Distributions	(22,245)
Balance at June 30, 2023	$ 16,391
Balance at December 31, 2021	$ 29,082
Net income	20,770
Equity compensation	338
Distributions	(12,000)
Balance at June 30, 2022	$ 38,190

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

BCE-MACH II LLC
STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities		
Net income	$ 5,676	$ 20,771
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and depletion	2,513	2,552
(Gain) loss on derivative instruments	(828)	1,679
Cash receipts on settlement of derivative contracts, net	1,060	(1,360)
Debt issuance costs amortization	67	66
Equity based compensation	116	338
Credit losses	767	—
Settlement of asset retirement obligations	(2)	(39)
Changes in operating assets and liabilities (decreasing) increasing cash:		
Accounts receivable, inventories, other assets	11,585	(7,267)
Revenue payable	(7,113)	6,713
Accounts payable and accrued liabilities	(1,221)	128
Net cash provided by operating activities	12,620	23,581
Cash flows from investing activities		
Capital expenditures for oil and natural gas properties	(291)	(247)
Capital expenditures for other property and equipment	(56)	—
Acquisition of assets	—	(13,654)
Divestiture of assets	1,990	—
Net cash provided by (used) in investing activities	1,643	(13,901)
Cash flows from financing activities		
Repayments of borrowings	—	(4,500)
Distributions to members	(22,245)	(12,000)
Net cash used in financing activities	(22,245)	(16,500)
Net decrease in cash and cash equivalents	(7,982)	(6,820)
Cash and cash equivalents, beginning of period	19,303	29,588
Cash and cash equivalents, end of period	$ 11,321	$ 22,768

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

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. Nature of Business

BCE-Mach II LLC ("the Company") was formed on October 26, 2018, as a limited liability company under the laws of the State of Delaware. On July 9, 2019, the Company entered into the original LLC agreement with its initial member. An employee was admitted as a member of the Company in the LLC agreement as amended and restated on March 25, 2021. On September 13, 2019, and September 27, 2019, the Company closed on two acquisitions and operations subsequently began. The Company owns and operates producing wells and undeveloped acreage primarily in the Anadarko Basin in both Texas and Oklahoma.

2. Basis of presentation and Summary of Significant Accounting Policies

Basis of Presentation

The unaudited financial statements included herein were prepared fromrecords of the Company in accordance with generally accepted accounting principles in the United States ("US GAAP"). These financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2022. Results for interim periods are not necessarily indicative of results to be expected for the full year ending December 31, 2023. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals that are considered necessary for a fair statement of the financial information, have been included.

Use of Estimates

The preparation of the financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates. The Company evaluates these estimates on an ongoing basis, using historical experience, consultation with experts and other methods the Company considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Significant items subject to such estimates and assumptions include, but are not limited to, estimates of proved oil and natural gas reserves and related present value estimates of future net cash flows therefrom, the fair value determination of acquired assets and liabilities, equity based compensation, and the fair value estimates of commodity derivatives.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the financial statements. The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in this area.

Accounts Receivable

Accounts receivable consist of receivables from joint interest owners on properties the Company operates and from sales of oil and natural gas production delivered to purchasers. The purchasers remit payment for production directly to the Company. Most payments for production are received within three months after the production date.

Accounts receivable are stated at amounts due from joint interest owners or purchasers, net of an allowance for credit losses when the Company believes collection is doubtful. The Company extends credit to joint interest owners and generally does not require collateral. For receivables from joint interest owners, the Company typically has the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings. Accounts receivable outstanding longer than the contractual payment terms are considered past due. The Company determines

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole. The Company writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for credit losses. The company recorded credit losses of $0.8 million during the six months ended June 30, 2023, which is presented as other expense in the Statement of Operations. The company did not record any credit losses during the six months ended June 30, 2022. At June 30, 2023 and December 31, 2022, the Company's allowance for credit losses was not material.

Derivative Instruments

The Company is required to recognize its derivative instruments on the balance sheet as assets or liabilities at fair value with such amounts classified as current or long-term based on their anticipated settlement dates. The accounting for the changes in fair value of a derivative depends on the intended use of the derivative and resulting designation. The Company has not designated its derivative instruments as hedges for accounting purposes and, as a result, marks its derivative instruments to fair value and recognizes the cash and non-cash change in fair value on derivative instruments for each period in the statements of operations.

Oil and Natural Gas Operations

The Company 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, which are expensed as incurred. Capitalized costs are depreciated using the unit-of production method. Under this method, depletion is computed at the end of each period by multiplying total production for the period by a depletion rate. The depletion rate is determined by dividing the total unamortized cost base plus future development costs by a net equivalent proved reserves at the beginning of the period. The average depletion rate per barrel equivalent unit of production was $1.87 for the six months ended June 30, 2023, respectively. The average depletion rate per barrel equivalent unit of production was $1.84 for the six months ended June 30, 2022, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $1.6 million for the six months ended June 30, 2023, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $1.7 million for the six months ended June 30, 2022, respectively.

Under the full cost method, capitalized costs of oil and gas properties, net of accumulated depreciation, depletion and amortization, may not exceed the full cost "ceiling" at the end of each quarter. The ceiling is calculated based on the present value of estimated future net cash flows from proved oil and gas reserves, discounted at 10%. The estimated future net revenues exclude future cash outflows associated with settling asset retirement obligations included in the net book value of oil and gas properties. Estimated future net cash flows are calculated using the preceding 12-months' average price based on closing prices on the first day of each month. The net book value is compared to the ceiling limitation on an annual basis. The excess, if any, of the net book value above the ceiling limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. The ceiling limitation computation is determined without regard to income taxes due to the Internal Revenue Service ("IRS") recognition of the Company as a flow-through entity. No impairments on proved oil and natural gas properties were recorded for the six months ended June 30, 2023 and 2022.

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 assesses all items classified as unevaluated property on an annual basis for possible impairment. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. As of June 30, 2023, and December 31, 2022, the Company had no properties excluded from the full cost

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

pool. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

Sales of oil and natural gas properties being amortized are accounted for as adjustments to the full cost pool, with no gain or loss recognized, unless the adjustments would significantly alter the relationship between capitalized costs and proved oil, natural gas and natural gas liquids ("NGL") reserves. A significant alteration would not ordinarily be expected to occur upon the sale of reserves involving less than 25% of the proved reserve quantities of a cost center.

Other Property and Equipment, Net

Other property and equipment primarily consists of a gathering system, computer equipment and software, office furniture, and an office building for field operations. Property and equipment are capitalized and recorded at cost, while maintenance and repairs are expensed. Depreciation of such property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from 2 to 39 years. Depreciation expense for other property and equipment was $0.3 million for the six months ended June 30, 2023, respectively. Depreciation expense for other property and equipment was $0.3 million for the six months ended June 30, 2022, respectively.

Impairment losses are recorded on property and equipment used in operations and other long-lived assets held and used when indicators of impairment are present and the undiscounted cashflows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured based on the excess of the carrying amount over the fair value of the asset. No impairment of other property and equipment was recorded for the six months ended June 30, 2023, or 2022.

Inventories

Inventories are stated at the lower of cost or net realizable value and consist of production equipment not placed in service as of June 30, 2023 and December 31, 2022. The Company's equipment is primarily comprised of oil and natural gas drilling or repair items such as tubing, casing and pumping units. The inventory is primarily acquired for use in future drilling or repair operations.

Debt Issuance Costs

Other assets include capitalized costs related to the credit facility of $0.7 million, net of accumulated amortization of $0.5 million as of June 30, 2023. As of December 31, 2022, other assets included costs related to the credit facility of $0.7 million, net of accumulated amortization of $0.4 million. These costs are being amortized over the term of the credit facility and are reported as interest expense on the Company's statements of operations.

Income Taxes

The Company is an LLC taxed as a partnership, and any associated tax liability is the responsibility of the individual members of the LLC. Accordingly, no provision for income taxes has been made in these financial statements.

The Company disallows the recognition of tax positions not deemed to meet a "more-likely-than not" threshold of being sustained by the applicable tax authority. The Company's policy is to reflect interest and penalties related to uncertain tax positions in general and administrative expense, when and if they become applicable. The Company has not recognized any potential interest or penalties in its financial statements for the six months ended June 30, 2023, and 2022. The Company's tax years 2022, 2021, 2020, and 2019 remain open for examination by state authorities.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

General and Administrative Costs

General and administrative expenses include cost recovery from joint interest owners. Per the terms of the joint operating agreements with working interest owners, the Company has the right to recover costs using an established contractual rate. Recoveries for the six months ended June 30, 2023, and 2022 were $3.3 million and $3.3 million, respectively.

Asset Retirement Obligations

The Company records the fair value of the future legal liability for an asset retirement obligation ("ARO") in the period in which the liability is incurred (at the time the wells are drilled or acquired), with the offsetting increase to property cost. These property costs are depreciated on a unit-of-production basis within the full cost pool. The liability accretes each period until it is settled or the well is sold, at which time the liability is satisfied.

The Company estimates a fair value of the obligation on each well in which it owns an interest by identifying costs associated with the future downhole plugging, dismantlement and removal of production equipment and facilities, and the restoration and reclamation of a field's surface to a condition similar to that existing before oil and natural gas extraction began.

In general, the amount of ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an estimated credit adjusted rate. If the estimated ARO changes materially, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. The following is a reconciliation of ARO for the six months ended (in thousands):

	June 30, 2023	June 30, 2022
Asset retirement obligation at beginning of period	$ 18,499	$ 16,469
Liabilities incurred	4	—
Liabilities assumed in acquisitions	—	533
Liabilities settled	(7)	(104)
Liabilities revised	(9)	(4)
Accretion expense	541	501
Asset retirement obligation at end of period	$ 19,028	$ 17,395

Revenue Recognition

Sales of oil, natural gas and NGL 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. The Company's 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 pricing provisions in the Company's contracts are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, the quality of the oil or natural gas and the prevailing supply and demand conditions. As a result, the price of the oil, natural gas and NGL fluctuates to remain competitive with other available oil, natural gas and NGL supplies.

Our major market risk exposure is in the pricing applicable to our oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas production. Pricing for oil and natural gas production has been volatile and unpredictable for

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

several years, and the Company expects this volatility to continue in the future. The prices the Company receives for production depend on many factors outside of our control. See Note 8. Derivative Contracts, for the Company's management of price volatility.

Oil Sales

The Company's oil sales contracts are structured where it delivers oil to the purchasers at the wellhead, where the purchaser takes custody, title and risk of loss of the product. Under this arrangement, the Company recognizes revenue when control transfers to the purchaser at the delivery point based on the price received from the purchaser. Oil revenues are recorded net of any third-party transportation fees and other applicable differentials in the Company's statements of operations.

Natural Gas and NGL Sales

Under the Company's natural gas and NGL sales contracts, it first delivers wet natural gas to a midstream processing entity. After processing, the residue gas is transported to the purchaser at the inlet to certain natural gas pipelines, where the purchaser takes control, title and risk of loss of the product. The NGLs are delivered to the purchaser at the tailgate of the midstream processing plant, where the purchaser takes control, title and risk of loss of the product. For both natural gas sales and NGL sales, the Company evaluates whether it is the principal or the agent in the transaction. For those contracts where the Company has concluded it is the principal and the ultimate third party is its customer, the Company recognizes revenue on a gross basis, with gathering and processing fees presented as an expense in its statements of operations.

Gathering Revenue

The Company's gathering revenue is generated from a majority owned gathering system acquired in one of the Company's acquisitions. The Company charges a gathering rate per MMBtu transported through the gathering system. Gathering revenue and gathering operating expense are recorded net of the Company's ownership interest in the system.

Transaction Price Allocated to Remaining Performance Obligations

For the Company's product sales that are short-term in nature with a contract term of one year or less, the Company has utilized the practical expedient that exempts it from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For the Company's product sales that have a contract term greater than one year, the Company has utilized the practical expedient, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Prior-Period Performance Obligations

The Company records revenue in the month production is delivered and control passes to the customer. However, settlement statements and payment may not be received for 30 to 90 days after the date production occurs, and as a result, the Company is required to estimate the amount of production that was delivered and the price that will be received for the sale of the product. The Company records variances between its estimates and actual amounts received in the month payment is received and such variances have historically not been significant.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of presentation and Summary of Significant Accounting Policies (cont.)

Concentrations

The Company is subject to risk resulting from the concentration of its crude oil and natural gas sales and receivables with several significant purchasers. For the six months ended June 30, 2023, four purchasers each accounted for more than 10% of the Company's revenue: ETC Field Services LLC (20.2%); NextEra Energy Marketing, LLC (16.0%); Wheeler Midstream LLC (13.7%); and Enbridge Inc. (10.2%). For the six months ended June 30, 2022, three purchasers each accounted for more than 10% of the Company's revenue: ETC Field Services LLC (25.1%); NextEra Energy Marketing, LLC (17.4%); and Wheeler Midstream LLC (11.4%). The Company's receivables as of June 30, 2023, and December 31, 2022, from oil and gas sales are concentrated with the same counterparties noted above. The Company does not believe the loss of any single purchaser would materially impact its operating results, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

As of June 30, 2023, and December 31, 2022, the Company had one customer that represented approximately 49.7% and 63.0%, respectively, of our total joint interest receivables.

Revenue Disaggregation

The following table displays the revenue disaggregated and reconciles disaggregated revenue to the revenue reported (in thousands):

	Six months ended	
	June 30, 2023	**June 30, 2022**
Revenues:		
Oil	$ 5,302	$ 7,540
Natural gas	6,867	17,808
NGL	3,966	8,855
Gross oil, natural gas, and NGL sales	16,135	34,203
Transportation, gathering and marketing	228	675
Net oil, natural gas, and NGL sales	$ 16,363	$ 34,878

Recent Accounting Pronouncements Adopted

In June 2016, the FASB issued Accounting Standards Update 2016-13, "Financial Instrument-Credit Losses: Measurement of Credit Losses on Financial Instruments," which amends reporting guidance on credit loses for certain financial instruments. The Company's primary risk for credit losses related to its receivables from joint interest owners in our operated oil and natural gas wells. This guidance is effective for periods after December 15, 2022, and the Company implemented it effective January 1, 2023, with no material impacts to the financial statements.

3. Supplemental Cash Flow Information

Supplemental disclosures to the statements of cash flows are presented below (in thousands):

	Six months ended June,	
	2023	**2022**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 683	$ 309
Supplemental disclosure of non-cash transactions:		
Change in accrued capital expenditures	$ —	$ (15)
Right-of-use assets obtained in exchange for lease liabilities	$ 187	$ 491

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

4. Property and Equipment

The Company's property and equipment consists of the following (in thousands):

	June 30, 2023	December 31, 2022
Oil and natural gas properties		
Proved properties	$ 81,280	$ 82,989
Accumulated depreciation, depletion and impairment	(39,651)	(38,024)
Oil and natural gas properties, net	41,629	44,965
Other property and equipment		
Buildings and leasehold improvements	1,918	1,907
Office equipment	139	138
Vehicles	497	453
Land	320	320
Gathering system	8,600	8,600
Total other property and equipment	11,474	11,418
Accumulated depreciation, depletion and amortization	(2,448)	(2,102)
Total other property and equipment, net	$ 9,026	$ 9,316

5. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Lease operating expense	$ 1,171	$ 1,998
Capital expenditures	—	1
Payroll costs	1,017	895
General, administrative, and other	469	318
Total accrued liabilities	$ 2,657	$ 3,212

6. Long-Term Debt

The Company maintains a revolving credit facility ("the Credit Facility") with a syndicate of banks, including East West Bank, who serves as sole book runner and lead arranger, maturing in September 2024. Outstanding obligations under the Credit Facility are secured by substantially all of the Company's assets.

The credit agreement provides for a revolving Credit Facility in the maximum of $250.0 million, subject to a borrowing base of $26.0 million as of June 30, 2023. As of June 30, 2023, $17.1 million was outstanding under the Credit Facility. The amount available to be borrowed under the Credit Facility is subject to a borrowing base that is redetermined semiannually each April and October in an amount determined by the lenders. The Company's borrowing base was last affirmed at $26.0 million in conjunction with the April 2023 re-determination.

The Company entered into the fourth amendment to the credit agreement on December 8, 2022. The fourth amendment includes an excess cash threshold that sets a limit of the consolidated cash balance of the Company at $5.0 million. Excess cash will be swept only when the Company experiences an "anti-cash triggering event" defined as one or more of the following:

- Ratio of total debt to EBITDAX greater than 2.5 evaluated each fiscal quarter
- Liquidity is less than 20% of the borrowing base.
- An event of default or borrowing base deficiency occurs.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

6. Long-Term Debt (cont.)

The consolidated cash balance is defined as the total unrestricted cash and cash equivalents held by the Company, less any cash set aside to pay royalty obligations, working interest obligations, suspense payments, severance taxes, payroll, payroll taxes, other taxes, employee wage and benefits.

The credit agreement contains various affirmative, negative and financial maintenance covenants. These covenants, among other things, limit additional indebtedness, additional liens, sales of assets, mergers and consolidations, dividends and distributions, transactions with affiliates and entering into certain swap agreements and require the maintenance of the financial ratios. Financial ratios the Company is required to maintain on a quarterly basis include the ratio of total debt to EBITDAX not greater than 2.5 and the ratio of current assets to current liabilities of no less than 1.0. As of June 30, 2023, and December 31, 2022, the Company was in compliance with all applicable covenants under the credit facility.

Outstanding borrowings under the credit agreement bear interest at a per annum rate that is equal to the SOFR rate (which is equal to the Term SOFR rate as published by the Chicago Mercantile Exchange, Inc., CME Group Inc. and their Affiliates or their successor as the administrator for Term SOFR two Business Days before commencement of such Interest Period, subject to SOFR adjustment periods one month: 0.10%, three months: 0.15%, and six months: 0.25%), plus the applicable margin. The applicable margin ranges from 1.25% to 2.25% in the case of the alternate base rate and from 2.25% to 3.25% in the case of SOFR, in each case depending on the amount of loans and letters of credit outstanding. The Company is obligated to pay a quarterly commitment fee ranging from 0.375% to 0.500% per year on the unused portion of the commitment, which fee is also dependent on the amount of loans and letters of credit outstanding. The effective interest rate as of June 30, 2023, and December 31, 2022, was 8.3% and 7.3%, respectively.

7. Derivative Contracts

The Company uses derivative contracts to reduce exposure to fluctuations in commodity prices. These transactions are in the form of fixed price swaps. While the use of these instruments limits the downside risk of adverse price changes, their use may also limit future revenues from favorable price changes. The Company does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Under fixed price swap contracts, the Company receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

The Company reports the fair value of derivatives on the balance sheet in derivative contracts assets and derivative contracts liabilities as either current or noncurrent based on the timing of expected future cash flows of individual trades. See Note 8, Fair Value Measurements for additional information regarding fair value measurements.

As of June 30, 2023, the Company effectively has no oil or gas volumes hedged due to offsetting swap positions of equal volumes.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

7. Derivative Contracts (cont.)

Balance Sheet Presentation. The Company has master netting agreements with all of its derivative counterparties and presents its derivative assets and liabilities with the same counterparty on a net basis on the balance sheet. The following table presents the gross amounts of recognized derivative assets, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	June 30, 2023	December 31, 2022
Derivative contracts – current, gross	$ 429	$ 737
Netting arrangements	—	—
Derivative contracts – current assets, net	$ 429	$ 737

Gains and Losses. The following table presents the settlement and mark-to-market ("MTM") gains and losses presented as a gain or loss on derivatives in the statements of operations (in thousands):

	Six months ended June 30,	
	2023	2022
Settlements on derivatives	$ 1,135	$ (1,646)
MTM gains (losses) on derivatives, net	(307)	(33)
Total gains (losses) on derivative contracts	$ 828	$ (1,679)

The following table presents the gains and losses recognized on oil and natural gas derivatives in the accompanying statements of operations (in thousands):

	Six months ended	
	June 30, 2023	June 30, 2022
Oil derivatives	$ 295	$ (1,766)
Natural gas derivatives	533	87
Total gains (losses) on derivative contracts, net	$ 828	$ (1,679)

8. Fair Value Measurements

Fair value measurement is established by a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 — Quoted prices are available in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 — Quoted prices for similar assets or liabilities in active markets or observable inputs for assets or liabilities in non-active markets.

Level 3 — Measurement based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources.

Assets and liabilities that are measured at fair value are classified 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, which may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

8. Fair Value Measurements (cont.)

Fair Value on a Recurring Basis

Derivative Contracts. The Company determines the fair value of its derivative contracts using industry standard models that consider various assumptions including current market and contractual prices for the underlying instruments, time value, and nonperformance risk. Substantially all of these inputs are observable in the marketplace throughout the full term of the contract and can be supported by observable data.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022 (in thousands):

	Level 1	Level 2	Level 3	Fair Value
As of June 30, 2023				
Assets:				
Derivative Instruments	$ —	$ 429	$ —	$ 429
As of December 31, 2022				
Assets:				
Derivative Instruments	$ —	$ 737	$ —	$ 737

Fair Value on a Non-Recurring Basis

The Company determines the initial estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to plugging and abandonment liabilities using level 3 inputs. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted with proved oil and natural gas properties using the unit of production method.

Fair Value of Other Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, revenue payable, accrued interest payable, and other current liabilities approximate fair values due to the short-term maturities of these instruments.

The carrying amount of the Company's credit facility approximates fair value, as the current borrowing base rate does not materially differ from market rates of similar borrowings.

9. Equity Compensation and Deferred Compensation Plan

As part of the Company's Amended and Restated LLC Agreement as of March 25, 2021, incentive units (Class B Units) were issued to certain employees as compensation for services to be rendered to the Company. In determining the appropriate accounting treatment, the Company considered the characteristics of the awards in terms of treatment as stock-based compensation. US GAAP generally requires that all equity awards granted to employees be accounted for at fair value and recognized as compensation cost over the vesting period.

The incentive units are subject to graded vesting over a period of 3 or 4 years (subject to accelerated vesting, as defined by the incentive unit agreement) and a holder of incentive units forfeits unvested incentive units upon ceasing to be an employee of the Company, excluding limited exceptions. The Company recognizes forfeitures as they occur. Holders of incentive units participate in distributions upon the Company meeting a certain requisite financial internal rate of return threshold as defined in the amended LLC agreement.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

9. Equity Compensation and Deferred Compensation Plan (cont.)

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those valuation methodologies. For awards granted for the year ended December 31, 2021, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Company's business of 62%
- 7 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business
- a risk-free rate based on a U.S Treasury yield curve of 1.40%

On March 25, 2021, all 20,000 authorized incentive units were granted. Total non-cash compensation cost related to the incentive units was $0.1 million and $0.3 million for the six months ended June 30, 2023, and 2022, respectively. As of June 30, 2023, there was $0.1 million in unrecognized compensation cost related to incentive units, which is expected to be recognized over a weighted-average period of 0.5 years.

A summary of the incentive unit awards as of June 30, 2023, and 2022 is as follows:

	Class B units		Weighted Average Grant Date Fair Value
Unvested at December 31, 2021	10,333	$	213.39
Vested	(3,665)	$	213.39
Unvested at June 30, 2022	6,668	$	213.39
Unvested at December 31, 2022	6,668	$	213.39
Vested	(3,667)	$	213.39
Unvested at June 30, 2023	3,001	$	213.39

10. Commitments and Contingencies

Legal Matters. In the ordinary course of business, the Company may at times be subject to claims and legal actions. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date and the Company's estimates of the outcomes of these matters. The Company did not recognize any material liability as of June 30, 2023. Management does not expect that the impact of such matters will have a materially adverse effect on the Company's financial position, results of operations or cash flows.

Environmental Matters. The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws, which are often changing, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

The Company accounts for environmental contingencies in accordance with the accounting guidance related to accounting for contingencies. Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

11. Leases

Nature of Leases

The Company has operating leases on an office space and vehicles with remaining lease durations in excess of one year. These leases have various expiration dates throughout 2026. The vehicles are used for field operations and leased from third parties. The Company recognizes right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year. Short-term leases that have an initial term of one year or less are not capitalized.

Discount Rate

As most of the Company's leases do not provide an implicit rate, the Company uses the U.S. 5 Year Treasury Rate in determining the present value of lease payments. Minor changes to the discount rate do not have a material impact to the calculation of the liability, therefore the Company will use this for all asset classes.

Future amounts due under operating lease liabilities as of June 30, 2023, were as follows (in thousands):

Remaining 2023	$	233
2024		436
2025		395
2026		143
Total lease payments	$	1,207
Less: imputed interest		(62)
Total	$	1,145

The following table summarizes our total lease costs before amounts are recovered from our joint interest partners, where applicable, for the six months ended June 30, 2023, and 2022 (in thousands):

	Six months ended June 30,	
	2023	**2022**
Operating lease cost	$ 235	$ 46
Short-term lease cost	1,386	1,462
Total lease cost	$ 1,621	$ 1,508

The weighted-average remaining lease term as of June 30, 2023, was 2.8 years. The weighted-average discount rate used to determine the operating lease liability as of June 30, 2023, was 3.9%.

12. Members' Equity

Upon formation, the Company consisted of one class of common interests that were all owned by its initial member, BCE-Mach Holdings II. On March 25, 2021, per the Amended and Restated LLC Agreement and the Class A-2 Issuance Agreement, the Company issued 76,500 Class A-1 Units to the initial member, and 480 Class A-2 Units to an employee of MR for services performed for the Company. Additionally, Class A-2 Units were granted to the employee on a quarterly basis throughout 2021. In 2022, the Class A-2 Issuance Agreement was updated and there are no additional units being granted to the employee. As of June 30, 2023, there were 788 total Class A-2 Units issued to the employee, which have substantially all the same rights as the initial member. As part of a long-term incentive plan for certain employees, 20,000 Class B Units were outstanding as of June 30, 2023. The Class B Units represent a non-voting interest in the Company that allows the holder to participate in distributions once the Company's Class A shares have met a certain requisite financial internal rate of return in accordance with the LLC agreement.

Distributions to the members for the six months ended June 30, 2023, and 2022 were $22.2 million and $12.0 million, respectively. There were no contributions from the members for the six months ended June 30, 2023, or 2022.

BCE-MACH II LLC
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

13. Related Parties

Management Services Agreement. Upon formation of the Company, the Company entered into a management services agreement ("MSA") with Mach Resources LLC ("MR"). Under the MSA, MR manages and performs all aspects of oil and gas operations and other general and administrative functions for the Company. On a monthly basis, the Company distributes funding to MR for performance under the MSA. During the six months ended June 30, 2023, the Company paid MR $5.7 million, which was inclusive of $0.2 million in management fees. During the six months ended June 30, 2022, the Company paid MR $5.0 million, which was inclusive of $0.1 million in management fees. As of June 30, 2023, and December 31, 2022, the Company had $0.3 million and $0.2 million in prepaid assets with MR, respectively.

BCE-Mach LLC and BCE-Mach III LLC. BCE-Mach LLC and BCE-Mach III LLC are two related parties that also entered into a MSA with Mach Resources. These entities have shared ownership with the Company and operate primarily in different geographical locations than the Company. As of June 30, 2023, the Company has receivables from these related parties for approximately $1.0 million included in accounts receivable-joint interest and other and $0.1 million included in accounts payable. As of December 31, 2022, the Company had receivables from these related parties for approximately $0.5 million included in accounts receivable-joint interest and other.

14. Subsequent Events

The Company has evaluated its financial statements for subsequent events through August30, 2023 the date the financial statements were available to be issued to ensure that any subsequent events that met the criteria for recognition and disclosure in this report have been properly included.

APPENDIX A

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF MACH NATURAL RESOURCES LP

[To be filed by amendment]

APPENDIX B

GLOSSARY OF OIL AND GAS TERMS AND OTHER TERMS

The terms and abbreviations defined in this section are used throughout this prospectus:

"***Adjusted EBITDA***." Net income before (1) interest expense, (2) depreciation, depletion, amortization and accretion expense, (3) non-cash changes in derivative fair values, (4) equity-based compensation expense, (5) loss on contingent consideration and (6) gain on sale of assets.

"***Basin***." A large natural depression on the earth's surface in which sediments generally brought by water accumulate.

"***Bbl***." One stock tank barrel, of 42 U.S. gallons liquid volume, used herein in reference to crude oil, condensate or NGL.

"***Bcf***." Billion cubic feet.

"***BCE***" or "***Sponsor***." Investment funds managed by Bayou City Energy Management, LLC and affiliates thereof.

"***BCE-Mach***." BCE-Mach LLC, a Delaware limited liability company.

"***BCE-Mach credit facility***" The reserve-based revolving credit facility that BCE-Mach entered into on September 2, 2022 with a syndicate of banks, including MidFirst Bank who serves as sole book runner and lead arranger, maturing in September 2026.

"***BCE-Mach II***." BCE-Mach II LLC, a Delaware limited liability company.

"***BCE-Mach II credit facility***" The reserve-based revolving credit facility that BCE-Mach II entered into with a syndicate of banks, including East West Bank, who serves as sole book runner and lead arranger.

"***BCE-Mach III***" or "***predecessor***." BCE-Mach III LLC, a Delaware limited liability company.

"***BCE-Mach III credit facility***" The reserve-based revolving credit facility that the predecessor entered into with a syndicate of banks, including MidFirst Bank, who serves as administrative agent and issuing bank.

"***BCE-Mach Aggregator***." BCE-Mach Aggregator LLC, a Delaware limited liability company.

"***BCE-Stack***." BCE-Stack Development LLC, a Delaware limited liability company.

"***Boe***." One barrel of oil equivalent, converting natural gas to oil at the ratio of 6 Mcf of natural gas to one Bbl of oil.

"***British Thermal Unit***" or "***Btu***." The quantity of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

"***BWPD***." Barrels of water per day.

"***Cash operating costs***." Lease operating expenses, gas processing and transportation expense, production taxes, cash selling, general and administrative expense, midstream (benefit) and expense, marketing (benefit) and expense and other expenses.

"***Code***." Internal Revenue Code of 1986, as amended.

"***Completion***." The process of treating a drilled well followed by the installation of permanent equipment for the production of natural gas or oil, or in the case of a dry hole, the reporting of abandonment to the appropriate agency.

"***Developed acreage***." The number of acres that are allocated or assignable to productive wells or wells capable of production.

"***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 related 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.

"***Development well***." A well drilled within the proved area of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

"***Dry hole***." A well found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.

"***Existing Credit Facilities***." Together, the BCE-Mach credit facility, the BCE-Mach II credit facility and the BCE-Mach III credit facility, and when used to refer to our indebtedness after this offering, the BCE-Mach III credit facility and the BCE-Mach credit facility, as applicable, outstanding after the application of the expected use of proceeds.

"***Existing Owners***." Collectively refers to BCE and the Management Members.

"***Exploratory well***." 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 under Regulation S-X.

"***Extension well***." A well drilled to extend the limits of a known reservoir.

"***Field***." An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations. For a complete definition of field, refer to the SEC's Regulation S-X, Rule 4-10(a)(15).

"***Focus Drilling Area***." Kingfisher and Logan Counties, Oklahoma.

"***Formation***." A layer of rock which has distinct characteristics that differs from nearby rock.

"***Fracturing***" or "***fracture stimulation techniques***." The technique of improving a well's production or injection rates by pumping a mixture of fluids into the formation and rupturing the rock, creating an artificial channel. As part of this technique, sand or other material may also be injected into the formation to keep the channel open, so that fluids or natural gases may more easily flow through the formation.

"***Gross acres or gross wells***." The total acres or wells, as the case may be, in which a working interest is owned.

"***Held by production***." Acreage covered by a mineral lease that perpetuates a company's right to operate a property as long as the property produces a minimum paying quantity of oil or gas.

"***Holdco***." Mach Natural Resources Holdco LLC, a Delaware limited liability company.

"***Horizontal drilling***." A drilling technique used in certain formations where a well is drilled vertically to a certain depth and then drilled at a right angle within a specified interval.

"***Hydraulic fracturing***." The technique of improving a well's production or injection rates by pumping a mixture of fluids into the formation and rupturing the rock, creating an artificial channel. As part of this technique, sand or other material may also be injected into the formation to keep the channel open, so that fluids or natural gases may more easily flow through the formation.

"***Injection Wells***." A well in which fluids are injected rather than produced, the primary objective typically being to maintain reservoir pressure.

"***Intermediate***." Mach Natural Resources Intermediate LLC, a Delaware limited liability company.

"***Lease operating expense***." The expenses of lifting oil or natural gas from a producing formation to the surface, constituting part of the current operating expenses of a working interest, and also including labor, superintendence, supplies, repairs, short-lived assets, maintenance, allocated overhead costs, workover, ad valorem taxes, insurance and other expenses incidental to production, but excluding lease acquisition or drilling or completion expenses.

"***Legacy Producing Assets***." All of our legacy producing properties which are not in the Focus Drilling Area.

"***LNG***." Liquified natural gas.

"***LOE***." Lease operating expense.

"***Management Members***." Collectively refers to our current officers and employees who own indirect equity interests in the Mach Companies.

"***Mach Companies***." Collectively refers to BCE-Mach, BCE-Mach II, and BCE-Mach III.

"***Mach Companies Class B Units***." Class B Units of the Mach Companies.

"***Mach Resources***." Mach Resources LLC.

"***MBbl***." One thousand barrels of crude oil, condensate or NGLs.

"***MBoe***." One thousand Boe.

"***MBoe/d***." One thousand Boe per day.

"***Mcf***." One thousand cubic feet of natural gas.

"***MMbbl.***" One million barrels of oil.

"***MMBoe***." One million Boe.

"***MMBtu***." One million Btu.

"***MMcf***." One million cubic feet of natural gas.

"***MMcf/d***." One million cubic feet of natural gas per day.

"***NGLs***." Hydrocarbons found in natural gas which may be extracted as liquefied petroleum gas and natural gasoline.

"***New Credit Facility***." Refers to the new reserve-based revolving credit facility that we plan to enter into after the consummation of this offering.

"***Net acres or net wells***." The percentage of total acres or wells an owner has out of a particular number of acres, or a specified tract. An owner who has 50% interest in 100 acres owns 50 net acres.

"***NYMEX***." The New York Mercantile Exchange.

"***NYSE***." The New York Stock Exchange.

"***OGT***." ONEOK Gas Transmission.

"***OPEC***." Organization of the Petroleum Exporting Countries.

"***PCAOB***." The Public Company Accounting Oversight Board.

"***PDP***." Proved developed producing.

"***PEPL***." Panhandle Eastern Pipeline.

"***Possible reserves***." Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. 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. 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. 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. 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. 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. 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.

"***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. 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. 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. Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

"***Productive well***." A well that is found to be capable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of the production exceed production expenses and taxes.

"***Proved reserves***." Proved oil and natural gas reserves are those quantities of oil and natural 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. For a complete definition of proved crude oil and natural gas reserves, refer to the SEC's Regulation S-X, Rule 4-10(a)(22).

"***Proved undeveloped reserves ("PUD")***." Proved reserves 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. Undrilled locations can be classified as having proved undeveloped reserves only if a development plan has been adopted indicating that such locations are scheduled to be drilled within five years unless specific circumstances justify a longer time.

"***PV-10***." When used with respect to oil and natural gas reserves, PV-10 represents the present value of estimated future cash inflows from proved oil and gas reserves, less future development and production costs, discounted at 10% per annum to reflect the timing of future cash flows. Calculation of PV-10 does not give effect to derivatives transactions. Our PV-10 has historically been computed on the same basis as our Standardized Measure, the most comparable measure under GAAP. PV-10 is not a financial measure calculated or presented in accordance with GAAP and generally differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of either well abandonment costs or income taxes on future net revenues. Neither PV-10 nor Standardized Measure represents an estimate of the fair market value of our oil and natural gas properties. We and others in the industry use PV-10 as a measure to compare the relative size and value of proved reserves held by companies without regard to the specific tax characteristics of such entities.

"***Recompletion***." The process of re-entering an existing wellbore that is either producing or not producing and completing reservoirs in an attempt to establish or increase existing production.

"***Reservoir***." A porous and permeable underground formation containing a natural accumulation of producible oil and/or natural gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

"***SEC Pricing***." The oil and gas price parameters established by the current SEC guidelines, including the use of an average effective price, calculated as prices equal to the 12-month unweighted arithmetic average of the first day of the month prices for each of the preceding 12 months as adjusted for location and quality differentials, unless prices are defined by contractual arrangements, excluding escalations based on future conditions.

"***STACK***." Sooner Trend Anadarko Canadian Kingfisher.

"***SWD***." Salt water disposal ("SWD") well is a disposal site for water produced as a result of the oil and gas extraction process.

"***Standardized Measure***." Standardized Measure is our standardized measure of discounted future net cash flows, which is prepared using assumptions required by the Financial Accounting Standards Board. Such assumptions include the use of 12-month average prices for oil and gas, based on the first-day-of-the-month price for each month in the period, and year end costs for estimated future development and production expenditures to produce year-end estimated proved reserves. Discounted future net cash flows are calculated using a 10% rate. No provision is included for federal income taxes since our future net cash flows are not subject to taxation. However, our operations are subject to the Texas franchise tax. Estimated well abandonment costs, net of salvage values, are deducted from the standardized measure using year-end costs and discounted at the 10% rate. The standardized measure does not represent management's estimate of our future cash flows or the value of proved oil and natural gas reserves. Probable and possible reserves, which may become proved in the future, are excluded from the calculations. Furthermore, prices used to determine the standardized measure are influenced by supply and demand as effected by recent economic conditions as well as other factors and may not be the most representative in estimating future revenues or reserve data.

"***Undeveloped acreage***." Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and natural gas, regardless of whether such acreage contains proved reserves.

"***Wellbore***." The hole drilled by the bit that is equipped for oil and natural gas production on a completed well. Also called well or borehole.

"***Working interest***." The right granted to the lessee of a property to explore for and to produce and own oil and natural gas or other minerals. The working interest owners bear the exploration, development, and operating costs on either a cash, penalty, or carried basis.

"***Workover***." Operations on a producing well to restore or increase production.

"***WTI***." West Texas Intermediate.

Mach Natural Resources LP

Common Units
Representing Limited Partner Interests

PROSPECTUS

Joint Book-Running Managers

Stifel	**Raymond James**

Until , 2023 (25 days after the date of this prospectus), all dealers that buy, sell or trade our ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to its unsold allotments or subscriptions.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other expenses of issuance and distribution

The following table sets forth an itemized statement of the amounts of all expenses (excluding underwriting discounts and commissions) payable by us in connection with the registration of the common units offered hereby. With the exception of the SEC registration fee, FINRA filing fee and NYSE listing fee, the amounts set forth below are estimates.

SEC registration fee	$	*
FINRA filing fee	$	*
NYSE listing fee	$	*
Accountants' fees and expenses	$	*
Legal fees and expenses	$	*
Engineering expenses	$	*
Printing and engraving expenses	$	*
Transfer agent and registrar fees	$	*
Miscellaneous	$	*
Total	$	

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

Mach Natural Resources

Subject to any terms, conditions or restrictions set forth in the partnership agreement, Section 17108 of the Delaware Revised Uniform Limited Partnership Act empowers a Delaware limited partnership to indemnify and hold harmless any partner or other persons from and against any and all claims and demands whatsoever. The section of the prospectus entitled "The Partnership Agreement — Indemnification" discloses that we will indemnify officers, directors and affiliates of the general partner to the fullest extent permitted by law against all losses, claims, damages or similar events, unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that the applicable person acted in bad faith or engaged in intentional fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal, and is incorporated herein by this reference.

The underwriting agreement to be entered into in connection with the sale of the securities offered pursuant to this registration statement, the form of which will be filed as an exhibit to this registration statement, provides for the indemnification of Mach Natural Resources and our general partner, their officers and directors, and any person who controls our general partner, including indemnification for liabilities under the Securities Act.

Mach Natural Resources GP LLC

Subject to any terms, conditions or restrictions set forth in the limited liability company agreement, Section 18-108 of the Delaware Limited Liability Company Act empowers a Delaware limited liability company to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

Under the amended and restated limited liability agreement of our general partner, in most circumstances, our general partner will indemnify the following persons, to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings (whether civil, criminal, administrative or investigative):

- any person who is or was an affiliate of our general partner (other than us and our subsidiaries);
- any person who is or was a member, partner, officer, director, employee, agent or trustee of our general partner or any affiliate of our general partner;

- any person who is or was serving at the request of our general partner or any affiliate of our general partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person; and
- any person designated by our general partner.

Our general partner will purchase insurance covering its officers and directors against liabilities asserted and expenses incurred in connection with their activities as officers and directors of our general partner or any of its direct or indirect subsidiaries.

Item 15. Recent Sales of Unregistered Securities

Prior to closing of the initial public offering, the Company will enter into a series of reorganization transactions pursuant to which all of BCE-Mach Aggregator, the Management Members and Mach Resources' respective membership interests in the Mach Companies will be exchanged for a pro rata allocation of 100% of the limited partner interests in the Company.

The above issuances did not involve any underwriters, underwriting discounts or commissions, or any public offering and we believe such issuances are exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof.

Item 16. Exhibits and financial statement schedules

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
3.1	Certificate of Limited Partnership of Mach Natural Resources LP
3.2*	Form of Amended and Restated Agreement of Limited Partnership of Mach Natural Resources LP (included as Appendix A)
3.4*	Form of Amended and Restated Limited Liability Company Agreement of Mach Natural Resources GP, LLC
5.1	Form of Opinion of Kirkland & Ellis LLP as to the legality of the securities being registered
8.1	Form of Opinion of Kirkland & Ellis LLP relating to tax matters
10.1*	Form of Mach Natural Resource LP 2023 Long-Term Incentive Plan
10.2*	Form of Contribution Agreement
10.3*	Form of Indemnification Agreement
10.4*	Form of Management Services Agreement
10.5	Credit Agreement, among BCE-Mach LLC, as borrower, the several lenders from time to time parties thereto, and MidFirst Bank as administrative agent, collateral agent and issuing bank, dated September 2, 2022
10.6	Credit Agreement, among BCE-Mach II LLC, as borrower, the several lenders from time to time parties thereto and East West Bank as administrative agent, collateral agent, issuing bank and sole bookrunner and as lead arranger, dated September 30, 2019
10.7	Amendment No. 1 to Credit Agreement, among BCE-Mach II LLC, as borrower, the several lenders from time to time parties thereto and East West Bank as administrative agent, collateral agent and issuing bank, dated November 14, 2019
10.8	Amendment No. 2 to Credit Agreement, among BCE-Mach II LLC, as borrower, the several lenders from time to time parties thereto and East West Bank as administrative agent, collateral agent and issuing bank, dated December 16, 2020
10.9	Amendment No. 3 to Credit Agreement, among BCE-Mach II LLC, as borrower, the several lenders from time to time parties thereto and East West Bank as administrative agent, collateral agent and issuing bank, dated May 13, 2022
10.10	Amendment No. 4 to Credit Agreement, among BCE-Mach II LLC, as borrower, the several lenders from time to time parties thereto and East West Bank as administrative agent, collateral agent and issuing bank, dated December 8, 2022
10.11	Credit Agreement, among BCE-Mach III LLC, as borrower, the several lenders from time to time parties thereto, and MidFirst Bank as administrative agent, collateral agent and issuing bank, dated May 19, 2020

10.12	First Amendment to Credit Agreement, among BCE-Mach III LLC, as borrower, BCE-Mach III Midstream Holdings LLC, as guarantor, the several lenders from time to time parties thereto, and MidFirst Bank as administrative agent, collateral agent issuing bank and lender, dated February 17, 2021
10.13	Second Amendment to Credit Agreement, among BCE-Mach III LLC, as borrower, BCE-Mach III Midstream Holdings LLC, as guarantor, the several lenders from time to time parties thereto, and MidFirst Bank as administrative agent, collateral agent issuing bank and lender, dated June 17, 2021
10.14	Third Amendment to Credit Agreement, among BCE-Mach III LLC, as borrower, BCE-Mach III Midstream Holdings LLC, as guarantor, the several lenders from time to time parties thereto, and MidFirst Bank as administrative agent, collateral agent issuing bank and lender, dated January 27, 2023
21.1	List of Subsidiaries of Mach Natural Resources LP
23.1	Consent of Grant Thornton LLP for BCE-Mach III LLC audited financial statements
23.2	Consent of Grant Thornton LLP for BCE-Mach LLC audited financial statements
23.3	Consent of Grant Thornton LLP for BCE-Mach II LLC audited financial statements
23.4	Consent of Cawley, Gillespie & Associates
23.5	Consent of Kirkland & Ellis LLP (contained in Exhibit 5.1)
23.6	Consent of Kirkland & Ellis LLP (contained in Exhibit 8.1)
24.1	Powers of Attorney (included on signature page)
99.1	Report of Cawley, Gillespie & Associates of reserves of BCE-Mach LLC, as of December 31, 2022
99.2	Report of Cawley, Gillespie & Associates of reserves of BCE-Mach II LLC, as of December 31, 2022
99.3	Report of Cawley, Gillespie & Associates of reserves of BCE-Mach III LLC, as of December 31, 2022
99.4	Report of Cawley, Gillespie & Associates of reserves, as of June 30, 2023
107	Filing Fee Table

* To be filed by amendment.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, State of Oklahoma, on September 22, 2023.

Mach Natural Resources LP	
By:	**Mach Natural Resources GP LLC, its general partner**
By:	/s/ Tom L. Ward
Name:	Tom L. Ward
Title:	Chief Executive Officer

Each person whose signature appears below appoints Tom L. Ward and Kevin R. White, and each of them, any of whom may act without the joinder of the other, as his or her true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him or her and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post effective amendments) to this Registration Statement and any Registration Statement (including any amendment thereto) for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys in fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or would do in person, hereby ratifying and confirming all that said attorneys in fact and agents or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and the dates indicated.

Name	Title	Date
/s/ Tom L. Ward	Chief Executive Officer and Director	September 22, 2023
Tom L. Ward	(principal executive officer)	
/s/ Kevin R. White	Chief Financial Officer	September 22, 2023
Kevin R. White	(principal financial officer and principal accounting officer)	
/s/ William McMullen	Chairman of the Board	September 22, 2023
William McMullen		
	Director	, 2023
	Director	, 2023
	Director	, 2023

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF LIMITED PARTNERSHIP OF "MACH NATURAL RESOURCES LP", FILED IN THIS OFFICE ON THE TWENTY-SIXTH DAY OF MAY, A.D. 2023, AT 1:13 O'CLOCK P.M.

7482915 8100
SR# 20232432978
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 203432569
Date: 05-26-23

CERTIFICATE OF LIMITED PARTNERSHIP

OF
MACH NATURAL RESOURCES LP

May 26, 2023

The undersigned, desiring to form a limited partnership under Section 17-201 of the Delaware Revised Uniform Limited Partnership Act, hereby certifies as follows:

1. Name. The name of the limited partnership formed hereby is Mach Natural Resources LP (the "Partnership").

2. Registered Office. The address of the registered office of the Partnership in the State of Delaware is Corporation Trust Center, 1209 Orange Street, New Castle County, Wilmington, Delaware 19801.

3. Registered Agent. The name and address of the registered agent of the Partnership in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, New Castle County, Wilmington, Delaware 19801.

4. General Partner. The name and the business address of the general partner of the Partnership is Mach Natural Resources GP LLC, 1201 Louisiana Street, Suite 3308, Houston, Texas 77002.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate of Limited Partnership as of the date first above written and submits it for filing in accordance with Sections 17-201 and 17-206 of the Delaware Revised Uniform Limited Partnership Act.

GENERAL PARTNER:

MACH NATURAL RESOURCES GP LLC

By: */s/Kellie Keeling*
Name: Kellie Keeling
Title: Authorized Person

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:13 PM 05/26/2023
FILED 01:13 PM 05/26/2023
SR 20232432978 - File Number 7482915

MACH NATURAL RESOURCES LLC
1201 Louisiana Street, Suite 3308
Houston, Texas 77002
(713-400-8200)
CONSENT** FOR USE **OF NAME

BY
MACH NATURAL RESOURCES LLC

The undersigned, Mach Natural Resources LLC, a Delaware limited liability company, does hereby consent to the use of the name Mach Natural Resources LP in the State of

Delaware by Mach Natural Resources LP, a Delaware limited partnership.

Dated: May 26, 2023

MACH NATURAL RESOURCES GP LLC

By: /s/ William W. McMullen
Name: William W. McMullen
Title: Authorized Person

Exhibit 5.1

KIRKLAND & ELLIS LLP
AND AFFILIATED PARTNERSHIPS

609 Main Street
Houston, TX 77002
United States
+1 713 836 3600
www.kirkland.com

Facsimile:
+1 713 836 3601

, 2023

Mach Natural Resources LP
14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134

Re: Mach Natural Resources LP
Registration Statement on Form S-1

We are acting as special counsel to Mach Natural Resources LP, a Delaware limited partnership (the "Partnership"), in connection with the registration under the Securities Act of 1933, as amended (the "Act"), on a Registration Statement on Form S-1 initially filed with the Securities and Exchange Commission (the "Commission") on September [●], 2023 (Registration No. 333-) (such Registration Statement, as amended or supplemented, the "Registration Statement"), relating to the proposed issuance by the Partnership of up to common units representing limited partner interests in the Partnership (the "Common Units"), including Common Units to cover the underwriters' option to purchase additional Common Units, if any. The term "Common Units" shall include any additional common units registered by the Partnership pursuant to Rule 462(b) under the Act in connection with the offering contemplated by the Registration Statement.

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary for the purpose of this opinion, including (i) the limited partnership and organizational documents of the Partnership, including the Amended and Restated Agreement of Limited Partnership of the Partnership and the Amended and Restated Limited Liability Company Agreement of Mach Natural Resources GP LLC, the general partner of the Partnership (the "General Partner"), (ii) the form of Underwriting Agreement in the form filed as Exhibit 1.1 to the Registration Statement, (iii) minutes and records of the limited partnership proceedings of the Partnership with respect to the issuance of the Common Units and (iv) the Registration Statement and the exhibits thereto.

For purposes of this letter, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as copies and the authenticity of the originals submitted to us as copies. We have also assumed the legal capacity of all natural persons, the genuineness of the signatures of persons signing all documents in connection with which this opinion is rendered, the authority of such persons signing on behalf of the parties thereto, and the due authorization, execution and delivery of all documents by the parties thereto other than the Partnership. As to any facts material to the opinions expressed herein which we have not independently established or verified, we have relied upon statements and representations of officers and other representatives of the Partnership and others.

Based upon and subject to the foregoing qualifications, assumptions and limitations and the further limitations set forth below, we are of the opinion that, when (i) the Common Units have been issued by the Partnership against payment therefor in the circumstances contemplated by the form of underwriting agreement most recently filed as an exhibit to the Registration Statement, (ii) the Registration Statement becomes effective under the Act and (iii) the Common Units have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, the Common Units will be validly issued and, under the Delaware Act (as defined below), the recipients of the Common Units will have no obligation to make further payments for the Common Units or contributions to the Partnership solely by reason of their ownership of the Common Units or their status as limited partners of the Partnership, and such recipients will have no personal liability for the obligations of the Partnership solely by reason of being limited partners of the Partnership.

Our opinions expressed above are subject to the qualifications that we express no opinion as to the applicability of, compliance with, or effect of any laws except the Delaware Revised Uniform Limited Partnership Act (the "Delaware Act").

We do not find it necessary for the purposes of this opinion, and accordingly we do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various states to the issuance of the Common Units.

This opinion is limited to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein. We assume no obligation to revise or supplement this opinion should the Delaware Act be changed by legislative action, judicial decision or otherwise.

This opinion is furnished to you in connection with the filing of the Registration Statement and is not to be used, circulated, quoted or otherwise relied upon for any other purposes.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. We also consent to the reference to our firm under the heading "Validity of the Common Units" in the Registration Statement. We further consent to the incorporation by reference of this letter and consent into any registration statement filed pursuant to Rule 462(b) with respect to the Common Units. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission.

Very truly yours,

KIRKLAND & ELLIS LLP

Exhibit 8.1

KIRKLAND & ELLIS LLP
AND AFFILIATED PARTNERSHIPS

609 Main Street
Houston, TX 77002
United States
+1 713 836 3600
www.kirkland.com

[_____ __], 2023

Mach Natural Resources LP
14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134

Re: Mach Natural Resources LP

To the addressee set forth above:

We have acted as special tax counsel to Mach Natural Resources LP, a Delaware limited partnership (the "Partnership"), in connection with the proposed issuance by the Partnership of up to [●] common units representing limited partner interests in the Partnership (the "Units"). The Units are included in a registration statement on Form S-1 under the Securities Act of 1933, as amended (the "Act"), initially filed with the Securities and Exchange Commission (the "Commission") on June 27, 2023 (Registration No. 333-[●]) (as amended, the "Registration Statement"), and the prospectus related thereto (the "Prospectus").

This opinion is based on various facts and assumptions, and is conditioned upon certain representations made by the Partnership as to factual matters through a certificate of an officer of the Partnership (the "Officer's Certificate"). In addition, this opinion is based upon factual representations of the Partnership concerning its business, properties and governing documents as set forth in the Registration Statement, the Prospectus and the Partnership's responses to our examinations and inquiries.

In our capacity as special tax counsel to the Partnership, we have, with your consent, made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments, as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies. For the purpose of our opinion, we have not made an independent investigation or audit of the facts set forth in the above-referenced documents or representations. In addition, in rendering this opinion we have assumed the truth and accuracy of all representations and statements made to us, which are qualified as to knowledge or belief, without regard to such qualification.

Based on the facts, assumptions and representations and subject to the limitations set forth herein and in the Registration Statement, the Prospectus and the Officer's Certificate, the statements in the Registration Statement under the caption "Material U.S. Federal Income Tax Consequences," insofar as such statements purport to constitute summaries of U.S. federal income tax law and regulations or legal conclusions with respect thereto, constitute the opinion of Kirkland & Ellis LLP as to the material U.S. federal income tax consequences of the matters described therein. This opinion relates solely to the specific matters set forth above, and no opinion is expressed or should be inferred as to any other U.S. federal income tax issues or the tax consequences under any state, local or foreign laws or with respect to other areas of U.S. federal taxation.

This opinion is rendered to you as of the date hereof, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on current provisions of the Internal Revenue Code of 1986, as amended, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters. Our opinion is not binding upon the Internal Revenue Service or the courts, and there can be no assurance that the Internal Revenue Service will not assert a contrary position. Furthermore, no assurances can be given that future legislative, judicial or administrative changes, on either a prospective or retroactive basis, would not affect the conclusions stated in this opinion. Any variation or difference in the facts from those set forth in the Registration Statement, the Prospectus, the Officer's Certificate or any other documents upon which we have relied as described above may affect the conclusions stated herein.

This opinion is furnished to you, and is for your use in connection with the transactions set forth in the Registration Statement. This opinion may not be relied upon by you for any other purpose or furnished to, assigned to, quoted to or relied upon by any other person, firm or other entity, for any purpose, without our prior written consent, except that this opinion may be relied upon by persons entitled to rely on it pursuant to applicable provisions of federal securities law.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the incorporation by reference of this opinion to the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Commission promulgated thereunder.

Sincerely,

[Kirkland & Ellis LLP]

Exhibit 10.5

EXECUTION VERSION

CREDIT AGREEMENT

Dated as of September 2, 2022

among

BCE-MACH LLC,
as the Borrower,

The Several Lenders
from Time to Time Parties Hereto,

MIDFIRST BANK,
as Administrative Agent and Collateral Agent,

MIDFIRST BANK,
as Issuing Bank

TABLE OF CONTENTS

EXHIBITS

Exhibit A	Form of Reserve Report Certificate
Exhibit B	Form of Notice of Borrowing
Exhibit C	Form of Guarantee
Exhibit D	Forms of Mortgage/Deed of Trust
Exhibit E	Form of Collateral Agreement
Exhibit F	Form of Compliance Certificate
Exhibit G	Form of Assignment and Acceptance
Exhibit H	Form of Promissory Note
Exhibit I	Form of Intercompany Note
Exhibit J	Form of Solvency Certificate
Exhibit K	Form of Non-Bank Tax Certificate
Exhibit L	Form of Notice of Continuation
Exhibit M	Form of Prepayment Notice

THIS CREDIT AGREEMENT, dated as of September 2, 2022, among BCE- MACH LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders hereto (each a "Lender" and, collectively, the "Lenders"), MIDFIRST BANK, a federally chartered savings association, as administrative agent and collateral agent for the Lenders, and MIDFIRST BANK, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party hereto and the other Persons from time to time party thereto.

WHEREAS, (a) the Borrower has requested that (i) on the Closing Date, the Lenders provide Loans to the Borrower in an aggregate principal amount of up to $100,000,000.00, subject to the initial Borrowing Base provided inSection 2.14(a) (the "Closing Date Loans"), and (ii) at any time and from time to time after the Closing Date, the Lenders provide Loans to the Borrower subject to the Available Commitment and (b) the Borrower has requested that each Issuing Bank issue Letters of Credit (subject to the Available Commitment) at any time and from time to time prior to the L/C Maturity Date, in an aggregate Stated Amount at any time outstanding not in excess of the Letter of Credit Commitment;

WHEREAS the Closing Date Loans will be used by the Borrower to refinancethe Indebtedness incurred by Borrower under its existing credit facility;

WHEREAS, following the Closing Date, the proceeds of the Loans will be used by the Borrower for the acquisition, development and exploration of Oil and Gas Properties and for working capital and other general corporate purposes of the Borrower and its Subsidiaries (including Permitted Acquisitions) and the Letters of Credit will be used by the Borrower and its Subsidiaries for general corporate purposes, including to secure any surety and bonding requirements and to support deposits required under purchase agreements pursuant to which the Borrower or its Subsidiaries may acquire Oil and Gas Properties and other assets; and

WHEREAS, the Lenders and the Issuing Banks are willing to make available to the Borrower such revolving credit and letter of credit facilities upon the terms and subject to the conditions set forth herein;

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

SECTION 1 DEFINITIONS.

1.1. Defined Terms. As used herein, the following terms shall have the meanings specified below: "Account Control Agreement" shall mean, as to any deposit account, securities account or commodity account of any Credit Party held with a financial institution, an agreement or agreements in form and substance reasonably acceptable to the Administrative Agent and the Borrower, among such Credit Party owning such deposit account, securities account or commodity account, the Collateral Agent and the financial institution at which such deposit account, securities account or commodity account is located, which agreement establishes the Collateral Agent's control (within the meaning of the UCC) with respect to such account.

"Acquired EBITDAX" shall mean, with respect to any Acquired Entity or Business or any Converted Restricted Subsidiary for any period, the amount for such period of EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary (determined as if references to the Borrower and the Restricted Subsidiaries in the definition of EBITDAX were references to such Acquired Entity or Business and its Subsidiaries or to such Converted Restricted Subsidiary and its Subsidiaries), as applicable, all as determined on a consolidated basis for such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable; *provided*, that the Borrower may, to the extent Acquired EBITDAX of an Acquired Entity or Business or Converted Restricted Subsidiary does not include a full four fiscal quarter period and Acquired EBITDAX is to be included in the determination of "EBITDAX" for a full four fiscal quarter period, calculate Acquired EBITDAX with respect to such Acquired Entity or Business or Converted Restricted Subsidiary on a Pro Forma Basis by annualizing the actual EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary as follows: (i) if such Acquired Entity or Business or Converted Restricted Subsidiary has only one full fiscal quarter of actual EBITDAX, by multiplying (A) the actual EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such fiscal quarter by (B) four; (ii) if such Acquired Entity or Business or Converted Restricted Subsidiary has only two full fiscal quarters of actual EBITDAX, by multiplying (A) the actual EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such two fiscal quarter period by (B) two; and (iii) if such Acquired Entity or Business or Converted Restricted Subsidiary has only three full fiscal quarters of actual EBITDAX, by multiplying (A) the actual EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such three fiscal quarter period by (B) 4/3; *provided* that if any calculation of EBITDAX includes Acquired EBITDAX that has been annualized, the Borrower shall, in the certificate setting forth such calculation (which may be the same certificate delivered under Section 9.1(c)) deliver reasonable supporting evidence of such Acquired EBITDAX and, in addition, provide additional detail relating thereto upon the Administrative Agent's reasonable request.

"Acquired Entity or Business" has the meaning set forth in the definition of the term "EBITDAX".

"Adjusted SOFR Rate" means, for any Interest Period, the sum of (a) the SOFR Rate for such Interest Period, plus (b) the SOFR Adjustment for such Interest Period.

"Adjusted Total Commitment" shall mean, at any time, the Total Commitment less the aggregate amount of Commitments of all Defaulting Lenders.

"Administrative Agent" shall mean MidFirst Bank, as the administrative agent for the Lenders under this Agreement and the other Credit Documents, or any

successor administrative agent appointed in accordance with the provisions of Section 12.9.

"Administrative Agent's Office" shall mean the Administrative Agent's address and, as appropriate, account as set forth on Schedule 13.2, or such other address or account as the Administrative Agent may from time to time notify in writing to the Borrower and the Lenders.

"Administrative Questionnaire" shall mean, for each Lender, an administrative questionnaire in a form approved by the Administrative Agent.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. "Controlling" ("controlling") and "controlled" shall have meanings correlative thereto.

"Agents" shall mean the Administrative Agent and the Collateral Agent. "Agreement" shall mean this Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"Anti-Corruption Laws" means all state or federal laws, rules, and regulations applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption, including the Foreign Corrupt Practices Act of 1977, as amended.

"Applicable Margin" shall mean, for any day, with respect to any Loan, the rate per annum set forth in the grid below based upon the Borrowing Base Utilization Percentage in effect on such day:

Borrowing Base Utilization Grid

Borrowing Base Utilization Percentage	<25%	≥25% and < 50%	≥50% and < 75%	≥75% and < 90%	≥90%
Applicable Margin	3.00%	3.25%	3.50%	3.75%	4.00%

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.

"Approved Fund" shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approved Petroleum Engineers" shall mean (a) Netherland, Sewell & Associates, Inc., (b) Ryder Scott Company, L.P., (c) W. D. Van Gonten & Co. Petroleum Engineering, (d) DeGolyer and MacNaughton, (e) Cawley, Gillespie & Associates, Inc., (f) Miller and Lents, Ltd. and (g) at the Borrower's option, any other independent petroleum engineers selected by the Borrower and reasonably acceptable to the Administrative Agent.

"Assignment and Acceptance" shall mean an assignment and acceptance substantially in the form of Exhibit G or such other form as may be approved by the Administrative Agent.

"Authorized Officer" shall mean as to any Person, the President, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Accounting Officer, the Controller, the Treasurer, the Assistant or Vice Treasurer, the Vice President-Finance, the General Counsel and any manager, managing member or general partner, in each case, of such Person, and any other senior officer designated as such in writing to the Administrative Agent by such Person. Any document delivered hereunder that is signed by an Authorized Officer shall be conclusively presumed to have been authorized by all necessary corporate, limited liability company, partnership and/or other action on the part of the Borrower or any other Credit Party and such Authorized Officer shall be conclusively presumed to have acted on behalf of such Person. Unless the context requires otherwise, references to "Authorized Officer" shall be references to an Authorized Officer of the Borrower.

"Auto-Extension Letter of Credit" shall have the meaning provided in Section 3.2(b).

"Available Commitment" shall mean, at any time, (a) the Loan Limit at such time minus (b) the aggregate Total Exposures of all Lenders at such time.

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" shall mean, 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 for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bank Price Deck" shall mean the Administrative Agent's internal price deck on a forward curve basis for each of oil, natural gas and other Hydrocarbons, as applicable, furnished to the Borrower by the Administrative Agent from time to time in accordance with the terms of this Agreement.

"Bankruptcy Code" shall have the meaning provided in Section 11.5.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as 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 and subject to 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".

"Benefited Lender" shall have the meaning provided in Section 13.8.

"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" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Board of Directors" shall mean, as to any Person, the board of directors or other governing body of such Person, or if such Person is owned or managed by a single entity, the board of directors or other governing body of such entity.

"Borrower" shall have the meaning provided in the introductory paragraph hereto.

"Borrowing" shall mean the incurrence of Loan on a given date (or resulting from conversions on a given date) having the same Interest Period.

"Borrowing Base" shall mean, at any time, an amount equal to the amount determined in accordance with Section 2.14, as the same may be adjusted from time to time pursuant to the provisions of this Agreement.

"Borrowing Base Deficiency" occurs if, at any time, the aggregate Total Exposures of all Lenders exceeds the Borrowing Base then in effect. The amount of the Borrowing Base Deficiency is the amount by which the sum of the aggregate Total Exposures of all Lenders exceeds the Borrowing Base then in effect.

"Borrowing Base Properties" shall mean the Oil and Gas Properties of the Credit Parties constituting Proved Developed Producing Reserves included in the Initial Reserve Reports and thereafter in the Reserve Report most recently delivered pursuant to Section 9.13.

"Borrowing Base Utilization Percentage" shall mean, as of any day, the fraction expressed as a percentage, the numerator of which is the sum of the aggregate Total Exposures of all Lenders on such day, and the denominator of which is the Borrowing Base in effect on such day.

"Borrowing Base Value" shall mean, with respect to any Oil and Gas Property of a Credit Party or any Hedge Agreement in respect of commodities, the value attributed to such asset by the Administrative Agent in connection with the most recent determination of the Borrowing Base approved by all Lenders or the Required Lenders, as applicable, in accordance with Section 2.14.

"Budget" shall have the meaning provided in Section 9.1(k).

"Business Day" shall mean any day excluding Saturday, Sunday and any other day on which banking institutions in Houston, Texas or New York, New York are authorized by law or other governmental actions to close.

"Capital Expenditures" shall mean, without duplication, any expenditure or commitment to expend money for any maintenance, purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Restricted Subsidiaries prepared in accordance with GAAP.

"Capital Lease" shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person; *provided* that for all purposes hereunder the amount of obligations under any Capital Lease shall be the amount thereof accounted for as a liability on the balance sheet of such Person in accordance with GAAP; *provided*, *further*, that for purposes of calculations made pursuant to the terms of this Agreement, GAAP will be deemed to treat leases in a manner consistent with its current treatment under generally accepted accounting principles as of the Closing Date, notwithstanding any modifications or interpretative changes thereto that may occur. For the avoidance of doubt, any lease that would be characterized as an operating lease in accordance with GAAP on the Closing Date (whether or not such operating lease was in effect on such date) shall continue to be accounted for as an operating lease (and not as a Capital Lease) for purposes of this Agreement regardless of any change in GAAP following the Closing Date that would otherwise require such lease to be re-characterized (on a prospective or retroactive basis or otherwise) as a Capital Lease.

"Capitalized Lease Obligations" shall mean, as applied to any Person, all obligations under Capital Leases of such Person or any of its Restricted Subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

"Cash Collateral" shall have the meaning provided in Section 3.8(c).

"Cash Collateralize" shall have the meaning provided in Section 3.8(c).

"Cash Equivalent" shall mean:

(a) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof, in each case maturing within one year from the date of acquisition thereof;

(b) commercial paper maturing within one year from the date of acquisition thereof rated in the highest grade by S&P or Moody's;

(c) demand deposits, and time deposits maturing within one year from the date of creation thereof, with or issued by any Lender or any office located in the United States of any other bank or trust company which is organized under the laws of the United States or any state thereof, has capital, surplus and undivided profits aggregating at least $100,000,000 (as of the date of such bank or trust company's most recent financial reports) and has a short term deposit rating of at least A2 or P2, as such rating is set forth from time to time, by S&P or Moody's, respectively; and

(d) deposits in money market funds at least 95% of whose assets are cash and Investments described in the preceding clauses (a), (b) and (c) or otherwise complying with Rule 2a-7 of the SEC.

"Cash Management Bank" shall mean any Person that either (i) at the time it provides Cash Management Services, (ii) on the Closing Date or (iii) at any time after it has provided any Cash Management Services, is a Lender or an Agent or an Affiliate of a Lender or an Agent.

"Cash Management Obligations" shall mean obligations owed by the Borrower or any Restricted Subsidiary to any Cash Management Bank in connection with, or in respect of, any Cash Management Services.

"Cash Management Services" shall mean (a) commercial credit cards, merchant card services, purchase or debit cards, including non-card e-payables services, (b) treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services) and (c) any other demand deposit or operating account relationships or other cash management services and agreements, including for collections, operating,

payroll and trust accounts, automatic clearing house services, controlled disbursement services, electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

"Casualty Event" shall mean, with respect to any Collateral, (a) any damage to, destruction of, or other casualty or loss involving, any property or asset or (b) any seizure, condemnation, confiscation or taking under the power of eminent domain of, or any requisition of title or use of, or relating to, or any similar event in respect of, any property or asset.

"CFC" shall mean a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Change in Law" shall mean (a) the adoption of any law, treaty, order, policy, rule or regulation after the Closing Date, (b) any change in any law, treaty, order, policy, rule or regulation or in the interpretation, implementation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender with any guideline, request, directive or order enacted or promulgated after the Closing Date by any central bank or other governmental or quasi-governmental authority (whether or not having the force of law); *provided* that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority, in each case pursuant to Basel III) and all guidelines, requests, directives, orders, rules and regulations adopted, enacted or promulgated in connection therewith shall be deemed to have gone into effect after the Closing Date regardless of the date adopted, enacted or promulgated and shall be included as a Change in Law but only to the extent a Lender is imposing applicable increased costs or costs in connection with capital adequacy requirements or liquidity requirements similar to those described in clauses (a)(ii) and (c) of Section 2.10 generally on other borrowers of loans under United States reserve-based credit facilities.

"Change of Control" shall mean and be deemed to have occurred if (i) the Permitted Holders shall at any time cease to have, directly or indirectly, the power to vote or direct the voting of at least 51.0% of the Voting Stock of the Parent, (ii) the Parent ceases to own 100% of the Voting Stock of the Borrower or (iii) the Permitted Holders shall at any time cease to have, directly or indirectly, the power to elect a majority of the Board of Directors of the Borrower.

"Closing Date" means the date on which the conditions specified in Section 6 are satisfied (or waived in accordance with Section 13.1).

"Closing Date Loans" shall have the meaning provided in the recitals to this Agreement. time.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to

"Collateral" shall have the meaning provided for such term in each of the Security Documents and shall include any and all assets securing any or all of the Obligations; *provided* that with respect to any Mortgages, "Collateral," as defined herein, shall include "Mortgaged Property" as defined therein.

"Collateral Agent" shall mean MidFirst Bank, as collateral agent under the Security Documents, or any successor collateral agent appointed in accordance with the provisions of Section 12.9.

"Collateral Agreement" shall mean the Collateral Agreement of even date herewith by and among the Borrower, the other grantors party thereto and the Collateral Agent, for the benefit of the Secured Parties, substantially in the form of Exhibit E hereto.

"Collateral Coverage Minimum" shall mean that the Mortgaged Properties shall represent from the Closing Date and thereafter, at least 90% of the PV-9 of the Credit Parties' total Proved Developed Producing Reserves that are Borrowing Base Properties and included either in the Initial Reserve Reports or in the most recent Reserve Report delivered pursuant to Section 9.13.

"Commitment" shall mean, (a) with respect to each Lender that is a Lender on the Closing Date, the amount set forth opposite such Lender's name on Schedule 1.1(a) as such Lender's "Commitment", and (b) in the case of any Lender that becomes a Lender after the Closing Date, the amount specified as such Lender's "Commitment" in the Assignment and Acceptance pursuant to which such Lender assumed a portion of the Total Commitment, in each case as the same may be changed from time to time pursuant to the terms of this Agreement.

"Commitment Fee" shall have the meaning provided in Section 4.1(a).

"Commitment Percentage" shall mean, at any time, for each Lender, the percentage obtained by dividing (a) such Lender's Commitment at such time by (b) the amount of the Total Commitment at such time; *provided* that at any time when the Total Commitment shall have been terminated, each Lender's Commitment Percentage shall be the percentage obtained by dividing (i) such Lender's Total Exposure at such time by (ii) the aggregate Total Exposures of all Lenders at such time.

"Commodity Exchange Act" shall mean 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.

"Confidential Information" shall have the meaning provided in Section 13.16.

"Consolidated Cash Balance" shall mean, at any time, (a) the aggregate amount of Unrestricted Cash and Cash Equivalents in each case, held or owned by (whether directly or indirectly), credited to the account of, or otherwise reflected as an asset on the balance sheet of, the Borrower and its Restricted Subsidiaries at such time, minus the following, but only to the extent included in the foregoing calculation of Unrestricted Cash and Cash Equivalents (b) without duplication, the aggregate amount of (i) Unrestricted Cash and Cash Equivalents set aside to pay royalty obligations, working interest obligations, production payments, vendor payments, suspense payments, severance and ad valorem taxes, payroll, payroll taxes, other taxes, employee wage and benefit payments and trust and fiduciary obligations or other obligations of the Borrower or any Restricted Subsidiary to unaffiliated third parties and for which the Borrower or such Restricted Subsidiary either (x) has issued checks or initiated wires or ACH transfers (but which amounts have not, as of such time, been subtracted from the balance in the relevant account of the Borrower or such Restricted Subsidiary) or (y) reasonably anticipates in good faith that it will issue checks or initiate wires or ACH transfers within five (5) Business Days after the date of measurement, (ii) any Unrestricted Cash or Cash Equivalents constituting purchase price deposits held in escrow pursuant to a binding and enforceable purchase and sale agreement with a third party at such time containing customary provisions regarding the payment and refunding of such deposits and (iii) the aggregate amount of cash and Cash Equivalents held in Excluded Accounts at such time.

"Consolidated Net Income" shall mean, for any period, for the Borrower and its Restricted Subsidiaries on a consolidated basis, the net income of the Borrower and its Restricted Subsidiaries (excluding extraordinary gains and extraordinary losses and the net income of any Person (other than the Borrower or a Restricted Subsidiary) in which the Borrower or its Restricted Subsidiaries own any Equity Interests for that period, except to the extent of the amount of dividends and distributions actually received by the Borrower or a Restricted Subsidiary), provided that the calculation of Consolidated Net Income shall exclude the following:

(a) any non-cash charges or losses and any non-cash income or gains, in each case, required to be included in net income of the Borrower and its Subsidiaries as a result of the application of FASB Accounting Standards Codifications 718, 815, 410 and 360, but shall expressly include any gains or losses attributable to the termination of any Hedge Agreement other than gains or losses attributable to the termination of any Hedge Agreement solely to the extent such termination occurred in connection with a disposition of the Borrower's or a Restricted Subsidiary's Oil and Gas Properties;

(b) the net income for such period of any Person that is an Unrestricted Subsidiary; *provided* that Consolidated Net Income of any Person shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash or cash equivalents to such Person or a Restricted Subsidiary thereof in respect of such period;

(c) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed (net of any applicable deductibles and costs of collection);

(d) the net income for such period of any Restricted Subsidiary (other than any Guarantor), to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its net income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders (other than restrictions in this Agreement), unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; *provided* that the Consolidated Net Income of the Borrower and its Restricted Subsidiaries will be increased by the amount of dividends or other distributions or other payments actually paid in cash equivalents to the Borrower or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein; and

(e) any impairment charge or asset write-off or write-down in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP, and any impairment charges, asset write-offs or write-down, including ceiling test write-downs, on Oil and Gas Properties under GAAP shall be excluded.

"Consolidated Total Debt" shall mean, as of any date of determination, the sum of (without duplication) the aggregate principal amount of Indebtedness of the Borrower and its Restricted Subsidiaries outstanding on such date, in an amount that would be reflected on a consolidated balance sheet (excluding the notes thereto) prepared as of such date on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of recapitalization or purchase accounting in connection with the Transactions, any Permitted Acquisition, Investment or any other acquisition permitted hereunder), consisting only of Indebtedness for borrowed money, purchase money indebtedness, Indebtedness in respect of any Capital Lease, and debt obligations evidenced by promissory notes, bonds, debentures, loan agreements or similar instruments; *provided* that Consolidated Total Debt shall not include Indebtedness (i) in respect of Hedging Obligations (but shall include net unpaid termination payments under Hedge Agreements), (ii) except to the extent of unreimbursed amounts thereunder, in respect of letters of credit, bank guarantees and performance or similar bonds and (iii) of Unrestricted Subsidiaries for which no Credit Party is liable.

"Consolidated Total Debt to EBITDAX Ratio" shall mean, as of any date of determination:

(a) an amount equal to (i) Consolidated Total Debt as of the last day of the most recent Test Period *minus* (ii) the lesser of (A) all Unrestricted Cash and Cash Equivalents of the Borrower and its Restricted Subsidiaries as of such date and (B) $10,000,000 *divided by*

(b) EBITDAX for such Test Period; *provided* that the Consolidated Total Debt to EBITDAX Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

"Contractual Requirement" shall have the meaning provided in Section 8.3.

"Converted Restricted Subsidiary" shall have the meaning set forth in the definition of "EBITDAX."

"Converted Unrestricted Subsidiary" shall have the meaning set forth in the definition of "EBITDAX."

"Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning assigned to such term in Section 13.27.

"Credit Documents" shall mean this Agreement, the Guarantee, the Security Documents, each Letter of Credit, any promissory notes issued by the Borrower under this Agreement, and any intercreditor agreement with respect to the Facility entered into on or after the Closing Date to which the Collateral Agent is party. Hedge Agreements are expressly excluded from the definition of Credit Documents.

"Credit Event" shall mean and include the making (but not the conversion or continuation) of a Loan and the issuance of a Letter of Credit (but not the automatic renewal of any Letter of Credit).

"Credit Party" shall mean each of the Borrower and the Guarantors.

"Cure Amount" shall have the meaning provided in Section 11.12(a).

"Cure Deadline" shall have the meaning provided in Section 11.12(a).

"Cure Right" shall have the meaning provided in Section 11.12(a).

"Current Assets" shall mean, at any time, the sum of (a) the consolidated current assets of the Borrower and the Restricted Subsidiaries at such time,plus (b) the Available Commitment at such time, but excluding any non-cash assets arising under ASC 815 and ASC 410.

"Current Liabilities" shall mean, at any time, the consolidated current liabilities of the Borrower and the Restricted Subsidiaries at such time, but excluding (a) current maturities of long term debt of the Borrower and the Restricted Subsidiaries under this Agreement and the other Credit Documents and (b) any non-cash liabilities arising under ASC 815 and ASC 410.

"Default" shall mean any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"Default Rate" shall have the meaning provided in Section 2.8(b).

"Default Right" shall have the meaning provided in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" shall mean any Lender whose acts or failures to act, whether directly or indirectly, cause it to meet any part of the definition of "Lender Default."

"Disposed EBITDAX" shall mean, with respect to any Sold Entity or Business or any Converted Unrestricted Subsidiary for any period, the amount for such period of EBITDAX of such Sold Entity or Business (determined as if references to the Borrower and the Restricted Subsidiaries in the definition of EBITDAX (and in the component definitions used therein) were references to such Sold Entity or Business and its Subsidiaries or such Converted Unrestricted Subsidiary and its Subsidiaries) or such Converted Unrestricted Subsidiary, all as determined on a consolidated basis for such Sold Entity or Business or such Converted Unrestricted Subsidiary.

"Disposition" shall have the meaning provided in Section 10.4. "Dispose" or "Disposed of" shall have a correlative meaning.

"Disqualified Stock" shall mean any Equity Interest that, by its terms (or by the terms of any security or other Equity Interests 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 Qualified Equity Interests), pursuant to a sinking fund obligation, scheduled redemption or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Obligations under Secured Hedge Agreements and Secured Cash Management Agreements)) and the termination of the Commitments and (to the extent not cash collateralized or backstopped in a manner reasonably acceptable to the Issuing Bank) outstanding Letters of Credit, (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests and other than as a result of a change of control or asset sale) so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Obligations under Secured Hedge Agreements and Secured Cash Management Agreements) and the termination of the Commitments and (to the extent not cash collateralized or backstopped in a manner reasonably acceptable to the Issuing Bank) outstanding Letters of Credit, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in the case of each of clauses (a), (b), (c) and (d), prior to the date that is ninety-one (91) days after the Maturity Date at the time of issuance of such Equity Interests; *provided*, that if such Equity Interests are issued pursuant to any plan for the benefit of future, current or former employees, directors, officers, members of management or consultants of the Borrower (or any direct or indirect parent thereof) or its Subsidiaries or by any such plan to such employees, directors, officers, members of management or consultants, such Equity Interests shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Borrower or its Restricted Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's, officer's, management member's or consultant's termination, death or disability; *provided*, *further*, that any Equity Interests held by any future, current or former employee, director, officer, member of management or consultant of the Borrower, any of its Restricted Subsidiaries, any of its direct or indirect parent companies or any other entity in which the Borrower or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of Directors (or the compensation committee thereof), in each case pursuant to any stock subscription or shareholders' agreement, management equity plan or stock option plan or any other management or employee benefit plan or agreement shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Borrower or its Restricted Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's, officer's, management member's or consultant's termination, death or disability.

"Distressed Person" shall have the meaning provided in the definition of "Lender-Related Distress Event".

"Dollars" and "$" shall mean dollars in lawful currency of the United States of America.

"Domestic Subsidiary" shall mean each Subsidiary of the Borrower that is organized under the laws of the United States or any state thereof, or the District of Columbia.

"Drawing" shall have the meaning provided in Section 3.4(b).

"EBITDAX" shall mean, for any period, for the Borrower and its Restricted Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Interest Expense for such period, (ii) an amount equal to the provision for federal, state, and local income, franchise, sales and use taxes payable or to become payable by the Borrower and its Restricted Subsidiaries for such period, (iii) depletion, depreciation, amortization and exploration expense for such period (including all drilling, completion, geological and geophysical costs), (iv) losses from asset Dispositions (excluding Hydrocarbons Disposed of in the ordinary course of business), (v) all other non-cash items reducing such Consolidated Net Income for such period, (vi) extraordinary or non-recurring losses for such period and (vii) Transaction Expenses and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) federal, state and local income tax credits of the Borrower and its Restricted Subsidiaries for such period (ii) gains from asset Dispositions (excluding Hydrocarbons Disposed of in the ordinary course of business), (iii) all other non-cash items increasing Consolidated Net Income for such period, and (iv) extraordinary or non-recurring gains for such period.

There shall be included in determining EBITDAX for any period, without duplication, the Acquired EBITDAX of any Person, property, business or asset acquired by the Borrower or any Restricted Subsidiary during such period (but not the Acquired EBITDAX of any related Person, property, business or assets to the extent not so acquired), to the extent not subsequently sold, transferred or otherwise disposed by the Borrower or such Restricted Subsidiary during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an "Acquired Entity or Business") and the Acquired EBITDAX of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a "Converted Restricted Subsidiary"), based on the actual Acquired EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition). There shall be excluded in determining

EBITDAX for any period the Disposed EBITDAX of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of or, closed or classified as discontinued operations (but if such operations are classified as discontinued due to the fact that they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of) by the Borrower or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a "Sold Entity or Business") and the Disposed EBITDAX of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each a "Converted Unrestricted Subsidiary"), based on the actual Disposed EBITDAX of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer or disposition).

For the avoidance of doubt, EBITDAX shall be calculated on a Pro Forma Basis.

"EEA Financial Institution" shall mean (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" shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" shall mean 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.

"Engineering Reports" shall have the meaning provided in Section 2.14(c).

"Environmental Claims" shall mean any and all actions, suits, orders, decrees, injunctions, demands, demand letters, claims, liens, notices of noncompliance, restrictions on use, violation or potential responsibility, or proceedings arising under or based upon any Environmental Law or any permit issued, or any approval given, under any such Environmental Law (hereinafter, "Claims"), including, without limitation, (i) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief relating to the presence, release or threatened release of Hazardous Materials or arising from alleged injury or threat of injury to health or safety (to the extent relating to human exposure to Hazardous Materials), or the environment including, without limitation, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands.

"Environmental Law" shall mean any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance and code now or hereafter in effect and in each case as amended, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree or judgment, relating to the protection of the public health or welfare (to the extent relating to human exposure to Hazardous Materials) or the environment, including, without limitation, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands, or human health or safety (to the extent relating to human exposure to Hazardous Materials), or Hazardous Materials.

"Environmental Permit" shall mean any permit, registration, license, approval, identification number, license or other authorization required under any applicable Environmental Law.

"Equity Interests" of any person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing, excluding any debt security that is convertible or exchangeable into any Equity Interests (*provided* that any instrument evidencing Indebtedness convertible or exchangeable into Equity Interests, whether or not such debt securities include any right of participation with Equity Interests, shall not be deemed to be Equity Interests unless and until such instrument is so converted or exchanged, except, solely for purposes of a pledge of Equity Interests in connection with this Agreement, to the extent such instrument could be treated as "stock" of a CFC for purposes of Treasury Regulation Section 1.956-2(c)(2)).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time. Section references to ERISA are to ERISA as in effect on the Closing Date and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) that together with the Borrower would be deemed to be a "single employer" within the meaning of Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(m) or (o) of the Code.

"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" shall have the meaning provided in Section 11.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Accounts" means (a) accounts maintained by the Credit Parties where all or substantially all of the deposits in which consist of amounts utilized (i) for funding payroll, payroll Taxes, withheld income Taxes and other employee wage and benefit obligations of the Credit Parties, (ii) for holding amounts of third parties as a fiduciary or in trust, (iii) as a suspense or distribution account for holding only third party funds to satisfy royalty obligations and working interest obligations owed to third parties, (iv) as a cash collateral account constituting a Permitted Lien under clause (d) or (e) of the definition thereof, and (b) any other accounts so long as the maximum balance in any such other accounts at any time does not exceed $1,000,000 in the aggregate.

"Excluded Assets" shall have the meaning assigned to such term in the Collateral Agreement.

"Excluded Equity Interests" shall mean (a) any Equity Interests with respect to which, in the reasonable judgment of the Administrative Agent, the cost or other consequences of pledging such Equity Interests in favor of the Secured Parties under the Security Documents shall be excessive in view of the benefits to be obtained by the Secured Parties therefrom, (b) solely in the case of any pledge of Equity Interests of any Foreign Subsidiary or FSHCO (in each case, that is owned directly by the Borrower or a Guarantor) to secure the Obligations, any Equity Interest that is Voting Stock of such Foreign Subsidiary or FSHCO in excess of 65% of the Voting Stock of such Subsidiary and (c) the Equity Interests of any Subsidiary of a Foreign Subsidiary or FSHCO.

"Excluded Hedging Obligation" shall mean, with respect to any Credit Party, any Hedging Obligation if, and to the extent that, all or a portion of the liability of such Credit Party with respect to, or the grant by such Credit Party of a security interest to secure, such Hedging Obligation (or any Guarantee thereof or other agreement or undertaking agreeing to guarantee, repay, indemnify or otherwise be liable therefor) 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) (a) by virtue of such Credit Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee obligation or other liability of such Credit Party or the grant of such security interest becomes or would become effective with respect to such Hedging Obligation or (b) in the case of a Hedging Obligation subject to a clearing requirement pursuant to section 2(h) of the Commodity Exchange Act (or any successor provision thereto), because such Credit Party is a "financial entity," as defined in section 2(h)(7)(C)(i) of the Commodity Exchange Act (or any successor provision thereto), at the time the guarantee obligation or other liability of such Credit Party becomes or would become effective with respect to such related Hedging Obligation. If a Hedging Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Hedging Obligation that is attributable to swaps for which such guarantee obligation or other liability or security interest is or becomes illegal.

"Excluded Subsidiary" shall mean (a) any Foreign Subsidiary, (b) any Domestic Subsidiary (i) that owns no material assets (directly or through its Subsidiaries) other than equity interests, or debt and equity interests, of one or more Foreign Subsidiaries that are CFCs (each such Foreign Subsidiary, a "FSHCO") or (ii) that is a direct or indirect Subsidiary of a Foreign Subsidiary, and (c) each Unrestricted Subsidiary.

"Excluded Taxes" shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Credit Party hereunder or under any other Credit Document, (i) Taxes imposed on or measured by net or overall gross income (however denominated, and including (for the avoidance of doubt) any backup withholding in respect thereof under Section 3406 of the Code or any similar provision of state, local or foreign law), branch profits Taxes and franchise (and similar) Taxes imposed on it, in each case by a jurisdiction (including any political subdivision thereof) as a result of such recipient being organized in, having its principal office in, or in the case of any Lender, having its applicable lending office in, such jurisdiction, or that are Other Connection Taxes, (ii) U.S. federal withholding Taxes imposed on any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document that is required to be imposed on amounts payable to a recipient, in the case of any Lender (other than to the extent such Lender is an assignee pursuant to a request by the Borrower under Section 13.7) pursuant to laws in force at the time such Lender becomes a party hereto (or designates a new lending office), except to the extent that such Lender (or its assignor, if any) was entitled, immediately prior to the designation of a new lending office (or assignment), to receive additional amounts or indemnification payments from any Credit Party with respect to such withholding Tax pursuant to Section 5.4, (iii) any Taxes attributable to the Administrative Agent's, any Lender's or any other recipient's failure to comply with Section 5.4(d), 5.4(e), 5.4(h), or 5.4(i), or (iv) any Tax imposed under FATCA.

"Facility" shall mean this Agreement and the Commitments and the extensions of credit made hereunder.

"Fair Market Value" shall mean, with respect to any asset or group of assets on any date of determination, the value of the consideration obtainable in a Disposition of such asset at such date of determination assuming a Disposition by a willing seller to a willing purchaser dealing at arm's length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, as determined by the Borrower in good faith.

"Farm-In Agreement" shall mean an agreement whereby a Person agrees, among other things, to pay all or a share of the drilling, completion or other expenses of one or more wells or perform the drilling, completion or other operation on such well or wells as all or a part of the consideration provided in exchange for an ownership interest in an Oil and Gas Property.

"Farm-Out Agreement" shall mean a Farm-In Agreement, viewed from the standpoint of the party that grants to another party the right to earn an ownership interest in an Oil and Gas Property.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations promulgated thereunder or official administrative interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement, treaty or convention between or among Governmental Authorities implementing any of the foregoing, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any of the foregoing.

"Federal Funds Effective Rate" shall mean, for any day, the weighted average of the per annum rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published on the next succeeding Business Day by the Federal Reserve Bank of New York or, if such rate is not so published for any date that is a Business Day, the Federal Funds Effective Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 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. Notwithstanding the foregoing, for purposes of this Agreement, in no event shall the Federal Funds Effective Rate be less than zero.

"Fee Letter" shall mean the engagement letter agreement dated as of September 2, 2022, between MidFirst Bank and the Borrower.

"Financial Officer" of any Person shall mean the Chief Financial Officer, principal accounting officer, Treasurer or Assistant Treasurer of such Person.

"Financial Performance Covenants" shall mean the covenants of the Borrower set forth in Section 10.10.

"Foreign Plan" shall mean any employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Borrower or any of its Restricted Subsidiaries with respect to employees employed outside the United States.

"Foreign Subsidiary" shall mean each Subsidiary of the Borrower that is not a Domestic Subsidiary.

"FSHCO" shall have the meaning provided in the definition of "Excluded Subsidiary."

"Fund" shall mean any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial

loans and similar extensions of credit in the ordinary course.

"GAAP" shall mean generally accepted accounting principles in the United States of America, as in effect from time to time; *provided*, *however*, that the accounting for operating leases and capital leases under GAAP as in effect on the date hereof (including, without limitation, Accounting Standards Codification 840) shall apply for the purposes of determining compliance with the provisions of this Agreement, including the definition of Capital Leases and obligations in respect thereof.

"Governmental Authority" shall mean any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange and any supra-national bodies such as the European Union or the European Central Bank.

"Guarantee" shall mean the Guarantee made by any Guarantor in favor of the Collateral Agent for the benefit of the Secured Parties, substantially in the form of Exhibit C.

"Guarantee Obligations" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain financial condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided, however, that the term "Guarantee Obligations" shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Guarantor" shall mean (a) each Subsidiary that is a party to the Guarantee as of the Closing Date and (b) each Subsidiary that becomes a party to the Guarantee after the Closing Date pursuant to Section 9.10 or otherwise.

"Hazardous Materials" shall mean (a) any petroleum or petroleum products, natural gas or natural gas liquids, radioactive materials, friable asbestos or asbestos containing materials, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas and (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous waste", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", "toxic substances", "toxic pollutants", "contaminants", or "pollutants", or words of similar import, under any applicable Environmental Law.

"Hedge Agreements" shall mean (a) any and all rate swap transactions, basis swaps, commodity swaps, commodity options, forward commodity contracts, future contracts, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, fixed-price physical delivery contracts, whether or not exchange traded, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which 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., any International Foreign Exchange Master Agreement or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement. Notwithstanding the foregoing, agreements or obligations to physically sell any commodity at any index-based price shall not be considered Hedge Agreements.

"Hedge Bank" shall mean (a) any Person (other than the Borrower or any of its Subsidiaries) that (x) at the time it enters into a Hedge Agreement is a Lender or Agent or an Affiliate of a Lender or Agent, or (y) at any time after it enters into a Hedge Agreement it becomes a Lender or Agent or an Affiliate of a Lender or Agent or (b) with respect to any Hedge Agreement that is in effect on the Closing Date, (x)any Person (other than the Borrower or any of its Subsidiaries) that is a Lender or Agent or an Affiliate of a Lender or Agent on the Closing Date or (y) Fifth Third Bank, National Association or an Affiliate of the foregoing.

"Hedging Obligations" shall mean, with respect to any Person, the obligations of such Person under Hedge Agreements, including any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Highest Lawful Rate" means, with respect to each Lender, 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 under laws applicable to such Lender 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" shall mean 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. Unless otherwise indicated herein, each reference to the term "Hydrocarbon Interests" shall mean Hydrocarbon Interests of the Borrower and/or the Restricted Subsidiaries, as the context requires.

"Hydrocarbons" shall mean oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined or separated therefrom.

"Indebtedness" of any Person shall mean, if and to the extent (other than with respect toclause (g) below) the same would constitute indebtedness or a liability in accordance with GAAP, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (c) the deferred purchase price of assets or services that in accordance with GAAP would be required to be shown as a liability on the balance sheet of such Person (other than (i) any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in

accordance with GAAP, (ii) accruals for payroll incurred in the ordinary course of business and (iii) obligations resulting under firm transportation contracts, or take or pay contracts or other similar agreements), (d) the face amount of all letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person and, without duplication, all drafts drawn thereunder, (e) the principal component of all Capitalized Lease Obligations of such Person, (f) net Hedging Obligations of such Person, (g) all indebtedness (excluding prepaid interest thereon) of any other Person secured by any Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (h) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase in respect of Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock), (i) the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment and (j) without duplication, all Guarantee Obligations of such Person; *provided* that Indebtedness shall not include (i) trade and other ordinary-course payables and accrued expenses arising in the ordinary course of business that are not more than 90 days past due (or the date of invoice thereof if no due date is specified), (ii) deferred or prepaid revenues, (iii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller, (iv) in the case of the Borrower and its Restricted Subsidiaries, (A) all intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and (B) intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and the Restricted Subsidiaries, (v) in-kind obligations relating to net oil, natural gas liquids or natural gas balancing positions arising in the ordinary course of business, (vi) any obligation 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 and (vii) operating leases or sale and leaseback transactions (except any resulting obligations under any Capital Lease).

For purposes hereof, the amount of any net Hedging Obligations on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (g) above shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the Fair Market Value of the property encumbered thereby as determined by such Person in good faith. Notwithstanding anything in this definition to the contrary, Indebtedness shall be calculated without giving effect to the effects of Financial Accounting Standards Board Accounting Standards Codification 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose hereunder as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

"Indemnified Liabilities" shall have the meaning provided in Section 13.5.

"Indemnified Taxes" shall mean (a) all Taxes imposed on or with respect to any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document other than Excluded Taxes and (b) Other Taxes.

"Industry Investment" shall mean Investments and/or expenditures made in the ordinary course of, and of a nature that is or shall have become customary in, the Oil and Gas Business as a means of actively engaging therein through agreements, transactions, interests or arrangements that permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of Oil and Gas Business jointly with third parties, including: (1) ownership interests (directly or through equity) in Oil and Gas Properties or gathering, transportation, processing, or related systems; and (2) Investments and/or expenditures in the form of or pursuant to operating agreements, processing agreements, Farm-In Agreements, Farm-Out Agreements, development agreements, area of mutual interest agreements, unitization agreements, pooling arrangements, joint bidding agreements, service contracts, joint venture agreements, partnership agreements (whether general or limited), and other similar agreements (including for limited liability companies) with third parties.

"Information" shall have the meaning provided in Section 8.8(a).

"Initial Reserve Reports" shall mean, collectively, the reserve engineers' reports, as of July 1, 2022, prepared by Cawley, Gillespie & Associates, Inc.

"Intercreditor Agreement" shall mean an Intercreditor Agreement in form and content acceptable to the Agents among the Agents, Borrower and one or more Persons described in subpart (b) of the definition of "Secured Hedge Counterparty".

"Interest Expense" shall mean, with respect to any Person for any period, the sum of (a) gross interest expense of such Person for such period on a consolidated basis (including (i) the amortization of debt discounts, (ii) the amortization of all fees (including fees with respect to Hedge Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense and (iii) the portion of any payments or accruals with respect to Capitalized Lease Obligations allocable to interest expense) and (b) capitalized interest of such Person.

For purposes of this definition, interest on obligations in respect of Capital Leases shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such obligations in accordance with GAAP.

"Interest Period" shall mean, with respect to any Loan, the interest period applicable thereto, as determined pursuant to Section 2.9.

"Interim Redetermination" shall have the meaning provided in Section 2.14.

"Interim Redetermination Date" shall mean the date on which a Borrowing Base that has been redetermined pursuant to an Interim Redetermination becomes effective as provided in Section 2.14.

"Investment" shall have the meaning provided in Section 10.5. "IRS" means the United States Internal Revenue Service.

"ISP" shall mean, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" shall mean, with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the applicable Issuing Bank and the Borrower (or any Restricted Subsidiary) or in favor of the applicable Issuing Bank and relating to such Letter of Credit.

"Issuing Bank" shall mean MidFirst Bank, and any of its Affiliates or any replacement or successor appointed pursuant to Section 3.6. If the Borrower requests, MidFirst Bank to issue a Letter of Credit, MidFirst Bank may, in its discretion, arrange for such Letter of Credit to be issued by its Affiliates or any Lender, and in each such case the term "Issuing Bank" shall include any such Affiliate or Lender with respect to Letters of Credit issued by such Affiliate or Lender. References herein and in the other Credit Documents to an Issuing Bank shall be deemed to refer to the Issuing Bank in respect of the applicable Letter of Credit or to all Issuing Banks, as the context requires.

"L/C Borrowing" shall mean an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing.

"L/C Maturity Date" shall mean the date that is five Business Days prior to the Maturity Date.

"L/C Obligations" shall mean, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unpaid Drawings, including all L/C Borrowings. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"L/C Participant" shall have the meaning provided in Section 3.3(a).

"L/C Participation" shall have the meaning provided in Section 3.3(a).

"Lender" shall have the meaning provided in the preamble to this Agreement.

"Lender Default" shall mean (i) the refusal (which may be given verbally or in writing and has not been retracted) or failure of any Lender to make available its portion of any incurrence of Loans or participations in Letters of Credit, which refusal or failure is not cured within one Business Day after the date of such refusal or failure; (ii) the failure of any Lender to pay over to the Administrative Agent, any Issuing Bank or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, unless the subject of a good faith dispute; (iii) a Lender has notified the Borrower or the Administrative Agent that it does not intend or expect to comply with any of its funding obligations, or has made a public statement to that effect with respect to its funding obligations under the Facility, (iv) a Lender has failed, within three Business Days after request by the Administrative Agent, to confirm that it will comply with its funding obligations under the Facility or (v) a Distressed Person has admitted in writing that it is insolvent or such Distressed Person becomes subject to a Lender-Related Distress Event or a Bail-In Action. Any determination by the Administrative Agent that a Lender Default has occurred under any one or more of clauses (i) through (v) above shall be conclusive and binding absent manifest error, and the applicable Lender shall be deemed to be a Defaulting Lender upon delivery of written notice of such determination to the Borrower, each Issuing Bank and each Lender.

"Lender-Related Distress Event" shall mean, with respect to any Lender, that such Lender or any Person that directly or indirectly controls such Lender (each, a "Distressed Person"), as the case may be, is or becomes subject to a Bail-in Action or a voluntary or involuntary case with respect to such Distressed Person under any debtor relief law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Person or any substantial part of such Distressed Person's assets, or such Distressed Person or any Person that directly or indirectly controls such Distressed Person is subject to a forced liquidation, or such Distressed Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Person or its assets to be, insolvent or bankrupt; *provided* that a Lender-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interests in any Lender or any Person that directly or indirectly controls such Lender by a Governmental Authority or an instrumentality thereof so long as such ownership interest does not result in or provide such Lender 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 Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

"Letter of Credit" shall have the meaning provided in Section 3.1.

"Letter of Credit Application" shall have the meaning provided in Section 3.2.

"Letter of Credit Commitment" shall mean $10,000,000, as the same may be reduced from time to time pursuant to Section 3.1 or, with the consent of the Administrative Agent and the Issuing Banks, increased from time to time.

"Letter of Credit Exposure" shall mean, with respect to any Lender, at any time, the sum of (a) the principal amount of any Unpaid Drawings in respect of which such Lender has made (or is required to have made) payments to the applicable Issuing Bank pursuant to Section 3.4(a) at such time and (b) such Lender's Commitment Percentage of the Letters of Credit Outstanding at such time (excluding the portion thereof consisting of Unpaid Drawings in respect of which the Lenders have made (or are required to have made) payments to the applicable Issuing Bank pursuant to Section 3.4(a)) minus the amount of cash or deposit account balances held by the Administrative Agent to Cash Collateralize outstanding Letters of Credit and Unpaid Drawings under Section 3.8.

"Letter of Credit Fee" shall have the meaning provided in Section 4.1(b).

"Letters of Credit Outstanding" shall mean, at any time, the sum of, without duplication, (a) the aggregate Stated Amount of all outstanding Letters of Credit and (b) the aggregate principal amount of all Unpaid Drawings in respect of all Letters of Credit.

"Lien" shall mean, with respect to any asset, (a) any mortgage, preferred mortgage, deed of trust, lien, notice of claim of lien, hypothecation, pledge, charge, security interest or similar encumbrance in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset or (c) Production Payments and Reserve Sales and the like payable out of Oil and Gas Properties; *provided* that in no event shall an operating lease be deemed to be a Lien.

"Liquidate" means, with respect to any Hedge Agreement, the sale, assignment, novation, unwind, monetization or termination of all or any part of such Hedge Agreement or the creation of an offsetting position against all or any part of such Hedge Agreement, except for any such assignment or novation to an Affiliate or successor of the Secured Hedge Counterparty party thereto which Affiliate or successor itself meets the requirements of the definition of "Secured Hedge Counterparty". The term "Liquidated" has a correlative meaning thereto.

"Liquidity" shall mean, as of any date of determination, the sum of (a) the Available Commitment on such date and (b) the aggregate amount of Unrestricted Cash of the Borrower and the Restricted Subsidiaries at such date, less the amount of any Borrowing Base Deficiency existing on such date of determination.

"Loan" shall have the meaning provided in Section 2.1(a).

"Loan Limit" shall mean, at any time, the lesser of (a) the Total Commitment at such time and (b) the Borrowing Base at such time (including as it may be reduced pursuant to Section 2.14(f)).

"Majority Lenders" shall mean, at any date, (a) if there are less than three unaffiliated Lenders at such time, all Non-Defaulting Lenders, (b) if there are three or more unaffiliated Lenders and two or more Non-Defaulting Lenders, either (i) two or more Non-Defaulting Lenders having or holding at least a majority of the Adjusted Total Commitment at such date, or (ii) if the Total Commitment has been terminated, two or more Non-Defaulting Lenders having or holding at least a majority of the outstanding principal amount of the Loans and Letter of Credit Exposure (excluding the Loans and Letter of Credit Exposure of Defaulting Lenders) in the aggregate at such date, and (c) if there are three or more unaffiliated Lenders and only one Non-Defaulting Lender, such Non-Defaulting Lender.

"Management Services Agreement" shall mean that certain Amended and Restated Management Services Agreement, dated as of March 25, 2021 by and between the Borrower and the Manager.

"Manager" shall mean Mach Resources LLC, a Delaware limited liability company.

"Material Adverse Effect" shall mean a circumstance or condition affecting the business, assets, operations, properties or financial condition of the Borrower and the Subsidiaries, taken as a whole, that would, individually or in the aggregate, materially adversely affect (a) the ability of the Borrower and the other Credit Parties, taken as a whole, to perform their obligations under this Agreement or any of the other Credit Documents or (b) the rights and remedies of the Agents and the Lenders under this Agreement or under any of the other Credit Documents.

"Material Indebtedness" shall mean Indebtedness (other than Loans and Letters of Credit) of any one or more of the Borrower or any Restricted Subsidiary in an aggregate principal amount exceeding $2,500,000.

"Maturity Date" means September 2, 2026.

"Maximum LC Commitment" means with respect to each Issuing Bank, the amount set forth opposite such Issuing Bank's name in Schedule 1.1(b) hereto, as such Schedule 1.1(b) may be amended or modified from time to time by the Borrower, each Issuing Bank affected by such amendment or modification thereto and by the Administrative Agent.

"Maximum Total Commitment" means $500,000,000.

"Minimum Borrowing Amount" shall mean, with respect to any Borrowing of Loans, $500,000 (or, if less, the entire remaining Commitments at the time of such Borrowing).

"Minority Investment" shall mean any Person (other than a Subsidiary) in which the Borrower or any Restricted Subsidiary owns Equity Interests.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor by merger or consolidation to its business.

"Mortgage" shall mean a mortgage or a deed of trust, deed to secure debt, trust deed, assignment of as-extracted collateral, fixture filing or other security document entered into by the owner of a Mortgaged Property and the Collateral Agent for the benefit of the Secured Parties in respect of that Mortgaged Property, substantially in the form of Exhibit D (with such changes thereto as may be necessary to account for local law matters) or otherwise in such form as agreed between the Borrower and the Collateral Agent.

"Mortgaged Property" shall mean, at any time, all Borrowing Base Properties, and related Property, with respect to which a Mortgage has been granted.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or an ERISA Affiliate is, or within any of the preceding six plan years has been, obligated to contribute.

"Net Borrowing Base Utilization Percentage" shall mean, as of any day:

(a) an amount equal to (i) aggregate Total Exposures of all Lenders on such day *minus* (ii) all Unrestricted Cash and Cash Equivalents of the Borrower and its Restricted Subsidiaries as of such date; *divided by*

(b) the Borrowing Base in effect on such day.

"New Borrowing Base Notice" shall have the meaning provided in Section 2.14(d).

"Non-Consenting Lender" shall have the meaning provided in Section 13.7(b).

"Non-Defaulting Lender" shall mean and include each Lender other than a Defaulting Lender.

"Non-Extension Notice Date" shall have the meaning provided in Section 3.2(b).

"Non-U.S. Lender" shall mean any Lender (a) that is not disregarded as separate from its owner for U.S. federal income Tax purposes and that is not a "United States person" as defined by Section 7701(a)(30) of the Code or (b) that is disregarded as separate from its owner for U.S. federal income Tax purposes and whose regarded owner is not a "United States person" as defined by Section 7701(a)(30) of the Code.

"Notice of Borrowing" shall mean a request of the Borrower in accordance with the terms of Section 2.3(a) and substantially in the form of Exhibit B or such other form as shall be approved by the Administrative Agent (acting reasonably).

"Notice of Continuation" shall have the meaning provided in Section 2.6(a).

"Obligations" shall mean all advances to, and debts, liabilities, obligations, covenants and duties of, any Credit Party arising under any Credit Document or otherwise with respect to any Loan or Letter of Credit or under any Secured Cash Management Agreement or Secured Hedge Agreement, including Hedging Obligations, in each case, entered into with the Borrower or any other Credit Party, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof in any proceeding under any bankruptcy or insolvency law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in

such proceeding. Without limiting the generality of the foregoing, the Obligations of the Credit Parties under the Credit Documents (and any of their Restricted Subsidiaries to the extent they have obligations under the Credit Documents) include the obligation (including Guarantee Obligations) to pay principal, interest, charges, expenses, fees, attorney costs, indemnities and other amounts payable by any Credit Party under any Credit Document. Notwithstanding the foregoing, (a) the obligations of the Borrower or any Restricted Subsidiary under any Secured Hedge Agreement and under any Secured Cash Management Agreement that have been secured and guaranteed pursuant to the Security Documents and the Guarantee shall be secured and guaranteed pursuant to such Security Documents and Guarantee only to the extent that, and for so long as, the other Obligations are so secured and guaranteed and (b) any release of Collateral or Guarantors effected in the manner permitted by this Agreement and the other Credit Documents shall not require the consent of the applicable Secured Hedge Counterparty or Cash Management Bank. Solely with respect to any Credit Party that is not an "eligible contract participant" under the Commodity Exchange Act, Excluded Hedging Obligations of such Credit Party shall in any event be excluded from "Obligations" owing by such Credit Party.

"Oil and Gas Business" shall mean the business of:

(a) acquiring, exploring, exploiting, developing, producing, operating and disposing of interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and mineral properties or products produced in association with any of the foregoing; and

(b) the business of gathering, marketing, distributing, treating, processing, storing, refining, selling and transporting of any production from interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and mineral properties or products produced in association therewith; and the marketing of oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and minerals obtained from unrelated Persons; and

(c) any business or activity relating to, arising from, or necessary, appropriate, incidental or ancillary to the activities described in the foregoingclauses (a) and (b) of this definition.

"Oil and Gas Properties" shall mean (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 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 hereafter 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, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, gas processing plants and pipeline systems and any related infrastructure to any thereof, 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 indicated herein, each reference to the term "Oil and Gas Properties" shall mean Oil and Gas Properties of the Borrower and/or the Restricted Subsidiaries, as the context requires.

"Ongoing Hedges" shall have the meaning provided in Section 10.9(a).

"Other Connection Taxes" means, with respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising solely from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

"Other Taxes" shall mean any and all present or future stamp, registration, documentary, intangible, recording, filing or any other similar Taxes arising from any payment made hereunder or made under any other Credit Document or from the execution or delivery of, registration or enforcement of, consummation or administration of, or otherwise with respect to, this Agreement or any other Credit Document; *provided* that such term shall not include (i) any of the foregoing Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment pursuant to a request by the Borrower under Section 13.7) or (ii) Excluded Taxes.

"Overnight Rate" shall mean, for any day, the greater of (a) the Federal Funds Effective Rate and (b) an overnight rate determined by the Administrative Agent or the applicable Issuing Bank, as the case may be, in accordance with banking industry rules on interbank compensation.

"Parent" shall mean BCE-Mach Holdings LLC, a Delaware limited liability company.

"Parent Entity" shall mean any Person that is a direct or indirect parent company (which may be organized as a partnership) of the Borrower.

"Participant" shall have the meaning provided in Section 13.6(c).

"Participant Register" shall have the meaning provided in Section 13.6(c).

"Patriot Act" shall have the meaning provided in Section 13.18.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Permitted Acquisition" shall mean the acquisition, by merger or otherwise, by the Borrower or any of the Restricted Subsidiaries of assets (including any assets constituting a business unit, line of business or division) or Equity Interests, so long as (a) such acquisition and all transactions related thereto shall be consummated in all

material respects in accordance with Requirements of Law; (b) if such acquisition involves the acquisition of Equity Interests of a Person that upon such acquisition would become a Subsidiary, such acquisition shall result in the issuer of such Equity Interests becoming a Restricted Subsidiary and, to the extent required by Section 9.10, a Guarantor; (c) such acquisition shall result in the Collateral Agent, for the benefit of the Secured Parties, being granted a security interest in any Equity Interests or any assets so acquired to the extent required by Section 9.10; (d) after giving effect to such acquisition, no Event of Default shall have occurred and be continuing; (e) after giving effect to such acquisition, the Borrower and its Restricted Subsidiaries shall be in compliance with Section 10.18; and (f) the Borrower shall be in Pro Forma Compliance after giving effect to such acquisition.

"Permitted Holders" shall mean any of (i) the Sponsor and (ii) officers, directors, employees and other members of management of the Borrower (or any of its Parent Entities) or any of its Restricted Subsidiaries who are or become holders of Equity Interests of the Borrower (or any Parent Entity); *provided* that for purposes of the definition of "Change of Control" the Persons described in clause (ii) above shall not constitute Permitted Holders at any time they hold voting power equal to or more than 50% of all Equity Interests collectively and beneficially held by the Persons described in clauses (i) and (ii) above.

"Permitted Investments" shall mean:

(a) securities issued or unconditionally guaranteed by the United States government or any agency or instrumentality thereof, in each case having maturities and/or reset dates of not more than 24 months from the date of acquisition thereof;

(b) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally-recognized rating service);

(c) time deposits with, or domestic and eurodollar certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof issued by, any Lender or any other bank or trust company having combined capital, surplus and undivided profits of not less than $500,000,000 in the case of domestic banks and $100,000,000 (or the Dollar equivalent thereof) in the case of foreign banks;

(d) repurchase agreements with a term of not more than 180 days for underlying securities of the type described in clauses (a), and (c) above entered into with any bank meeting the qualifications specified in clause (c) above or securities dealers of recognized national standing;

(e) marketable short-term money market and similar funds (i) either having assets in excess of $500,000,000 or (ii) having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally-recognized rating service); and

(f) shares of investment companies that are registered under the Investment Company Act of 1940 and substantially all the investments of which are one or more of the types of securities described in clauses (a) through (g) above.

"Permitted Liens" shall mean:

(a) Liens for Taxes, assessments or governmental charges or claims not yet overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established to the extent required by and in accordance with GAAP, or for property Taxes on property that the Borrower or one of its Subsidiaries has determined to abandon in compliance with the terms of this Agreement if the sole recourse for such Tax, assessment, charge or claim is to such property;

(b) Liens in respect of property or assets of the Borrower or any of the Restricted Subsidiaries imposed by law, such as landlords', vendors', suppliers', carriers', warehousemen's, repairmen's, construction contractors', workers' and mechanics' Liens and other similar Liens arising in the ordinary course of business or incident to the exploration, development, operation or maintenance of Oil and Gas Properties, in each case so long as such Liens arise in the ordinary course of business and (i) do not individually or in the aggregate have a Material Adverse Effect; and (ii) each of which is in respect of obligations that are not delinquent for a period of 90 or more days or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 11.9;

(d) Liens incurred or pledges or deposits made in connection with workers' compensation, unemployment insurance and other types of social security, old age pension, public liability obligations or similar legislation, and deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements in respect of such obligations, or to secure (or secure the Liens securing) liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Borrower or any Subsidiary;

(e) deposits and other Liens securing (or securing the bonds or similar instruments securing) the performance of tenders, statutory obligations, plugging and abandonment or decommissioning obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (including cash, Cash Equivalents and letters of credit issued in lieu of such bonds or to support the issuance thereof) incurred in the ordinary course of business or in a manner consistent with industry practice, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or to secure any surety and bonding requirements;

(f) ground leases, subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by the Borrower or any of its Restricted Subsidiaries are located;

(g) easements, rights-of-way, restrictive covenants, licenses, restrictions (including zoning restrictions), title defects, exceptions, deficiencies or irregularities in title, encroachments, protrusions, servitudes, permits, conditions and covenants and other similar charges or encumbrances (including in any rights-of-way or other property of the Borrower or its Restricted Subsidiaries for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines for the removal of gas, oil or other minerals or timber, and other like purposes, or for joint or common use of real estate, rights of way, facilities and equipment) not interfering in any material respect with the business of the Borrower and its Restricted Subsidiaries, taken as a whole;

(h) (i) any interest or title of a lessor, sublessor, licensor or sublicensor under any lease, liens reserved in oil, gas or other Hydrocarbons, minerals, leases for bonus, royalty or rental payments and for compliance with the terms of such lease, (ii) any interest or title of a lessor, sublessor, licensor or sublicensor or secured by a lessor's, sublessor's, licensor's or sublicensor's interest under any lease, sublease, license or sublicense entered into by the Borrower or any Restricted Subsidiary in the

ordinary course of business or otherwise permitted by this Agreement and not securing Indebtedness and (iii) and any preferential purchase rights, in each case of the foregoing, to the extent that the aggregate effects thereof do not reduce the net revenue interest of the Credit Parties with respect to any Oil and Gas Properties below that set forth in the most recently delivered Reserve Report;

(i) Liens on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit or bankers' acceptance issued for the account of the Borrower or any of its Restricted Subsidiaries; *provided* that such Lien secures only the obligations of the Borrower or such Restricted Subsidiaries in respect of such letter of credit or bankers' acceptance to the extent permitted under Section 10.1;

(j) Liens arising from precautionary Uniform Commercial Code financing statement or similar filings made in respect of operating leases entered into by the Borrower or any of its Restricted Subsidiaries;

(k) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts of the Borrower and the Restricted Subsidiaries held at such banks or financial institutions, as the case may be, in the ordinary course of business;

(l) Liens which 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, Farm-In 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, royalty agreements, overriding royalty agreements, marketing agreements, processing agreements, net profits agreements, development agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or other geophysical permits or agreements, and other agreements that do not evidence or govern Indebtedness for borrowed money and that are usual or customary in the Oil and Gas Business and are for claims which are not delinquent or that are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established to the extent required by and in accordance with GAAP; *provided* that any such Lien referred to in this clause does not materially impair the use of the property covered by such Lien for the purposes for which such property is held by the Borrower or any Restricted Subsidiary and does not reduce the net revenue interest of any Credit Party with respect to any Oil and Gas Properties below that set forth in the most recently delivered Reserve Report;

(m) Liens on pipelines and pipeline facilities that arise by operation of law in the ordinary course of business and incident to the exploration, development, operation and maintenance of Oil and Gas Properties, each of which is in respect of obligations that do not constitute Indebtedness for borrowed money and are not yet overdue for a period of more than 30 days or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(n) leases, licenses, subleases or sublicenses granted to others not (i) interfering in any material respect with the business of the Borrower and its Restricted Subsidiaries, taken as a whole, (ii) securing any indebtedness or (iii) relating to or encumbering Oil and Gas Properties;

(o) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business; and

(p) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrower and its Restricted Subsidiaries, taken as a whole.

"Permitted Refinancing Indebtedness" shall mean, with respect to any Indebtedness (the "Refinanced Indebtedness"), any Indebtedness issued or incurred in exchange for, or the net proceeds of which are used to modify, extend, refinance, renew, replace or refund (collectively to " Refinance" or a "Refinancing" or "Refinanced"), such Refinanced Indebtedness (or previous refinancing thereof constituting Permitted Refinancing Indebtedness); provided that (A) the principal amount (or accreted value, if applicable) of any such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Refinanced Indebtedness outstanding immediately prior to such Refinancing except by an amount equal to the unpaid accrued interest and premium thereon plus other amounts paid and fees and expenses incurred in connection with such Refinancing plus an amount equal to any existing commitment unutilized and letters of credit undrawn thereunder, (B) if the Indebtedness being Refinanced is Indebtedness permitted by Section 10.1(f), the direct and contingent obligors with respect to such Permitted Refinancing Indebtedness immediately prior to such Refinancing are not changed as a result of such Refinancing (except that a Credit Party may be added as an additional obligor), and (C) such Permitted Refinancing Indebtedness shall have a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Refinanced Indebtedness; provided that a certificate of an Authorized Officer delivered to the Administrative Agent at least three Business Days prior to the incurrence or issuance of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or 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.

"Person" shall mean any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise or any Governmental Authority.

"Petroleum Industry Standards" shall mean the Definitions for Oil and Gas Reserves promulgated by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question.

"Plan" shall mean any single-employer plan, as defined in Section 4001 of ERISA and subject to Title IV of ERISA, that is or was within any of the preceding six plan years maintained or contributed to (or to which there is or was an obligation to contribute or to make payments to) by the Borrower or an ERISA Affiliate.

"Pro Forma Basis" shall mean, as to any Person, for any events as described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the four consecutive fiscal quarter period ended on or before the occurrence of such event (the "Reference Period"): (i) in making any determination of EBITDAX, effect shall be given to any Disposition, any acquisition, any designation of any Restricted Subsidiary as an Unrestricted Subsidiary and any Subsidiary Redesignation (the foregoing, together with any transactions related thereto or in connection therewith, the "relevant transactions"), in each case that occurred during the Reference Period (or, in the case of determinations made pursuant to the definition of the term "Pro Forma Compliance" or pursuant to Section 10.1, 10.2, 10.5 and 10.6, occurring during the Reference Period or thereafter and through and including the date upon which the respective Permitted Acquisition or relevant transaction is consummated), (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness issued, incurred or assumed as a result of, or to finance, any relevant transactions and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise) issued, incurred, assumed or permanently repaid during the Reference Period (or, in the case of determination made pursuant to the definition of the term "Pro Forma Compliance" or pursuant to Section 10.1, 10.2, 10.5 and 10.6, occurring during the Reference Period or thereafter and through and including the date upon which the respective Permitted Acquisition or relevant transaction is

consummated) shall be deemed to have been issued, incurred, assumed or permanently repaid at the beginning of such period, and (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis as if the rates that would have been in effect during the period for which pro forma effect is being given had been actually in effect during such periods, and (iii) (A) any Subsidiary Redesignation then being designated, effect shall be given to such Subsidiary Redesignation and all other Subsidiary Redesignations after the first day of the relevant Reference Period and on or prior to the date of the respective Subsidiary Redesignation then being designated, collectively, and (B) any designation of a Restricted Subsidiary as an Unrestricted Subsidiary, effect shall be given to such designation and all other designations of Restricted Subsidiaries as Unrestricted Subsidiaries after the first day of the relevant Reference Period and on or prior to the date of the then applicable designation of a Restricted Subsidiary as an Unrestricted Subsidiary, collectively.

"Pro Forma Compliance" shall mean, at any date of determination, that the Borrower and the Restricted Subsidiaries shall be in compliance, on a Pro Forma Basis after giving effect on a Pro Forma Basis to the relevant transactions (including the assumption, the issuance, incurrence and permanent repayment of Indebtedness), with the Financial Performance Covenants recomputed as at the last day of the most recently ended fiscal quarter of the Borrower and the Restricted Subsidiaries for which the financial statements and certificates required pursuant to Section 9.1(a) or Section 9.1(b) have been or were required to have been delivered.

"Production Payments and Reserve Sales" shall mean the grant or transfer by the Borrower or any of its Restricted Subsidiaries to any Person of the right to receive all or a portion of the production or the proceeds from the sale of production attributable to Hydrocarbon Interests where the holder of such interest bears production risk and has recourse solely to such production or proceeds of production the subject of such grant or transfer.

"Proposed Acquisition" shall have the meaning provided in Section 10.9(a).

"Proposed Borrowing Base" shall have the meaning provided in Section 2.14(c)(i).

"Proposed Borrowing Base Notice" shall have the meaning provided in Section 2.14(c)(ii).

"Proved Developed Producing Reserves" shall mean oil and gas reserves that, in accordance with Petroleum Industry Standards, are classified as both "Proved Reserves" and "Developed Producing Reserves."

"Proved Developed Reserves" shall mean 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" or (b) "Developed Non-Producing Reserves."

"Proved Reserves" shall mean 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" shall mean 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" shall mean, with respect to any Proved Developed Producing Reserves expected to be produced from any Borrowing Base Properties, the net present value, discounted at 9% per annum, of the future net revenues expected to accrue to the Borrower's and the 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 provided to the Borrower by the Administrative Agent.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning assigned to such term in Section 13.27.

"Qualified Equity Interests" means any Equity Interests of the Borrower other than Disqualified Stock.

"Refinance" shall have the meaning provided in the definition of "Permitted Refinancing Indebtedness."

"Register" shall have the meaning provided in Section 13.6(b)(iv).

"Regulation T" shall mean Regulation T of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Reimbursement Date" shall have the meaning provided in Section 3.4(a).

"Related Parties" shall mean, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents and members of such Person or such Person's Affiliates and any Person that possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"Release" shall mean any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

"Reportable Event" shall mean an event described in Section 4043(c) of ERISA and the regulations thereunder, other than any event as to which the 30-day notice period has been waived.

"Required Cash Collateral Amount" shall have the meaning provided in Section 3.8(c).

"Required Hedging Percentage" shall mean, for crude oil production or natural gas production, as applicable, the percentage set opposite the Net Borrowing Base Utilization Percentage as of the applicable Hedging Test Date in the following table:

Net Borrowing Base Utilization Percentage	Crude Oil Production	Natural Gas Production
< 25%	0%	0%
≥ 25% & < 50%	50%	25%
≥ 50%	75%	50%

"Required Lenders" shall mean, at any date, (a) if there are less than three unaffiliated Lenders at such time, all Non-Defaulting Lenders, (b) if there are three or more unaffiliated Lenders and two or more Non-Defaulting Lenders, either (i) two or more Non- Defaulting Lenders having or holding at least 66-⅔% of the Adjusted Total Commitment at such date, or (ii) if the Total Commitment has been terminated, two or more Non-Defaulting Lenders having or holding at least 66-⅔% of the outstanding principal amount of the Loans and Letter of Credit Exposure (excluding the Loans and Letter of Credit Exposure of Defaulting Lenders) in the aggregate at such date, and (c) if there are three or more unaffiliated Lenders and only one Non-Defaulting Lender, such Non-Defaulting Lender.

"Requirement of Law" shall mean, as to any Person, any law, treaty, rule, regulation, statute, order, ordinance, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case applicable to or binding upon such Person or any of its property or assets or to which such Person or any of its property or assets is subject.

"Reserve Report" shall mean the Initial Reserve Reports and any other subsequent report, in form and substance reasonably satisfactory to the Administrative Agent, setting forth, as of each July 1st or January 1st (or such other date in the event of certain Interim Redeterminations) the Proved Reserves and the Proved Developed Reserves attributable to the Borrowing Base Properties of the Borrower and the Credit Parties, together with a projection of the rate of production and future net revenues, operating expenses (including production Taxes and ad valorem expenses) and capital expenditures with respect thereto as of such date; *provided* that in connection with any Interim Redeterminations of the Borrowing Base pursuant to the last sentence of Section 2.14(b), (i.e., as a result of the Borrower concurrently having acquired Oil and Gas Properties with Proved Developed Producing Reserves which are to be Borrowing Base Properties having a PV-9 (calculated by the Administrative Agent at the time of acquisition) in excess of 5% of the Borrowing Base in effect immediately prior to such acquisition) the Borrower shall be required, for purposes of updating the Reserve Report, to set forth only such additional Proved Reserves and related information as are the subject of such acquisition.

"Reserve Report Certificate" shall mean a certificate of an Authorized Officer in substantially the form of Exhibit A certifying as to the matters set forth in Section 9.13(c) (or such other form reasonably acceptable to the Administrative Agent).

"Restricted Payments" shall have the meaning provided in Section 10.6.

"Restricted Subsidiary" shall mean any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by any Sanctions Authority, (b) any Person operating, organized or resident in a country or territory which is itself the subject or target of any Sanctions or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

"Sanctions" means economic or financial sanctions, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority (including all such applicable laws currently in effect, all such new applicable laws in effect in the future or each as amended from time to time) and including without limitation, any restriction on any Lender's or its Affiliates' ability to conduct business with any Person in any country, territory or region relevant to the transaction.

"Sanctions Authority" means (a) Canada, (b) the United Nations Security Council, (c) the United States, (d) the European Union or any European Union member state, (e) Her Majesty's Treasury of the United Kingdom, or the respective governmental institutions, agencies and subdivisions of any of the foregoing.

"S&P" shall mean Standard & Poor's Global Ratings or any successor by merger or consolidation to its business.

"Scheduled Redetermination" shall have the meaning provided in Section 2.14(b).

"Scheduled Redetermination Date" shall mean the date on which a Borrowing Base that has been redetermined pursuant to a Scheduled Redetermination becomes effective as provided in Section 2.14.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Section 9.1 Financials" shall mean the financial statements delivered, or required to be delivered, pursuant to Section 9.1(a) or (b), together with the accompanying Authorized Officer's certificate delivered, or required to be delivered, pursuant to Section 9.1(c).

"Secured Cash Management Agreement" shall mean any agreement related to Cash Management Services by and between the Borrower or any other Credit Party and any Cash Management Bank; provided that, for the avoidance of doubt, the term "Secured Cash Management Agreement" shall not include any transactions entered into after the time that such Cash Management Bank ceases to be a Lender or an Affiliate of a Lender.

"Secured Hedge Agreement" shall mean any Hedge Agreement by and between the Borrower or any other Credit Party and any Secured Hedge Counterparty; provided that, for the avoidance of doubt, the term "Secured Hedge Agreement" shall not include any transactions entered into after the time that (a) with respect to any Secured Hedge Counterparty that is a Hedge Bank, such Hedge Bank ceases to be a Lender or an Affiliate of a Lender, or (b) with respect to any Secured Hedge Counterparty that is a party to an Intercreditor Agreement, such Person ceases to be a party to an Intercreditor Agreement.

"Secured Hedge Counterparty" shall mean (a) any Hedge Bank, and (b) subject to executing and delivering an Intercreditor Agreement, any other Person approved from time to time by the Administrative Agent.

"Secured Parties" shall mean, collectively, the Administrative Agent, the Collateral Agent, each Issuing Bank, each Lender, each Secured Hedge Counterparty that is party to any Secured Hedge Agreement, each Cash Management Bank that is a party to any Secured Cash Management Agreement and each sub-agent pursuant to Section 12.2 appointed by the Administrative Agent with respect to matters relating to the Credit Documents or by the Collateral Agent with respect to matters relating to any Security Document.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Documents" shall mean, collectively, (a) the Collateral Agreement, (b) the Mortgages and (c) each other security agreement or other instrument or document executed and delivered pursuant to Section 9.10 or Section 9.12 or pursuant to any other such Security Documents or otherwise to secure or perfect the security interest in any or all of the Obligations.

"SOFR Adjustment" means, for any calculation with respect to any SOFR Loan, the annual percentage set forth below for the applicable Interest Period:

Interest Period	Percentage
One month	0.10%
Three months	0.15%
Six months	0.25%

"SOFR Loan" shall mean any Loan bearing interest based on the Adjusted SOFR Rate.

"SOFR Rate" shall mean, for any Interest Period with respect to any Borrowing of a SOFR Loan, the interest rate per annum equal to Term SOFR as published by the Chicago Mercantile Exchange, Inc., CME Group Inc. and their Affiliates or their successor as the administrator for Term SOFR two Business Days before commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. Notwithstanding the foregoing, for purposes of this Agreement, in no event shall the SOFR Rate be less than 0.0%.

"Sold Entity or Business" shall have the meaning provided in the definition of "EBITDAX."

"Solvent" shall mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the assets of such Person and its Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise, (b) the present fair saleable value of the property of such Person and its Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (c) such Person and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured and (d) such Person and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

"Sponsor" shall mean Bayou City Energy, L.P., each of its Affiliates and funds managed by it or any of its Affiliates, but not including their respective portfolio companies.

"Stated Amount" of any Letter of Credit shall mean the maximum amount from time to time available to be drawn thereunder, determined without regard to whether any conditions to drawing could then be met.

"Subagent" shall have the meaning provided in Section 12.2.

"Subsidiary" of any Person shall mean and include (a) any corporation more than 50% of whose Equity Interests of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time Equity Interests of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any limited liability company, partnership, association, joint venture or other entity of which such Person directly or indirectly through Subsidiaries has more than a 50% Equity Interest at the time. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Subsidiary Redesignation" shall have the meaning provided in the definition of "Unrestricted Subsidiary" contained in this Section 1.1(a).

"Supported QFC" has the meaning assigned to such term in Section 13.27.

"Suspension Notice" shall mean notice from the Administrative Agent to Borrower setting forth the Administrative Agent's good faith determination that (a) the SOFR Rate is not reported, (b) (as a result of changes to any Requirement of Law) it has become unlawful or discouraged for Lenders to make or maintain the Loans at the SOFR Rate, or (c) the SOFR Rate (i) is unreliable or impractical to use for loans tied to any SOFR Rate or for the Administrative Agent's risk management or hedging related to any such loans, (ii) is no longer the predominant index for variable rate loans made by the Administrative Agent or its competitors, or (iii) no longer permits the Administrative Agent, in its capacity as Lender, or the other Lenders, to achieve (in all material respects) the return on the Loans as the Administrative Agent modeled at the time it approved the Loans.

"Swap Termination Value" shall mean, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender).

"Taxes" shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any Governmental Authority, including any interest, fines, penalties or additions to tax with respect to the foregoing.

"Termination Date" shall mean the earlier to occur of (a) the Maturity Date and (b) the date on which the Total Commitment shall have terminated.

"Test Period" shall mean, as of any date of determination, the four consecutive fiscal quarters of the Borrower then last ended and for which Section 9.1 Financials have been delivered to the Administrative Agent.

"Total Commitment" shall mean, at any time, the sum of the Commitments of the Lenders, which amount may not exceed the Maximum Total Commitment. As of the Closing Date, the Total Commitment is $100,000,000.

"Total Exposure" shall mean, with respect to any Lender at any time, the sum of (a) the aggregate principal amount of the Loans of such Lender then outstanding and (b) such Lender's Letter of Credit Exposure at such time.

"Transaction Expenses" shall mean any fees or expenses incurred or paid by the Borrower or any of its Subsidiaries (or by the Sponsor or any direct or indirect parent entity of the Borrower and reimbursed by the Borrower) in connection with the Transactions, this Agreement and the other Credit Documents and the transactions contemplated hereby and thereby, not to exceed $1,000,000 in the aggregate.

"Transactions" shall mean, collectively, this Agreement, the payment of Transaction Expenses and the other transactions contemplated by this Agreement and the Credit Documents.

"Transferee" shall have the meaning provided in Section 13.6(e).

"UCC" shall mean the Uniform Commercial Code of the State of Texas or of any other state the laws of which are required to be applied in connection with the perfection of security interests in any Collateral.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the Accumulated Benefit Obligation (as defined under FASB Accounting Standards Codification 715 ("ASC 715")) under the Plan as of the close of its most recent plan year, determined in accordance with ASC 715 as in effect on the date hereof, exceeds the Fair Market Value of the assets allocable thereto.

"Uniform Customs" shall mean, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits as approved by the International Chamber of Commerce, commencing on July 1, 2007 (or such later version thereof as may be in effect at the time of issuance).

"Unpaid Drawing" shall have the meaning provided in Section 3.4(a).

"Unrestricted Cash" shall mean cash and Cash Equivalents that are (i) held in an account that is subject to an Account Control Agreement in favor of the Administrative Agent (provided that, prior to the deadline provided for in Section 9.17 (as such date may be extended with the agreement of the Administrative Agent) for purposes of determining Net Borrowing Base Utilization Percentage, Consolidated Total Debt to EBITDAX Ratio or Liquidity), the requirements under this clause (i) shall not apply), (ii) not subject to any Lien in priority to the Liens of the Secured Parties (other than Liens permitted by Section 10.2(e)(i)) and (iii) not held in a restricted account, a payroll account, tax account, trust account, pension account, royalty account or similar type of account (other than an account that is restricted as required under this Agreement or any other Credit Document).

"Unrestricted Subsidiary" shall mean (a) any Subsidiary of the Borrower that is formed or acquired after the Closing Date if, at such time or promptly thereafter, the Borrower designates such Subsidiary as an "Unrestricted Subsidiary" in a written notice to the Administrative Agent, (b) any Restricted Subsidiary designated as an Unrestricted Subsidiary by the Borrower in a written notice to the Administrative Agent; provided that in the case of each of (a) and (b), (i) such designation shall be deemed to be an Investment (or reduction in an outstanding Investment, in the case of a designation of an Unrestricted Subsidiary as a Restricted Subsidiary) on the date of such designation in an amount equal to the Fair Market Value of the Borrower's investment therein on such date and such designation shall be permitted only to the extent such Investment is permitted under Section 10.5 on the date of such designation, (ii) in the case of clause (b), such designation shall be deemed to be a Disposition pursuant to which the provisions of Section 10.4 and Section 2.14(e) will apply to the extent applicable and (iii) no Default or Event of Default would result from such designation immediately after giving effect thereto, and (c) each Subsidiary of an Unrestricted Subsidiary. The Borrower may, by written notice to the Administrative Agent, re-designate any Unrestricted Subsidiary as a Restricted Subsidiary (each, a "Subsidiary Redesignation"), and thereafter, such Subsidiary shall no longer constitute an Unrestricted Subsidiary, but only if (A) to the extent such Subsidiary has outstanding Indebtedness on the date of such designation, immediately after giving effect to such designation, the Borrower shall be in Pro Forma Compliance and (B) no Default or Event of Default would result from such Subsidiary Redesignation.

"U.S. Lender" shall mean any Lender other than a Non-U.S. Lender.

"U.S. Special Resolution Regimes" has the meaning assigned to such term in Section 13.27.

"Voting Stock" shall mean, with respect to any Person, such Person's Equity Interests having the right to vote for the election of directors of such Person under ordinary circumstances.

"Weighted Average Life to Maturity" shall mean, when applied to any Indebtedness 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 scheduled installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final scheduled 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 Indebtedness.

"Wholly Owned Subsidiary" of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

"Write-Down and Conversion Powers" means, 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.

1.2 Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words “herein”, “hereto”, “hereof” and “hereunder” and words of similar import when used in any Credit Document shall refer to such Credit Document as a whole and not to any particular provision thereof.

(c) Article, Section, Exhibit and Schedule references are to the Credit Document in which such reference appears.

(d) The term “including” is by way of example and not limitation.

(e) The term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(f) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including”.

(g) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(h) Any reference to any Person shall be constructed to include such Person’s successors or assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all of the functions thereof.

(i) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(j) The word “will” shall be construed to have the same meaning as the word “shall”.

(k) The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.3 Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, except as otherwise specifically prescribed herein; *provided, however*, that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein, and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. Unless otherwise specified herein, all defined financial terms (and all other definitions used to determine such terms) shall be determined and computed in respect of the Borrower and its Restricted Subsidiaries on a consolidated basis.

1.4 Rounding. Any financial ratios required to be maintained or complied with by the Borrower pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.5 References to Agreements, Laws, Etc. Unless otherwise expressly provided herein, (a) references to organizational documents, agreements (including the Credit Documents) and other Contractual Requirements shall be deemed to include all subsequent amendments, restatements, amendment and restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, amendment and restatements, extensions, supplements and other modifications are permitted by any Credit Document and (b) references to any Requirement of Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Requirement of Law.

1.6 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Texas (daylight saving or standard, as applicable).

1.7 Timing of Payment or Performance. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day.

1.8 SOFR Successor Rate. Immediately after the Administrative Agent gives a Suspension Notice to Borrower and the Lenders, (a) each Lender’s obligation to make or maintain SOFR Loans will be suspended, and (b) all interest payable on SOFR Loans will automatically convert to a rate of interest determined by the Administrative Agent based on an index and spread that is reasonably equivalent to the most recent, reliable SOFR Rate, as determined in good faith by Administrative Agent in consultation with the Borrower, prior to the date of the Suspension Notice. Upon receipt of Suspension Notice, the Borrower may revoke any pending request for a Borrowing or continuation of Loans (to the extent of the affected Loans or Interest Periods). The Administrative Agent may only issue a Suspension Notice to Borrower under clause (c) of the definition of Suspension Notice if the Administrative Agent issues a similar notice to its other borrowers with loans of similar maturities which are tied to a SOFR Rate and for which the Administrative Agent has the right to issue such a Suspension Notice. If circumstances further change and nullify the basis on which the Suspension Notice was given, then the Administrative Agent will advise Borrower and the other Lenders of the change and thereafter and any Loans bearing interest at the rate determined by the Administrative Agent will automatically bear interest at the Adjusted SOFR Rate plus the Applicable Margin.

1.9 Divisions. For all purposes under the Credit Documents, 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, 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 2 AMOUNT AND TERMS OF CREDIT

2.1 Commitments.

(a) Subject to and upon the terms and conditions herein set forth, each Lender severally, but not jointly, agrees to make a loan or loans denominated in Dollars (each a "Loan" and, collectively, the "Loans") to the Borrower, which Loans (i) shall be made at any time and from time to time on and after the Closing Date and prior to the Termination Date, (ii) may be repaid and reborrowed in accordance with the provisions hereof, (iii) shall not, for any Lender at any time, after giving effect thereto and to the application of the proceeds thereof, result in such Lender's Total Exposure at such time exceeding such Lender's Commitment Percentage at such time of the Loan Limit and (iv) shall not, after giving effect thereto and to the application of the proceeds thereof, result in the aggregate amount of all Lenders' Total Exposures at such time exceeding the Loan Limit then in effect.

(b) Each Lender may at its option make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan,*provided* that (i) any exercise of such option shall not affect the obligation of the Borrower to repay such Loan and (ii) in exercising such option, such Lender shall use its reasonable efforts to minimize any increased costs to the Borrower resulting therefrom (which obligation of the Lender shall not require it to take, or refrain from taking, actions that it determines would result in increased costs for which it will not be compensated hereunder or that it determines would be otherwise disadvantageous to it and in the event of such request for costs for which compensation is provided under this Agreement, the provisions of Section 2.10 shall apply).

2.2 Minimum Amount of Each Borrowing; Maximum Number of Borrowings. The aggregate principal amount of each Borrowing shall be in a minimum amount of at least the Minimum Borrowing Amount and in a multiple of $100,000 in excess thereof (except that Loans to reimburse the applicable Issuing Bank with respect to any Unpaid Drawing shall be made in the amounts required by Section 3.3 or Section 3.4, as applicable). More than one Borrowing may be incurred on any date;*provided*, that at no time shall there outstanding more than five Borrowings under this Agreement.

2.3 Notice of Borrowing.

(a) Whenever the Borrower desires to incur Loans (other than borrowings to repay Unpaid Drawings), the Borrower shall give the Administrative Agent at the Administrative Agent's Office, prior to 12:00 p.m. (Houston, Texas time) at least three Business Days' (or with respect to the initial Borrowing on the Closing Date, at least one Business Day's) prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing. Such notice (a "Notice of Borrowing") shall specify (A) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (B) the date of the Borrowing (which shall be a Business Day), (C) the Interest Period to be initially applicable thereto (if no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration) and (D) the Consolidated Cash Balance (without regard to the requested Borrowing) and the pro forma Consolidated Cash Balance (giving effect to the requested Borrowing and the application of the proceeds thereof) as of the end of the fifth Business Day after such requested Borrowing will be funded. The Administrative Agent shall promptly give each Lender written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Loans, of such Lender's Commitment Percentage thereof and of the other matters covered by the related Notice of Borrowing.

(b) Borrowings to reimburse Unpaid Drawings shall be made upon the notice specified inSection 3.4(a).

(c) Without in any way limiting the obligation of the Borrower to confirm in writing any notice it may give hereunder by telephone, the Administrative Agent may act prior to receipt of written confirmation without liability upon the basis of such telephonic notice believed by the Administrative Agent in good faith to be from an Authorized Officer.

(d) The making of each Notice of Borrowing shall be deemed to be a representation and warranty by the Borrower that as of the end of the fifth Business Day after such requested Borrowing will be funded, after giving pro forma effect to the requested Borrowing and the application of the proceeds thereof, the Consolidated Cash Balance shall not exceed $20,000,000.

2.4 Disbursement of Funds.

(a) No later than 1:00 p.m. (Houston, Texas time) on the date specified in each Notice of Borrowing, each Lender will make available its pro rata portion of each Borrowing requested to be made on such date in the manner provided below.

(b) Each Lender shall make available all amounts it is to fund to the Borrower under any Borrowing in immediately available funds to the Administrative Agent at the Administrative Agent's Office in Dollars, and the Administrative Agent will (except in the case of Borrowings to repay Unpaid Drawings) make available to the Borrower, by depositing or wiring to an account as designated by the Borrower in the Notice of Borrowing to the Administrative Agent the aggregate of the amounts so made available in Dollars. Unless the Administrative Agent shall have been notified by any Lender prior to the date of any such Borrowing that such Lender does not intend to make available to the Administrative Agent its portion of the Borrowing or Borrowings to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing, and the Administrative Agent, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender and the Administrative Agent has made available such amount to the Borrower, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent in Dollars. The Administrative Agent shall also be entitled to recover from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if paid by such Lender, the Overnight Rate or (ii) if paid by the Borrower, the then-applicable rate of interest or fees, calculated in accordance with Section 2.8, for the respective Loans.

(c) Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that the Borrower may have against any Lender as a result of any default by such Lender hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to fulfill its commitments hereunder).

2.5 Repayment of Loans; Evidence of Debt.

(a) The Borrower agrees to repay to the Administrative Agent, for the benefit of the applicable Lenders, on the Maturity Date, the then outstanding Loans.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the appropriate lending office of such Lender resulting from each Loan made by such lending office from time to time, including the amounts of principal and interest payable and paid to such lending office from time to time under this Agreement.

(c) The Administrative Agent, on behalf of the Borrower, shall maintain the Register pursuant to Section 13.6(b), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder, (ii) the Interest Period applicable thereto, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(d) The entries made in the Register and accounts and subaccounts maintained pursuant to clauses (b) and (c) of this Section 2.5 shall, to the extent permitted by applicable Requirements of Law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; *provided, however*, that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

2.6 Continuations.

(a) Subject to the penultimate sentence of this Section 2.6(a), the Borrower shall have the option on any Business Day to continue the outstanding principal amount of any Loans as for an additional Interest Period; *provided* that Loans may not be continued for an additional Interest Period if an Event of Default is in existence on the date of the proposed continuation and the Administrative Agent has or the Majority Lenders have determined in its or their sole discretion not to permit such continuation. Each such continuation shall be effected by the Borrower by giving the Administrative Agent at the Administrative Agent's Office prior to 12:00 p.m. (Houston, Texas time) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) substantially in the form attached hereto as Exhibit L (each, a "Notice of Continuation") specifying the Loans to be so continued and the Interest Period to be initially applicable thereto (if no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration). The Administrative Agent shall give each applicable Lender notice as promptly as practicable of any such proposed conversion or continuation affecting any of its Loans.

(b) Notwithstanding anything to the contrary herein, the Borrower may deliver a Notice of Continuation pursuant to which the Borrower elects to irrevocably continue the outstanding principal amount of any Loan subject to an interest rate Hedge Agreement for each Interest Period until the expiration of the term of such applicable Hedge Agreement; *provided* that any Notice of Conversion or Continuation delivered pursuant to this Section 2.6(b) shall include a schedule attaching the relevant interest rate Hedge Agreement or related trade confirmation.

2.7 Pro Rata Borrowings. Each Borrowing of Loans under this Agreement shall be made by the Lenders pro rata on the basis of their then applicable Commitment Percentages. It is understood that (a) no Lender shall be responsible for any default by any other Lender in its obligation to make Loans hereunder and that each Lender severally but not jointly shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to fulfill its commitments hereunder and (b) failure by a Lender to perform any of its obligations under any of the Credit Documents shall not release any Person from performance of its obligation under any Credit Document.

2.8 Interest.

(a) The unpaid principal amount of each Loan shall bear interest from the date of the Borrowing thereof until maturity thereof (whether by acceleration or otherwise) at a rate per annum that shall at all times be the Applicable Margin plus the Adjusted SOFR Rate, in each case, in effect from time to time.

(b) If an (i) Event of Default exists and the Administrative Agent at the direction of the Required Lenders so elects or (ii) an Event of Default exists pursuant to Section 11.1 or Section 11.5, the Obligations shall bear interest at a rate per annum that is 2% over the rate otherwise applicable to the Obligations from the date such Event of Default arose to the date on which such amount is paid in full (after as well as before judgment) (the "Default Rate").

(c) Interest on each Loan shall accrue from and including the date of any Borrowing to but excluding the date of any repayment thereof and shall be payable in Dollars; *provided* that any Loan that is repaid on the same date on which it is made shall bear interest for one day. Except as provided below, interest shall be payable in respect of each Loan (i) on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three-month intervals after the first day of such Interest Period, and (ii) (A) on any prepayment (on the amount prepaid), (B) at maturity (whether by acceleration or otherwise) and (C) after such maturity, on demand.

(d) All computations of interest hereunder shall be made in accordance with Section 5.5.

(e) The Administrative Agent, upon determining the interest rate for any Borrowing, shall promptly notify the Borrower and the relevant Lenders thereof. Each such determination shall, absent clearly demonstrable error, be final and conclusive and binding on all parties hereto.

2.9 Interest Periods.

(a) At the time the Borrower gives a Notice of Borrowing or Notice of Continuation in respect of the making of, or continuation as, a Borrowing in accordance with Section 2.6(a), the Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of the Interest Period applicable to such Borrowing, which Interest Period shall, at the option of the Borrower be a one-, two-, three- or six-month period.

(b) Notwithstanding anything to the contrary contained above:

(i) the initial Interest Period for any Borrowing shall commence on the date of such Borrowing and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period relating to a Borrowing begins on the last Business Day of a calendar month or begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) 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 in respect of a Loan 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 next preceding Business Day; and

(iv) the Borrower shall not be entitled to elect any Interest Period in respect of any Loan if such Interest Period would extend beyond the Maturity Date.

2.10 Increased Costs, Illegality, Etc.

(a) In the event that (x) in the case of clause (i)(A) or (i)(C) below, the Majority Lenders, (y) in the case of clause (i)(B) below or (z) in the case of clauses (ii) and (iii) below, any Lender, shall have reasonably determined (which determination shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto):

(i) at any time after the giving of a Notice of Borrowing with regard to any requested Loan that (A) adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, the requested Loan during the ensuing Interest Period requested, (B) the making or continuing of the requested Loan has been made impractical (in the reasonable opinion of the Administrative Agent) by the occurrence of an event (or series of events), or (C) the SOFR Rate will not or does not represent the effective cost to such Lender of U.S. Dollar deposits in such market for the Interest Period; or

(ii) that, due to a Change in Law occurring at any time after the Closing Date, which Change in Law shall (A) 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 credit extended by, any Lender, (B) subject any Lender to any Tax (other than (i) Taxes indemnifiable under Section 5.4, or (ii) 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 (C) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender, which results in the cost to such Lender of making, converting into, continuing or maintaining Loans or participating in Letters of Credit (in each case hereunder) increasing by an amount which such Lender reasonably deems material or the amounts received or receivable by such Lender hereunder with respect to the foregoing shall be reduced; or

(iii) at any time, that the making or continuance of any Loan has become unlawful as a result of compliance by such Lender in good faith with any Requirement of Law (or would conflict with any such Requirement of Law not having the force of law even though the failure to comply therewith would not be unlawful);

then, and in any such event, such Lenders (or the Administrative Agent, in the case of clause (i) above) shall within a reasonable time thereafter give notice (if by telephone, confirmed in writing) to the Borrower and to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist (which notice the Administrative Agent agrees to give at such time when such circumstances no longer exist), and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to Loans that have not yet been incurred shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Lender, promptly (but no later than fifteen days) after receipt of written demand therefor such additional amounts as shall be required to compensate such Lender for such increased costs or reductions in amounts receivable hereunder (it being agreed that a written notice as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Lender shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 2.10(b) as promptly as possible and, in any event, within the time period required by applicable Requirements of Law. The agreements in this Section 2.10(a) shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) At any time that any Loan is affected by the circumstances described in Section 2.10(a)(ii) or 2.10(a)(iii), the Borrower may (and in the case of a Loan affected pursuant to Section 2.10(a)(iii) shall), if the affected Loan is then being made pursuant to a Borrowing, cancel such Borrowing by giving the Administrative Agent telephonic notice (confirmed promptly in writing) thereof on the same date that the Borrower was notified by a Lender pursuant to Section 2.10(a)(ii) or 2.10(a)(iii).

(c) If, after the Closing Date, any Change in Law relating to capital adequacy or liquidity requirements of any Lender or compliance by any Lender or its parent with any Change in Law relating to capital adequacy or liquidity requirements occurring after the Closing Date, has or would have the effect of reducing the rate of return on such Lender's or its parent's capital or assets as a consequence of such Lender's commitments or obligations hereunder to a level below that which such Lender or its parent could have achieved but for such Change in Law (taking into consideration such Lender's or its parent's policies with respect to capital adequacy or liquidity requirements), then from time to time, promptly (but in any event no later than fifteen days) after written demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or its parent for such reduction, it being understood and agreed, however, that a Lender shall not be entitled to such compensation as a result of such Lender's compliance with, or pursuant to any request or directive to comply with, any applicable Requirement of Law as in effect on the Closing Date. Each Lender, upon determining in good faith that any additional amounts will be payable pursuant to this Section 2.10(c), will give prompt written notice thereof to the Borrower, which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts, although the failure to give any such notice shall not, subject to Section 2.13, release or diminish the Borrower's obligations to pay additional amounts pursuant to this Section 2.10(c) upon receipt of such notice.

2.11 Compensation. If (a) any payment of principal of any Loan is made by the Borrower to or for the account of a Lender other than on the Business Day of the Interest Period for such Loan as a result of a payment pursuant to Sections 2.5, 2.10, 5.1, 5.2 or 12.7, as a result of acceleration of the maturity of the Loans pursuant to Section 11 or for any other reason, (b) any Borrowing is not made on the date specified in a Notice of Borrowing, (c) any Loan is not continued on the date specified in a Notice of Continuation, or (d) any prepayment of principal of any Loan is not made as a result of a withdrawn notice of prepayment pursuant to Section 5.1 or 5.2, the Borrower shall after the Borrower's receipt of a written request by such Lender (which request shall set forth in reasonable detail the basis for requesting such amount), pay to the Administrative Agent (within fifteen days after such request) for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that such Lender may reasonably incur as a result of such payment, failure to convert, failure to continue or failure to prepay, including any loss, cost or expense (excluding loss of anticipated profits) actually incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Loan. This Section 2.11 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.12 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Sections 2.10(a)(ii), 2.10(a)(iii), 2.10(c), 3.5 or 5.4 with respect to such Lender, it will, if requested by the Borrower use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event; *provided* that such designation does not cause such Lender or its lending office to suffer any material economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Nothing in this Section 2.12 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Sections 2.10, 3.5 or 5.4.

2.13 Notice of Certain Costs. Notwithstanding anything in this Agreement to the contrary, to the extent any notice required by Sections 2.10, 2.11, 3.5 or 5.4 is given by any Lender more than 180 days after such Lender has knowledge (or should have had knowledge) of the occurrence of the event giving rise to the additional cost, reduction in amounts, loss, Tax or other additional amounts described in such Sections, such Lender shall not be entitled to compensation under Sections 2.10, 2.11, 3.5 or 5.4, as the case may be, for any such amounts incurred or accruing prior to the 181st day prior to the giving of such notice to the Borrower; *provided* that if the circumstance giving rise to such claim is retroactive, then such 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

2.14 Borrowing Base.

(a) Initial Borrowing Base. For the period from and including the Closing Date to but excluding the first Scheduled Redetermination Date or Interim Redetermination Date, the amount of the Borrowing Base shall be $200,000,000. Notwithstanding the foregoing, the Borrowing Base amount may be subject to further adjustments from time to time pursuant to Sections 2.14(e), 2.14(f), and 2.14(g).

(b) Scheduled and Interim Redeterminations. The Borrowing Base shall be redetermined semi-annually in accordance with this Section 2.14 (a "Scheduled Redetermination"), and, subject to Section 2.14(d), such redetermined Borrowing Base shall become effective and applicable to the Borrower, the Administrative Agent, the Issuing Banks and the Lenders on or about May 1 and November 1 of each year (or as promptly as possible thereafter), beginning no earlier than May 1, 2023. In addition, the Borrower may at any time, by notifying the Administrative Agent thereof not more than once during any period between consecutive Scheduled Redeterminations (or not more than once during the period between the Closing Date and the May 1, 2023 Scheduled Redetermination), and the Administrative Agent may at any time, at the direction of the Required Lenders, by notifying the Borrower thereof, one time during any period between consecutive Scheduled Redeterminations (or not more than once during the period between the Closing Date and the May 1, 2023 Scheduled Redetermination), in each case elect to cause the Borrowing Base to be redetermined between Scheduled Redeterminations (an "Interim Redetermination") in accordance with this Section 2.14. In addition to, and not including and/or limited by the Interim Redeterminations allowed 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 concurrently acquires Oil and Gas Properties with Proved Developed Producing Reserves which are to be Borrowing Base Properties having a PV-9 (calculated by the Administrative Agent) in excess of 5% of the Borrowing Base in effect immediately prior to such acquisition (and for purposes of the foregoing, the designation of an Unrestricted Subsidiary owning Oil and Gas Properties with Proved Reserves as a Restricted Subsidiary shall be deemed to constitute an acquisition by a Credit Party of Oil and Gas Properties with Proved Reserves).

(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 Reserve Report Certificate, and (B) such other reports, data and supplemental information, including the information provided pursuant to Section 9.13(c), as may, from time to time, be reasonably requested by the Administrative Agent or the Required Lenders (the Reserve Report, such Reserve Report 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 (the "Proposed Borrowing Base") based upon such information and such other information (including the status of title information with respect to the Borrowing Base Properties as described in the Engineering Reports and the existence of any Hedge Agreements or any other Indebtedness) as the Administrative Agent deems appropriate in good faith in accordance with its usual and customary oil and gas lending criteria as they exist at the particular time.

(ii) The Administrative Agent shall notify the Borrower and the Lenders of the Proposed Borrowing Base (the "Proposed Borrowing Base Notice"):

(A) in the case of a Scheduled Redetermination, (1) if the Administrative Agent shall have received the Engineering Reports required to be delivered by the Borrower pursuant to Sections 9.13(a) and 9.13(c) in a timely manner, then on or around May 1 and November 1 of such year following the date of delivery or (2) if the Administrative Agent shall not have received the Engineering Reports required to be delivered by the Borrower pursuant to Sections 9.13(a) and 9.13(c) in a timely manner, then promptly after the Administrative Agent has received complete Engineering Reports from the Borrower and has had a reasonable opportunity to determine the Proposed Borrowing Base in accordance with Section 2.14(c)(i) (which reasonable opportunity may be more than 15 days);

(B) in the case of an Interim Redetermination, promptly, and in any event, within 15 days after the Administrative Agent has received the required Engineering Reports; and

(C) if the Borrower has failed to timely deliver the Engineering Reports due in connection with a Scheduled Redetermination pursuant to Section 9.13, then at any time in the Administrative Agent's sole discretion after such failure.

(iii) Any Proposed Borrowing Base that would increase the Borrowing Base then in effect must be approved or deemed to have been approved by all of the Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time and any Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect must be approved or deemed to have been approved by Lenders constituting at least the Required Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time. Upon receipt of the Proposed Borrowing Base Notice, each Lender shall have 15 days to agree with the Proposed Borrowing Base or disagree with the Proposed Borrowing Base by proposing an alternate Borrowing Base. If at the end of such 15-day period, any Lender has not communicated its approval or disapproval in writing to the Administrative Agent or proposed in writing an alternate Borrowing Base, such silence shall be deemed to be an approval of the Proposed Borrowing Base. If, at the end of such 15-day period, all of the Lenders, in the case of a Proposed Borrowing Base that would increase the Borrowing Base then in effect, or the Required Lenders, in the case of a Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect, have approved, then the Proposed Borrowing Base shall become the new Borrowing Base, effective on the date specified in Section 2.14(d). If, however, at the end of such 15-day period, all of the Lenders or the Required Lenders, as applicable, have not approved, then the Administrative Agent shall promptly thereafter poll the Lenders to ascertain the highest Borrowing Base then acceptable to all of the Lenders (in the case of any increase to the Borrowing Base) or a number of Lenders sufficient to constitute the Required Lenders (in any other case) and such amount shall become the new Borrowing Base, effective on the date specified in Section 2.14(d). For the avoidance of doubt, a Lender that has agreed to a Proposed Borrowing Base at a higher level shall be deemed to have agreed to a Proposed Borrowing Base at a lower level.

(iv) Notwithstanding anything herein to the contrary, in the event that the Borrower does not furnish to the Administrative Agent and the Lenders the Engineering Reports specified in Section 2.14(c)(ii)(A) above in a timely and complete manner, the Administrative Agent and the Lenders 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 Lenders receive the relevant Engineering Reports, whereupon the Administrative Agent and the Lenders shall redetermine the Borrowing Base as otherwise specified in this Section 2.14(c).

(d) Effectiveness of a Redetermined Borrowing Base. Subject to Section 2.14(f), after a redetermined Borrowing Base is approved by all of the Lenders or the Required Lenders, as applicable, pursuant to Section 2.14(c)(iii), the Administrative Agent shall promptly thereafter notify the Borrower and the Lenders 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 Lenders:

(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 Sections 9.13(a) and 9.13(c) in a timely and complete manner, on or around May 1 or November 1, 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 Sections 9.13(a) and 9.13(c) in a timely and complete manner, then on the Business Day next succeeding delivery of such New Borrowing Base Notice; and

(ii) in the case of an Interim Redetermination, on the Business Day next succeeding delivery of such New Borrowing Base Notice.

Subject to Section 2.14(f), 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 2.14(e), 2.14(f), or 2.14(g), 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) Reduction of Borrowing Base Upon Asset Dispositions or Hedge Liquidations. If the Borrower or one of the other Credit Parties (i) Disposes of Borrowing Base Properties or Disposes of any Equity Interests in any Restricted Subsidiary owning Borrowing Base Properties or (ii) Liquidates any Hedge Agreement, and the aggregate Borrowing Base Value of all such Dispositions and Liquidations since the later of (A) the last Scheduled Redetermination Date and (B) the last adjustment of the Borrowing Base made pursuant to this Section 2.14(e) or, if prior to the first Scheduled Redetermination, the Closing Date, exceeds the difference of (x) 5% of the then-effective Borrowing Base and (y) (1) the PV-9 of Proved Developed Producing Reserves acquired by the Borrower or any other Credit Party during such period (calculated by the Administrative Agent as though any such Oil and Gas Properties were Borrowing Base Properties) that are then subject to a Mortgage plus (2) the value of any Hedge Agreements in respect of commodities entered into during such period by the Borrower or any other Credit Party (as determined by the Administrative Agent in a manner consistent with its calculation of the Borrowing Base Value of Hedge Agreements), then, after the Administrative Agent has received the notice required to be delivered by the Borrower pursuant to Section 10.4(b), the Required Lenders shall have the right to adjust the Borrowing Base in an amount equal to the Borrowing Base Value, if any, attributable to such Disposition or Liquidation in the calculation of the then-effective Borrowing Base and, if the Required Lenders in fact make any such adjustment, the Administrative Agent shall promptly notify the Borrower in writing of the Borrowing Base Value, if any, attributable to such Disposition or Liquidation in the calculation of the then-effective Borrowing Base and upon receipt of such notice, the Borrowing Base shall be simultaneously reduced by such amount; provided, that notwithstanding the foregoing, any Liquidation of (i) incremental Hedge Agreements in connection with a proposed Permitted Acquisition pursuant to the penultimate sentence of Section 10.9(a) as a result of the termination of a Proposed Acquisition or (ii) Hedge Agreements entered into with the purpose and effect of (A) fixing or limiting interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a variable rate or (B) obtaining variable interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a fixed rate shall not be included in any calculation of such 5% threshold.

(f) Borrower's Right to Elect Reduced Borrowing Base. Within three Business Days of its receipt of a New Borrowing Base Notice, the Borrower may provide written notice to the Administrative Agent and the Lenders that specifies for the period from the effective date of the New Borrowing Base Notice until the next succeeding Scheduled Redetermination Date, the Borrowing Base will be a lesser amount than the amount set forth in such New Borrowing Base Notice, whereupon such specified lesser amount will become the new Borrowing Base. The Borrower's notice under this Section 2.14(f) shall be irrevocable, but without prejudice to its rights to initiate Interim Redeterminations.

(g) Reduction of Borrowing Base upon Failure to Complete Hedging Condition. Without limiting any other provision of this Agreement, if the Borrower is not in compliance with Section 9.18 on or before the thirtieth (30th) day following the Closing Date, the Administrative Agent at the direction of the Required Lenders shall redetermine the Borrowing Base in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time. A redetermination of the Borrowing Base pursuant to this Section 2.14(g) shall not be considered an Interim Redetermination or a Scheduled Redetermination.

2.15 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Commitment Fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 4.1(a);

(b) The Commitment and Total Exposure of such Defaulting Lender shall not be included in determining whether all Lenders, the Majority Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 13.1); *provided* that (i) any waiver, amendment or modification requiring the consent of all Lenders pursuant to Section 13.1 (other than Section 13.1(a)(ix)) or requiring the consent of each affected Lender pursuant to Section 13.1(a)(i) or 13.1(a)(viii) shall require the consent of such Defaulting Lender (which for the avoidance of doubt would include any change to the Maturity Date applicable to such Defaulting Lender, decreasing or forgiving any principal or interest due to such Defaulting Lender, any decrease of any interest rate applicable to Loans made by such Defaulting Lender (other than the waiving of post-default interest rates) and any increase in such Defaulting Lender's Commitment) and (ii) any redetermination, whether an increase, decrease or affirmation, of the Borrowing Base shall occur without the participation of a Defaulting Lender, but the Commitment (i.e., the Commitment Percentage of the Borrowing Base) of a Defaulting Lender may not be increased without the consent of such Defaulting Lender;

(c) If any Letter of Credit Exposure exists at the time a Lender becomes a Defaulting Lender, then (i) all or any part of such Letter of Credit Exposure of such Defaulting Lender will, subject to the limitation in the first proviso below, automatically be reallocated (effective on the day such Lender becomes a Defaulting Lender) among the Non-Defaulting Lenders pro rata in accordance with their respective Commitment Percentages; *provided* that (A) each Non-Defaulting Lender's Total Exposure may not in any event exceed the Commitment Percentage of the Loan Limit of such Non-Defaulting Lender as in effect at the time of such reallocation and (B) neither such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto will constitute a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Banks or any

other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender, (ii) to the extent that all or any portion (the "unreallocated portion") of the Defaulting Lender's Letter of Credit Exposure cannot, or can only partially, be so reallocated to Non-Defaulting Lenders, whether by reason of the first proviso in Section 2.15(c)(i) or otherwise, the Borrower shall within two Business Days following notice by the Administrative Agent Cash Collateralize for the benefit of the applicable Issuing Bank only the Borrower's obligations corresponding to such Defaulting Lender's Letter of Credit Exposure (after giving effect to any partial reallocation pursuant to clause (i) above), in accordance with the procedures set forth inSection 3.8 for so long as such Letter of Credit Exposure is outstanding, (iii) if the Borrower Cash Collateralizes any portion of such Defaulting Lender's Letter of Credit Exposure pursuant to this Section 2.15(c), the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure during the period such Defaulting Lender's Letter of Credit Exposure is Cash Collateralized, (iv) if the Letter of Credit Exposure of the Non-Defaulting Lenders is reallocated pursuant to this Section 2.15(c), then the Letter of Credit Fees payable for the account of the Lenders pursuant to Section 4.1(b) shall be adjusted in accordance with such Non-Defaulting Lenders' Commitment Percentages and the Borrower shall not be required to pay any Letter of Credit Fees to the Defaulting Lender pursuant to Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure during the period that such Defaulting Lender's Letter of Credit Exposure is reallocated, or if any Defaulting Lender's Letter of Credit Exposure is neither Cash Collateralized nor reallocated pursuant to this Section 2.15(c), then, without prejudice to any rights or remedies of any Issuing Bank or any Lender hereunder, all Letter of Credit Fees payable under Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure shall be payable to such Issuing Bank until such Letter of Credit Exposure is Cash Collateralized and/or reallocated;

(d) So long as any Lender is a Defaulting Lender, no Issuing Bank will be required to issue any new Letter of Credit or amend any outstanding Letter of Credit to increase the Stated Amount thereof, alter the drawing terms thereunder or extend the expiry date thereof, unless each Issuing Bank is reasonably satisfied that any exposure that would result from the exposure to such Defaulting Lender is eliminated or fully covered by the Commitments of the Non-Defaulting Lenders or by Cash Collateralization or a combination thereof in accordance with clause (c) above or otherwise in a manner reasonably satisfactory to such Issuing Bank, and participating interests in any such newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.15(c)(i) (and Defaulting Lenders shall not participate therein); and

(e) If the Borrower, the Administrative Agent and each Issuing Bank agree in writing in their discretion that a Lender that is a Defaulting Lender should no longer be deemed to be a Defaulting Lender, 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, such Lender will cease to be a Defaulting Lender and will be a Non-Defaulting Lender and any applicable Cash Collateral shall be promptly returned to the Borrower and any Letter of Credit Exposure of such Lender reallocated pursuant to Section 2.15(c) shall be reallocated back to such Lender;*provided* that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(f) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 11 or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 13.8), 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 that Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to each Issuing Bank hereunder; third, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fourth, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; fifth, to the payment of any amounts owing to the Lenders, each Issuing Bank as a result of any judgment of a court of competent jurisdiction obtained by any Lender, such Issuing Bank against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; sixth, so long as no Default or Event of 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 that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and seventh, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if such payment is a payment of the principal amount of any Loans or Unpaid Drawings, such payment shall be applied solely to pay the relevant Loans of, and Unpaid Drawings owed to, the relevant Non-Defaulting Lenders on a pro rata basis prior to being applied in the manner set forth in this Section 2.15(f). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to Section 3.8 shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

SECTION 3 LETTERS OF CREDIT.

3.1 Letters of Credit.

(a) Subject to and upon the terms and conditions herein set forth, at any time and from time to time on and after the Closing Date and prior to the L/C Maturity Date, each Issuing Bank agrees, in reliance upon the agreements of the Lenders set forth in this Section 3, to issue upon the request of the Borrower and for the direct or indirect benefit of the Borrower and the Restricted Subsidiaries, a letter of credit or letters of credit (the "Letters of Credit" and each, a "Letter of Credit") in such form and with such Issuer Documents as may be approved by the applicable Issuing Bank in its reasonable discretion; *provided* that the Borrower shall be a co- applicant of, and jointly and severally liable with respect to, each Letter of Credit issued for the account of a Restricted Subsidiary.

(b) Notwithstanding the foregoing, (i) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letters of Credit Outstanding at such time, would exceed the Letter of Credit Commitment then in effect, (ii) no Letter of Credit shall be issued the Stated Amount of which would cause the aggregate amount of all Lenders' Total Exposures at such time to exceed the Loan Limit then in effect, (iii) each Letter of Credit shall have an expiration date occurring no later than one year after the date of issuance or such longer period of time as may be agreed by the applicable Issuing Bank, unless otherwise agreed upon by the Administrative Agent and the applicable Issuing Bank or as provided under Section 3.2(b); *provided* that any Letter of Credit may provide for automatic renewal thereof for additional periods of up to 12 months or such longer period of time as may be agreed upon by the applicable Issuing Bank, subject to the provisions of Section 3.2(b); *provided, further*, that in no event shall such expiration date occur later than the L/C Maturity Date unless arrangements which are reasonably satisfactory to the applicable Issuing Bank to Cash Collateralize (or backstop) such Letter of Credit have been made, (iv) no Letter of Credit shall be issued if it would be illegal under any applicable Requirement of Law for the beneficiary of the Letter of Credit to have a Letter of Credit issued in its favor, (v) no Letter of Credit shall be issued by an Issuing Bank after it has received a written notice from any Credit Party or the Administrative Agent or the Majority Lenders stating that a Default or Event of Default has occurred and is continuing until such time as such Issuing Bank shall have received a written notice (A) of rescission of such notice from the party or parties originally delivering such notice, (B) of the waiver of such Default or Event of Default in accordance with the provisions of Section 13.1 or (C) that such Default or Event of Default is no longer continuing and (vi) no Issuing Bank shall have an obligation to issue a Letter of Credit in a Stated Amount which, when added to the Letters of Credit Outstandings attributable to Letters of Credit issued by such Issuing Bank, would exceed such Issuing Bank's Maximum LC Commitment.

(c) Upon at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent and the applicable Issuing Bank (which notice the Administrative Agent shall promptly transmit to each of the applicable Lenders), the Borrower shall have the right, on any day, permanently to terminate or reduce the Letter of Credit Commitment in whole or in part; *provided* that, after giving effect to such termination or reduction, the Letters of Credit Outstanding

shall not exceed the Letter of Credit Commitment.

3.2 Letter of Credit Applications.

(a) Whenever the Borrower desires that a Letter of Credit be issued, amended or renewed for its account on its own behalf, or on behalf of its Restricted Subsidiaries, the Borrower shall hand deliver or telecopy (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 a Letter of Credit application, amendment request or any such document as may be approved by the applicable Issuing Bank (each, a "Letter of Credit Application"). Upon receipt of any Letter of Credit Application or amendment request, (A) the applicable Issuing Bank will use its reasonable commercial efforts to process such Letter of Credit Application within three (3) Business Days of the Business Day on which such Letter of Credit Application is received, *provided* that such Letter of Credit Application is received no later than 12:00 p.m. (Houston, Texas time) on such Business Day, or (B) otherwise, the fifth Business Day next succeeding receipt of such Letter of Credit Application.

(b) If the Borrower so requests in any applicable Letter of Credit Application, the applicable Issuing Bank may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); *provided* that any such Auto-Extension Letter of Credit must permit such Issuing Bank to prevent any such extension at least once in each 12-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such 12-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the applicable Issuing Bank, the Borrower shall not be required to make a specific request to such Issuing Bank for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the applicable Issuing Bank to permit the extension of such Letter of Credit at any time to an expiry date not later than the L/C Maturity Date; *provided, however*, that such Issuing Bank shall not permit any such extension if (i) such Issuing Bank has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (b) of Section 3.1 or otherwise), or (ii) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non-Extension Notice Date (A) from the Administrative Agent that the Majority Lenders have elected not to permit such extension or (B) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 7 are not then satisfied, and in each such case directing such Issuing Bank not to permit such extension.

(c) Each Issuing Bank (other than the Administrative Agent or any of its Affiliates) shall, at least once each week, provide the Administrative Agent with a list of all Letters of Credit issued by it that are outstanding at such time; *provided* that, upon written request from the Administrative Agent, such Issuing Bank shall thereafter notify the Administrative Agent in writing on each Business Day of all Letters of Credit issued on the prior Business Day by such Issuing Bank.

(d) The making of each Letter of Credit Request shall be deemed to be a representation and warranty by the Borrower that the Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 3.1(b).

3.3 Letter of Credit Participations.

(a) Immediately upon the issuance by an Issuing Bank of any Letter of Credit, such Issuing Bank shall be deemed to have sold and transferred to each Lender (each such Lender, in its capacity under this Section 3.3, an "L/C Participant"), and each such L/C Participant shall be deemed irrevocably and unconditionally to have purchased and received from such Issuing Bank, without recourse or warranty, an undivided interest and participation (each an "L/C Participation"), to the extent of such L/C Participant's Commitment Percentage, in each Letter of Credit, each substitute therefor, each drawing made thereunder and the obligations of the Borrower under this Agreement with respect thereto, and any security therefor or guaranty pertaining thereto.

(b) In determining whether to pay under any Letter of Credit, the relevant Issuing Bank shall have no obligation relative to the L/C Participants other than to confirm that (i) any documents required to be delivered under such Letter of Credit have been delivered, (ii) such Issuing Bank has examined the documents with reasonable care and (iii) the documents appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the relevant Issuing Bank under or in connection with any Letter of Credit issued by it, if taken or omitted in the absence of gross negligence or willful misconduct (as determined by a court of competent jurisdiction by final, non-appealable judgment), shall not create for such Issuing Bank any resulting liability.

(c) In the event that an Issuing Bank makes any payment under any Letter of Credit issued by it and the Borrower shall not have repaid such amount in full to such Issuing Bank pursuant to Section 3.4(a), such Issuing Bank shall promptly notify the Administrative Agent and each L/C Participant of such failure, and each such L/C Participant shall promptly and unconditionally pay to the Administrative Agent for the account of such Issuing Bank, the amount of such L/C Participant's Commitment Percentage of such unreimbursed payment in Dollars and in immediately available funds; provided, however, that no L/C Participant shall be obligated to pay to the Administrative Agent for the account of such Issuing Bank its Commitment Percentage of such unreimbursed amount arising from any wrongful payment made by such Issuing Bank under any such Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Issuing Bank, as determined by a final judgment of a court of competent jurisdiction. Each L/C Participant shall make available to the Administrative Agent for the account of the relevant Issuing Bank such L/C Participant's Commitment Percentage of the amount of such payment no later than 1:00 p.m. (Houston, Texas time) on the first Business Day after the date notified by such Issuing Bank in immediately available funds. If and to the extent such L/C Participant shall not have so made its Commitment Percentage of the amount of such payment available to the Administrative Agent for the account of the relevant Issuing Bank, such L/C Participant agrees to pay to the Administrative Agent for the account of such Issuing Bank, forthwith on demand, such amount, together with interest thereon for each day from such date until the date such amount is paid to the Administrative Agent for the account of such Issuing Bank at a rate per annum equal to the Overnight Rate from time to time then in effect, plus any administrative, processing or similar fees customarily charged by such Issuing Bank in connection with the foregoing. The failure of any L/C Participant to make available to the Administrative Agent for the account of any Issuing Bank its Commitment Percentage of any payment under any Letter of Credit shall not relieve any other L/C Participant of its obligation hereunder to make available to the Administrative Agent for the account of such Issuing Bank its Commitment Percentage of any payment under such Letter of Credit on the date required, as specified above, but no L/C Participant shall be responsible for the failure of any other L/C Participant to make available to the Administrative Agent such other L/C Participant's Commitment Percentage of any such payment.

(d) Whenever an Issuing Bank receives a payment in respect of an unpaid reimbursement obligation as to which the Administrative Agent has received for the account of such Issuing Bank any payments from the L/C Participants pursuant to clause (c) above, such Issuing Bank shall pay to the Administrative Agent and the Administrative Agent shall promptly pay to each L/C Participant that has paid its Commitment Percentage of such reimbursement obligation, in Dollars and in immediately

available funds, an amount equal to such L/C Participant's share (based upon the proportionate aggregate amount originally funded by such L/C Participant to the aggregate amount funded by all L/C Participants) of the principal amount so paid in respect of such reimbursement obligation and interest thereon accruing after the purchase of the respective L/C Participations at the Overnight Rate.

(e) The obligations of the L/C Participants to make payments to the Administrative Agent for the account of an Issuing Bank with respect to Letters of Credit shall be irrevocable and not subject to counterclaim, set-off or other defense or any other qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including under any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any Issuing Bank, any Lender or other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default, Event of Default or Borrowing Base Deficiency;

provided, however, that no L/C Participant shall be obligated to pay to the Administrative Agent for the account of any Issuing Bank its Commitment Percentage of any unreimbursed amount arising from any wrongful payment made by such Issuing Bank under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Issuing Bank, as determined by a final judgment of a court of competent jurisdiction.

3.4 Agreement to Repay Letter of Credit Drawings.

(a) The Borrower hereby agrees to reimburse the relevant Issuing Bank by making payment in Dollars to such Issuing Bank or to the Administrative Agent for the account of such Issuing Bank (whether with its own funds or with proceeds of the Loans) in immediately available funds, for any payment or disbursement made by such Issuing Bank under any Letter of Credit issued by it (each such amount so paid until reimbursed, an "Unpaid Drawing") (i) within one Business Day of the date of such payment or disbursement if such Issuing Bank provides notice to the Borrower of such payment or disbursement prior to 11:00 a.m. (Houston, Texas time) on or prior to such next succeeding Business Day (from the date of such payment or disbursement) or (ii) if such notice is received after such time, on the next Business Day following the date of receipt of such notice (such required date for reimbursement under clause (i) or (ii), as applicable, on such Business Day (the "Reimbursement Date")), with interest on the amount so paid or disbursed by such Issuing Bank, from and including the date of such payment or disbursement to but excluding the Reimbursement Date, at the per annum rate for each day equal to the rate described in Section 2.8(a); *provided* that, notwithstanding anything contained in this Agreement to the contrary, with respect to any Letter of Credit, (i) unless the Borrower shall have notified the Administrative Agent and such Issuing Bank prior to 11:00 a.m. (Houston, Texas time) on the Reimbursement Date that the Borrower intends to reimburse such Issuing Bank for the amount of such drawing with funds other than the proceeds of Loans, the Borrower shall be deemed to have given a Notice of Borrowing requesting that the Lenders make Loans on the Reimbursement Date in an amount equal to the amount at such drawing, and (ii) the Administrative Agent shall promptly notify each L/C Participant of such drawing and the amount of its Loan to be made in respect thereof, and each L/C Participant shall be irrevocably obligated to make a Loan to the Borrower in the manner deemed to have been requested in the amount of its Commitment Percentage of the applicable Unpaid Drawing by 12:00 noon (Houston, Texas time) on such Reimbursement Date by making the amount of such Loan available to the Administrative Agent. Such Loans made in respect of such Unpaid Drawing on such Reimbursement Date shall be made without regard to the Minimum Borrowing Amount and without regard to the satisfaction of the conditions set forth in Section 7. The Administrative Agent shall use the proceeds of such Loans solely for purpose of reimbursing the relevant Issuing Bank for the related Unpaid Drawing. In the event that the Borrower fails to Cash Collateralize any Letter of Credit that is outstanding on the L/C Maturity Date, the full amount of the Letters of Credit Outstanding in respect of such Letter of Credit shall be deemed to be an Unpaid Drawing subject to the provisions of this Section 3.4 except that such Issuing Bank shall hold the proceeds received from the Lenders as contemplated above as cash collateral for such Letter of Credit to reimburse any Drawing under such Letter of Credit and shall use such proceeds first, to reimburse itself for any Drawings made in respect of such Letter of Credit following the L/C Maturity Date, second, to the extent such Letter of Credit expires or is returned undrawn while any such cash collateral remains, to the repayment of obligations in respect of any Loans that have not paid at such time and third, to the Borrower or as otherwise directed by a court of competent jurisdiction. Nothing in this Section 3.4(a) shall affect the Borrower's obligation to repay all outstanding Loans when due in accordance with the terms of this Agreement.

(b) The obligations of the Borrower under this Section 3.4 to reimburse the relevant Issuing Bank with respect to Unpaid Drawings (including, in each case, interest thereon) shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment that the Borrower or any other Person may have or have had against such Issuing Bank, the Administrative Agent or any Lender (including in its capacity as an L/C Participant), including any defense based upon (i) the failure of any drawing under a Letter of Credit (each a "Drawing") to conform to the terms of the Letter of Credit, (ii) any non-application or misapplication by the beneficiary of the proceeds of such Drawing, (iii) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (iv) 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 or (v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder; *provided* that the foregoing shall not be construed to excuse the relevant Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) 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 Borrower agrees that any action taken or omitted to be taken by an Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, as determined by a final judgment of a court of competent jurisdiction, shall be binding on the Borrower and shall not result in any liability of such Issuing Bank to the Borrower; *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 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 as determined by a final and non-appealable judgment of a court of competent jurisdiction. In furtherance of the foregoing, the parties hereto agree that, with respect to documents presented which appear on their face to be in compliance with the terms of a Letter of Credit, the Issuing Bank that issued such Letter of Credit may in its sole discretion, either accept or 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 (unless the Borrower shall consent to payment thereon not withstanding such lack of strict compliance).

3.5 Increased Costs. If, after the Closing Date, the adoption of any Change in Law shall either (a) impose, modify or make applicable any reserve, deposit, capital adequacy, liquidity or similar requirement against Letters of Credit issued by any Issuing Bank, or any L/C Participant's L/C Participation therein, or (b) impose on any Issuing Bank or any L/C Participant any other conditions, costs or expenses affecting its obligations under this Agreement in respect of Letters of Credit or L/C Participations therein or any Letter of Credit or such L/C Participant's L/C Participation therein, and the result of any of the foregoing is to increase the cost to such Issuing Bank or such L/C Participant of issuing, maintaining or participating in any Letter of Credit, or to reduce the amount of any sum received or receivable by such Issuing Bank or such L/C Participant hereunder (other than (i) Taxes indemnifiable under Section 5.4, or (ii) Excluded Taxes) in respect of Letters of Credit or L/C Participations therein, then, promptly (and in any event no later than 15 days) after receipt of written demand to the Borrower by such Issuing Bank or such L/C Participant, as the case may be (a copy of which notice shall be sent by such Issuing Bank or such L/C Participant to the Administrative Agent), the Borrower shall pay to such Issuing Bank or such L/C Participant such additional amount or amounts as will compensate such Issuing Bank or such L/C Participant for such increased cost or reduction, it being understood and agreed, however, that no Issuing Bank or L/C Participant shall be entitled to such compensation as a result of such Person's compliance with, or pursuant to any request or directive to comply with, any such Requirement of Law as in effect on the Closing Date. A certificate submitted to the Borrower by the relevant Issuing Bank or an L/C Participant, as the case may be (a copy of which certificate shall be sent by such Issuing Bank or such L/C Participant to the Administrative Agent), setting forth in reasonable detail the basis for the determination of such additional amount or amounts necessary to compensate such Issuing Bank or such L/C Participant as aforesaid shall be conclusive and binding on the Borrower absent clearly demonstrable error.

3.6 New or Successor Issuing Bank.

(a) Any Issuing Bank may resign as an Issuing Bank upon 30 days' prior written notice to the Administrative Agent, the Lenders and the Borrower;*provided* that no Issuing Bank may resign without the prior consent of the Borrower so long as it (or one of its Affiliates) is also a Lender hereunder. The Borrower may replace any Issuing Bank for any reason upon written notice to such Issuing Bank and the Administrative Agent and may add Issuing Banks at any time upon notice by the Borrower to the Administrative Agent. If an Issuing Bank shall resign or be replaced, or if the Borrower shall decide to add a new Issuing Bank under this Agreement, then the Borrower may appoint from among the Lenders a successor issuer of Letters of Credit or a new Issuing Bank, as the case may be, or, with the consent of the Administrative Agent (such consent not to be unreasonably withheld) and such new Issuing Bank, another successor or new issuer of Letters of Credit, whereupon such successor issuer shall succeed to the rights, powers and duties of the replaced or resigning Issuing Bank under this Agreement and the other Credit Documents, or such new issuer of Letters of Credit shall be granted the rights, powers and duties of an Issuing Bank hereunder, and the term "Issuing Bank" shall mean such successor or such new issuer of Letters of Credit effective upon such appointment. The acceptance of any appointment as an Issuing Bank hereunder whether as a successor issuer or new issuer of Letters of Credit in accordance with this Agreement, shall be evidenced by an agreement entered into by such new or successor issuer of Letters of Credit, in a form reasonably satisfactory to the Borrower and the Administrative Agent and, from and after the effective date of such agreement, such new or successor issuer of Letters of Credit shall become an "Issuing Bank" hereunder. After the resignation or replacement of an Issuing Bank hereunder, the resigning or 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 and the other Credit Documents with respect to Letters of Credit issued by it prior to such resignation or replacement, but shall not be required to issue additional Letters of Credit. In connection with any resignation or replacement pursuant to this clause (a) (but, in case of any such resignation, only to the extent that a successor issuer of Letters of Credit shall have been appointed), either (i) the Borrower, the resigning or replaced Issuing Bank and the successor issuer of Letters of Credit shall arrange to have any outstanding Letters of Credit issued by the resigning or replaced Issuing Bank replaced with Letters of Credit issued by the successor issuer of Letters of Credit or (ii) the Borrower shall cause the successor issuer of Letters of Credit, if such successor issuer is reasonably satisfactory to the replaced or resigning Issuing Bank, to issue "back-stop" Letters of Credit naming the resigning or replaced Issuing Bank as beneficiary for each outstanding Letter of Credit issued by the resigning or replaced Issuing Bank, which new Letters of Credit shall have a Stated Amount equal to the Letters of Credit being back-stopped and the sole requirement for drawing on such new Letters of Credit shall be a drawing on the corresponding back-stopped Letters of Credit. After any resigning or replaced Issuing Bank's resignation or replacement as Issuing Bank, the provisions of this Agreement relating to an Issuing Bank shall inure to its benefit as to any actions taken or omitted to be taken by it (A) while it was an Issuing Bank under this Agreement or (B) at any time with respect to Letters of Credit issued by such Issuing Bank.

(b) To the extent that there are, at the time of any resignation or replacement as set forth in clause (a) above, any outstanding Letters of Credit, nothing herein shall be deemed to impact or impair any rights and obligations of any of the parties hereto with respect to such outstanding Letters of Credit (including any obligations related to the payment of fees or the reimbursement or funding of amounts drawn), except that the Borrower, the resigning or replaced Issuing Bank and the successor issuer of Letters of Credit shall have the obligations regarding outstanding Letters of Credit described in clause (a) above.

3.7 Role of Issuing Bank. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, no Issuing Bank shall have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Banks, the Administrative Agent, any of their respective affiliates nor any correspondent, participant or assignee of any Issuing Bank shall be liable to any Lender for (a) any action taken or omitted in connection herewith at the request or with the approval of the Majority Lenders, (b) any action taken or omitted in the absence of gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction or (c) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided* that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Issuing Banks, the Administrative Agent, any of their respective affiliates nor any correspondent, participant or assignee of any Issuing Bank shall be liable or responsible for any of the matters described in Section 3.3(e); *provided* that anything in such Section to the contrary notwithstanding, the Borrower may have a claim against an Issuing Bank, and such Issuing Bank may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by such Issuing Bank's willful misconduct or gross negligence, as determined by a court of competent jurisdiction by final non-appealable judgment, or such Issuing Bank's unlawful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, any Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and no Issuing Bank shall be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.8 Cash Collateral.

(a) If, as of the L/C Maturity Date, there are any Letters of Credit Outstanding, the Borrower shall immediately Cash Collateralize the then Letters of Credit Outstanding.

(b) If any Event of Default shall occur and be continuing, the Majority Lenders may require that the L/C Obligations be Cash Collateralized*provided* that, upon the occurrence of an Event of Default referred to in Section 11.5 with respect to the Borrower, the Borrower shall immediately Cash Collateralize the Letters of Credit then outstanding and no notice or request by or consent from the Majority Lenders shall be required.

(c) For purposes of this Agreement, "Cash Collateralize" shall mean to (i) pledge and deposit with or deliver to the Administrative Agent, for the benefit of the

Issuing Banks and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances in an amount equal to the amount of the Letters of Credit Outstanding required to be Cash Collateralized (the "Required Cash Collateral Amount") or (ii) if the relevant Issuing Bank benefiting from such collateral shall agree in its reasonable discretion, other forms of credit support (including any backstop letter of credit) in a face amount equal to 105% of the Required Cash Collateral Amount from an issuer reasonably satisfactory to such Issuing Bank, in each case under clause (i) and (ii) above pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the relevant Issuing Bank (which documents are hereby consented to by the Lenders). Derivatives of such term, including "Cash Collateral", have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Banks and the L/C Participants, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Such cash Collateral shall be maintained in blocked, interest bearing deposit accounts established by and in the name of the Borrower, but under the "control" (as defined in Section 8-104 of the UCC) of the Administrative Agent.

3.9 Applicability of ISP and UCP. Unless otherwise expressly agreed to by the relevant Issuing Bank and the Borrower when a Letter of Credit is issued, (a) the rules of the ISP or the Uniform Customs and Practice for Documentary Credits shall apply to each standby Letter of Credit and (b) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance, shall apply to each commercial Letter of Credit.

3.10 Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

3.11 Letters of Credit Issued for Restricted Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Restricted Subsidiary, the Borrower shall be obligated to reimburse the relevant Issuing Bank hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Restricted Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Restricted Subsidiaries.

SECTION 4 FEES; COMMITMENTS.

4.1 Fees.

(a) The Borrower agrees to pay to the Administrative Agent in Dollars, for the account of each Lender (in each case pro rata according to the respective Commitment Percentages of the Lenders), a commitment fee (the "Commitment Fee") for each day from the Closing Date until but excluding the Termination Date. Each Commitment Fee shall be payable by the Borrower quarterly in arrears on the last Business Day of each March, June, September and December (for the three-month period (or portion thereof) ended on such day for which no payment has been received) and on the Termination Date (for the period ended on such date for which no payment has been received pursuant to clause (i) above), and shall be computed for each day during such period at a rate per annum equal to 0.50% of the Available Commitment in effect on such day.

(b) The Borrower agrees to pay to the Administrative Agent in Dollars for the account of the Lenders pro rata on the basis of their respective Letter of Credit Exposure, a fee in respect of each Letter of Credit (the "Letter of Credit Fee"), for the period from the date of issuance of such Letter of Credit until the termination or expiration date of such Letter of Credit computed at the per annum rate for each day equal to 1.00% per annum on the average daily Stated Amount of such Letter of Credit. Such Letter of Credit Fees shall be due and payable (i) quarterly in arrears on the last Business Day of each March, June, September and December and (ii) on the Termination Date (for the period for which no payment has been received pursuant to clause (i) above).

(c) The Borrower agrees to pay directly to each Issuing Bank upon each issuance of, drawing under, and/or amendment of, a Letter of Credit issued by it such amount as the relevant Issuing Bank and the Borrower shall have agreed upon for issuances of, drawings under or amendments of, letters of credit issued by it.

(d) The Borrower agrees to pay to the Administrative Agent the administrative agent fees in the amounts and on the dates as set forth in writing from time to time between the Administrative Agent and the Borrower, including without limitation as set forth in the Fee Letter.

4.2 Voluntary Reduction of Commitments.

(a) Upon at least two Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent at the Administrative Agent's Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right, without premium or penalty, on any day, permanently to terminate or reduce the Commitments, as determined by the Borrower, in whole or in part; *provided* that (a) with respect to the Commitments, any such termination or reduction shall apply proportionately and permanently to reduce the Commitments of each of the Lenders (*provided* that (x) after giving effect to any such reduction and to the repayment of any Loans made on such date, the Total Exposure of any such Lender does not exceed the Commitment of such Lender and (y) for the avoidance of doubt, any such repayment of Loans contemplated by the preceding clause shall be made in compliance with the requirements of Section 5.3(a) with respect to the ratable allocation of payments hereunder), (b) any partial reduction pursuant to this Section 4.2 shall be in the amount of at least $500,000 and in multiples of $100,000 in excess thereof and (c) after giving effect to such termination or reduction and to any prepayments of Loans or cancellation or Cash Collateralization of Letters of Credit made on the date thereof in accordance with this Agreement, the aggregate amount of the Lenders' Total Exposures shall not exceed the Loan Limit.

(b) The Borrower may terminate the unused amount of the Commitment of a Defaulting Lender upon not less than two (2) Business Days' prior notice to the Administrative Agent (which will promptly notify the Lenders thereof), and in such event the provisions of Section 2.15(f) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts), *provided* that such termination will not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, any Issuing Bank or any Lender may have against such Defaulting Lender.

(c) Notwithstanding anything to the contrary contained in this Agreement, any such notice of commitment termination pursuant to Section 4.2 may state that it is conditioned upon the occurrence or non-occurrence of any event specified therein (including the effectiveness of other credit facilities), in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

4.3 Mandatory Termination of Commitment. The Total Commitment shall terminate at 2:00 p.m. (Houston, Texas time) on the Termination Date.

SECTION 5 PAYMENTS.

5.1 Voluntary Prepayments. The Borrower shall have the right to prepay Loans without premium or penalty, in whole or in part from time to time on the following terms and conditions:

(a) the Borrower shall give the Administrative Agent at the Administrative Agent's Office written notice substantially in the form of Exhibit M hereto (or telephonic notice promptly confirmed in writing in such form) of its intent to make such prepayment, the amount of such prepayment and the specific Borrowing(s) being prepaid, which notice shall be given by the Borrower no later than 12:00 p.m. (Houston, Texas time), three Business Days prior to the date of such prepayment and shall promptly be transmitted by the Administrative Agent to each of the Lenders;

(b) each partial prepayment of Loans shall be in a minimum amount of $500,000 and in multiples of $100,000 in excess thereof or a lesser amount to the extent such lesser amount represents the entire aggregate outstanding Loans at such time; and

(c) any prepayment of Loans pursuant to this Section 5.1 on any day other than the last Business Day of the Interest Period applicable thereto shall be subject to compliance by the Borrower with the applicable provisions of Section 2.11.

Each such notice shall specify the date and amount of such prepayment and the Loans to be prepaid. At the Borrower's election in connection with any prepayment pursuant to this Section 5.1, such prepayment shall not be applied to any Loans of a Defaulting Lender.

5.2 Mandatory Prepayments.

(a) Repayment following Optional Reduction of Commitments. If, after giving effect to any termination or reduction of the Commitments pursuant to Section 4.2(a), the aggregate Total Exposures of all Lenders exceeds the Loan Limit (as reduced), then the Borrower shall on the same Business Day (i) prepay the Loans on the date of such termination or reduction in an aggregate principal amount equal to such excess and (ii) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, pay to the Administrative Agent on behalf of the Issuing Banks and the L/C Participants an amount in cash or otherwise Cash Collateralize an amount equal to such excess as provided in Section 3.8.

(b) Repayment of Loans Following Redetermination or Adjustment of Borrowing Base.

(i) Upon any redetermination of the Borrowing Base in accordance with Section 2.14(b), if the aggregate Total Exposures of all Lenders exceeds the redetermined Borrowing Base, then the Borrower shall, within 10 Business Days after its receipt of a New Borrowing Base Notice indicating such Borrowing Base Deficiency, inform the Administrative Agent of the Borrower's election to, and shall: (A) within 30 days following such election prepay the Loans in an aggregate principal amount equal to such excess, (B) prepay the Loans in five equal monthly installments, commencing on the 30th day following such election with each payment being equal to l/5th of the aggregate principal amount of such excess, (C) within 30 days following such election, provide additional Collateral in the form of additional Oil and Gas Properties not evaluated in the most recently delivered Reserve Report or other Collateral reasonably acceptable to the Administrative Agent having a Borrowing Base Value (as proposed by the Administrative Agent and approved by the Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time) sufficient, after giving effect to any other actions taken pursuant to this Section 5.2(b)(i) to eliminate any such excess or (D) undertake a combination of clauses (A), (B) and (C); *provided* that if, because of Letter of Credit Exposure, a Borrowing Base Deficiency remains after prepaying all of the Loans, the Borrower shall Cash Collateralize such remaining Borrowing Base Deficiency as provided in Section 3.8; *provided further*, that all payments required to be made pursuant to this Section 5.2(b)(i) must be made on or prior to the Termination Date;*provided*, *further*, that if the Borrower fails to inform the Administrative Agent of the Borrower's election within 10 Business Days after its receipt of a New Borrowing Base Notice indicating such Borrowing Base Deficiency, for purposes of this Agreement, the Borrower shall be deemed to have elected clause (A) above.

(ii) Upon any adjustment to the Borrowing Base pursuant to Section2.14(f), if the aggregate Total Exposures of all Lenders exceeds the Borrowing Base, as adjusted, then the Borrower shall (A) prepay the Loans in an aggregate principal amount equal to such excess and (B) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8. The Borrower shall be obligated to make such prepayment and/or deposit of cash collateral no later than fifteen Business Days following the date it receives written notice from the Administrative Agent of the adjustment of the Borrowing Base and the resulting Borrowing Base Deficiency; *provided* that all payments required to be made pursuant to this clause must be made on or prior to the Termination Date.

(iii) Upon any adjustment to the Borrowing Base pursuant to this Agreement, if the aggregate Total Exposures of all Lenders exceeds the Borrowing Base, as adjusted, then the Borrower shall (A) prepay the Loans in an aggregate principal amount equal to such excess and (B) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8. The Borrower shall be obligated to make such prepayment and/or deposit of cash collateral upon the date it receives written notice from the Administrative Agent of the adjustment of the Borrowing Base and the resulting Borrowing Base Deficiency, or if received after 2:00 p.m. (Houston, Texas time), on the next Business Day; *provided* that all payments required to be made pursuant to this clause must be made on or prior to the Termination Date.

(c) Application to Loans. With respect to each prepayment of Loans elected under Section 5.1 or required by Section 5.2, the Borrower may designate the Loans to be prepaid; *provided* that (i) each prepayment of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans, and (ii) notwithstanding the provisions of the preceding Section 5.2(c)(i), no prepayment of Loans shall be applied to the Loans of any Defaulting Lender unless otherwise agreed to in writing by the Borrower. In the absence of a designation by the Borrower as described in the preceding sentence or if a Default has occurred and is continuing, the Administrative Agent shall make such designation in its reasonable discretion with a view, but no obligation, to minimize breakage costs owing under Section 2.11.

(d) Interest Periods. In lieu of making any payment pursuant to this Section 5.2 in respect of any Loan, other than on the last Business Day of the month so long as no Event of Default shall have occurred and be continuing, the Borrower at its option may deposit, on behalf of the Borrower, with the Administrative Agent an amount equal to the amount of the Loan to be prepaid and such Loan shall be repaid on the last Business Day of the Interest Period therefor in the required amount. Such deposit shall be held by the Administrative Agent in a corporate time deposit account established on terms reasonably satisfactory to the Administrative Agent, earning interest at the then customary rate for accounts of such type. The Borrower hereby grants to the Administrative Agent, for the benefit of the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Such deposit shall constitute cash collateral for the Loans to be so prepaid; *provided* that the Borrower may at any time direct that such deposit be applied to make the applicable payment required pursuant to this Section 5.2.

(e) Application of Proceeds. The application of proceeds pursuant to this Section 5.2 shall not reduce the aggregate amount of Commitments under the Facility and amounts prepaid may be reborrowed subject to the Available Commitment and the terms of this Agreement.

5.3 Method and Place of Payment.

(a) Except as otherwise specifically provided herein, all payments under this Agreement shall be made by the Borrower without set-off, counterclaim or deduction of any kind, to the Administrative Agent for the ratable account of the Lenders entitled thereto or the Issuing Banks entitled thereto, as the case may be, not later than 1:00 p.m. (Houston, Texas time), in each case, on the date when due and shall be made in immediately available funds at the Administrative Agent's Office or at such other office as the Administrative Agent shall specify for such purpose by notice to the Borrower, it being understood that written or facsimile notice by the Borrower to the Administrative Agent to make a payment from the funds in the Borrower's account at the Administrative Agent's Office shall constitute the making of such payment to the extent of such funds held in such account. All repayments or prepayments of any Loans (whether of principal, interest or otherwise) hereunder and all other payments under each Credit Document shall be made in Dollars. The Administrative Agent will thereafter cause to be distributed on the same day (if payment was actually received by the Administrative Agent prior to 1:00 p.m. (Houston, Texas time) or, otherwise, on the next Business Day in the sole discretion of the Administrative Agent) like funds relating to the payment of principal or interest or fees ratably to the Lenders or the Issuing Banks, as applicable, entitled thereto.

(b) For purposes of computing interest or fees, any payments under this Agreement that are made later than 1:00 p.m. (Houston, Texas time) shall be deemed to have been made on the next succeeding Business Day in the sole discretion of the Administrative Agent. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

5.4 Net Payments.

(a) Any and all payments made by or on behalf of the Borrower or any Guarantor under this Agreement or any other Credit Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes; *provided* that if the Borrower, any Guarantor, the Administrative Agent or any other applicable withholding agent shall be required by applicable Requirements of Law to deduct or withhold any Taxes from such payments, then (i) the applicable withholding agent shall make such deductions or withholdings as are reasonably determined by the applicable withholding agent to be required by any applicable Requirement of Law, (ii) the applicable withholding agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority and in accordance with applicable Requirements of Law, and (iii) to the extent withholding or deduction is required to be made on account of Indemnified Taxes, the sum payable by the Borrower or such Guarantor shall be increased as necessary so that after all required deductions and withholdings have been made (including deductions or withholdings applicable to additional sums payable under this Section 5.4) the Administrative Agent, the Collateral Agent, or the applicable Issuing Bank or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made. After any payment of Taxes by any Credit Party or the Administrative Agent to a Governmental Authority as provided in this Section 5.4, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, a copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(b) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Requirements of Law, or at the option of the Administrative Agent timely reimburse it for, and in each case hold Administrative Agent, Collateral Agent and each Lender harmless from, any Other Taxes (whether or not such Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority).

(c) The Borrower shall indemnify and hold harmless the Administrative Agent, the Collateral Agent and each Lender within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes imposed on the Administrative Agent, the Collateral Agent or such Lender, as the case may be (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 5.4), and any 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 setting forth in reasonable detail the basis and calculation of the amount of such payment or liability under this Section 5.4 delivered to the Borrower by a Lender, the Administrative Agent or the Collateral Agent (as applicable) on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(d) Each Lender shall deliver to the Borrower and the Administrative Agent, at such time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not any payments made hereunder or under any other Credit Document are subject to Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of any payments to be made to such Lender by any Credit Party pursuant to any Credit Document or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(e) Without limiting the generality of Section 5.4(d), each Non-U.S. Lender with respect to any Loan made to the Borrower shall, to the extent it is legally eligible to do so:

(i) deliver to the Borrower and the Administrative Agent, prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement, two copies of (A) in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding Tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", IRS Form W-8BEN or Form W-8BEN-E, as applicable (or any applicable successor form) (together with a certificate (substantially in the form of Exhibit K hereto) representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a "10- percent shareholder" (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower, is not a CFC related to the Borrower (within the meaning of Section 864(d)(4) of the Code)), (B) IRS Form W-8BEN or Form W-8BEN-E, as applicable, or Form W-8ECI (or any applicable successor form), in each case properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. federal withholding Tax on payments by the Borrower under this Agreement, (C) IRS Form W-8IMY (or any applicable successor form) and all necessary attachments (including the forms described in clauses (A) and (B) above, *provided* that if the Non-U.S. Lender is a partnership, and one or more of the partners is claiming portfolio interest treatment, a certificate substantially in the form of Exhibit K hereto may be provided by such Non-U.S. Lender on behalf of such partners) or (D) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to

determine the withholding or deduction required to be made; and

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification (or any applicable successor form) on or before the date that any such form or certification expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

Any Non-U.S. Lender that becomes legally ineligible to update any form or certification previously delivered shall promptly notify the Borrower and the Administrative Agent in writing of such Non-U.S. Lender's inability to do so.

Each Person that shall become a Participant pursuant to Section 13.6 or a Lender pursuant to Section 13.6 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 5.4(e); *provided* that in the case of a Participant such Participant shall furnish all such required forms and statements to the Person from which the related participation shall have been purchased.

In addition, to the extent it is legally eligible to do so, each Agent shall deliver to the Borrower (x)(I) prior to the date on which the first payment by the Borrower is due hereunder or (II) prior to the first date on or after the date on which such Agent becomes a successor Agent pursuant to Section 12.9 on which payment by the Borrower is due hereunder, as applicable, two copies of a properly completed and executed IRS Form W-9 certifying its exemption from U.S. Federal backup withholding or (1) an executed IRS Form W-8ECI with respect to payments to be received by it as a beneficial owner and (2) an executed IRS Form W-8IMY (together with required documentation) with respect to payments to be received by it on behalf of a Lender evidencing its agreement with the Borrower to be treated as a "United States Person" as defined in Section 7701(a)(30) of the Code (with respect to such payments) so that all payments hereunder made by the Borrower to the Administrative Agent may be made free of any U.S. withholding tax, and (y) on or before the date on which any such previously delivered documentation expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent documentation previously delivered by it to the Borrower, and from time to time if reasonably requested by the Borrower, two further copies of such documentation.

(f) If any Lender, any Issuing Bank, the Administrative Agent or the Collateral Agent, as applicable, determines, in its sole discretion exercised in good faith, that it had received a refund of an Indemnified Tax for which a payment has been made by the Borrower or any Guarantor pursuant to this Agreement or any other Credit Document, then the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, shall reimburse the Borrower or such Guarantor for such amount (net of all reasonable out-of-pocket expenses of such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, and without interest other than any interest received thereon from the relevant Governmental Authority with respect to such refund) as the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, determines in its sole discretion exercised in good faith to be the proportion of the refund as will leave it, after such reimbursement, in no better or worse net after-Tax position (taking into account expenses or any Taxes imposed on the refund) than it would have been in if the payment had not been required; *provided* that the Borrower or such Guarantor, upon the request of the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, agrees to repay the amount paid over to the Borrower or such Guarantor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent in the event the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent is required to repay such refund to such Governmental Authority. In such event, such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, shall, at the Borrower's request, provide the Borrower with a copy of any notice of assessment or other evidence of the requirement to repay such refund received from the relevant Governmental Authority (*provided* that such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent may delete any information therein that it deems confidential). No Lender nor any Issuing Bank nor the Administrative Agent nor the Collateral Agent shall be obliged to make available its Tax returns (or any other information relating to its taxes that it deems confidential) to any Credit Party in connection with this clause (f) or any other provision of this Section 5.4.

(g) If the Borrower determines that a reasonable basis exists for contesting an Indemnified Tax for which a Credit Party has paid additional amounts or indemnification payments, each Lender or Agent, as the case may be, shall use reasonable efforts to cooperate with the Borrower as the Borrower may reasonably request in challenging such Tax. The Borrower shall indemnify and hold each Lender and Agent harmless against any out-of-pocket expenses incurred by such Person in connection with any request made by the Borrower pursuant to this Section 5.4(g). Nothing in this Section 5.4(g) shall obligate any Lender or Agent to take any action that such Person, in its sole judgment, determines may result in a material detriment to such Person.

(h) Each U.S. Lender shall deliver to the Borrower and the Administrative Agent two IRS Forms W-9 (or substitute or successor form), properly completed and duly executed, certifying that such U.S. Lender is exempt from United States federal backup withholding (i) on or prior to the Closing Date (or on or prior to the date it becomes a party to this Agreement), (ii) on or before the date that such form expires or becomes obsolete or invalid, (iii) after the occurrence of a change in the U.S. Lender's circumstances requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and (iv) from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

(i) If a payment made to any Lender or any Agent under this Agreement or any other Credit Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender or such Agent 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 Lender or such Agent 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 law (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, to determine whether such Lender has or has not complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 5.4(i), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(j) For the avoidance of doubt, for purposes of this Section 5.4, the term "Lender" includes any Issuing Bank.

(k) The agreements in this Section 5.4 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

5.5 Computations of Interest and Fees.

(a) Interest on Loans shall be calculated on the basis of a 360-day year for the actual days elapsed.

(b) Fees and the average daily Stated Amount of Letters of Credit shall be calculated on the basis of a 360-day year for the actual days elapsed.

5.6 Limit on Rate of Interest.

(a) No Payment Shall Exceed Lawful Rate. Notwithstanding any other term of this Agreement, the Borrower shall not be obligated to pay any interest or other amounts under or in connection with this Agreement or otherwise in respect to any of the Obligations in excess of the amount or rate permitted under or consistent with any applicable law, rule or regulation.

(b) Payment at Highest Lawful Rate. If the Borrower is not obliged to make a payment that it would otherwise be required to make, as a result of Section 5.6(a), the Borrower shall make such payment to the maximum extent permitted by or consistent with applicable laws, rules and regulations.

(c) Adjustment if Any Payment Exceeds Lawful Rate. If any provision of this Agreement or any of the other Credit Documents would obligate the Borrower or any other Credit Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate that would be prohibited by any applicable Requirement of Law, then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable Requirements of Law, such adjustment to be effected, to the extent necessary, by reducing the amount or rate of interest required to be paid by the Borrower to the affected Lender under Section 2.8.

(d) Rebate of Excess Interest. Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received from the Borrower an amount in excess of the maximum permitted by any applicable Requirement of Law, then the Borrower shall be entitled, by notice in writing to the Administrative Agent to obtain reimbursement from that Lender in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by that Lender to the Borrower.

SECTION 6 CONDITIONS PRECEDENT TO CLOSING DATE.

The occurrence of the Closing Date and the obligations of the Lenders to make the Closing Date Loans and of the Issuing Banks to issue Letters of Credit hereunder is subject to the satisfaction of the following conditions precedent, except as otherwise agreed or waived pursuant to Section 13.1.

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received on the Closing Date, written opinions of (i) Kirkland & Ellis LLP, counsel to the Credit Parties, (ii) McAfee & Taft, local Oklahoma counsel to the Credit Parties, and (iii) Martin, Pringle, Oliver, Wallace & Bauer, L.L.P., local Kansas counsel to the Credit Parties, in each case (A) dated the Closing Date, (B) addressed to the Administrative Agent, the Collateral Agent, the Lenders, each Issuing Bank and the other Secured Parties and (C) in form and substance reasonably satisfactory to the Administrative Agent. The Borrower, the other Credit Parties and the Administrative Agent hereby instruct such counsels to deliver such legal opinions.

(c) The Administrative Agent shall have received, in the case of each Credit Party, each of the items referred to in subclauses (i), (ii) and (iii) below:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership or certificate of formation, including all amendments thereto, of each Credit Party, in each case, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Credit Party as of a recent date from such Secretary of State (or other similar official);

(ii) a certificate of the Secretary or Assistant Secretary or similar officer of each Credit Party dated the Closing Date and certifying:

(A) that attached thereto is a true and complete copy of the bylaws (or partnership agreement, limited liability company agreement or other equivalent governing documents) of such Credit Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or managing general partner, managing member or equivalent) of such Credit Party authorizing the execution, delivery and performance of the Credit Documents to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(C) that the certificate or articles of incorporation, certificate of limited partnership, articles of incorporation or certificate of formation of such Credit Party has not been amended since the date of the last amendment thereto disclosed pursuant to subclause (i) above, and

(D) as to the incumbency and specimen signature of each officer executing any Credit Document or any other document delivered in connection herewith on behalf of such Credit Party.

(iii) a certificate of a director or an officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate pursuant to subclause (ii) above.

(d) The Administrative Agent (or its counsel) shall have received executed copies of the Guarantee and of the Collateral Agreement, each executed by each Person which will be a Guarantor on the Closing Date.

(e) The Collateral Agent (or its counsel) shall have received:

(i) All documents and instruments, including Uniform Commercial Code or other applicable personal property and financing statements, reasonably requested by the Collateral Agent to create the Liens intended to be created by any Security Document and perfect such Liens to the extent required by, and with the priority required by, such Security Document shall have been delivered to the Collateral Agent for filing, registration or recording and none of the Collateral shall be subject to any other pledges, security interests or mortgages, except for Liens permitted under Section 10.2.

(ii) all certificates, if any, representing such securities pledged under the Collateral Agreement, accompanied by instruments of transfer and/or undated powers endorsed in blank for all Equity Interests of each Subsidiary directly owned by any Credit Party, in each case as of the Closing Date.

(f) On the Closing Date, the Administrative Agent shall have received a solvency certificate substantially in the form of Exhibit J hereto and signed by an Authorized Officer of the Borrower.

(g) The Administrative Agent shall have received at least three (3) Business Days prior to the Closing Date all documentation and other information required by regulatory authorities under applicable "know your customer" and anti- money laundering rules and regulations, including without limitation, the Patriot Act that has been requested not less than five (5) Business Days prior to the Closing Date.

(h) The Administrative Agent shall have received the Initial Reserve Reports in a form reasonably acceptable to the Administrative Agent along with a certificate from an Authorized Officer dated as of the Closing Date, certifying (i) the Initial Reserve Reports as being true and accurate in all material respects based upon the best information reasonably available as of the date of the report and (ii) the aggregate PV-9 of the Proved Developed Producing Reserves included in the Initial Reserve Reports.

(i) The Administrative Agent shall have received appropriate UCC search certificates and other lien searches reflecting no prior Liens encumbering the properties of the Borrower and its Restricted Subsidiaries for each jurisdiction requested by the Administrative Agent (other than those being assigned or released on or prior to the Closing Date or Liens permitted by Section 10.2).

(j) The Administrative Agent shall have received promissory notes duly completed and executed for each Lender that has requested a promissory note at least one Business Day prior to the Closing Date.

(k) The Administrative Agent shall have received a Guarantee duly executed by each Subsidiary of Borrower in existence as of the Closing Date.

(l) The Administrative Agent shall have received Mortgages substantially all Oil and Gas Properties of Borrower and its Restricted Subsidiaries, duly executed and acknowledged by the applicable Credit Party. The Administrative Agent shall have received from the Borrower title opinions or other information in form and substance reasonably acceptable to the Administrative Agent demonstrating satisfactory title to at least 90% of the PV- 9 of the Credit Parties' total Proved Developed Producing Reserves; *provided* that Borrower shall be deemed to have not provided information demonstrating satisfactory title for any Proved Developed Producing Reserves that are not Mortgaged Properties.

(m) The Administrative Agent shall have received a Notice of Borrowing as required by Section 2.3(a)(i).

(n) The Lenders and the Administrative Agent shall have received all fees required to be paid hereunder, to the extent invoiced in reasonable detail at least one (1) Business Day prior to the Closing Date (except as otherwise reasonably agreed by the Borrower), and all expenses for which invoices have been presented, on or before the Closing Date.

(o) The Lenders and the Administrative Agent shall have received all fees required to be paid as of the Closing Date under the Fee Letter or this Agreement on or before the Closing Date.

(p) The Administrative Agent shall have received copies of insurance certificates evidencing the insurance required to be maintained by the Borrower and the Restricted Subsidiaries pursuant to Section 9.3.

(q) The counterparty to all Hedge Agreements to which the Borrower is a party (other than counterparty that is a Lender or Agent or an Affiliate of a Lender or Agent or any Person described in subpart (b)(y) of the definition of Hedge Bank) shall enter into an Intercreditor Agreement and become a Secured Hedge Counterparty pursuant to subpart (b) of the definition of "Secured Hedge Counterparty."

(r) The Administrative Agent shall have received satisfactory pay-off letters for all existing Indebtedness required to be repaid which confirm that all Liens upon any of the property of the Credit Parties constituting Collateral will be terminated concurrently with such payment and all letters of credit issued or guaranteed as part of such Indebtedness shall have been cash-collateralized or supported by a Letter of Credit.

(s) To the extent that Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Administrative Agent shall have received a Beneficial Ownership Certification in relation to Borrower.

SECTION 7 CONDITIONS PRECEDENT TO ALL CREDIT EVENTS.

The agreement of each Lender to make any Loan requested to be made by it on any date (excluding Loans required to be made by the Lenders in respect of Unpaid Drawings pursuant to Sections 3.3 and 3.4), and the obligation of any Issuing Bank to issue Letters of Credit on any date, is subject to the satisfaction of the following conditions precedent:

(a) At the time of each such Credit Event and also after giving effect thereto, (a) no Default, Event of Default or Borrowing Base Deficiency shall have occurred and be continuing and (b) all representations and warranties made by any Credit Party contained herein or in the other Credit Documents shall be true and correct in all material respects (unless such representation or warranty contains a materiality qualifier in which case such representation or warranty shall be true and correct in all respects) with the same effect as though such representations and warranties had been made on and as of the date of such Credit Event (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (unless such representation or warranty contains a materiality qualifier in which case such representation or warranty shall be true and correct in all respects) as of such earlier date).

(b) other than with respect to the Closing Date Loans, (i) (A) Consolidated Cash Balance as of the day of the Notice of Borrowing and (B) the pro forma Consolidated Cash Balance as of the end of the fifth Business Day after giving effect to such Credit Event and the application of the proceeds thereof may not exceed $20,000,000, and (ii) Borrower must be in compliance, both before and after giving effect to such Credit Event on a pro forma basis, with Section 9.18 and Section 10.9 (and if required by the Administrative Agent, shall certify as to such compliance either in a certificate of an Authorized Officer or in the applicable Notice of Borrowing).

(c) Prior to the making of each Loan (other than any Loan made pursuant to Section 3.4(a)), the Administrative Agent shall have received a Notice of Borrowing (whether in writing or by telephone) meeting the requirements of Section 2.3(a).

(d) Prior to the issuance of each Letter of Credit, the Administrative Agent and the applicable Issuing Bank shall have received a Letter of Credit Application meeting the requirements of Section 3.2(a).

The acceptance of the benefits of each Credit Event after the Closing Date shall constitute a representation and warranty by each Credit Party to each of the Lenders that all the applicable conditions specified in Section 7 above have been satisfied as of that time.

SECTION 8 REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Lenders to enter into this Agreement, to make the Loans and issue or participate in Letters of Credit as provided for herein, the Borrower makes, on the date of each Credit Event, the following representations and warranties to, and agreements with, the Lenders, all of which shall survive the execution and delivery of this Agreement and the making of the Loans and the issuance of the Letters of Credit:

8.1 Status. Each of the Borrower and each Restricted Subsidiary of the Borrower (a) is a duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact its business as now conducted and (b) has duly qualified and is authorized to do business and is in good standing (if applicable) in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

8.2 Power and Authority; Enforceability. Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each Credit Party has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

8.3 No Violation. None of the execution, delivery or performance by any Credit Party of the Credit Documents to which it is a party or the compliance with the terms and provisions thereof will contravene any Requirement of Law except to the extent such contravention would not reasonably be expected to result in a Material Adverse Effect, result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Credit Party or any of the Restricted Subsidiaries (other than Liens created under the Credit Documents and Liens permitted hereunder) pursuant to the terms of any indenture, loan agreement, lease agreement, mortgage, deed of trust, agreement or other instrument to which such Credit Party or any of the Restricted Subsidiaries is a party or by which it or any of its property or assets is bound (any such term, covenant, condition or provision, a "Contractual Requirement") except to the extent such breach, default or Lien that would not reasonably be expected to result in a Material Adverse Effect or violate any provision of the certificate of incorporation, by-laws or other organizational documents of such Credit Party or any of the Restricted Subsidiaries.

8.4 Litigation. Except as set forth on Schedule 8.4, there are no actions, suits or proceedings, pending or, to the knowledge of the Borrower, threatened in writing, with respect to the Borrower or any of its Restricted Subsidiaries or against any of their respective or revenues that either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

8.5 Margin Regulations. Neither the making of any Loan hereunder nor the use of the proceeds thereof will violate the provisions of Regulation T, Regulation U or Regulation X of the Board.

8.6 Governmental Approvals. The execution, delivery and performance of each Credit Document do not require any consent or approval of, registration or filing with, or other action by, any Governmental Authority, except for (a) such as have been obtained or made and are in full force and effect, (b) filings and recordings in respect of the Liens created pursuant to the Security Documents and (c) such consents, approvals, registrations, filings or actions the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect.

8.7 Investment Company Act. No Credit Party is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

8.8 True and Complete Disclosure.

(a) All written information (other than the Budget, estimates and information of a general economic nature or general industry nature) (the "Information") concerning the Borrower, the Subsidiaries, the Transactions and any other transactions contemplated hereby (as modified or supplemented by other information so furnished) or otherwise prepared by or on behalf of the foregoing or their representatives and made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby, when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made.

(b) Any financial statements that constitute Information were prepared in accordance with GAAP and fairly present the financial condition of the Borrower and its Subsidiaries for the applicable time periods.

(c) The Budget and estimates and information of a general economic nature or general industry nature prepared by or on behalf of the Borrower or any of its representatives and that have been made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date thereof (it being understood that actual results may vary materially from the Budget), as of the date such Budget and estimates were furnished to the Lenders and (with respect to any such Budget provided prior to the Closing Date) as of the Closing Date.

8.9 Tax Matters. Except as would not reasonably be expected to result in a Material Adverse Effect, (a) each of the Borrower and the Subsidiaries has filed all Tax returns, domestic and foreign, required to be filed by it (including in its capacity as withholding agent) and has paid all Taxes payable by it that have become due, other than those (i) not yet delinquent or (ii) being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided to the extent required by and in

accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) and (b) the Borrower and each of the Subsidiaries have provided adequate reserves in accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) for all Taxes of the Borrower and the Subsidiaries not yet due and payable.

8.10 Compliance with Laws and Agreements; No Defaults. Each of the Borrower and its Restricted Subsidiaries are in compliance with Section 9.6. No Default has occurred and is continuing.

8.11 Restriction on Liens. The Borrower and its Restricted Subsidiaries are in compliance with Section 10.8.

8.12 Compliance with ERISA.

(a) Except to the extent that a breach of any of the representations or warranties in this Section 8.12(a) would not result, individually or in the aggregate, in an amount of liability that would be reasonably likely to have a Material Adverse Effect: (i) Each Plan is in compliance with ERISA, the Code and any applicable Requirement of Law; (ii) no Reportable Event has occurred (or is reasonably likely to occur) with respect to any Plan; (iii) no written notice has been given to the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate that a Multiemployer Plan is in insolvency pursuant to Section 4245 of ERISA or that it is in endangered, critical or critical and endangered status pursuant to Section 305 of ERISA; (iv) each Plan has satisfied the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, and there has been no determination that any such Plan is, or is expected to be, in "at risk" status (within the meaning of Section 303(i)(4) of ERISA); (v) none of the Borrower or any ERISA Affiliate has incurred (or is reasonably likely to incur) any liability to or on account of a Plan or Multiemployer Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204, or 4212(c) of ERISA or Section 4971 or 4975 of the Code nor has the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate, been notified in writing that it will incur any liability under any of the foregoing Sections with respect to any Plan or Multiemployer Plan; (vi) no proceedings have been instituted to terminate or to reorganize any Plan or Multiemployer Plan or to appoint a trustee to administer any Plan or Multiemployer Plan, and no written notice of any such proceedings has been given to the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate; (vii) neither the Borrower nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (viii) and no lien imposed under the Code or ERISA on the assets of the Borrower or any ERISA Affiliate exists (or is reasonably likely to exist) nor has the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate been notified in writing that such a lien will be imposed on the assets of the Borrower or any ERISA Affiliate on account of any Plan or Multiemployer Plan. No Plan has an Unfunded Current Liability that would, individually or when taken together with any other liabilities referenced in this Section 8.12(a), be reasonably likely to have a Material Adverse Effect. With respect to Multiemployer Plans, the representations and warranties in this Section 8.12(a), other than any made with respect to liability under Section 4201 or 4204 of ERISA, are made to the knowledge of the Borrower.

(b) Based upon GAAP existing as of the date of this Agreement and current factual circumstances, Borrower has no reason to believe that the annual cost during the term of this Agreement to Borrower for post-retirement benefits to be provided to the current and former employees of Borrower under any welfare benefit plan, as defined in Section 3(1) of ERISA, could, in the aggregate, reasonably be expected to likely to result in a Material Adverse Effect.

(c) All Foreign Plans are in compliance with, and have been established, administered and operated in accordance with, the terms of such Foreign Plans and applicable law, except for any failure to so comply, establish, administer or operate the Foreign Plans as would not reasonably be expected to have a Material Adverse Effect. All contributions or other payments which are due with respect to each Foreign Plan have been made in full and there are no funding deficiencies thereunder, except to the extent any such events would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

8.13 Subsidiaries. There are no Subsidiaries of the Borrower existing on the Closing Date other than those set forth on Schedule 8.13.

8.14 Intellectual Property. The Borrower and each of the Restricted Subsidiaries own or have obtained valid rights to use all intellectual property, free from any burdensome restrictions, that is necessary for the operation of their respective businesses as currently conducted and as proposed to be conducted, except where the failure to obtain any such rights would not reasonably be expected to have a Material Adverse Effect. The operation of the respective businesses of the Borrower and each of the Restricted Subsidiaries, as currently conducted and as proposed to be conducted, do not infringe, misappropriate, violate or otherwise conflict with the proprietary rights of any third party have obtained all intellectual property, except as would not reasonably be expected to have a Material Adverse Effect.

8.15 Environmental Laws. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) (i) the Borrower and each of the Subsidiaries and all Oil and Gas Properties are in compliance with all Environmental Laws; (ii) neither the Borrower nor any Subsidiary has received written notice of any Environmental Claim or any other liability under any Environmental Law; (iii) neither the Borrower nor any Subsidiary is conducting any investigation, removal, remedial or other corrective action that is required pursuant to any Environmental Law at any location; and (iv) there are no Environmental Claims pending or, to the knowledge of the Borrower, threatened with respect to the Borrower or any of its Restricted Subsidiaries.

(b) Neither the Borrower nor any of the Subsidiaries has treated, stored, transported, released or disposed or arranged for disposal or transport for disposal of Hazardous Materials at, on, under or from any currently or formerly owned or leased Oil and Gas Properties or facility in a manner that would reasonably be expected to give rise to liability of the Borrower or any Subsidiary under Environmental Law.

8.16 Properties.

(a) Each Credit Party has good and defensible title to the Borrowing Base Properties evaluated in the most recently delivered Reserve Report (other than those (i) disposed of in compliance with Section 10.4 since delivery of such Reserve Report, (ii) leases that have expired in accordance with their terms following the date of the delivery of such Reserve Report and (iii) with title defects disclosed in writing to the Administrative Agent prior to the delivery of such Reserve Report), and valid title to all its material personal properties, in each case, free and clear of all Liens other than Liens permitted by Section 10.2. After giving full effect to the Liens permitted by Section 10.2, the Borrower or the Restricted Subsidiary specified as the owner owns the working interests and net revenue interests attributable to the Hydrocarbon Interests as reflected in the most recently delivered Reserve Report, and the ownership of such properties shall not in any material respect obligate the Borrower or such Restricted Subsidiary 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 the Borrower's or such Restricted Subsidiary's net revenue interest in such property.

(b) All material leases and agreements necessary for the conduct of the business of the Borrower and the Restricted Subsidiaries are valid and subsisting, in full force and effect, except to the extent that any such failure to be valid or subsisting would not 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 respective businesses as currently conducted, except to the extent any failure to have any such rights or properties would not reasonably be expected to have a Material Adverse Effect.

(d) All of the properties of the Borrower and the Restricted Subsidiaries that are reasonably necessary for the operation of their businesses are in good working condition and are maintained in accordance with prudent business standards, except to the extent any failure to satisfy the foregoing would reasonably be expected to have a Material Adverse Effect.

8.17 Solvency. After giving pro forma effect to the consummation of each Transaction (including the execution and delivery of this Agreement, the expected making of each Loan and the use of proceeds of each Loan), the Borrower and its Restricted Subsidiaries are, on a consolidated basis, Solvent.

8.18 Insurance. The properties of the Borrower and the Restricted Subsidiaries are insured in the manner contemplated by Section 9.3.

8.19 Gas Imbalances, Prepayments. Except as set forth on Schedule 8.19, on a net basis, there are no gas imbalances, take or pay or other prepayments (including Production Payments and Reserve Sales) exceeding 1.0 Bcfe of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or promptly thereafter receiving full payment therefor.

8.20 Marketing of Production. On the Closing Date, except as set forth on Schedule 8.20, no material agreements exist (which are not cancelable on 60 days' notice or less without penalty or detriment) for the sale of production of the Credit Parties' Hydrocarbons at a fixed non-index price (including calls on, or other rights to purchase, production, whether or not the same are currently being exercised) that (a) represent in respect of such agreements 2.5% or more of the Borrower's average monthly production of Hydrocarbon volumes and (b) have a maturity or expiry date of longer than six months from the Closing Date.

8.21 Hedge Agreements. Schedule 8.21 sets forth, as of the Closing Date (or as the same may be updated on or prior to the Closing Date), a true and complete list of all material commodity Hedge Agreements of each Credit Party, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark to market value thereof (as of the last Business Day of the most recent fiscal quarter preceding the Closing Date and for which a mark to market value is reasonably available), all credit support agreements relating thereto (including any margin required or supplied) and the counterparty to each such agreement.

8.22 Sanctions.

(a) Each Credit Party is in compliance in all material respects with the material provisions of the Patriot Act, and the Borrower has provided to the Administrative Agent all information related to the Credit Parties (including but not limited to names, addresses and tax identification numbers (if applicable)) reasonably requested in writing by the Administrative Agent and mutually agreed to be required by the Patriot Act to be obtained by the Administrative Agent or any Lender.

(b) None of the Borrower or any of its Subsidiaries nor, to the knowledge of Borrower, any director, officer, agent, employee or Affiliate of the Borrower or any of the Restricted Subsidiaries (i) is engaged, directly or indirectly, in any activity which is prohibited by any Sanctions, including any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department or (ii) is a Sanctioned Person or currently the subject or target of any Sanctions.

8.23 No Material Adverse Effect. There has been no event or circumstance that has had or would reasonably be expected to have a Material Adverse Effect since the date of the Borrower's pro forma financial statements delivered to Administrative Agent prior to the Closing Date.

8.24 Foreign Corrupt Practices Act. None of the Borrower or any of the Restricted Subsidiaries, nor, to the knowledge of the Borrower or any of the Restricted Subsidiaries, or any of their directors, officers, agents or employees has (i) used any corporate funds or proceeds of any Loan for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) made any direct or indirect unlawful payment to any government official or employee from corporate funds or proceeds of any Loan, (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977 or the Bribery Act 2010 of the United Kingdom or similar law of the European Union or any European Union Member State or similar law of a jurisdiction in which the Borrower or any of the Restricted Subsidiaries conduct their business and to which they are lawfully subject, or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

8.25 EEA Financial Institutions. No Credit Party is an EEA Financial Institution.

SECTION 9 AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that on the Closing Date and thereafter, until the Total Commitment and each Letter of Credit have terminated (unless such Letters of Credit have been collateralized on terms and conditions reasonably satisfactory to each applicable Issuing Bank following the termination of the Total Commitment) and the Loans and Unpaid Drawings, together with interest, fees and all other Obligations incurred hereunder (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable), are paid in full:

9.1 Information Covenants. The Borrower will furnish (or in the case of Section 9.1(k), use commercially reasonable efforts to prepare and furnish) to the Administrative Agent (which shall promptly make such information available to the Lenders in accordance with its customary practice):

(a) Annual Financial Statements. Within 120 days after the end of each such fiscal year, beginning with the fiscal year ending December 31, 2022, 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 the related consolidated statements of income, operations, shareholders' equity and cash flows for such fiscal year, setting forth comparative consolidated figures for the preceding fiscal years prepared in accordance with GAAP, and, except with respect to such reconciliation, certified by independent certified public accountants of recognized national standing whose opinion shall not be materially qualified with a "going concern" or like qualification or exception (other than with respect to, or resulting from, (x) the occurrence of the Maturity Date within one year from the date such opinion is delivered or (y) any potential inability to satisfy the Financial Performance Covenants on a future date or in a future period).

Notwithstanding the foregoing, the obligations in this Section 9.1(a) may be satisfied with respect to financial information of the Borrower and its consolidated Subsidiaries by

furnishing (A) the applicable financial statements of the Parent or any other direct or indirect parent of the Borrower or (B) the Parent's or Borrower's (or any direct or indirect parent thereof), as applicable, Form 10-K filed with the SEC; provided that, with respect to each of clauses (A) and (B), (i) to the extent such information relates to the Parent or another parent of the Borrower, such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent and its consolidated Subsidiaries, on the one hand, and the information relating to the Borrower and its consolidated Subsidiaries and the Borrower and its consolidated Restricted Subsidiaries on a standalone basis, on the other hand and (ii) to the extent such information is in lieu of information required to be provided under the first sentence of this Section 9.1(a), such materials are accompanied by an opinion of an independent registered public accounting firm of recognized national standing, which opinion shall not be materially qualified with a "going concern" or like qualification or exception (other than with respect to, or resulting from, (x) the occurrence of the Maturity Date within one year from the date such opinion is delivered or (y) any potential inability to satisfy the Financial Performance Covenants on a future date or in a future period).

(b) Quarterly Financial Statements. Within 60 days after the end of each of the first three quarterly accounting periods in each fiscal year of the Borrower, the 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 quarterly period and the related consolidated statements of income, operations, shareholders' equity and cash flows for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and setting forth comparative consolidated figures for the related periods in the prior fiscal year or, in the case of such consolidated balance sheet, for the last day of the prior fiscal year (or, in lieu of such unaudited financial statements of the Borrower and the Restricted Subsidiaries, a reconciliation reflecting such financial information for the Borrower and the Restricted Subsidiaries, on the one hand, and the Borrower and the Subsidiaries, on the other hand, reflecting adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements), all of which shall be certified by a Financial Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows, of the Borrower and its consolidated Subsidiaries in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments and the absence of footnotes. Notwithstanding the foregoing, the obligations in this Section9.1(b) may be satisfied with respect to financial information of the Borrower and its consolidated Subsidiaries by furnishing (A) the applicable financial statements of the Parent or any other direct or indirect parent of the Borrower or (B) the Parent's or the Borrower's (or any direct or indirect parent thereof), as applicable, Form 10-Q filed with the SEC; *provided* that, with respect to each of clauses (A) and (B), to the extent such information relates to the Parent or another parent of the Borrower, such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent and its consolidated Subsidiaries, on the one hand, and the information relating to the Borrower and its consolidated Subsidiaries and the Borrower and its consolidated Restricted Subsidiaries on a standalone basis, on the other.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of a Financial Officer of the Borrower substantially in the form of Exhibit F to the effect that no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof, which certificate shall set forth (i) the calculations required to establish whether the Borrower and its Restricted Subsidiaries were in compliance with the Financial Performance Covenants as at the end of such fiscal year or period, as the case may be, and (ii) a specification of any change in the identity of the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries as at the end of such fiscal year or period, as the case may be, from the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries, respectively, provided to the Lenders on the Closing Date or the most recent fiscal year or period, as the case may be.

(d) Notice of Default; Litigation. Promptly after an Authorized Officer of the Borrower, the Parent, the Borrower or any of the Restricted Subsidiaries obtains actual knowledge thereof, notice of (i) the occurrence of any Default or Event of Default, which notice shall specify the nature thereof, the period of existence thereof and what action the Borrower proposes to take with respect thereto, (ii) any litigation or governmental proceeding pending against the Borrower or any of the Subsidiaries that if determined adversely and, if so determined, would reasonably be expected to result in a Material Adverse Effect and (iii) the occurrence of any event that has occurred and resulted in a Material Adverse Effect.

(e) Environmental Matters. Promptly after obtaining actual knowledge of any one or more of the following environmental matters, unless such environmental matters would not, individually, or when aggregated with all other such environmental matters, be reasonably expected to result in a Material Adverse Effect, notice of:

(i) any pending or threatened (in writing) Environmental Claim against any Credit Party or any Oil and Gas Properties;

(ii) any condition or occurrence on any Oil and Gas Properties that (A) would reasonably be expected to result in noncompliance by any Credit Party with any applicable Environmental Law or (B) would reasonably be anticipated to form the basis of an Environmental Claim against any Credit Party or any Oil and Gas Properties;

(iii) any condition or occurrence on any Oil and Gas Properties that would reasonably be anticipated to cause such Oil and Gas Properties to be subject to any restrictions on the ownership, occupancy, use or transferability of such Oil and Gas Properties under any Environmental Law; and

(iv) the conduct of any investigation, or any removal, remedial or other corrective action in response to the actual or alleged presence, release or threatened release of any Hazardous Material on, at, under or from any Oil and Gas Properties.

All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and the response thereto.

(f) Other Information. (i) Promptly upon filing thereof, copies of any filings (including on Form 10-K, 10-Q or 8-K) or registration statements with, and reports to, the SEC or any analogous Governmental Authority in any relevant jurisdiction by the Borrower or any of the Subsidiaries (other than amendments to any registration statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Administrative Agent), exhibits to any registration statement and, if applicable, any registration statements on Form S-8), (ii) copies of all financial statements, proxy statements, notices and reports that the Borrower or any of the Subsidiaries shall send to the holders of any publicly issued debt of the Borrower and/or any of the Subsidiaries, in each case in their capacity as such holders, lenders or agents (in each case to the extent not theretofore delivered to the Administrative Agent pursuant to this Agreement) (iii) promptly after the furnishing thereof, copies of any financial statement, report or notice furnished by or on behalf of any of the Credit Parties to the Board of Directors by any of the Credit Parties, (iv) promptly after the furnishing thereof, copies of any financial statement, report or notice furnished to or by any Person pursuant to the terms of any organizational documents as well as preferred stock designation, indenture, loan or credit or other similar agreement with respect to Material Indebtedness, other than this Agreement and (v) with reasonable promptness, but subject to the limitations set forth in the last sentences of Section 9.2(a) and Section 13.16, such other information regarding the operations, business affairs and the financial condition of the Borrower or the Restricted Subsidiaries as the Administrative Agent on its own behalf or on behalf of any Lender (acting through the Administrative Agent) may reasonably request in writing from time to time.

(g) Certificate of Authorized Officer – Hedge Agreements. Concurrently with any delivery of (i) each Reserve Report and (ii) the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of an Authorized Officer, setting forth as of the date of such Reserve Report or last Business Day of such fiscal year or period, as applicable, a true and complete list of all Hedge Agreements of the Borrower and each Credit Party, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes by month), the net mark-to-market value thereof (as of the last Business Day of such fiscal year or period, as applicable and for which a mark-to- market value is reasonably available), the Borrower's compliance with Section 10.9, a statement of forecasted production for the sixty month period beginning with the first day of the month in which such certificate is delivered any new credit support agreements relating thereto not listed on Schedule 8.21 or on any previously delivered certificate delivered pursuant to this clause (g), any margin required or supplied under any credit support document and the counterparty to each such agreement.

(h) Certificate of Authorized Officer – Gas Imbalances. Concurrently with any delivery of each Reserve Report, a certificate of an Authorized Officer, certifying that as of the last Business Day of the most recently ended fiscal year or period, as applicable, except as specified in such certificate, on a net basis, there are no gas imbalances, take or pay or other prepayments exceeding 1.0 Bcfe of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor.

(i) Certificate of Authorized Officer – Production Report and Lease Operating Statement. Concurrently with any delivery of (i) each Reserve Report and (ii) the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of an Authorized Officer, setting forth, for each calendar month during the then current fiscal year to date, the volume of production of Hydrocarbons and sales attributable to production of Hydrocarbons (and the prices at which such sales were made and the revenues derived from such sales) for each such calendar month from the Borrowing Base Properties, and setting forth the related ad valorem, severance and production Taxes and lease operating expenses attributable thereto for each such calendar month.

(j) Lists of Purchasers. At the time of the delivery of the financial statements provided for in Section 9.1(a), a certificate of an Authorized Officer setting forth a list of Persons purchasing Hydrocarbons from the Borrower or any other Credit Party who collectively account for at least 80% of the revenues resulting from the sale of all Hydrocarbons from the Borrower and such other Credit Parties during the fiscal year for which such financial statements relate.

(k) Budget. Within 60 days after the end of each fiscal year (beginning with the fiscal year ending on or about December 31, 2022) of the Borrower or, if not delivered by the Borrower and requested in writing by the Administrative Agent and any Lender, as soon thereafter as is commercially reasonable, a reasonably detailed consolidated budget for the fiscal year following the fiscal year that has most recently ended as customarily prepared by management of the Borrower (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected cash flow and projected income and a summary of the material underlying assumptions applicable thereto) (collectively, the "Budget"), which Budget shall in each case be accompanied by a certificate of an Authorized Officer stating that such Budget has been prepared in good faith on the basis of the assumptions stated therein, which assumptions were believed to be reasonable at the time of preparation of such Budget, it being understood that actual results may vary from such Budget.

It is understood that documents required to be delivered pursuant to Section 9.1(a), Section 9.1(b) and Section 9.1(f) may be delivered electronically and if so delivered, 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 listed on Schedule 13.2 (if any) or (ii) on which such documents are transmitted by electronic mail to the Administrative Agent; provided that: (x) upon written request by the Administrative Agent, the Borrower shall deliver paper copies of such documents delivered pursuant to Sections 9.1(a), 9.1(b), 9.1(c) and 9.1(f) to the Administrative Agent until a written request to cease delivering paper copies is given by the Administrative Agent and (y) the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents.

9.2 Books, Records and Inspections.

(a) The Borrower will, and will cause each Restricted Subsidiary to, permit officers and designated representatives of the Administrative Agent or officers and designated representatives of the Majority Lenders (as accompanied by the Administrative Agent), to visit and inspect any of its properties and to examine the financial or operating records of the Borrower and any such Restricted Subsidiary and discuss the affairs, finances, accounts and condition of the Borrower or any such Restricted Subsidiary with its and their officers and independent accountants therefor, in each case of the foregoing upon reasonable advance notice to the Borrower, all at such reasonable times and intervals during normal business hours and to such reasonable extent as the Administrative Agent or the Majority Lenders may desire (and subject, in the case of any such meetings or advice from such independent accountants, to such accountants' customary policies and procedures); provided that, excluding any such visits and inspections during the continuation of an Event of Default (i) only the Administrative Agent on behalf of the Majority Lenders may exercise rights of the Administrative Agent and the Lenders under this Section 9.2, and (ii) only one such visit per fiscal year shall be at the Borrower's expense;*provided*, *further*, that when an Event of Default exists, the Administrative Agent (or any of its representatives or independent contractors) or any representative of the Majority Lenders may do any of the foregoing at the expense of the Borrower at any time during normal business hours and upon reasonable advance notice. The Administrative Agent and the Majority Lenders shall give the Borrower the opportunity to participate in any discussions with the Borrower's independent public accountants. Notwithstanding anything to the contrary in Section 9.1(f)(iii) or this Section 9.2, neither the Borrower nor any Restricted Subsidiary will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter (i) that constitutes non-financial trade secrets or non- financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by any Requirement of Law or any binding agreement or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product.

(b) The Borrower will, and will cause each of the Restricted Subsidiaries to, maintain financial records in accordance with GAAP.

9.3 Maintenance of Insurance. The Borrower will, and will cause each Restricted Subsidiary to, at all times maintain in full force and effect, with insurance companies that the Borrower believes (in the good faith judgment of the management of the Borrower) are financially sound and reputable at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as the Borrower believes (in the good faith judgment of management of the Borrower) is reasonable and prudent in light of the size and nature of its business; and will furnish to the Administrative Agent, upon written request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried. The Secured Parties shall be the additional insureds on any such liability insurance as their interests may appear, the Collateral Agent shall be the loss payee under any property insurance; *provided* that, so long as no Event of Default has occurred and is then continuing, the Secured Parties will provide any proceeds of such property insurance received by them to the Borrower.

9.4 Payment of Taxes. The Borrower shall, and shall cause each Restricted Subsidiary to, pay, discharge or otherwise satisfy its obligations in respect of all material obligations and all material Tax liabilities, assessments and governmental charges, before the same shall become delinquent or in default, except where (a) the amount or

validity thereof is being contested in good faith by appropriate proceedings and the Borrower or a Subsidiary thereof has set aside on its books adequate reserves therefor in accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) or (b) the failure to make payment could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

9.5 Consolidated Corporate Franchises. The Borrower will do, and will cause each Restricted Subsidiary to do, or cause to be done, all things necessary to preserve and keep in full force and effect its existence, corporate rights and authority, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect; *provided*, however, that the Borrower and its Restricted Subsidiaries may consummate any transaction permitted under Sections 10.3, 10.4 or 10.5.

9.6 Compliance with Statutes, Regulations, Etc. The Borrower will, and will cause each Restricted Subsidiary to, comply with (a) all Requirements of Law, including all governmental approvals or authorizations required to conduct its business, and to maintain all such governmental approvals or authorizations in full force and effect and (b) all agreements to which Borrower or any Restricted Subsidiary is a party, in each case except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

9.7 ERISA.

(a) Promptly, and in any event within 10 business days, after the Borrower knows of the occurrence of any of the following events that, individually or in the aggregate (including in the aggregate such events previously disclosed or exempt from disclosure hereunder, to the extent the liability therefor remains outstanding), would be reasonably likely to have a Material Adverse Effect, the Borrower will deliver to the Administrative Agent a certificate of an Authorized Officer setting forth details as to such occurrence and the action, if any, that the Borrower or the applicable ERISA Affiliate is required or proposes to take, together with any notices (required, proposed or otherwise) given to or filed with or by the Borrower, such ERISA Affiliate, the PBGC, a Plan participant (other than notices relating to an individual participant's benefits) or the Plan administrator with respect thereto: (i) that a Reportable Event has occurred with respect to any Plan; that a failure to meet the minimum funding standard of Section 412 of the Code with respect to any Plan has occurred; (ii) that a Plan having an Unfunded Current Liability has been or is to be terminated, or a Multiemployer Plan is to be partitioned or declared insolvent, under Title IV of ERISA (including the giving of written notice thereof); (iii) that a Plan has an Unfunded Current Liability that has or will result in a lien under ERISA or the Code; that proceedings will be or have been instituted to terminate a Plan having an Unfunded Current Liability (including the giving of written notice thereof); (iv) that a proceeding has been instituted against the Borrower or an ERISA Affiliate pursuant to Section 515 of ERISA to collect a delinquent contribution to a Multiemployer Plan; (v) that the PBGC has notified the Borrower or any ERISA Affiliate of its intention to appoint a trustee to administer any Plan or Multiemployer Plan; (vi) that a Plan has been amended such that, pursuant to Section 401(a)(29) of the Code or Section 436 of the Code, the amendment would result in the loss of tax-exempt status of the trust of which such Plan is a part if Borrower or an ERISA Affiliate fails to timely provide security to the Plan in accordance with the provisions of such sections of the Code; (vii) that the Borrower or any ERISA Affiliate has failed to make a required installment or other payment pursuant to Section 412 of the Code with respect to a Plan; or (viii) that the Borrower or any ERISA Affiliate has incurred or will incur (or has been notified in writing that it will incur) any liability (including any contingent or secondary liability) to or on account of a Plan or Multiemployer Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204, or 4212(c) of ERISA or Section 4971 or 4975 of the Code.

(b) Promptly following any request therefor by the Administrative Agent, the Borrower will deliver to the Administrative Agent copies of (i) any documents described in Section 101(k) of ERISA that the Borrower or an ERISA Affiliate may request with respect to any Multiemployer Plan to which the Borrower or an ERISA Affiliate is obligated to contribute and (ii) any notices described in Section 101(l) of ERISA that the Borrower may request with respect to any Multiemployer Plan to which the Borrower or an ERISA Affiliate is obligated to contribute; *provided* that if the Borrower or an ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, the Borrower shall promptly, following a request from the Administrative Agent, make a request or require that the applicable ERISA Affiliate make such request, for such documents or notices from such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof.

9.8 Maintenance of Properties. The Borrower will, and will cause each of the Restricted Subsidiaries to, except in each case, where the failure to so comply would not reasonably be expected to result in a Material Adverse Effect (it being understood that this Section 9.8 shall not restrict any transaction otherwise permitted by Section 10.3, 10.4 or 10.5):

(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 compliance with all applicable Contractual Requirements and all applicable Requirements of Law, including applicable proration requirements and Environmental Laws;

(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, working order and efficiency (ordinary wear and tear excepted) all of its material Oil and Gas Properties and other material properties, including all equipment, machinery and facilities;

(c) 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 the Borrowing Base Properties and do all other things necessary to keep unimpaired its rights with respect thereto and prevent any forfeiture thereof or default thereunder; and

(d) to the extent a Credit Party is not the operator of any property, the Borrower shall use commercially reasonable efforts to cause the operator to comply with this Section 9.8.

9.9 End of Fiscal Years; Fiscal Quarters; Pro Forma Financial Information. The Borrower will, for financial reporting purposes, cause each of its, and each of its Restricted Subsidiaries', fiscal years and fiscal quarters to end on dates consistent with past practice; provided, however, that the Borrower may, upon written notice to the Administrative Agent change the financial reporting convention specified above to any other financial reporting convention reasonably acceptable to the Administrative Agent, in which case the Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary in order to reflect such change in financial reporting. "Pro forma" calculations made pursuant to the definition of the term "Pro Forma Basis" shall be determined in good faith and certified by a Financial Officer of the Borrower.

9.10 Additional Guarantors, Grantors and Collateral.

(a) Subject to any applicable limitations set forth in the Guarantee or the Security Documents, the Borrower will cause (i) any direct or indirect Domestic Subsidiary (other than any Excluded Subsidiary) formed or otherwise purchased or acquired after the Closing Date (including pursuant to a Permitted Acquisition) and (ii) any Domestic Subsidiary of the Borrower that ceases to be an Excluded Subsidiary, in each case within 30 days from the date of such formation, acquisition or cessation, as applicable (or such longer period as the Administrative Agent may agree in its reasonable discretion) to execute (A) a supplement to the Guarantee, substantially in the form of Exhibit A thereto, in order to become a Guarantor, and (B) a supplement to the Collateral Agreement, substantially in the form of Exhibit A thereto, in order to become a

grantor and a pledgor thereunder.

(b) Subject to any applicable limitations set forth in the Collateral Agreement, the Borrower will pledge, and, if applicable, will cause each Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)) to pledge, to the Collateral Agent, for the benefit of the Secured Parties, (i) all of the Equity Interests (other than any Excluded Equity Interests) of each Subsidiary directly owned by the Borrower or any Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)), in each case, formed or otherwise purchased or acquired after the Closing Date, pursuant to supplements to the Collateral Agreement substantially in the form of Exhibit A thereto and, (ii) except with respect to intercompany Indebtedness, all evidences of Indebtedness for borrowed money in a principal amount in excess of $5,000,000 (individually) that is owing to the Borrower or any Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)) (which shall be evidenced by a promissory note), in each case pursuant to supplements to the Collateral Agreement substantially in the form of Exhibit A thereto.

(c) In connection with each redetermination (but not any adjustment) of the Borrowing Base, the Borrower shall review the applicable Reserve Report, if any, and the list of current Mortgaged Properties (as described in Section 9.10(c)), to ascertain whether the PV-9 of the Mortgaged Properties (calculated at the time of redetermination) meets the Collateral Coverage Minimum after giving effect to exploration and production activities, acquisitions, Dispositions and production. In the event that the PV-9 of the Mortgaged Properties (calculated at the time of redetermination) does not meet the Collateral Coverage Minimum, then the Borrower shall, and shall cause its Credit Parties to, grant, within 30 days of delivery of the certificate required under Section 9.13(c) (or such longer period as the Administrative Agent may agree in its reasonable discretion), to the Collateral Agent as security for the Obligations a first-priority Lien interest (subject to Liens permitted by Section 10.2(a) and 10.2(b)) on additional Oil and Gas Properties not already subject to a Lien of the Security Documents such that, after giving effect thereto, the PV-9 of the Mortgaged Properties (calculated at the time of redetermination) meets the Collateral Coverage Minimum. All such Liens will be created and perfected by and in accordance with the provisions of the Security Documents, including, if applicable, any additional Mortgages. In order to comply with the foregoing, if any Restricted Subsidiary places a Lien on its property and such Subsidiary is not a Guarantor, then it shall become a Guarantor and comply with the provisions of Sections 9.10(a) and 9.10(b).

9.11 Use of Proceeds. The Borrower will use the proceeds of the Closing Date Loans on the Closing Date to consummate the Transactions and the payment of Transaction Expenses. Following the Closing Date, the Borrower will use the proceeds of Loans for the acquisition, development and exploration of Oil and Gas Properties and for working capital and other general corporate purposes of the Borrower and its Subsidiaries (including Permitted Acquisitions).

9.12 Further Assurances.

(a) Subject to the applicable limitations set forth in the Security Documents, unless otherwise provided hereunder, the Borrower will, and will cause each other Credit Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture, filings,assignments of as-extracted collateral arising from the Borrowing Base Properties, mortgages, deeds of trust and other documents) that the Collateral Agent or the Required Lenders may reasonably request, in order to grant, preserve, protect and perfect the validity and priority of the security interests created or intended to be created by the applicable Security Documents, all at the expense of the Borrower and the Restricted Subsidiaries.

(b) Notwithstanding anything herein to the contrary, if the Collateral Agent and the Borrower reasonably determine in writing that the cost of creating or perfecting any Lien on any property is excessive in relation to the benefits afforded to the Lenders thereby, then such property may be excluded from the Collateral for all purposes of the Credit Documents. In addition, notwithstanding anything to the contrary in this Agreement, the Collateral Agreement, or any other Credit Document, (i) the Administrative Agent may grant extensions of time for or waivers of the requirements of the creation or perfection of security interests in or the obtaining of title information or legal opinions with respect to particular assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Credit Parties on such date) where it reasonably determines, in consultation with the Borrower, that perfection or obtaining of such items is not required by law or cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the other Credit Documents, (ii) Liens required to be granted from time to time pursuant to this Agreement and the Security Documents shall be subject to exceptions and limitations set forth in the Security Documents and, to the extent appropriate in any applicable jurisdiction, as otherwise agreed between the Administrative Agent and the Borrower and (iii) the Administrative Agent and the Borrower may make such modifications to the Security Documents, and execute and/or consent to such easements, covenants, rights of way or similar instruments (and Administrative Agent may agree to subordinate the lien of any mortgage to any such easement, covenant, right of way or similar instrument or record or may agree to recognize any tenant pursuant to an agreement in a form and substance reasonably acceptable to the Administrative Agent), as are reasonable or necessary and otherwise permitted by this Agreement and the other Credit Documents.

Notwithstanding the foregoing provisions of this Section 9.12 or anything in this Agreement or any other Credit Document to the contrary: (A) Liens required to be granted from time to time shall be subject to exceptions and limitations set forth in the Collateral Agreement and the other Credit Documents and, to the extent appropriate in any applicable jurisdictions, as agreed between the Administrative Agent and the Borrower and (B) the Collateral shall not include any Excluded Assets.

9.13 Reserve Reports.

(a) On or before March 1 and September 1 of each year, commencing March 1, 2023, the Borrower shall furnish to the Administrative Agent a Reserve Report evaluating, as of the immediately preceding January 1st and July 1st, the Proved Reserves and Proved Developed Reserves of the Borrower and the Credit Parties located within the geographic boundaries of the United States of America that the Borrower desires to have included in any calculation of the Borrowing Base. Each Reserve Report (i) as of January 1 shall be prepared by one or more Approved Petroleum Engineers and (ii) as of July 1 shall be prepared, at the sole election of the Borrower, (x) by one or more Approved Petroleum Engineers or (y) by or under the supervision of the engineers of the Borrower or a Restricted Subsidiary.

(b) In the event of an Interim Redetermination, the Borrower shall furnish to the Administrative Agent a Reserve Report prepared by one or more Approved Petroleum Engineers or prepared under the supervision of the engineers of the Borrower or a Restricted Subsidiary. For any Interim Redetermination pursuant to Section 2.14(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 30 days, in the case of any Interim Redetermination requested by the Borrower or 45 days, in the case of any Interim Redetermination requested by the Administrative Agent or the Lenders, following the receipt of such request.

(c) With the delivery of each Reserve Report, the Borrower shall provide to the Administrative Agent a Reserve Report Certificate from an Authorized Officer certifying that in all material respects:

(i) in the case of Reserve Reports prepared by or under the supervision of the engineers of the Borrower or a Restricted Subsidiary, such Reserve Report has been prepared, except as otherwise specified therein, in accordance with the procedures used in the immediately preceding January 1 Reserve Report or the Initial Reserve Reports, if no January 1 Reserve Report has been delivered;

(ii) the information contained in the Reserve Report and any other information delivered in connection therewith is true and correct in all material respects;

(iii) except as set forth in an exhibit to such certificate, the Borrower or another Credit Party has good and defensible title to the Borrowing Base Properties evaluated in such Reserve Report (other than those (x) Disposed of in compliance with Section 10.4 since delivery of such Reserve Report, and (y) with title defects disclosed in writing to the Administrative Agent on or prior to the delivery date thereof) and such Borrowing Base Properties are free of all Liens except for Liens permitted by Section 10.2;

(iv) except as set forth on an exhibit to such certificate, on a net basis there are no gas imbalances, take or pay or other prepayments in excess of the volume specified in Section 8.17 with respect to the Credit Parties' Oil and Gas Property evaluated in such Reserve Report that would require the Borrower or any other 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;

(v) none of the Borrowing Base Properties have been Disposed of since the date of the last Borrowing Base determination except those Borrowing Base Properties listed on such certificate as having been Disposed of; and

(vi) the certificate shall also attach, as schedules thereto, (A) a list of all Borrowing Base Properties evaluated by such Reserve Report that are Collateral and demonstrating that the PV-9 of the Collateral (calculated at the time of delivery of such Reserve Report) meets the Collateral Coverage Minimum and (B) a description of any minimum volume commitments or deficiency payment obligations estimated (calculated at the time of delivery of such Reserve Report and based upon the production forecasts therein) to be payable by any Credit Party pursuant to any gathering, processing or transportation agreement.

9.14 Title Information.

(a) In connection with the certificate required under Section 9.13, the Borrower will deliver, if reasonably requested by the Administrative Agent, title information, that is consistent with usual and customary standards for the geographic regions in which the Borrowing Base Properties are located and that is reasonably acceptable to the Administrative Agent covering Mortgaged Properties with a value of at least 90% of the PV-9 value of the total Proved Developed Producing Reserves included in such Reserve Report, it being understood that title information provided with respect to Proved Developed Producing Reserves that are not Mortgaged Properties shall not be considered "reasonably satisfactory."

(b) If the Borrower has provided title information for additional Proved Developed Reserves under Section 9.14(a) the Borrower shall, within sixty (60) days after notice from the Administrative Agent that title defects exist with respect to such additional Proved Developed Reserves, either (i) cure any such title defects raised by such information, (ii) substitute acceptable Mortgaged Properties with satisfactory title information having an equivalent value or (iii) deliver title information in form and substance 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 90% of the PV-9 value of the total Proved Developed Producing Reserves included in such Reserve Report

(c) If the Borrower fails to cure any title defect requested by the Administrative Agent to be cured within the 60-day period pursuant to Section 9.14(b) or the Borrower fails to comply with the requirements to provide acceptable title information covering at least 90% of the PV-9 value of the total Proved Developed Producing Reserves included in such Reserve Report, such failure shall not be a Default or an Event of Default, but instead the Administrative Agent and/or the Required Lenders 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 Lenders. Such remedy is to have the Administrative Agent declare that such unacceptable Mortgaged Property shall not count towards the 90% requirement, as the case may be, and the Administrative Agent may send a notice to the Borrower and the Lenders that the then outstanding Borrowing Base shall be reduced by an amount as determined by the Required Lenders to cause the Borrower to be in compliance with the requirement to provide acceptable title information as provided in Section 9.14(a). This new Borrowing Base shall become effective immediately after the Borrower's receipt of such notice and such redetermination shall not constitute an Interim Redetermination.

9.15 Environmental Matters.

(a) The Borrower will at its sole expense: (i) comply, and cause its properties and operations and each Subsidiary and each Subsidiary's properties and operations to comply, with all applicable Environmental Laws, to the extent the breach thereof could be reasonably expected to result in a Material Adverse Effect; (ii) not Release or threaten to Release, and cause each Subsidiary not to Release or threaten to Release, any Hazardous Material on, under, about or from any of the Borrower's or its Subsidiaries' properties or any other property offsite the property to the extent caused by the Borrower's or its Subsidiaries' operations except in compliance with applicable Environmental Laws, to the extent such Release or threatened Release could reasonably be expected to result in a Material Adverse Effect; (iii) obtain or file, and cause each Subsidiary to obtain or file, all Environmental Permits, if any, required under applicable Environmental Laws to be obtained or filed in connection with the Borrower's or its Subsidiaries' operation of their properties, to the extent such failure to obtain or file could reasonably be expected to result in a Material Adverse Effect; and (iv) commence and prosecute to completion, and cause each Subsidiary to commence and 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 to be completed by Borrower or any Subsidiary under applicable Environmental Laws because of or in connection with the actual or suspected past, present or future Release or threatened Release of any Hazardous Material on, under, about or from any of the Borrower's or its Subsidiaries' Properties, to the extent failure to do so could reasonably be expected to result in a Material Adverse Effect, in each such case in clauses (i) through (iv) above after giving effect to any insurance with respect thereto.

(b) In connection with any acquisition by any Credit Party of any Oil and Gas Property, other than an acquisition of additional interests in Oil and Gas Properties in which such Credit Party previously held an interest, to the extent any Credit Party obtains or is provided with same, the Borrower will, and will cause each other Credit Party to, promptly following any 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 as are reasonably requested by the Administrative Agent, the delivery of which will not violate any applicable confidentiality agreement entered into in good faith with an unaffiliated third party.

9.16 Commodity Exchange Act Keepwell Provisions. The Borrower hereby guarantees the payment and performance of all Obligations of each Credit Party (other than Borrower) and absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each Credit Party

(other than the Borrower) in order for such Credit Party to honor its obligations under the Guarantee including obligations with respect to Hedge Agreements (provided, however, that the Borrower shall only be liable under this Section 9.16 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 9.16, or otherwise under this Agreement or any Credit Document, as it relates to such other Credit Parties, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of the Borrower under this Section 9.16 shall remain in full force and effect until all Obligations are paid in full to the Lenders, the Administrative Agent and all other Secured Parties, and all of the Commitments are terminated. The Borrower intends that this Section 9.16 constitute, and this Section 9.16 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.

9.17 Post-Closing Account Control Agreements. Beginning with the date that is thirty (30) days after the Closing Date (or such later date as may be agreed by the Administrative Agent), (a) each Credit Party shall maintain each deposit account of each Credit Party with a Lender or an Affiliate of a Lender and (b) each deposit account, securities account and commodity account of each Credit Party, shall be subject to an Account Control Agreement; provided, however, that no control agreement shall be required with respect to any Excluded Accounts and no Excluded Accounts shall be required to be maintained with a Lender or an Affiliate of a Lender.

9.18 Required Hedging. On or before each date (x) that is thirty (30) days after the Closing Date (or such later date as may be agreed by the Administrative Agent), (y) that each Reserve Report is delivered under Section 9.13(a), and (z) on which any Credit Event occurs during any time period described inclause (a) below that would result in an increased Required Hedging Percentage (each such date, a "Hedging Test Date"), Borrower or other Credit Parties shall enter into Hedge Agreements with a Secured Hedge Counterparty the net notional volumes for which (when aggregated with other commodity Hedge Agreements then in effect, other than puts, floors and basis differential swaps on volumes already hedged pursuant to other Hedge Agreements) are at least, as of each Hedging Test Date: (a) during any time period when the Consolidated Total Debt to EBITDAX Ratio for the most recent Test Period before such Hedging Test Date is less than 2.00 to 1.00, the Required Hedging Percentage of the reasonably anticipated crude oil production and of the reasonably anticipated natural gas production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered under Section 9.13(a), as applicable) for any month during the 24-month period from the applicable Hedging Test Date, and (b) at all times other than those described in the preceding clause (a), 75% of the reasonably anticipated crude oil production and 50% of the reasonably anticipated natural gas production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered under Section 9.13(a), as applicable) for any month during the 24-month period from the applicable Hedging Test Date. Notwithstanding the foregoing, the Borrower or other Credit Parties are not required to enter into Hedge Agreements under this Section 9.18 for any month after the Maturity Date.

SECTION 10 NEGATIVE COVENANTS.

The Borrower hereby covenants and agrees that on the Closing Date and thereafter, until the Total Commitment and each Letter of Credit have terminated (unless such Letters of Credit have been collateralized on terms and conditions reasonably satisfactory to the relevant Issuing Banks following the termination of the Total Commitment) and the Loans and Unpaid Drawings, together with interest, fees and all other Obligations incurred hereunder (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable), are paid in full:

10.1 Limitation on Indebtedness. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness other than the following:

(a) Indebtedness arising under the Credit Documents;

(b) Indebtedness of (i) the Borrower or any Guarantor owing to the Borrower or any Subsidiary;*provided* that any such Indebtedness owing by a Credit Party to a Subsidiary that is not a Guarantor shall be evidenced by an intercompany note substantially in the form of Exhibit I or otherwise subject to subordination terms substantially identical to the subordination terms set forth in Exhibit I, in each case, to the extent permitted by Requirements of Law and not giving rise to material adverse Tax consequences, (ii) any Subsidiary that is not a Guarantor owing to any other Subsidiary that is not a Guarantor and (iii) to the extent permitted by Section 10.5, any Subsidiary that is not a Guarantor owing to the Borrower or any Guarantor;

(c) Indebtedness in respect of any bankers' acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business or consistent with past practice or industry practice (including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims);

(d) subject to compliance with Section 10.5, Guarantee Obligations incurred by (i) Restricted Subsidiaries in respect of Indebtedness of the Borrower or other Restricted Subsidiaries that is permitted to be incurred under this Agreement (except that a Restricted Subsidiary that is not a Credit Party may not, by virtue of this Section 10.1(d) guarantee Indebtedness that such Restricted Subsidiary could not otherwise incur under this Section 10.1) and (ii) the Borrower in respect of Indebtedness of Restricted Subsidiaries that is permitted to be incurred under this Agreement; provided that if the Indebtedness being guaranteed under this Section 10.1(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 Lenders as those contained in the subordination of such Indebtedness;

(e) (i) Indebtedness (including Indebtedness arising under Capital Leases) incurred prior to or within 270 days following the acquisition, construction, lease, repair, replacement, expansion or improvement of assets (real or personal, and whether through the direct purchase of property or the Equity Interests of a Person owning such property) to finance the acquisition, construction, lease, repair, replacement expansion, or improvement of such assets; (ii) Indebtedness arising under Capital Leases, other than (A) Capital Leases in effect on the Closing Date and (B) Capital Leases entered into pursuant to subclause (i) above; *provided* that, in the case of each of the foregoing subclauses (i) and (ii), the aggregate principal amount of such Indebtedness shall not exceed, at the time of incurrence thereof, the greater of (x) $5,000,000 and (y) 3.75% of the then-effective Borrowing Base; *provided* further that, in the case of Indebtedness incurred in reliance on the foregoingsubclause (y), the Borrower shall be in Pro Forma Compliance immediately after giving effect to the incurrence of such Indebtedness (and the use of proceeds thereof); and (iii) any Permitted Refinancing Indebtedness issued or incurred to Refinance any such Indebtedness;

(f) Indebtedness in respect of Hedge Agreements, subject to the limitations set forth inSection 10.9;

(g) Indebtedness of a Domestic Subsidiary that is not a Guarantor; provided that no Credit Party's assets are used to secure any such Indebtedness, in principal amount, when aggregated with the outstanding principal amount of Indebtedness incurred pursuant to this clause (g), not to exceed, at the time of incurrence thereof, the greater of (x) $5,000,000 and (y) 3.75% of the then-effective Borrowing Base;

(h) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, and obligations in respect of letters of credit, bank guaranties or instruments related thereto not in connection with money borrowed, in each case provided in the ordinary course of business or consistent with past practice or industry practice, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or consistent with past practice or industry practice;

(i) (i) other Indebtedness; provided that the aggregate principal amount of outstanding Indebtedness incurred pursuant to thisSection 10.1(i) shall not at the time of incurrence thereof and immediately after giving effect thereto and the use of proceeds thereof on a Pro Forma Basis, exceed the greater of (x) $5,000,000 and (y) 3.75% of the then-effective Borrowing Base and (ii) any Permitted Refinancing Indebtedness issued or incurred to Refinance such Indebtedness;

(j) Cash Management Obligations, Cash Management Services and other Indebtedness in respect of netting services, automatic clearing house arrangements, employees' credit or purchase cards, overdraft protections and similar arrangements in each case incurred in the ordinary course of business;

(k) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations (including earn-outs), in each case assumed or entered into in connection with the Transactions, any Permitted Acquisitions, other Investments and the Disposition of any business, assets or Equity Interests not prohibited hereunder;

(l) Indebtedness consisting of obligations of the Borrower and the Restricted Subsidiaries under deferred compensation or other similar arrangements incurred by such Person in connection with the Transactions, Permitted Acquisitions or any other Investment permitted hereunder;

(m) Indebtedness associated with bonds or surety obligations required by Requirements of Law or by Governmental Authorities in connection with the Transactions and the operation of Oil and Gas Properties in the ordinary course of business;

(n) Indebtedness of the Borrower or any Restricted Subsidiary consisting of obligations to pay insurance premiums;

(o) Indebtedness not in excess in the aggregate of $2,500,000 at any time outstanding representing deferred compensation to employees, consultants or independent contractors of the Borrower or, to the extent attributable to the ownership or operation of the Borrower and its Subsidiaries any direct or indirect parent thereof and the Restricted Subsidiaries incurred in the ordinary course of business or consistent with past practice or industry practice; and

(p) Indebtedness not in excess in the aggregate of $2,500,000 at any time outstanding consisting of promissory notes issued by the Borrower or any Guarantor to current or former officers, managers, consultants, directors and employees to finance the purchase or redemption of Equity Interests of the Borrower (or any direct or indirect parent thereof) permitted by Section 10.6.

10.2 Limitation on Liens. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of the Borrower or any Restricted Subsidiary, whether now owned or hereafter acquired, except:

(a) Liens arising under the Credit Documents to secure the Obligations (including Liens contemplated bySection 3.8) or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage;

(b) Permitted Liens, provided, that no intention to subordinate the Liens granted under the Credit Documents is to be hereby implied or expressed by the permitted existence of such Permitted Liens;

(c) Liens (including liens arising under Capital Leases to secure Capitalized Lease Obligations) securing Indebtedness permitted pursuant toSection 10.1(e); *provided* that such Liens do not at any time extend to or cover any assets (except for accessions and additions to such assets, replacements and products thereof and customary security deposits) other than the assets subject to such Capital Leases; *provided* that in each case individual financings provided by one lender may be cross collateralized to other financings provided by such lender (and its Affiliates);

(d) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien permitted by Section 10.2(c), (g) and (i); *provided, however*, that (x) such new Lien shall be limited to all or part of the same type of property that secured the original Lien (plus improvements on and accessions to such property), (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the applicable Indebtedness at the time the original Lien became a Lien permitted hereunder, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement and (z) on the date of the incurrence of the Indebtedness secured by such Liens, the grantors of any such Liens shall comprise only the same Persons or a subset of such Persons that were the grantors of the Liens securing the debt being refinanced, refunded, extended, renewed or replaced;

(e) Liens (i) of a collecting bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off);

(f) Liens consisting of an agreement to Dispose of any property in a transaction permitted underSection 10.4, in each case, solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(g) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale or purchase of goods entered into by the Borrower or any of the Restricted Subsidiaries in the ordinary course of business permitted by this Agreement;

(h) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance or incurrence of Indebtedness or (ii) relating to purchase orders and other agreements entered into with customers of the Borrower or any Restricted Subsidiary in the ordinary course of business;

(i) Liens solely on any cash earnest money deposits made by the Borrower or any of the Restricted Subsidiaries in connection with any letter of intent or purchase agreement where the Borrower or any of its Restricted Subsidiaries is the purchaser;

(j) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(k) Liens in respect of Production Payments and Reserve Sales, subject to any adjustments to the Borrowing Base under Section 2.14(e); provided that such Liens attach at all times only to Hydrocarbon Interests from which the Production Payments and Reserve Sales have been conveyed and do not reduce the net revenue interest of the Credit Parties with respect to any Oil and Gas Properties then owned by the Credit Parties below that set forth in the most recently delivered Reserve Report;

(l) Liens arising pursuant to Section 107(l) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9607(l), or other Environmental Law, unless such Lien (i) by action of the lienholder, or by operation of law, takes priority over any Liens arising under the Credit Documents on the property upon which it is a Lien, or (ii) materially impairs the use of the property covered by such Lien for the purposes for which such property is held; and

(m) Liens on property not constituting Borrowing Base Properties, not in excess in the aggregate for all such Indebtedness of the greater of (i) $6,000,000 and (ii) 2.50% of the then effective Borrowing Base.

10.3. Limitation on Fundamental Changes. Except as permitted by Section 10.4 (other than Section 10.4(d)) or Section 10.5, the Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of, all or substantially all its business units, assets or other properties, except that:

(a) any Subsidiary of the Borrower or any other Person may be merged, amalgamated or consolidated with or into the Borrower; *provided* that the Borrower shall be the continuing or surviving Person;

(b) any Subsidiary of the Borrower or any other Person may be merged, amalgamated or consolidated with or into any one or more Subsidiaries of the Borrower; *provided* that in the case of any merger, amalgamation or consolidation involving one or more Restricted Subsidiaries, a Restricted Subsidiary shall be the continuing or surviving Person;

(c) any Restricted Subsidiary that is not a Guarantor may (i) merge, amalgamate or consolidate with or into any other Restricted Subsidiary and (ii) Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower, a Guarantor or any other Restricted Subsidiary of the Borrower;

(d) any Guarantor may (i) merge, amalgamate or consolidate with or into any other Guarantor, (ii) merge, amalgamate or consolidate with or into any other Subsidiary which is not a Guarantor or Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to any other Subsidiary that is not a Guarantor; provided that if such Guarantor is not the surviving entity, such merger, amalgamation or consolidation shall be deemed to be, and any such Disposition shall be, an "Investment" and subject to the limitations set forth in Section 10.5 and (iii) Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any other Guarantor;

(e) any Restricted Subsidiary may liquidate or dissolve if (i) 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 Lenders and (ii) to the extent such Restricted Subsidiary is a Credit Party, any assets or business of such Restricted Subsidiary not otherwise Disposed of or transferred in accordance with Section 10.4 or 10.5, in the case of any such business, discontinued, shall be transferred to, or otherwise owned or conducted by, a Credit Party after giving effect to such liquidation or dissolution; and

(f) to the extent that no Borrowing Base Deficiency, Default or Event of Default would result from consummation of such Disposition, the Restricted Subsidiaries may consummate a merger, dissolution, liquidation, consolidation or Disposition, the purpose of which is to effect a Disposition permitted pursuant to Section 10.4 or an Investment permitted by Section 10.5; and

(g) to the extent no Default or Event of Default than exists, any merger the sole purpose of which is to reincorporate or reorganize a Credit Party in another jurisdiction in the United States shall be permitted so long as (i) the Administrative Agent receives ten (10) Business Day's prior notice, (ii) such merger does not adversely affect the value of the Collateral in any material respect, (iii) the surviving entity assumes all Obligations of the applicable Credit Parties under the Credit Documents, (iv) the surviving entity delivers any requested supplements or amendments to the Security Documents as are necessary to continue the Collateral Agent's perfection in all Collateral affected by such merger and (v) the surviving entity delivers applicable information requested by the Administrative Agent or any Lender under applicable "know your customer" and anti-money laundering rules and regulations including the Patriot Act.

10.4 Limitation on Sale of Assets. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, (x) convey, sell, lease, sell and leaseback, assign, farm-out, transfer, liquidate or otherwise dispose, or otherwise agree to do any of the foregoing (each of the foregoing, including any such agreement to do the foregoing, a "Disposition"), of any of its property, business or assets (including receivables, Hedge Agreements and leasehold interests), whether now owned or hereafter acquired or (y) sell or transfer, or agree to sell or transfer, to any Person (other than the Borrower or a Guarantor) any shares owned by it of any Restricted Subsidiary's Equity Interests, except that:

(a) the Borrower and the Restricted Subsidiaries may Dispose of (i) inventory and other goods held for sale, including the sale of Hydrocarbons and Dispositions of obsolete, worn out, used or surplus equipment, vehicles and other assets (other than accounts receivable) in the ordinary course of business (including equipment that is no longer necessary for the business of the Borrower or its Restricted Subsidiaries or is replaced by equipment of at least comparable value and use), and (ii) Permitted Investments;

(b) the Borrower and the Restricted Subsidiaries may Dispose of any Oil and Gas Properties or any interest therein or the Equity Interests of any Restricted Subsidiary or of any Minority Investment owning Oil and Gas Properties (and including, but without limitation, Dispositions in respect of Production Payments and Reserve Sales and in connection with net profits interests, operating agreements, farm-ins, joint exploration and development agreements and other agreements customary in the oil and gas industry for the purpose of developing such Oil and Gas Properties); *provided* that such Disposition is for Fair Market Value; *provided*, further, that if such Disposition involves Borrowing Base Properties or Equity Interests of any Restricted Subsidiary or Minority Investment owning Borrowing Base Properties, then no later than two Business Days before the date of consummation of any such Disposition, the Borrower shall provide notice to the Administrative Agent of such Disposition and the Borrowing Base shall be adjusted in accordance with the provisions of Section 2.14(e) (if applicable) upon the closing thereof; *provided, further*, 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, upon the consummation of such Disposition(s), the Borrower shall have received net cash proceeds, or shall have cash on hand, sufficient to eliminate any such potential Borrowing Base Deficiency;

(c) the Borrower and the Restricted Subsidiaries may Dispose of property or assets to the Borrower or to a Restricted Subsidiary; *provided* that if the transferor of such property is a Credit Party, either (i) the transferee thereof must either be a Credit Party or (ii) such transaction is permitted under Section 10.5;

(d) the Borrower and any Restricted Subsidiary may affect any transaction permitted by Section 10.2 or 10.3;

(e) If no Default is then continuing, Dispositions (including like-kind exchanges) of property (other than Borrowing Base Properties) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property having the same reserve classification, where applicable, or (ii) the proceeds of such Disposition are applied to the purchase price of such replacement property having the same reserve classification, where applicable, in each case under Section 1031 of the Code or otherwise;

(f) If no Default is then continuing, Dispositions of Hydrocarbon Interests to which no Proved Reserves are attributable;

(g) transfers of property (i) subject to a Casualty Event or in connection with any condemnation proceeding with respect to Collateral; provided that the net cash proceeds of such Casualty Event or condemnation proceeding, if any, are received by the Borrower or a Guarantor or (ii) in connection with any Casualty Event or any condemnation proceeding, in each case with respect to property that does not constitute Collateral;

(h) Dispositions of accounts receivable (i) in connection with the collection or compromise thereof or (ii) to the extent the proceeds thereof are used to prepay any Loans then outstanding;

(i) the Borrower and the Restricted Subsidiaries may lease, sublease, license or sublicense personal or intellectual property in the ordinary course of business; *provided* that, with respect to intellectual property, the Borrower or any of its Restricted Subsidiaries receives (or retains) a license or other ownership rights to use such intellectual property;

(j) Dispositions (including like-kind exchanges) of property (other than Borrowing Base Properties) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are applied to the purchase price of such replacement property;

(k) Farm-Out Agreements with respect to undeveloped acreage to which no Proved Reserves are attributable and assignments in connection with such Farm-Out Agreements;

(l) the lapse or abandonment in the ordinary course of business of any registrations or applications for registration of any immaterial intellectual property rights.

(m) the Liquidation of any Hedge Agreement (subject to the terms of Section 2.14(e));

(n) Dispositions of Oil and Gas Properties that are not Borrowing Base Properties (excluding Farmout Agreements and assignments in connection with Farmout Agreements); and

(o) If no Default is then continuing, Disposition of any asset between or among the Borrower and/or its Restricted Subsidiaries as a substantially concurrent interim Disposition in connection with an Investment otherwise permitted pursuant to Section 10.5 or a Disposition otherwise permitted pursuant to clauses (a) through (n) above.

To the extent any Collateral is Disposed of as expressly permitted by this Section 10.4 to any Person other than a Credit Party, such Collateral shall be sold free and clear of the Liens created by the Credit Documents, and, if requested by the Administrative Agent, upon the certification by the Borrower that such Disposition is permitted by this Agreement, the Administrative Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing at Borrower's sole cost and expense.

10.5 Limitation on Investments. The Borrower will not, and will not permit any of the Restricted Subsidiaries, to (i) purchase or acquire (including pursuant to any merger, consolidation or amalgamation with a person that is not a Wholly Owned Subsidiary immediately prior to such merger, consolidation or amalgamation) any Equity Interests, evidences of Indebtedness or other securities of any other Person, (ii) make any loans or advances to or guarantees of the Indebtedness of any other person, or (iii) purchase or otherwise acquire (in one transaction or a series of related transactions) (x) all or substantially all of the property and assets or business of another Person or (y) assets constituting a business unit, line of business or division of such Person (each, an "Investment"), except:

(a) extensions of trade credit and purchases of assets and services (including purchases of inventory, supplies and materials) in the ordinary course of business;

(b) Investments in assets that constituted Permitted Investments at the time such Investments were made;

(c) Investments received in connection with the bankruptcy or reorganization of suppliers or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business or upon foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(d) Investments by the Borrower in any Guarantor (including any new Restricted Subsidiary that becomes a Guarantor in compliance herewith substantially contemporaneously with such Investment being made) or by any Guarantor in the Borrower;

(e) other Investments if, after giving effect to the making of any such Investment on a Pro Forma Basis, (i) no Event of Default shall have occurred and be continuing or would result therefrom, (ii) the Consolidated Total Debt to EBITDAX Ratio is not greater than 2.50 to 1.00 on a Pro Forma Basis (provided that for the purposes of this Section 10.5(e), Consolidated Total Debt shall be calculated as of the date of such Investment and EBITDAX shall be calculated as of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b)), (iii) the Borrowing Base Utilization Percentage is less than or equal to 80%, (iv) the total amount of Investments in Unrestricted Subsidiaries permitted pursuant to this Section 10.5(e) shall not exceed $2,500,000, and (v) the total amount of Investments permitted pursuant to this Section 10.5(e) shall not exceed $10,000,000;

(f) Investments constituting non-cash proceeds of Dispositions of assets to the extent permitted by Section 10.4;

(g) guarantee obligations of the Borrower or any Restricted Subsidiary of leases (other than Capital Leases) or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

(h) Investments held by a Person acquired (including by way of merger or consolidation) after the Closing Date otherwise in accordance with this Section 10.5 to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(i) Investments in Industry Investments and in interests in additional Oil and Gas Properties and gas gathering systems related thereto or Investments related to farm-out, farm-in, joint operating, joint venture, joint development or other area of mutual interest agreements, other similar industry investments, gathering systems, pipelines or other similar oil and gas exploration and production business arrangements whether through direct ownership or ownership through a joint venture or similar arrangement;

(j) Investments consisting of Indebtedness, fundamental changes and Dispositions permitted under Sections 10.1, 10.3 and 10.4;

(k) in the case of the Borrower and its Restricted Subsidiaries, Investment consisting of (i) intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business and (ii) intercompany current liabilities in connection with the cash management, Tax and accounting operations of the Borrower and the Restricted Subsidiaries;

(l) Investments resulting from pledges and deposits under clauses (c), (d) and (e) of the definition of "Permitted Liens" and clause (i) of Sections 10.2;

(m) advances in the form of a prepayment of third party expenses, so long as such expenses are being paid in accordance with customary trade terms of the Borrower or the relevant Restricted Subsidiary;

(n) Investments by any Restricted Subsidiary that is not a Guarantor in the Borrower or any other Restricted Subsidiary; provided, that Investments by any Restricted Subsidiary that is not a Guarantor in the Borrower or any Guarantor shall be subordinated in right of payment to the Loans;

(o) loans and advances to officers, directors, employees and consultants of the Borrower (or any direct or indirect parent thereof) or any of its Restricted Subsidiaries (i) for reasonable and customary business-related travel, entertainment, relocation and analogous ordinary business purposes (including employee payroll advances) and (ii) in connection with such Person's purchase of Equity Interests of the Borrower (or any direct or indirect parent thereof; *provided* that, to the extent such loans and advances are made in cash, the amount of such loans and advances used to acquire such Equity Interests shall be contributed to the Borrower in cash); *provided* that the aggregate principal amount outstanding pursuant to this clause (o) shall not exceed $2,500,000;

(p) Investments to the extent that payment for such Investments is made with Qualified Equity Interests of the Borrower or a Parent Entity;

(q) Investments made to repurchase or retire any employee or any stock ownership plan or key employee stock ownership plan of the Borrower (or any direct or indirect parent thereof); *provided* that the aggregate amount outstanding pursuant to this clause (q) shall not exceed $2,500,000;

(r) 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 and other credits to suppliers in the ordinary course of business;

(s) Investments in the ordinary course of business consisting of endorsements for collection or deposit and customary trade arrangements with customers consistent with past practices or industry practice;

(t) advances of payroll payments to employees, consultants or independent contractors or other advances of salaries or compensation to employees, consultants or independent contractors, in each case in the ordinary course of business; and

(u) any Investment constituting a Disposition or transfer of any asset between or among the Borrower and/or its Restricted Subsidiaries as a substantially concurrent interim Disposition or transfer in connection with an Investment otherwise permitted pursuant to clauses(a) through (t) above or in connection with a Disposition permitted pursuant to Section 10.4.

10.6 Limitation on Restricted Payments. The Borrower will not directly or indirectly pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Qualified Equity Interests) or redeem, purchase, retire or otherwise acquire for value any of its Equity Interests or set aside any amount for any such purpose (other than through the issuance of additional Qualified Equity Interests), or permit any Restricted Subsidiary to purchase or otherwise acquire for consideration (except in connection with an Investment permitted under Section 10.5) any Equity Interests of the Borrower, now or hereafter outstanding (all of the foregoing, "Restricted Payments"); except that:

(a) the Borrower may redeem in whole or in part any of its Equity Interests in exchange for another class of its Equity Interests (other than Disqualified Stock) or with proceeds from substantially concurrent equity contributions or issuances of new Equity Interests; *provided* that such new Equity Interests contain terms and provisions at least as advantageous to the Lenders in all material respects to their interests as those contained in the Equity Interests redeemed thereby; and the Borrower may pay Restricted Payments payable solely in the Equity Interests (other than Disqualified Stock not otherwise permitted by Section 10.1) of the Borrower;

(b) to the extent constituting Restricted Payments, the Borrower may make Investments permitted by Section 10.5 and may enter into and consummate transactions expressly permitted by Section 10.3;

(c) the Borrower may make and pay (i) with respect to any taxable period for which the Borrower and/or any of its subsidiaries are members of a consolidated, combined, affiliated, unitary or similar income Tax group for U.S. federal income Tax purposes of which the Parent is the common parent, or for which the Borrower is a partnership or disregarded entity for U.S. federal income Tax purposes that is wholly owned (directly or indirectly) by one or more C corporations for U.S. federal

income Tax purposes, distributions to the Parent to allow the Parent to timely pay its U.S. federal, state and local income Taxes (including estimated Taxes) attributable to the Borrower and its subsidiaries in an amount not to exceed the amount of any U.S. federal, state and/or local income Taxes that the Borrower and/or its subsidiaries, as applicable, would have paid for such taxable period had the Borrower and/or its subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group located in New York, New York (assuming that the Borrower and/or its subsidiaries, as applicable, is subject to Tax at the highest combined marginal federal, state, and/or local income Tax rate applicable to any corporation for such taxable period and taking into account the deductibility of state and local income Taxes for U.S. federal income Tax purposes (and any limitations thereon)), and (ii) with respect to any taxable period for which the Borrower is a partnership or disregarded entity for U.S. federal income Tax purposes (other than a partnership or disregarded entity described in Section 10.6(c)(ii)), distributions to the Parent in an amount necessary to permit the Parent to make a pro rata distribution to its equity holders such that each such equity holder receives an amount from such pro rata distribution sufficient to enable such equity holder to timely pay its U.S. federal, state and local income Taxes (including estimated Taxes) attributable to its direct or indirect ownership of the Borrower and its subsidiaries with respect to such taxable period (assuming that each such equity holder is subject to Tax at the highest combined marginal federal, state, and local income Tax rate applicable to an individual or corporate taxpayer resident (whichever is higher) in New York, New York for such taxable period and taking into account the deductibility of state and local income Taxes for U.S. federal income Tax purposes (and any limitations thereon), the alternative minimum Tax, any cumulative net taxable loss of the Borrower for prior taxable periods ending after the Closing Date to the extent such loss is of a character that would allow such loss to be available to reduce Taxes in the current taxable period (taking into account any limitations on the utilization of such loss to reduce such Taxes and whether such loss has already been utilized in calculating distributions pursuant to this Section 10.6) and the character (e.g., long-term or short-term capital gain or ordinary or exempt) of the applicable income, but without regard to any deduction permitted under Section 199A of the Code);

(d) the Borrower may reimburse Parent or any direct or indirect equity holder therein for state franchise tax paid by Parent or such equity holder on behalf of Borrower as required in connection with filing a state franchise tax combined group report for each taxable period; provided that any such amount shall not exceed the amount of any state franchise tax that the Borrower and its subsidiaries would have paid for such taxable period had the Borrower and its subsidiaries been a stand-alone taxpayer;

(e) other Restricted Payments if, after giving effect to the making of any such Restricted Payment on a Pro Forma Basis, (i) no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing or would result therefrom, (ii) the Consolidated Total Debt to EBITDAX Ratio is not greater than 2.00 to 1.00 on a Pro Forma Basis (provided that for the purposes of this Section 10.6(e), Consolidated Total Debt shall be calculated as of the date of such Restricted Payment and EBITDAX shall be calculated as of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b)), and (iii) the Borrowing Base Utilization Percentage is less than or equal to 70%;

(f) provided that no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing, the Borrower may repurchase Equity Interests of the Borrower (or any Parent Entity thereof) upon exercise of stock options or warrants if such Equity Interests represents all or a portion of the exercise price of such options or warrants, *provided* that the aggregate amount of all such repurchases in any twelve (12) month period shall not exceed $1,250,000 in the aggregate; and

(g) the Borrower may consummate the Transactions (and pay fees and expenses in connection therewith on or following the Closing Date) and make payments described in Section 10.11(a) (subject to the conditions set out therein).

10.7 Negative Pledge Agreements. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into or permit to exist any Contractual Requirement (other than this Agreement or any other Credit Document or any documentation in respect of secured Indebtedness otherwise permitted hereunder) that limits the ability of the Borrower or any Guarantor to create, incur, assume or suffer to exist Liens on property of such Person for the benefit of the Secured Parties with respect to the Obligations or under the Credit Documents or to guarantee the Obligations; provided that the foregoing shall not apply to each of the following Contractual Requirements that:

(a) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary of the Borrower, so long as such Contractual Requirements were not entered into solely in contemplation of such Person becoming a Restricted Subsidiary of the Borrower;

(b) represent Indebtedness permitted under Section 10.1 of a Restricted Subsidiary of the Borrower that is not a Guarantor so long as such Contractual Requirement applies only to such Subsidiary and its Subsidiaries;

(c) arise pursuant to agreements entered into with respect to any sale, transfer, lease or other Disposition permitted by Section 10.4 and applicable solely to assets under such sale, transfer, lease or other Disposition;

(d) are customary provisions in joint venture agreements and other similar agreements permitted by Section 10.5 and applicable to joint ventures or otherwise arise in agreements which restrict the Disposition or distribution of assets or property in oil and gas leases, joint operating agreements, joint exploration and/or development agreements, participation agreements and other similar agreements entered into in the ordinary course of the oil and gas exploration and development business and customary provisions in any agreement of the type described in the definition of "Industry Investments" entered into in the ordinary course of business;

(e) are negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 10.1, but solely to the extent any negative pledge relates to the property financed by or the subject of such Indebtedness;

(f) are customary restrictions on leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions relate to the assets subject thereto;

(g) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 10.1 to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(h) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or any Restricted Subsidiary;

(i) are customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(j) restrict the use of cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;

(k) are imposed by Requirements of Law;

(l) exist under any documentation governing any Permitted Refinancing Indebtedness incurred to Refinance any Indebtedness but only to the extent such Contractual Requirement is not materially more restrictive, taken as a whole, than the Indebtedness being refinanced;

(m) customary net worth provisions contained in real property leases entered into by any Restricted Subsidiary of the Borrower, so long as the Borrower has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of the Borrower and the Restricted Subsidiaries to meet their ongoing obligation;

(n) are customary restrictions and conditions contained in the document relating to any Lien, so long as (i) such Lien is a Permitted Lien and such restrictions or conditions relate only to the specific asset subject to such Lien and (ii) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 10.7;

(o) are restrictions regarding licenses or sublicenses by the Borrower and the Restricted Subsidiaries of intellectual property in the ordinary course of business (in which case such restriction shall relate only to such intellectual property);

(p) are encumbrances or restrictions contained in an agreement or other instrument of a Person acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary, or of an Unrestricted Subsidiary that is designated a Restricted Subsidiary, or that is assumed in connection with the acquisition of assets from such Person, in each case that is in existence at the time of such transaction (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired or designated; and

(q) are encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in Section 10.7(a) through (o) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower's board of directors, no more restrictive in any material respect with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

10.8 Limitation on Subsidiary Distributions. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to pay dividends or make any other distributions to the Borrower or any Restricted Subsidiary on its Equity Interests or with respect to any other interest or participation in, or measured by, its profits or transfer any property to the Borrower or any Restricted Subsidiary except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Closing Date pursuant to the Credit Documents;

(b) purchase money obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on transferring the property so acquired;

(c) any applicable Requirement of Law;

(d) any agreement or other instrument of a Person acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary, or of an Unrestricted Subsidiary that is designated a Restricted Subsidiary, or that is assumed in connection with the acquisition of assets from such Person, in each case that is in existence at the time of such transaction (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired or designated;

(e) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Borrower pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Equity Interests or assets of such Subsidiary;

(f) secured Indebtedness otherwise permitted to be incurred pursuant to Section 10.1 and Section 10.2 that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(g) other Indebtedness, Disqualified Stock or preferred stock of (i) Restricted Subsidiaries permitted to be incurred subsequent to the Closing Date pursuant to Section 10.1 so long as either (A) the provisions relating to such encumbrance or restriction contained in such Indebtedness are no less favorable to the Borrower, taken as a whole, as determined by the board of directors of the Borrower in good faith, than the provisions contained in this Agreement as in effect on the Closing Date or (B) any such encumbrance or restriction contained in such Indebtedness does not prohibit (except upon a default or an event of default thereunder) the payment of dividends in an amount sufficient, as determined by the board of directors of the Borrower in good faith, to impair the ability of the Borrower to make scheduled payments of cash interest on the Loans when due or (ii) Foreign Subsidiaries as to such Foreign Subsidiaries and their Subsidiaries;

(h) customary provisions in joint venture agreements or agreements governing property held with a common owner and other similar agreements or arrangements relating solely to such joint venture or property or are otherwise customary encumbrances or restrictions imposed pursuant to any agreement of the type described in the definition of "Industry Investments" entered into in the ordinary course of business;

(i) customary provisions contained in leases, sub-leases, licenses, sub-licenses or similar agreements, in each case, entered into in the ordinary course of business; and

(j) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in Section 10.8(a) through (i) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower's board of directors, no more restrictive in any material respect with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

10.9 Hedge Agreements.

(a) Subject to Section 10.9, the Borrower will not, and will not permitany Restricted Subsidiary to, enter into any Hedge Agreements with any Person other than:

(i) Hedge Agreements with Secured Hedge Counterparties in respect of commodities entered into not for speculative purposes the net notional volumes for which (when aggregated with other commodity Hedge Agreements then in effect, other than puts, floors and basis differential swaps on volumes already hedged pursuant to other Hedge Agreements) do not exceed, as of the date the latest hedging transaction is entered into under a Hedge Agreement, 90% of the reasonably anticipated Hydrocarbon production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered pursuant to Section 9.13(a), as applicable) for any month (collectively, the "Ongoing Hedges"). In addition to the Ongoing Hedges, in connection with a proposed Permitted Acquisition (a "Proposed Acquisition"), the Credit Parties may also enter into incremental Hedge Agreements with Secured Hedge Counterparties with respect to the Credit Parties' reasonably anticipated projected production from the total Proved Developed Producing Reserves of the Credit Parties as forecasted based upon the most recent Reserve Report having notional volumes not in excess of 15% of the Credit Parties' existing projected production prior to the consummation of such Proposed Acquisition (such that the aggregate shall not exceed 90% of the reasonably anticipated projected production after giving effect to the consummation of such Proposed Acquisition) for a period not exceeding 36 months from the date such hedging arrangement is created during the period between (i) the date on which such Credit Party signs an enforceable acquisition agreement in connection with a Proposed Acquisition and (ii) the earliest of (A) the date of consummation of such Proposed Acquisition, (B) the date of termination of such Proposed Acquisition and (C) 90 days after the date of execution of such definitive acquisition agreement (or such longer period as to which the Administrative Agent may agree). However, all such incremental hedging contracts entered into with respect to a Proposed Acquisition must be terminated or unwound within 90 days following the date of termination of such Proposed Acquisition. It is understood that commodity Hedge Agreements which may, from time to time, "hedge" the same volumes, but different elements of commodity risk thereof, shall not be aggregated together when calculating the foregoing limitations on notional volumes.

(ii) Hedge Agreements with a Secured Hedge Counterparty entered into with the purpose and effect of (i) fixing or limiting interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a variable rate or (ii) obtaining variable interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a fixed rate (in each case including Hedge Agreements entered into to unwind or offset other permitted Hedge Agreements), provided that the aggregate notional amount of such Hedge Agreements does not (on a net basis) exceed the seventy five percent (75.0%) of the outstanding principal balance of the variable or fixed rate, as the case may be, Indebtedness of the Credit Parties at the time such Hedge Agreement is entered into, that such Hedge Agreements are not entered into for speculative purposes and such Hedge Agreements do not, in any case, have a tenor beyond the maturity date of such Indebtedness.

(b) It is understood that for purposes of this Section 10.9, the following Hedge Agreements shall not be deemed speculative or entered into for speculative purposes: (i) any commodity Hedge Agreement intended, at inception of execution, to hedge or manage any of the risks related to existing and/or reasonably anticipated projected Hydrocarbon production from Oil and Gas Properties of the Borrower or its Restricted Subsidiaries (whether or not contracted) and (ii) any Hedge Agreement intended, at inception of execution, to hedge or manage the interest rate exposure associated with any debt securities, debt facilities or leases (existing or reasonably anticipated) of the Borrower or its Restricted Subsidiaries.

(c) For purposes of entering into or maintaining Ongoing Hedges under Section 10.9(a), reasonably anticipated projected Hydrocarbon production from the Credit Parties' Oil and Gas Properties based upon the Initial Reserve Reports or the most recent Reserve Report delivered pursuant to Section 9.13(a), as applicable, shall be revised to account for any increase or decrease therein anticipated because of information obtained by Borrower or any other Credit Party subsequent to the publication of such Reserve Report including the Borrower's or any other Credit Party'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.

10.10 Financial Performance Covenants.

(a) Consolidated Total Debt to EBITDAX Ratio. The Borrower will not, as last day of each fiscal quarter of the Borrower commencing with the fiscal quarter ending September 30, 2022, permit the Consolidated Total Debt to EBITDAX Ratio to be greater than 3.25 to 1.00.

(b) Current Ratio. The Borrower will not, as last day of each fiscal quarter of the Borrower commencing with the fiscal quarter ending September 30, 2022, permit the ratio of Current Assets to Current Liabilities to be less than 1.00 to 1.00.

10.11 Transactions with Affiliates. The Borrower will not, and will not permit any of the Restricted Subsidiaries to conduct, any transactions involving aggregate payments or consideration in excess of $2,500,000 for any one transaction or series of related transactions with any of its Affiliates (other than the Borrower and the Restricted Subsidiaries or any entity that becomes a Restricted Subsidiary as a result of such transaction) unless such transaction is on terms that are substantially as favorable to the Borrower or such Restricted Subsidiary as it would obtain at the time in a comparable arm's-length transaction (which for the avoidance of doubt includes any transaction consummated for Fair Market Value) with a Person that is not an Affiliate; provided that the foregoing restrictions shall not apply to:

(a) the consummation of the Transactions, including the payment of Transaction Expenses;

(b) the payment of indemnities and reasonable expenses incurred by the Co- Investors and their Affiliates in connection with management or monitoring or the provision of other services rendered to the Parent or the Borrower or any of its Subsidiaries;

(c) any employment or consulting agreement, employee benefit plan, stock ownership or stock option plan, officer or director indemnification, compensation or severance agreement or any similar arrangement entered into by the Borrower or any Restricted Subsidiary with their respective directors, officers and employees in the ordinary course of business;

(d) loans, advances and other transactions between or among the Borrower, any Subsidiary or any joint venture (regardless of the form of legal entity) in which the Borrower or any Subsidiary has invested (and which Subsidiary or joint venture would not be an Affiliate of the Borrower or such Subsidiary, but for the Borrower's or such Subsidiary's ownership of Equity Interests in such joint venture or such Subsidiary) to the extent permitted under Section 10;

(e) without duplication of any other payments made under this Section 10.11, customary and reasonable payments (including reimbursement of fees and expenses) by the Borrower and any of its Restricted Subsidiaries to the Sponsor made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities (including in connection with acquisitions or divestitures, whether or not consummated), which payments are approved by a majority of the

disinterested members of the board of directors or managers of the Borrower (or any direct or indirect parent thereof), in good faith; *provided* that the aggregate amount of all such payments in any twelve (12) month period shall not exceed $1,250,000 in the aggregate;

(f) any transaction in respect of which the Borrower delivers to the Administrative Agent a letter addressed to the board of directors or managers of the Borrower from an accounting, appraisal or investment banking firm, in each case of nationally-recognized standing that is in the good faith determination of the Borrower qualified to render such letter, which letter states that such transaction is (i) fair, from a financial point of view, to the Borrower or such Restricted Subsidiary or (ii) on terms, taken as a whole, that are no less favorable to the Borrower or such Restricted Subsidiary, as applicable, than would be obtained in a comparable arm's length transaction with a person that is not an Affiliate;

(g) sales or conveyances of net profits interests or other royalty interests for cash at Fair Market Value to the extent permitted under Section 10.4;

(h) payments and distributions by any Parent Entity (and any direct or indirect parent thereof) and the Subsidiaries to the extent such payments are permitted under Sections 10.6;

(i) the payment of customary fees and reasonable out-of-pocket costs to, and indemnities provided on behalf of, future, current or former directors, officers, employees and consultants of the Borrower and its Restricted Subsidiaries or any Parent Entity;

(j) Restricted Payments, redemptions, repurchases and other actions permitted under Section 10.6;

(k) any obligations under any agreement in existence on the Closing Date and set forth on Schedule 10.11, as the same may be amended, supplemented or otherwise modified from time to time with the consent of the Required Lenders (provided that the Required Lenders' consent shall not be required to the extent such amendment, supplement or other modification is not materially adverse to the Lenders);

(l) the issuance, sale or transfer of Equity Interests of the Borrower to Parent in connection with capital contributions by Parent to the Borrower; and

(m) payments and distributions pursuant to the Management Services Agreement as in effect on the Closing Date and without giving effect to any waiver or amendment thereto unless such waiver or amendment is reasonably acceptable to the Administrative Agent (it being understood and agreed that the Administrative Agent finds the proposed amendment terms conveyed to the Administrative Agent prior to the Closing Date to be reasonably acceptable).

10.12 Operation of Properties by Affiliate. The Borrower will not, and will not permit any of the Restricted Subsidiaries to have any of its Oil and Gas Properties operated by any of its Affiliates unless such Affiliate has entered into an Operator Subordination Agreement in form and substance reasonably satisfactory to the Administrative Agent.

10.13 Use of Proceeds. The Borrower will not permit the proceeds of the Loans to be used for any purpose other than those permitted by Section 9.11. 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 Credit Documents to violate Regulations T, Regulation U or Regulation X or any other regulation of the Board or to violate Section 7 of the Exchange Act or any rule or regulation thereunder, in each case as now in effect or as the same may hereinafter be in effect. The Borrower will not request any Borrowing or Letter of Credit, and 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 (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any in a country or territory which is itself the subject or target of any Sanctions, or (c) in any manner that would knowingly or negligently result in the violation of any Sanctions applicable to any party hereto.

10.14 Sale of Notes or Receivables. During the continuance of an Event of Default, except for the sale of defaulted notes or accounts receivable in connection with the compromise or collection thereof and not in connection with any financing transaction, the Borrower will not, and will not permit any Restricted Subsidiary to, sell (with or without recourse) any of its notes receivable or accounts receivable to any Person other than the Borrower or any Guarantor.

10.15 ERISA Compliance. Except for actions that would not reasonably be expected to result in a Material Adverse Effect, the Borrower will not, and will not permit any ERISA Affiliate to, at any time:

(a) engage in, any transaction in connection with which the Borrower or any ERISA Affiliate could be subjected to either a civil penalty assessed pursuant to subsections (c), (i), (l) or (m) of Section 502 of ERISA or a Tax imposed by Chapter 43 of Subtitle D of the Code;

(b) fail to make full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, the Borrower or any ERISA Affiliate is required to pay as contributions thereto;

(c) terminate or take any other action with respect to a Plan;

(d) assume an obligation to contribute to, any Multiemployer Plan; or

(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 (i) any employee welfare benefit plan, as defined in Section 3(1) of ERISA, including any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by such entities in their sole discretion at any time without any material liability, or (ii) any employee pension benefit plan, as defined in Section 3(2) of ERISA, that is subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code.

10.16 Environmental Matters. The Borrower will not, and will not permit any Restricted Subsidiary to (i) knowingly cause or permit any of its property to be in violation of Environmental Law or (ii) knowingly do anything or permit anything to be done which will subject any such property to any remedial obligations under any Environmental Laws that would, in each case, reasonably be expected to have a Material Adverse Effect; it being understood that clause (ii) above will not be deemed as limiting or otherwise restricting any obligation to disclose any relevant facts, conditions and circumstances pertaining to such property to the appropriate Governmental Authority.

10.17 Gas Imbalances; Take-or-Pay or Other Prepayments. The Borrower will not, and will not permit any Restricted Subsidiary to allow gas imbalances, take or pay or other prepayments exceeding 1.0 Bcfe of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or thereafter

receiving full payment therefor.

10.18 Nature of Business; No International Operations. The Borrower will not, and will not permit any Restricted Subsidiary to, allow any material change to be made in the character of its business as an onshore independent oil and gas exploration and production company. 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 not located onshore and within the geographical boundaries of the United States. The Borrower shall at all times remain organized under the laws of the United States of America or any State thereof or the District of Columbia.

10.19 Sanctions.

(a) The Borrower and its Subsidiaries and their respective officers and directors will not directly or indirectly engage in any activity that is prohibited by any Sanctions.

(b) The Borrower and its Subsidiaries shall not, directly or, to the knowledge of the Borrower and its Subsidiaries, indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund or facilitate any activities or business of or with any Person, or in any country, territory or region, that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions or is a Sanctioned Person, (ii) in any other manner that would result in a violation of Sanctions by any Person party hereto or (iii) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any law referred to in Section 8.24(iii).

(c) The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, such continued compliance with Sanctions.

SECTION 11 EVENTS OF DEFAULT.

Upon the occurrence of any of the following specified events (each an "Event of Default"):

11.1 Payments. The Borrower shall (a) default in the payment when due of any principal of the Loans or (b) default, and such default shall continue for three or more Business Days, in the payment when due of any interest on the Loans or any Unpaid Drawings, fees or of any other amounts owing hereunder or under any other Credit Document (other than any amount referred to in clause (a) above).

11.2 Representations, Etc. Any representation, warranty or statement made or deemed made by any Credit Party herein or in any other Credit Document or any certificate delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made or if such representation, warranty or statement contains a materiality qualifier, such statement, representation or warranty shall prove to be untrue in any respect.

11.3 Covenants. Any Credit Party shall:

(a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 9.1(d)(i), 9.5 (solely with respect to the Borrower) or Section 10; or

(b) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Section 11.1, 11.2 or Section 11.3(a)) contained in this Agreement or any Security Document and such default shall continue unremedied for a period of at least 30 days after receipt of written notice thereof by the Borrower from the Administrative Agent.

11.4 Default Under Other Agreements.

(a) The Borrower or any of the Restricted Subsidiaries shall (i) default in any payment with respect to any Material Indebtedness (other than the Indebtedness described in Section 11.1) beyond the period of grace, if any, provided in the instrument of agreement under which such Indebtedness was created, (ii) experience the occurrence of a Triggering Event as such term is defined in the Intercreditor Agreement, or (iii) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist (other than, (1) with respect to Indebtedness in respect of any Hedge Agreements, termination events or equivalent events pursuant to the terms of such Hedge Agreements and (2) secured Indebtedness that becomes due as a result of a Disposition (including as a result of Casualty Event) of the property or assets securing such Indebtedness permitted under this Agreement), the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, any such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, unless, in the case of each of the foregoing, such holder or holders shall have (or through its or their trustee or agent on its or their behalf) waived such default in a writing to the Borrower, or

(b) Without limiting the provisions of clause (a) above, any such default under any such Material Indebtedness shall cause such Material Indebtedness to be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment or as a mandatory prepayment (other than, (1) with respect to Indebtedness in respect of any Hedge Agreements, termination events or equivalent events pursuant to the terms of such Hedge Agreements and (2) secured Indebtedness that becomes due as a result of a Disposition (including as a result of Casualty Event) of the property or assets securing such Indebtedness permitted under this Agreement), prior to the stated maturity thereof.

11.5 Bankruptcy, Etc. The Borrower or any Restricted Subsidiary shall commence a voluntary case, proceeding or action concerning itself under Title 11 of the United States Code entitled "Bankruptcy" or any other applicable insolvency, debtor relief, or debt adjustment law (collectively, the "Bankruptcy Code"); or an involuntary case, proceeding or action is commenced against the Borrower or any Restricted Subsidiary and the petition is not dismissed or stayed within 60 days after commencement of the case, proceeding or action, the Borrower or the applicable Restricted Subsidiary consents to the institution of such case, proceeding or action prior to such 60-day period, or any order of relief or other order approving any such case, proceeding or action is entered; or a custodian (as defined in the Bankruptcy Code), receiver, receiver manager, trustee, conservator, liquidator, examiner, rehabilitator, administrator, or similar person is appointed for, or takes charge of, the Borrower or any Restricted Subsidiary or all or any substantial portion of the property or business thereof; or the Borrower or any Restricted Subsidiary suffers any appointment of any custodian, receiver, receiver manager, trustee, conservator, liquidator, examiner, rehabilitator, administrator, or the like for it or any substantial part of its property or business to continue undischarged or unstayed for a period of 60 days; or the Borrower or any Restricted Subsidiary makes a general assignment for the benefit of creditors.

11.6 ERISA.

(a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Code; any Plan or Multiemployer Plan is or shall have been terminated or is the subject of termination proceedings under ERISA (including the giving of written notice thereof); an event shall have occurred or a condition shall exist in either case entitling the PBGC to terminate any Plan or to appoint a trustee to administer any Plan (including the giving of written notice thereof); the Borrower or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan or Multiemployer Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212(c) of ERISA or Section 4971 or 4975 of the Code (including the giving of written notice thereof); and

(b) there results from any event or events set forth in clause (a) of this Section 11.6 the imposition of a lien, the granting of a security interest or a liability; and

(c) such lien, security interest or liability would be reasonably likely to have a Material Adverse Effect.

11.7 Guarantee. The Guarantee or any material provision thereof shall cease to be in full force or effect (other than pursuant to the terms hereof and thereof) or any Guarantor or any other Credit Party shall assert in writing that any such Guarantor's obligations under the Guarantee are not to be in effect or are not to be legal, valid and binding obligations (other than pursuant to the terms hereof or thereof).

11.8 Credit Documents. Any Credit Document after delivery thereof shall cease to be in full force or effect and legal, valid and binding (other than pursuant to the terms hereof or thereof) or any Credit Party shall assert in writing that any obligation of any Credit Party under such Credit Document is not in effect or not legal, valid and binding obligations (other than pursuant to the terms hereof or thereof).

11.9 Judgments. One or more monetary judgments or decrees shall be entered against the Borrower or any of the Restricted Subsidiaries involving a liability of $5,000,000 or more in the aggregate for all such judgments and decrees for the Borrower and the Restricted Subsidiaries (to the extent not paid or covered by insurance provided by a carrier not disputing coverage), which judgments are not discharged or effectively waived or stayed for a period of 30 consecutive days.

11.10 Change of Control. A Change of Control shall have occurred; then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent shall, upon the written request of the Majority Lenders, by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrower or any other Credit Party, except as otherwise specifically provided for in this Agreement (*provided* that, if an Event of Default specified in Section 11.5 shall occur with respect to the Borrower, the result that would occur upon the giving of written notice by the Administrative Agent as specified in clauses (a), (b) and (c) below shall occur automatically without the giving of any such notice): (a) declare the Total Commitment terminated, whereupon the Commitment of each Lender shall forthwith terminate immediately and any fees theretofore accrued shall forthwith become due and payable without any other notice of any kind; (b) declare the principal of and any accrued interest and fees in respect of any or all Loans and any or all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and/or (c) demand cash collateral in respect of any outstanding Letter of Credit pursuant to Section 3.8(b) in an amount equal to the aggregate Stated Amount of all Letters of Credit issued and then outstanding. In addition, after the occurrence and during the continuance of an Event of Default, the Administrative Agent and the Lenders will have all other rights and remedies available at law and equity.

11.11 Application of Proceeds. Any amount received by the Administrative Agent or the Collateral Agent from any Credit Party (or from proceeds of any Collateral) following any acceleration of the Obligations under this Agreement or any Event of Default with respect to the Borrower under Section 11.5 shall be applied:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, disbursements and other charges of counsel payable under Section 12.7 and amounts payable under Article II) payable to the Administrative Agent and/or Collateral Agent in such Person's capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the Issuing Banks (including fees, disbursements and other charges of counsel payable under Section 12.7) arising under the Credit Documents and amounts payable under Article II, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans and Unpaid Drawings, ratably among the Lenders and the Issuing Banks in proportion to the respective amounts described in this clause Third payable to them;

Fourth, (i) to payment of that portion of the Obligations constituting unpaid principal of the Loans, the Unpaid Drawings and Obligations then owing under Secured Hedge Agreements and the Secured Cash Management Agreements and (ii) to Cash Collateralize that portion of Letters of Credit Outstanding comprising the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Section 3.8, ratably among the Lenders, the Issuing Banks, the Secured Hedge Counterparties and the Cash Management Banks in proportion to the respective amounts described in this clause Fourth held by them; provided that (x) any such amounts applied pursuant to the foregoing clause (ii) shall be paid to the Administrative Agent for the ratable account of the applicable Issuing Bank to Cash Collateralize such Letters of Credit Outstanding, (y) subject to Section 3.8, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to this clause Fourth shall be applied to satisfy drawings under such Letters of Credit as they occur and (z) upon the expiration of any Letter of Credit, the pro rata share of Cash Collateral attributable to such expired Letter of Credit shall be distributed in accordance with this clause Fourth;

Fifth, to the payment of all other Obligations of the Credit Parties owing under or in respect of the Credit Documents that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by Requirements of Law.

Subject to Section 3.8, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn

or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Notwithstanding the foregoing, amounts received from the Borrower or any Credit Party that is not an "eligible contract participant" under the Commodity Exchange Act shall not be applied to any Excluded Hedging Obligations (it being understood, that in the event that any amount is applied to Obligations other than Excluded Hedging Obligations as a result of this clause, the Administrative Agent shall make such adjustments as it determines are appropriate to distributions pursuant to clause second above from amounts received from "eligible contract participants" under the Commodity Exchange Act to ensure, as nearly as possible, that the proportional aggregate recoveries with respect to Obligations described in clause second above by the holders of any Excluded Hedging Obligations are the same as the proportional aggregate recoveries with respect to other Obligations pursuant to clause second above).

11.12 Equity Cure.

(a) Notwithstanding anything to the contrary contained in this Section 11 or in any Credit Document, in the event that the Borrower fails to comply with the Financial Performance Covenants, then until the expiration of the tenth Business Day subsequent to the date the compliance certificate for calculating such Financial Performance Covenants is required to be delivered pursuant to Section 9.1(c) (the "Cure Deadline"), the Borrower shall have the right to cure such failure (the "Cure Right") by receiving cash proceeds from an issuance of common Equity Interests (other than Disqualified Stock) as a cash capital contribution, and upon receipt by the Borrower of such cash proceeds (such cash amount being referred to as the "Cure Amount") pursuant to the exercise of such Cure Right, the Financial Performance Covenants shall be recalculated, at the Borrower's option, giving effect to the following pro forma adjustments:

(i) EBITDAX and/or Current Assets, as applicable, shall, after giving effect to any annualization thereof for any Test Period, be increased, solely for the purpose of determining the existence of an Event of Default resulting from a breach of the Financial Performance Covenants with respect to any Test Period that includes the fiscal quarter for which the Cure Right was exercised and not for any other purpose under this Agreement; and/or

(ii) Consolidated Total Debt for such Test Period shall be decreased solely to the extent proceeds of the Cure Amount, if any, are actually applied to prepay any Indebtedness (*provided* that any such Indebtedness so prepaid shall be a permanent repayment of such Indebtedness and termination of commitments thereunder) included in the calculation of Consolidated Total Debt;

provided, that the aggregate amount of (x) the increase in EBITDAX and/or Current Assets, as applicable, *plus* (y) the decrease in Consolidated Total Debt shall in no event exceed the Cure Amount.

(b) If, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of the Financial Performance Covenants, the Borrower shall be deemed to have satisfied the requirements of the Financial Performance Covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Performance Covenants that had occurred shall be deemed cured for the purposes of this Agreement; provided that (i) in each period of four consecutive fiscal quarters there shall be at least two fiscal quarters in which no Cure Right is exercised, (ii) Cure Rights shall not be exercised more than five times during the term of this Agreement, (iii) each Cure Amount shall be no greater than the amount required to cause the Borrower to be in compliance with the Financial Performance Covenants, (iv) all Cure Amounts shall be disregarded for the purposes of any financial ratio determination under the Credit Documents other than for determining compliance with the Financial Performance Covenants and (v) no Lender or Issuing Bank shall be required to make any extension of credit hereunder during the 10 Business Day period referred to above, unless the Borrower shall have received the Cure Amount.

SECTION 12 THE AGENTS.

12.1 Appointment.

(a) Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Credit Documents and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. The provisions of this Section 12 (other Section 12.9 with respect to the Borrower) are solely for the benefit of the Agents and the Lenders, and the Borrower shall not have rights as third party beneficiary of any such provision. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Administrative Agent.

(b) The Administrative Agent, each Lender and each Issuing Bank hereby irrevocably designate and appoint the Collateral Agent as the agent with respect to the Collateral, and each of the Administrative Agent, each Lender and each Issuing Bank irrevocably authorizes the Collateral Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Collateral Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any of the Administrative Agent, the Lenders or the Issuing Banks, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Collateral Agent.

12.2 Delegation of Duties. The Administrative Agent and the Collateral Agent may each execute any of its duties under this Agreement and the other Credit Documents by or through agents, sub-agents, employees or attorneys-in-fact (each, a "Subagent") and shall be entitled to advice of counsel concerning all matters pertaining to such duties; *provided, however*, that no such Subagent shall be authorized to take any action with respect to any Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent. If any Subagent, or successor thereto, shall die, become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Subagent, to the extent permitted by law, shall automatically vest in and be exercised by the Administrative Agent until the appointment of a new Subagent. Neither the Administrative Agent nor the Collateral Agent shall be responsible for the negligence or misconduct of any Subagents selected by it except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent or Collateral Agent, as applicable, acted with gross negligence or willful misconduct in the selection of such sub-agents.

12.3 Exculpatory Provisions. No Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by any of them under or in connection with this Agreement or any other Credit Document (except for its or such Person's own gross negligence or willful misconduct, as determined in the final judgment of a court of competent jurisdiction, in connection with its duties expressly set forth herein) or (b) responsible in any manner to any of the Lenders or any participant for any recitals, statements, representations or warranties made by any of the Borrower, any other Credit Party or any officer thereof contained in this Agreement or any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by such

Agent under or in connection with, this Agreement or any other Credit Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document, or, except with respect to any physical certificate or instrument representing Pledged Securities (as defined in the Collateral Agreement) in the possession of the Agent, the perfection or priority of any Lien or security interest created or purported to be created under the Security Documents or for any failure of the Borrower or any other Credit Party to perform its obligations hereunder or thereunder. No Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of any Credit Party or any Affiliate thereof. The Collateral Agent shall not be under any obligation to the Administrative Agent, any Lender or any Issuing Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of any Credit Party.

12.4 Reliance by Agents. The Administrative Agent and the Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or instruction believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent or the Collateral Agent. The Administrative Agent may deem and treat the Lender specified in the Register with respect to any amount owing hereunder as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent and the Collateral Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Majority Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent and the Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of or at the direction of the Majority Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans; provided that the Administrative Agent and Collateral Agent shall not be required to take any action that, in its opinion or in the opinion of its counsel, may expose it to liability or that is contrary to any Credit Document or applicable Requirements of Law. For purposes of determining compliance with the conditions specified in Section 6 on the Closing Date, each Lender 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 thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date or Closing Date, as applicable, specifying its objection thereto.

12.5 Notice of Default. Neither the Administrative Agent nor the Collateral Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent or Collateral Agent, as applicable, has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, it shall give notice thereof to the Lenders and the Collateral Agent. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Lenders; *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 or Event of Default as it shall deem advisable in the best interests of the Lenders except to the extent that this Agreement requires that such action be taken only with the approval of the Majority Lenders, the Required Lenders or each individual lender, as applicable.

12.6 Non-Reliance on Administrative Agent, Collateral Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor the Collateral Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent or Collateral Agent hereinafter taken, including any review of the affairs of the Borrower or any other Credit Party, shall be deemed to constitute any representation or warranty by the Administrative Agent or Collateral Agent to any Lender or any Issuing Bank. Each Lender and each Issuing Bank represents to the Administrative Agent and the Collateral Agent that it has, independently and without reliance upon the Administrative Agent, Collateral Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and each other Credit Party and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent, Collateral Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and any other Credit Party. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, neither the Administrative Agent nor the Collateral Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, assets, operations, properties, financial condition, prospects or creditworthiness of the Borrower or any other Credit Party that may come into the possession of the Administrative Agent or Collateral Agent any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates.

12.7 Indemnification. The Lenders severally agree to indemnify the Administrative Agent and the Collateral Agent, each in its capacity as such (to the extent not reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), ratably according to their respective portions of the Commitments or Loans, as applicable, outstanding in effect on the date on which indemnification is sought (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with their respective portions of the Total Exposure in effect immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time occur (including at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent or the Collateral Agent in any way relating to or arising out of the Commitments, this Agreement, any of the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent or the Collateral Agent under or in connection with any of the foregoing; *provided* that no Lender shall be liable to the Administrative Agent or the Collateral Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Administrative Agent's or the Collateral Agent's, as applicable, gross negligence, bad faith or willful misconduct as determined by a final judgment of a court of competent jurisdiction; provided, further, that no action taken in accordance with the directions of the Majority Lenders or Required Lenders (or such other number or percentage of the Lenders as shall be required by the Credit Documents) shall be deemed to constitute gross negligence, bad faith or willful misconduct for purposes of this Section 12.7. In the case of any investigation, litigation or proceeding giving rise to any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time occur (including at any time following the payment of the Loans), this Section 12.7 applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent and the Collateral Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorneys' fees) incurred by such Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice rendered in respect of rights or responsibilities under, this Agreement, any other Credit Document, or any document contemplated by or referred to herein, to the extent that such Agent is not reimbursed for such expenses by or on behalf of the Borrower; *provided* that such reimbursement by the Lenders shall not affect the Borrower's continuing reimbursement obligations with respect thereto. If any indemnity furnished to any Agent for any purpose shall, in the opinion of such Agent, be insufficient or become impaired, such Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; *provided*, in no event shall this sentence require any Lender to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Lender's pro rata portion thereof; and *provided further*, this sentence shall not be deemed to require any Lender to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or

disbursement resulting from such Agent's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction. The agreements in this Section 12.7 shall survive the payment of the Loans and all other amounts payable hereunder.

12.8 Agents in Its Individual Capacities. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and any other Credit Party as though such Agent were not an Agent hereunder and under the other Credit Documents. With respect to the Loans made by it, each Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

12.9 Successor Agents. Each of the Administrative Agent and Collateral Agent may at any time give notice of its resignation to the Lenders, the Issuing Banks and the Borrower. If the Administrative Agent and/or Collateral Agent becomes a Defaulting Lender, then such Administrative Agent or Collateral Agent, may be removed as the Administrative Agent or Collateral Agent, as the case may be, at the reasonable request of the Borrower and the Required Lenders. Upon receipt of any such notice of resignation or removal, as the case may be, the Majority Lenders shall have the right, subject to the consent of the Borrower (not to be unreasonably withheld or delayed) so long as no Default under Section 11.1 or 11.5 is continuing, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If, in the case of a resignation of a retiring Agent, no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders and the Issuing Banks, appoint a successor Agent meeting the qualifications set forth above. Upon the acceptance of a successor's appointment as the Administrative Agent or Collateral Agent, as the case may be, hereunder, and upon the execution and filing or recording of such financing statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Majority Lenders may request, in order to continue the perfection of the Liens granted or purported to be granted by the Security Documents, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided above in this Section 12.9). The fees payable by the Borrower (following the effectiveness of such appointment) to such Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Credit Documents, the provisions of this Section 12 (including Section 12.7) and Section 13.5 shall continue in effect for the benefit of such retiring Agent, its Subagents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as an Agent.

Any resignation of any Person as Administrative Agent pursuant to this Section 12.9 shall also constitute its resignation as Issuing Bank.

12.10 Withholding Tax. To the extent required by any applicable Requirement of Law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. If the IRS or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by any applicable Credit Party and without limiting the obligation of any applicable Credit Party to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties, additions to Tax and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Credit Document against any amount due to the Administrative Agent under this Section 12.10. For the avoidance of doubt, for purposes of this Section 12.10, the term "Lender" includes any Issuing Bank.

12.11 Security Documents and Collateral Agent under Security Documents and Guarantee. Each Secured Party hereby further authorizes the Administrative Agent or Collateral Agent, as applicable, on behalf of and for the benefit of Secured Parties, to be the agent for and representative of the Secured Parties with respect to the Collateral and the Security Documents. Subject to Section 13.1, without further written consent or authorization from any Secured Party, the Administrative Agent or Collateral Agent, as applicable, may (and the Administrative Agent and Collateral Agent, as applicable, agree that they shall) (a) execute any documents or instruments necessary or desirable in connection with a Disposition of assets permitted by this Agreement, (b) release any Lien encumbering any item of Collateral that is the subject of such Disposition of assets or with respect to which Required Lenders (or such other Lenders as may be required to give such consent under Section 13.1) have otherwise consented or (c) release any applicable Guarantor from the Guarantee in connection with such Disposition or with respect to which Required Lenders (or such other Lenders as may be required to give such consent under Section 13.1) have otherwise consented. The Lenders and the Issuing Banks (including in their capacities as potential Cash Management Banks and potential Hedge Banks) irrevocably agree that (x) the Collateral Agent may (and the Collateral Agent agrees that it shall), without any further consent of any Lender, enter into or amend any intercreditor agreement with the collateral agent or other representatives of the holders of Indebtedness that is permitted to be secured by a Lien on the Collateral that is permitted under this Agreement, (y) the Collateral Agent may rely exclusively on a certificate of an Authorized Officer as to whether any such other Liens are permitted and (z) any intercreditor agreement referred to in clause (x) above, entered into by the Collateral Agent, shall be binding on the Secured Parties. Furthermore, the Lenders and the Issuing Banks (including in their capacities as potential Cash Management Bank and potential Hedge Banks) hereby authorize the Administrative Agent and the Collateral Agent to (and the Administrative Agent and Collateral Agent, as applicable, agree that they shall)subordinate any Lien on any property granted to or held by the Administrative Agent or Collateral Agent under any Credit Document to the holder of any Lien on such property that is permitted by clause (i) of the definition of "Permitted Liens" and clauses (c), (e) (with respect to Liens securing Indebtedness permitted under Section 10.1), (i), and (j) of Section 10.2 or otherwise permitted to be senior to the Liens of Administrative Agent or Collateral Agent on such property; *provided* that prior to any such request, the Borrower shall have in each case delivered to the Administrative Agent a certificate of an Authorized Officer certifying that such subordination is permitted under this Agreement.

12.12 Right to Realize on Collateral and Enforce Guarantee. Anything contained in any of the Credit Documents to the contrary notwithstanding, the Borrower, the Agents and each Secured Party hereby agree that (a) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guarantee, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent, and (b) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other disposition.

12.13 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, constituting an Event of Default under Section 11.5, 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 Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel, to the extent due under Section 13.5) 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 Lender 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 Lenders, 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, to the extent due under Section 13.5.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Indebtedness or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

12.14 Credit Bidding. During the continuance of an Event of Default, the Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Credit Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 13.1 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

12.15 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent 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 Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(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 Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender 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 Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the 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 Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the 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

Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related hereto or thereto).

SECTION 13 MISCELLANEOUS.

13.1 Amendments, Waivers and Releases.

(a) Except as expressly set forth in this Agreement, neither this Agreement nor any other Credit Document, nor any terms hereof or thereof, may be amended, supplemented or modified except in accordance with the provisions of this Section 13.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent and/or the Collateral Agent shall, from time to time, (i) enter into with the relevant Credit Party or Credit Parties written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or of the Credit Parties hereunder or thereunder or (ii) waive in writing, on such terms and conditions as the Required Lenders or the Administrative Agent and/or Collateral Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; *provided, however*, that each such waiver and each such amendment, supplement or modification shall be effective only in the specific instance and for the specific purpose for which given; *provided, further*, that no such waiver and no such amendment, supplement or modification shall (A) forgive or reduce any portion of any Loan or reduce the stated rate (it being understood that only the consent of the Majority Lenders shall be necessary to waive any obligation of the Borrower to pay interest at the Default Rate or amend Section 2.8(d)), or forgive any portion, or extend the date for the payment, of any interest or fee payable hereunder (other than as a result of waiving the applicability of any post-default increase in interest rates and any change due to a change in the Borrowing Base or Available Commitment), or extend the final expiration date of any Lender's Commitment (provided that (1) any Lender, upon the request of the Borrower, may extend the final expiration date of its Commitment without the consent of any other Lender, including the Required Lenders and (2) it is being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default shall not constitute an increase of the Commitments of any Lender) or extend the final expiration date of any Letter of Credit beyond the L/C Maturity Date, or increase the amount of the Commitment of any Lender (provided that, any Lender, upon the request of the Borrower, may increase the amount of its Commitment without the consent of any other Lender, including the Required Lenders), or make any Loan, interest, fee or other amount payable in any currency other than Dollars, in each case without the written consent of each Lender directly and adversely affected thereby, or (B) amend, modify or waive any provision of this Section 13.1 in a manner that would reduce the voting rights of any Lender, or reduce the percentages specified in the definitions of the terms "Majority Lenders" or "Required Lenders" (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Majority Lenders and Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date), consent to the assignment or transfer by the Borrower of its rights and obligations under any Credit Document to which it is a party (except as permitted pursuant to Section 10.3), in each case without the written consent of each Lender directly and adversely affected thereby, or (C) amend the provisions of Section 11.11 or any analogous provision of any Security Document or Section 13.8(a), in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender directly and adversely affected thereby, or (D) amend, modify or waive any provision of Section 12 without the written consent of the then-current Administrative Agent and Collateral Agent, as applicable, or any other former or current Agent to whom Section 12 then applies in a manner that directly and adversely affects such Person, or (E) amend, modify or waive any provision of Section 3 with respect to any Letter of Credit without the written consent of each Issuing Bank to whom Section 3 then applies in a manner that directly and adversely affects such Person, or (F) release all or substantially all of the aggregate value of the Guarantees (except as expressly permitted by the Guarantee or this Agreement) without the prior written consent of each Lender, or (G) release all or substantially all of the Collateral under the Security Documents (except as expressly permitted by the Security Documents or this Agreement) without the prior written consent of each Lender, or (H) increase the Borrowing Base or the Total Commitments without the written consent of all of the Lenders (other than Defaulting Lenders), or (I) decrease or maintain the Borrowing Base without the written consent of the Required Lenders or (J) otherwise modify Section 2.14(b), 2.14(c), 2.14(d), or 2.14(e) if such modification would have the effect of increasing the Borrowing Base or providing the ability to increase the Borrowing Base without the written consent of all of the Lenders (other than Defaulting Lenders); provided that a Scheduled Redetermination may be postponed by the Majority Lenders, or (K) affect the rights or duties of, or any fees or other amounts payable to, any Agent under this Agreement or any other Credit Document without the prior written consent of such Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the affected Lenders and shall be binding upon the Borrower, such Lenders, the Administrative Agent and all future holders of the affected Loans. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former positions and rights hereunder and under the other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; it being understood that no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. In connection with the foregoing provisions, the Administrative Agent may, but shall have no obligations to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender whose consent is required hereunder.

(b) Without the consent of any Lender or Issuing Bank, the Credit Parties and the Administrative Agent or Collateral Agent may (in their respective sole discretion, or shall, to the extent required by any Credit Document) enter into any amendment, modification or waiver of any Credit Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or this Agreement or in each case to otherwise enhance the rights or benefits of any Lender under any Credit Document.

(c) Notwithstanding the foregoing, technical and conforming modifications to the Credit Documents may be made (i) with the consent of the Borrower and the Administrative Agent if such modifications are not adverse to the Lenders in any material respect or (ii) to the extent necessary to cure any ambiguity, omission, defect or inconsistency so long as, in each case with respect to this clause (ii), the Lenders shall have received at least five Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

(d) Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender and no such amendment, waiver or consent shall disproportionately adversely affect such Defaulting Lender without its consent as compared to other Lenders (it being understood that any Commitments or Loans held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders).

13.2 Notices. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder or under any other Credit Document shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(a) if to the Borrower, the Administrative Agent, the Collateral Agent or any Issuing Bank, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 13.2 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(b) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower, the Administrative Agent, the Collateral Agent and the Issuing Banks.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii)(A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail, when delivered; provided that notices and other communications to the Administrative Agent or the Lenders pursuant to Sections 2.3, 4.2 and 5.1 shall not be effective until received.

13.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, the Collateral Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Requirements of Law.

13.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Credit Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans hereunder. Such representations and warranties shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied (other than Obligations under Secured Hedge Agreements, Secured Cash Management Agreements or contingent indemnification obligations, in any such case, not then due and payable).

13.5 Payment of Expenses; Indemnification. The Borrower agrees (a) to pay or reimburse the Agents for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and execution and delivery of, and any amendment, waiver, supplement or modification to, this Agreement and the other Credit Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of GableGotwals, in its capacity as counsel to the Administrative Agent, and one counsel in each appropriate local jurisdiction (excluding any allocated costs of in-house counsel), (b) to pay or reimburse each Lender, Issuing Bank and Agent for all its reasonable and documented out- of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Credit Documents and any such other documents, including the reasonable fees, disbursements and other charges of one counsel to the Administrative Agent, Collateral Agent and the other Agents (unless there is an actual or perceived conflict of interest in which case each such Person may, with the Borrower's consent (not to be unreasonably withheld or delayed), retain its own counsel), (c) to pay, indemnify, and hold harmless each Lender, Issuing Bank and Agent from, any and all recording and filing fees and (d) to pay, indemnify, and hold harmless each Lender, Issuing Bank and Agent and their respective Related Parties from and against any and all other liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, whether or not such proceedings are brought by the Borrower, any of its Related Parties or any other Person, including reasonable and documented fees, disbursements and other charges of one primary counsel for all such Persons, taken as a whole, and, if necessary, by a single firm of local counsel in each appropriate jurisdiction for all such Persons, taken as a whole (unless there is an actual or perceived conflict of interest in which case each such Person may, with the consent of the Borrower (not to be unreasonably withheld or delayed), retain its own counsel), with respect (i) the execution, delivery, enforcement, performance and administration of this Agreement, the other Credit Documents and any such other documents and (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including 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), including, without limitation, any of the foregoing relating to the violation of, noncompliance with or liability under, any Environmental Law (other than by such indemnified person or any of its Related Parties (other than any trustee or advisor)) or to any actual or alleged presence, release or threatened release of Hazardous Materials involving or attributable to the Borrower, any of its Subsidiaries or any of the Oil and Gas Properties (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"); provided that the Borrower shall have no obligation hereunder to any Agent or any Lender or any of their respective Related Parties with respect to Indemnified Liabilities to the extent to have resulted from (i) the gross negligence, bad faith or willful misconduct of the party to be indemnified or any of its Related Parties as determined by a final non-appealable judgment of a court of competent jurisdiction, (ii) any material breach of any Credit Document by the party to be indemnified or (iii) disputes, claims, demands, actions, judgments or suits not involving any act or omission by the Borrower or its Affiliates, brought by an indemnified Person against any other indemnified Person (other than disputes, claims, demands, actions, judgments or suits involving claims against any Agent in its capacity as such). No Person entitled to indemnification under clause (d) of this Section 13.5 shall be liable for any damages arising from the use by others of any information or other materials obtained through internet, electronic, telecommunications or other information transmission systems (including IntraLinks or SyndTrak Online) in connection with this Agreement, except to the extent that such damages have resulted from the willful misconduct, bad faith or gross negligence of the party to be indemnified or any of its Related Parties (as determined by a court of competent jurisdiction in a final and non-appealable decision), nor (except solely for indemnification for any special, punitive, indirect or consequential damages as a result of the indemnification obligations of the Borrower or any of its Subsidiaries set forth above) shall any such Person, the Borrower or any of its Subsidiaries have any liability for any special, punitive, indirect or consequential damages (including, without limitation, any loss of profits, business or anticipated savings) relating to this Agreement or any other Credit Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date). All amounts payable under this Section 13.5 shall be paid within 10 Business Days of receipt by the Borrower of an invoice relating thereto setting forth such expense in reasonable detail, accompanied, if requested by the Borrower, by reasonable supporting documentation. The agreements in this Section 13.5 shall survive repayment of the Loans and all other amounts payable hereunder. This Section 13.5 shall not apply with respect to any Taxes other than Taxes that represent liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever resulting from a non-Tax claim, which shall be governed exclusively by Section 5.4 and, to the extent set forth therein,Sections 2.10 and 3.5.

13.6 Successors and Assigns; Participations and Assignments.

(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) except as expressly permitted by Section 10.3, the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 13.6. 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 clause (c) of this Section 13.6) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Collateral Agent, each Issuing Bank and the Lenders and each other Person entitled to indemnification under Section 13.5) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in clause (b)(ii) below, any Lender may at any time assign to one or more assignees (other than the Parent, any Subsidiary of the Parent, the Borrower, its Subsidiaries or any Affiliates of the foregoing Persons, or any natural person or any Defaulting Lender) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans (including participations in L/C Obligations) at the time owing to it) with the prior written consent of:

(A) the Borrower (not to be unreasonably withheld or delayed); provided that no consent of the Borrower shall be required for an assignment if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund; and

(B) the Administrative Agent and each Issuing Bank (in each case, not to be unreasonably withheld or delayed).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 and increments of $1,000,000 in excess thereof, unless each of the Borrower, each Issuing Bank and the Administrative Agent otherwise consents (which consents shall not be unreasonably withheld or delayed); provided that no such consent of the Borrower shall be required if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing; provided, further, that contemporaneous assignments to a single assignee made by Affiliates of Lenders and related Approved Funds shall be aggregated for purposes of meeting the minimum assignment amount requirements stated above;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee in the amount of $3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and applicable Tax forms (including those described in Sections 5.4(d), 5.4(e), 5.4(h) and 5.4(i), as applicable).

(iii) Subject to acceptance and recording thereof pursuant to clause (b)(iv) of this Section 13.6, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.10, 2.11, 3.5, 5.4 and 13.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 13.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (c) of this Section 13.6.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount (and stated interest amounts) of the Loans and L/C Obligations and any payment made by each Issuing Bank under any applicable Letter of Credit owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Further, the Register shall contain the name and address of the Administrative Agent and the lending office through which each such Person acts under this Agreement. The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Collateral Agent, each Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Collateral Agent, each Issuing Bank and, solely with respect to itself, each other Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) of this Section 13.6 (unless waived) and any written consent to such assignment required by clause (b) of this Section 13.6, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register.

(i) Any Lender may, without the consent of the Borrower, the Administrative Agent or any Issuing Bank, sell participations to one or more banks, credit insurers, or other entities (other than any Defaulting Lender, the Parent, the Borrower or any Subsidiary of the Parent or the Borrower) (each, a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, each Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement or any other Credit Document; provided that such agreement or instrument

may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i) or (ii) of the second proviso of the second sentence of Section 13.1(a) that affects such Participant, provided that the Participant shall have no right to consent to any modification to the percentages specified in the definitions of the terms "Majority Lenders" or "Required Lenders". Subject to clause (c)(ii) of this Section 13.6, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.10, 2.11, 3.5 and 5.4 to the same extent as if it were a Lender (subject to the limitations and requirements of those Sections and Sections 2.12 and 13.7) as though it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 13.6). To the extent permitted by Requirements of Law, each Participant also shall be entitled to the benefits of Section 13.8(b) as though it were a Lender; provided such Participant agrees to be subject to Section 13.8(a) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.10, 2.11, 3.5 or 5.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent expressly acknowledging such entitlement to receive a greater payment (which consent shall not be unreasonably withheld); provided that the Participant shall be subject to the provisions in Section 2.12 as if it were an assignee under clauses (a) and (b) of this Section 13.6. Each Lender that sells a participation shall, acting solely for this purpose as a nonfiduciary agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and related interest amounts) of each participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"). The entries in the Participant Register shall be conclusive, absent manifest error, and each party hereto 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. No Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (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 Credit Document) 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.

(d) Any Lender may, without the consent of the Borrower, any Issuing Bank or the Administrative Agent, 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 Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any central bank having jurisdiction over such Lender, and this Section 13.6 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 Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. In order to facilitate such pledge or assignment or for any other reason, the Borrower hereby agrees that, upon request of any Lender at any time and from time to time after the Borrower has made its initial borrowing hereunder, the Borrower shall provide to such Lender, at the Borrower's own expense, a promissory note, substantially in the form of Exhibit H evidencing the Loans owing to such Lender.

(e) Subject to Section 13.16, the Borrower authorizes each Lender to disclose to any Participant, secured creditor of such Lender or assignee of such Lender (each, a "Transferee") and any prospective Transferee this Agreement and the other Credit Documents, information regarding the Loans and the Letters of Credit, and any and all financial information in such Lender's possession concerning the Borrower and its Affiliates that has been delivered to such Lender by or on behalf of the Borrower and its Affiliates pursuant to this Agreement or that has been delivered to such Lender by or on behalf of the Borrower and its Affiliates in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement.

(f) The words "execution," "signed," "signature," and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures 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 law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

13.7 Replacements of Lenders under Certain Circumstances.

(a) The Borrower shall be permitted to replace any Lender that (i) requests reimbursement for amounts owing pursuant to Section 2.10, 3.5 or 5.4 (other than Section 5.4(b)), (ii) is affected in the manner described in Section 2.10(a)(iii) and as a result thereof any of the actions described in such Section is required to be taken or (iii) becomes a Defaulting Lender, with a replacement bank, lending institution or other financial institution; provided that (A) such replacement does not conflict with any Requirement of Law, (B) no Event of Default under Section 11.1 or 11.5 shall have occurred and be continuing at the time of such replacement, (C) the replacement bank or institution shall purchase, at par, all Loans and the Borrower shall pay all other amounts (other than any disputed amounts), pursuant to Section 2.10, 3.5 or 5.4, as the case may be, owing to such replaced Lender prior to the date of replacement, (D) the replacement bank or institution, if not already a Lender, and the terms and conditions of such replacement, shall be reasonably satisfactory to the Administrative Agent, (E) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 13.6(b) (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein) and (F) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

(b) If any Lender (such Lender, a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver, discharge or termination that pursuant to the terms of Section 13.1 requires the consent of all of the Lenders (or all of the Lenders affected) and with respect to which the Required Lenders shall have granted their consent, then provided no Event of Default then exists, the Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans and its Commitments hereunder to one or more assignees reasonably acceptable to the Administrative Agent; provided that: (i) all Obligations of the Borrower owing to such Non-Consenting Lender being replaced (other than principal and interest) shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (ii) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment, the Borrower, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 13.6.

(c) Notwithstanding anything herein to the contrary, each party hereto agrees that any assignment pursuant to the terms of this Section 13.7 may be effected pursuant to an Assignment and Acceptance executed by the Borrower, the Administrative Agent and the assignee and that the Lender making such assignment need not be a party thereto.

13.8 Adjustments; Set-off.

(a) If any Lender (a "Benefited Lender") shall at any time receive any payment in respect of any principal of or interest on all or part of the Loans made by it, or the participations in Letter of Credit Obligations held by it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 11.5, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender entitled thereto, if any, in respect of such other Lender's Loans, or interest thereon, such Benefited Lender shall (i) notify the Administrative Agent of such fact, and (ii) purchase for cash at face value from the other Lenders a participating interest in such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably in accordance with the aggregate principal of and accrued interest on their respective Loans and other amounts owing them; *provided*, *however*, that, (A) if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest and (B) the provisions of this paragraph shall not be construed to apply to (1) any payment made by the Borrower or any other Credit Party pursuant to and in accordance with the terms of this Agreement and the other Credit Documents, (2) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, Commitments or participations in Drawings to any assignee or participant or (3) any disproportionate payment obtained by a Lender as a result of the extension by Lenders of the maturity date or expiration date of some but not all Loans or Commitments or any increase in the Applicable Margin in respect of Loans or Commitments of Lenders that have consented to any such extension. Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under Requirements of Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Credit Party rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Credit Party in the amount of such participation.

(b) After the occurrence and during the continuance of an Event of Default, in addition to any rights and remedies of the Lenders provided by Requirements of Law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable Requirements of Law, to set-off and appropriate and apply against any of and all the obligations owed to such Lender now or hereafter existing hereunder or any other Credit Document any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower (and the Credit Parties, if applicable) and the Administrative Agent after any such set-off and application made by such Lender; *provided* that the failure to give such notice shall not affect the validity of such set-off and application.

13.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic transmission, *i.e.* a "pdf" or a "tif"), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

13.10 Severability. Any provision of this Agreement that 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.

13.11 INTEGRATION. THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT OF THE BORROWER, THE GUARANTORS, THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT AND THE LENDERS WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO PROMISES, UNDERTAKINGS, REPRESENTATIONS, WARRANTIES OR UNWRITTEN ORAL AGREEMENTS BY THE BORROWER, THE GUARANTORS, ANY AGENT NOR ANY LENDER RELATIVE TO SUBJECT MATTER HEREOF NOT EXPRESSLY SET FORTH OR REFERRED TO HEREIN OR IN THE OTHER CREDIT DOCUMENTS.

13.12 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS.

13.13 Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of Texas and the courts of the United States of America for the Southern District of Texas, in each case located in Harris County, and appellate courts from any thereof; provided that, any suit seeking enforcement against any Collateral or other property may be brought, at the Administrative Agent's option, in the courts of any jurisdiction where such Collateral or other property may be found.

(b) consents that any such action or proceeding shall be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Person at its address set forth on Schedule 13.2 at such other address of which the Administrative Agent shall have been notified pursuant to Section 13.2;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by Requirements of Law or shall limit the right to sue in any other jurisdiction;

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 13.13 any special, exemplary, punitive or consequential damages; and

(f) agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13.14 Acknowledgments. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document) are an arm's-length commercial transaction between the Borrower and the other Credit Parties, on the one hand, and the Administrative Agent, the Lenders and the other Agents on the other hand, and the Borrower and the other Credit Parties are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents (including

any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each of the Administrative Agent, other Agents and the Lenders, is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary for any of the Borrower, any other Credit Parties or any of their respective Affiliates, equity holders, creditors or employees or any other Person; (iii) neither the Administrative Agent, any other Agent, nor any Lender has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower or any other Credit Party with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Credit Document (irrespective of whether the Administrative Agent or any other Agent, or any Lender has advised or is currently advising any of the Borrower, the other Credit Parties or their respective Affiliates on other matters) and none of the Administrative Agent, any Agent, or any Lender has any obligation to any of the Borrower, the other Credit Parties or their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Credit Documents; (iv) the Administrative Agent and its Affiliates, each other Agent and each of its Affiliates and each Lender and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its respective Affiliates, and none of the Administrative Agent, any other Agent or any Lender has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) none of the Administrative Agent, any Agent or any Lender has provided and none will provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Credit Document) and the Borrower has consulted its own legal, accounting, regulatory and Tax advisors to the extent it has deemed appropriate. The Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent and each Agent with respect to any breach or alleged breach of agency or fiduciary duty; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower, on the one hand, and any Lender, on the other hand.

13.15 WAIVERS OF JURY TRIAL. THE BORROWER, EACH AGENT, EACH ISSUING BANK AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13.16 Confidentiality. The Administrative Agent, each other Agent, any Issuing Bank and each other Lender shall hold all information not marked as "public information" and furnished by or on behalf of the Borrower or any of its Subsidiaries in connection with such Lender's evaluation of whether to become a Lender hereunder or obtained by such Lender, the Administrative Agent, any Issuing Bank or such other Agent pursuant to the requirements of this Agreement (" Confidential Information"), confidential in accordance with its customary procedure for handling confidential information of this nature and in any event may make disclosure (a) as required or requested by any Governmental Authority, self-regulatory agency or representative thereof or pursuant to legal process or applicable Requirements of Law, (b) to such Lender's or the Administrative Agent's, any Issuing Bank's or such other Agent's attorneys, professional advisors, independent auditors, trustees, agents or Affiliates (and any Affiliate's attorneys, professional advisors, independent auditors, trustees or agents), in each case who need to know such information in connection with the administration of the Credit Documents and are informed of the confidential nature of such information, (c) to an investor or prospective investor in a securitization that agrees its access to information regarding the Credit Parties, the Loans and the Credit Documents is solely for purposes of evaluating an investment in a securitization and who agrees to treat such information as confidential, (d) to a trustee, collateral manager, servicer, backup servicer, noteholder or secured party in connection with the administration, servicing and reporting on the assets serving as collateral for a securitization and who agrees to treat such information as confidential, (e) to a nationally recognized ratings agency that requires access to information regarding the Credit Parties, the Loans and Credit Documents in connection with ratings issued with respect to a securitization, (f) to the CUSIP Service Bureau in connection with the issuance and monitoring of CUSIP numbers with respect to the Credit Facilities or to market data collectors and similar service providers to the Administrative Agent and the Lenders customarily used in the lending industry in connection with the administration and management of this Agreement and the Credit Documents in accordance with its customary practice, (g) to any other party to this Agreement or any other Credit Document, (h) in connection with the exercise of any remedies hereunder or under any other Credit Document or any suit, action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (i) with the consent of the Borrower, or (j) to the extent such Confidential Information becomes public other than by reason of disclosure by such Person in breach of this Agreement; provided that unless prohibited by applicable Requirements of Law, each Lender, the Administrative Agent, any Issuing Bank and each other Agent shall endeavor to notify the Borrower (without any liability for a failure to so notify the Borrower) of any request made to such Lender, the Administrative Agent, any Issuing Bank or such other Agent, as applicable, by any governmental, regulatory or self-regulatory agency or representative thereof (other than any such request in connection with an examination of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information; provided further that in no event shall any Lender, the Administrative Agent, any Issuing Bank or any other Agent be obligated or required to return any materials furnished by the Borrower or any Subsidiary. In addition, each Lender, the Administrative Agent and each other Agent may provide Confidential Information to prospective Transferees or to any pledgee referred to in Section 13.6 or to prospective direct or indirect contractual counterparties in Hedge Agreements to be entered into in connection with Loans made hereunder as long as such Person is advised of and agrees to be bound by the provisions of this Section 13.16 or confidentiality provisions at least as restrictive as those set forth in the Section 13.16.

13.17 Release of Collateral and Guarantee Obligations.

(a) The Lenders hereby irrevocably agree that the Liens granted to the Collateral Agent by the Credit Parties on any Collateral shall be automatically released (i) in full, as set forth in clause (b) below, (ii) upon the Disposition of such Collateral (including as part of or in connection with any other Disposition permitted hereunder) to any Person other than another Credit Party, to the extent such Disposition is made in compliance with the terms of this Agreement (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Credit Party upon its reasonable request without further inquiry), (iii) upon any Collateral becoming an Excluded Equity Interest, an Excluded Asset or becoming owned by an Excluded Subsidiary or (in the case of Collateral constituting cash) becoming subject to Liens pursuant to clauses (d) and (e) of the definition of "Permitted Liens", (iv) to the extent such Collateral is comprised of property leased to a Credit Party, upon termination or expiration of such lease, (v) if the release of such Lien is approved, authorized or ratified in writing by the Majority Lenders (or such other percentage of the Lenders whose consent may be required in accordance with Section 13.1), (vi) to the extent the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the Guarantee in accordance with the Guarantee and (vii) as required by the Collateral Agent to effect any Disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Security Documents. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Credit Parties in respect of) all interests retained by the Credit Parties, including the proceeds of any Disposition, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Credit Documents. Additionally, the Lenders hereby irrevocably agree that the Guarantors shall be released from the Guarantees upon consummation of any transaction permitted hereunder resulting in such Subsidiary ceasing to constitute a Restricted Subsidiary or otherwise becoming an Excluded Subsidiary. The Lenders hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this paragraph, all without the further consent or joinder of any Lender. Any representation, warranty or covenant contained in any Credit Document relating to any such Collateral or Guarantor shall no longer be deemed to be repeated. In connection with any release hereunder, the Administrative Agent and Collateral Agent shall promptly (and the Lenders hereby authorize the Administrative Agent and Collateral Agent to) take such action and execute any such documents as may be reasonably requested by the Borrower and at the Borrower's expense in connection with the release of any Liens created by any Credit Document in respect of such Subsidiary, property or asset.

(b) Notwithstanding anything to the contrary contained herein or any other Credit Document, when all Obligations (other than (i) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (ii) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (iii) any contingent or indemnification obligations not then due) have been paid in full in cash or equivalents thereof, all Commitments have terminated or expired and no Letter of Credit shall be outstanding that is not Cash Collateralized or back- stopped to the reasonable satisfaction of the Administrative Agent and the Issuing Bank, upon request of the Borrower, the Administrative Agent and/or Collateral Agent, as applicable, shall (without notice to, or vote or consent of, any Secured Party) take such actions as shall be required to release its security interest in all Collateral, and to release all obligations under any Credit Document, whether or not on the date of such release there may be any (i) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (ii) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (iii) any contingent or indemnification obligations not then due. Any such release of Obligations shall be deemed subject to the provision that such Obligations shall be reinstated if after such release any portion of any payment in respect of the Obligations guaranteed thereby shall be rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made.

13.18 USA PATRIOT Act. The Agents and each Lender hereby notify 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 "Patriot Act"), it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Agent and such Lender to identify each Credit Party in accordance with the Patriot Act.

13.19 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to any Agent or any Lender, or any Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by any Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect.

13.20 Reinstatement. This Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any substantial part of its property, or otherwise, all as though such payments had not been made.

13.21 Disposition of Proceeds. The Security Documents contain an assignment by the Borrower and/or the Guarantors unto and in favor of the Collateral Agent for the benefit of the Lenders of all of the Borrower's or each Guarantor's interest in and to their as-extracted collateral in the form of production and all proceeds attributable thereto which may be produced from or allocated to the Mortgaged Property. The Security Documents further provide in general for the application of such proceeds to the satisfaction of the Obligations described therein and secured thereby. Notwithstanding the assignment contained in such Security Documents, until the occurrence of an Event of Default, (a) the Administrative Agent and the Lenders 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 Lenders, but the Lenders will instead permit such proceeds to be paid to the Borrower and its Subsidiaries and (b) the Lenders hereby authorize the Administrative Agent to take such actions as may be necessary to cause such proceeds to be paid to the Borrower and/or such Subsidiaries.

13.22 Collateral Matters; Hedge Agreements. The benefit of the Security Documents and of the provisions of this Agreement relating to any Collateral securing the Obligations shall also extend to and be available on a pro rata basis pursuant to terms agreed upon in the Credit Documents to any Person (a) under any Secured Hedge Agreement, in each case, after giving effect to all netting arrangements relating to such Hedge Agreements or (b) under any Secured Cash Management Agreement. No Person shall have any voting rights under any Credit Document solely as a result of the existence of obligations owed to it under any such Secured Hedge Agreement or Secured Cash Management Agreement.

13.23 Agency of the Borrower for the Other Credit Parties Each of the other Credit Parties hereby appoints the Borrower as its agent for all purposes relevant to this Agreement and the other Credit Documents, including the giving and receipt of notices and the execution and delivery of all documents, instruments and certificates contemplated herein and therein and all modifications hereto and thereto.

13.24 Flood Insurance Provisions. Notwithstanding any provision in this Agreement or any other Credit Document 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) included in the definition of "Mortgaged Property" and no Building or Manufactured (Mobile) Home hereby encumbered by this Agreement or any other Credit Document. As used herein, "Flood Insurance Regulations" means (a) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (b) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statue thereto, (c) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time and (d) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder.

13.25 Acknowledgement and Consent to Bail-In of EEA Financial Institution. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA 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 an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA 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 EEA 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 Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

13.26 Texas Express Negligence Rule. WITHOUT LIMITATION OF ANY OTHER PROVISION OF THE CREDIT DOCUMENTS, IT IS THE INTENTION OF THE PARTIES TO THIS AGREEMENT THAT THE INDEMNIFICATION PROVISIONS OF SECTION 12.7 AND SECTION 13.5 WILL APPLY TO EACH INDEMNITEE WITH RESPECT TO INDEMNIFIED LIABILITIES AND ALL OTHER LOSSES, CLAIMS, DAMAGES, PENALTIES, LIABILITIES AND RELATED EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR) SUBJECT TO SUCH PROVISIONS, WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNITEE.

13.27 Acknowledgement Regarding Any Supported QFCs. To the extent that the Credit Documents 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 Federal Deposit Insurance Corporation 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 Credit Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of Texas 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 Credit Documents 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 Credit Documents 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 Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BCE-MACH LLC, a Delaware limited liability company, as Borrower

By: /s/ Kevin R. White
Name: Kevin R. White
Title: Chief Financial Officer

Signature Page to Credit Agreement

MIDFIRST BANK, a federally chartered savings association, as Administrative Agent and Collateral Agent, and as a Lender

By: /s/ Chad Dayton
Name: Chad Dayton
Title: Senior Vice President

Signature Page to Credit Agreement

ARVEST BANK, as Lender

By: /s/ Chris Mostek

Name: Chris Mostek
Title: Senior Vice President

Signature Page to Credit Agreement

UMB BANK, N.A., as Lender

By: /s/ Erica Spencer
Name: Erica Spencer
Title: Senior Vice President

Signature Page to Credit Agreement

VALLIANCE BANK, as Lender

By: /s/ Donovan S. Reed
Name: Donovan S. Reed
Title: Senior Vice President

Signature Page to Credit Agreement

EAST WEST BANK, as Lender

By: /s/ Andrew Long
Name: Andrew Long
Title: Vice President

Signature Page to Credit Agreement

EXHIBIT A TO
CREDIT AGREEMENT

FORM OF RESERVE REPORT CERTIFICATE

[*Insert Date*]

THIS RESERVE REPORT CERTIFICATE is delivered as of the date indicated above in connection with the Credit Agreement, dated September 2, 2022 (the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. All capitalized terms used but not otherwise defined in this Certificate shall have the meanings assigned to them in the Credit Agreement.

The undersigned, individually and in his capacity as the [*Insert Title*] of the Borrower, certifies that:

(a) [he/she] is the Borrower's duly appointed [*Insert Title*];

(b) if the Reserve Report was prepared by or under the supervision of the engineers of the Borrower or a Restricted Subsidiary, the Reserve Report has been prepared, except as otherwise specified therein, in accordance with the procedures used in the immediately preceding January 1 Reserve Report or the Initial Reserve Reports, if no January 1 Reserve Report has been delivered;

(c) the information contained in the Reserve Report and any other information delivered in connection therewith is true and correct in all material respects;

(d) except as set forth on Exhibit A hereto, the Borrower or another Credit Party has good and defensible title to the Borrowing Base Properties evaluated in the Reserve Report (other than those (x) Disposed of in compliance with Section 10.4 of the Credit Agreement since delivery of the Reserve Report, and (y) with title defects disclosed in writing to the Administrative Agent on or prior to the delivery date thereof) and such Borrowing Base Properties are free of all Liens except for Liens permitted by Section 10.2 of the Credit Agreement;

(e) except as set forth on Exhibit B hereto, on a net basis there are no gas imbalances, take or pay or other prepayments in excess of the volume specified in Section 8.17 of the Credit Agreement with respect to the Credit Parties' Oil and Gas Property evaluated in the Reserve Report that would require the Borrower or any other 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;

(f) none of the Borrowing Base Properties have been Disposed of since the date of the last Borrowing Base determination except those Borrowing Base Properties listed on Exhibit C hereto as having been Disposed of; and

(g) attached hereto as Schedule 1 is a true and complete list of all Borrowing Base Properties evaluated by the Reserve Report that are Collateral demonstrating that the PV-9 of the Collateral (calculated at the time of delivery of the Reserve Report) meets the Collateral Coverage Minimum

(h) attached hereto as Schedule 2 is a true and complete description of any minimum volume commitments or deficiency payment obligations estimated (calculated at the time of delivery of the Reserve Report and based upon the production forecasts therein) to be payable by any Credit Party pursuant to any gathering, processing or transportation agreement.

[Signature Page Follows]

THIS RESERVE REPORT CERTIFICATE is executed and delivered as of the date indicated on the first page.

BCE-MACH LLC

By: _____
Name:
Title:

Signature Page to Reserve Report Certificate

EXHIBIT A

Title Exceptions

(See Attached)

Exhibit A to Reserve Report Certificate

EXHIBIT B

Imbalances, Take or Pays, or Prepayments

(See Attached)

Exhibit B to Reserve Report Certificate

EXHIBIT C

Disposed Borrowing Base Properties

Exhibit C to Reserve Report Certificate

SCHEDULE 1

Borrowing Base Properties

(See Attached)

Schedule 1 to Reserve Report Certificate

SCHEDULE 2

Minimum Volume Commitments and Deficiency Payment Obligations

(See Attached)

Schedule 2 to Reserve Report Certificate

EXHIBIT B TO CREDIT AGREEMENT

FORM OF NOTICE OF BORROWING

MIDFIRST BANK
501 NW Grand Blvd.
Oklahoma City, OK 73118
Attention: Chad

[Date][1]
Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Borrower hereby gives you notice pursuant to Section 2.3 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

(A) The aggregate principal amount of Borrowing: _____

(B) The date of Borrowing (which is a Business Day): _____

(C) Interest Period[2] _____

(D) Consolidated Cash Balance[3] _____

[Signature Page Follows]

1 Notice must be given no later than 12:00 p.m. (Houston, Texas time) at least three Business Days' (or with respect to the initial Borrowing on the Closing Date, at least one Business Day's) prior to the date of each Borrowing.

2 If no Interest Period is selected, the Borrowers shall be deemed to have selected an Interest Period of one month's duration.

3 The Consolidated Cash Balance (without regard to the requested Borrowing) and the pro forma Consolidated Cash Balance (giving effect to the requested Borrowing) as of the end of the fifth Business Day after each requested Borrowing will be funded.

BCE-MACH LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

Signature Page to Notice of Borrowing

FORM OF GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT (this "Guaranty"), dated as of [*Insert Date*] by and among the Subsidiaries of the Borrower (defined below) listed on the signature page hereof (each a "Guarantor" and collectively, the "Guarantors"), and MIDFIRST BANK, as collateral agent for the Secured Parties referred to below (in such capacity, together with any successor thereto, the "Collateral Agent").

WITNESSETH:

A. BCE-MACH LLC ("Borrower"), the Lenders party thereto from time to time, MIDFIRST BANK, as Collateral Agent and Administrative Agent, MIDFIRST BANK, as the Issuing Bank, and the other Persons from time to time party thereto, have entered into a Credit Agreement, dated as of September 2, 2022 (as amended, restated, amended and restated, modified and/or supplemented from time to time, the "Credit Agreement"), providing for the making of Loans and the issuance of Letters of Credit for the account of the Borrower pursuant to the terms thereof.

B. It is a condition to the making of Loans to, and the issuance of Letters of Credit for the account of the Borrower under the Credit Agreement that each Guarantor shall have executed and delivered this Guaranty; and

C. Each Guarantor will obtain benefits from the incurrence of Loans by and the issuance of Letters of Credit for the account of the Borrower, and accordingly desires to execute this Guaranty in order to satisfy the conditions described in the preceding paragraph and to induce the Lenders to make Loans to and each Issuing Bank to issue Letters of Credit for the account of the Borrower and as consideration for Loans previously made and Letters of Credit previously issued.

1. DEFINITIONS

Capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement, unless otherwise defined herein. References to this "Guaranty" shall mean this Guaranty, including all amendments, modifications and supplements and any annexes, exhibits and schedules to any of the foregoing, and shall refer to this Guaranty as the same may be in effect at the time such reference becomes operative. The rules of construction specified in Section 1.2 of the Credit Agreement also apply to this Guaranty.

2. THE GUARANTY

(a) Guaranty of Guaranteed Obligations. Each Guarantor unconditionally guarantees to the Collateral Agent, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment and performance of the Obligations other than the Excluded Hedging Obligations (the "Guaranteed Obligations") for the ratable benefit of the Secured Parties (which, for the avoidance of doubt, include each of the following: the Collateral Agent, the Administrative Agent, the Issuing Bank, each Lender, each Hedge Bank that is party to any Secured Hedge Agreement, each Cash Management Bank that is a party to any Secured Cash Management Agreement and each sub-agent appointed pursuant to Section 12.2 of the Credit Agreement by the Administrative Agent with respect to matters relating to the Credit Documents or by the Collateral Agent with respect to matters relating to any Security Document). Each Guarantor further agrees that the Guaranteed Obligations may be extended, modified, amended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension, modification, amendment or renewal of any Guaranteed Obligation. To the extent permitted by applicable Requirements of Law, each Guarantor waives presentment to, demand of payment from and protest to the Borrower or any other Subsidiary Party of any of the Guaranteed Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment.

As used herein, the "Excluded Hedging Obligations" means (as such definition may be modified from time to time as agreed by the Borrower and the Collateral Agent), with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of the Commodity Exchange Act (a "CEA Swap Obligation"), if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such CEA Swap Obligation (or any Guarantee Obligation thereof (which for the avoidance of doubt is a "Guarantee Obligation" as defined in the Credit Agreement, not "Guaranteed Obligations" as defined herein)) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order thereunder (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason not to constitute an "eligible contract participant" as defined in the Commodity Exchange Act.

(b) Guaranty of Payment. Each Guarantor further agrees that its guarantee hereunder constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Collateral Agent or any other Secured Party to any security held for the payment of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any other Secured Party in favor of the Borrower or any other Person.

(c) No Limitations. Except for termination or release of a Guarantor's obligations hereunder as expressly provided for in Section 5(h), the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise (other than defense of payment or performance). Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by: (i) the failure of the Collateral Agent or any other Secured Party to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Credit Document or otherwise; (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Credit Document or any other agreement, including with respect to any other Guarantor under this Guaranty; (iii) the release of, or the failure to perfect any security interest in, or the exchange, substitution, release or any impairment of, any security held by the Collateral Agent or any other Secured Party for the Guaranteed Obligations; (iv) any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations; (v) any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the Payment in Full of the Guaranteed Obligations); (vi) any illegality, lack of validity or enforceability of any Guaranteed Obligation; (vii) any change in the corporate existence, structure or ownership of the Borrower, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or its assets or any resulting release or discharge of any Guaranteed Obligation (other than the Payment in Full of the Guaranteed Obligations); (viii) the existence of any claim, set-off or other rights that the Guarantor may have at any time against the Borrower, the Collateral Agent, or any other corporation or person, whether in connection herewith or any unrelated transactions, provided that nothing herein will prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (ix) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Collateral Agent that might otherwise constitute a defense to, or a legal or equitable discharge of, the Borrower or any other Credit Party or any other guarantor or surety. Each Guarantor expressly authorizes the Secured Parties to take and hold security for the payment and

performance of the Guaranteed Obligations, to exchange, waive or release any or all such security (with or without consideration), to enforce or apply such security and direct the order and manner of any sale thereof in their sole discretion or to release or substitute any one or more other guarantors or obligors upon or in respect of the Guaranteed Obligations, all without affecting the obligations of any Guarantor hereunder. To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of any defense of any other Guarantor or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any other Guarantor, other than the Payment in Full of the Guaranteed Obligations. The Collateral Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by any manner permitted by Law, including by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with the Borrower or any other Credit Party or exercise any other right or remedy available to them against the Borrower or any other Credit Party, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full in cash or immediately available funds. To the fullest extent permitted by applicable law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against any other Guarantor, as the case may be, or any security.

(d) Reinstatement. Notwithstanding the provisions of Section 5(h)(i), each Guarantor agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Guaranteed Obligation is rescinded or must otherwise be restored or returned by the Collateral Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any other Credit Party, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any other Credit Party or any substantial part of its property, or otherwise, all as though such payment had not been made.

(e) Agreement To Pay; Subrogation. In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any other Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Credit Party to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Collateral Agent such unpaid Guaranteed Obligation. Upon payment by any Guarantor of any sums to the Collateral Agent as provided above, all rights of such Guarantor against the Borrower or Credit Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be fully subordinated to the Payment in Full of the Guaranteed Obligations (except for contingent indemnities and cost and expense reimbursement obligations to the extent no claim has been made).

(f) Information. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each other Credit Party's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that neither the Collateral Agent nor any other Secured Party will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

(g) Bankruptcy Proceedings. Notwithstanding any modification, discharge or extension or any the Guaranteed Obligations or any amendment, modification, stay or cure of any Secured Party's rights which may occur in any bankruptcy or reorganization case or proceeding concerning the Borrower and Guarantor, whether permanent or temporary, and whether assented to the Collateral Agent or any other Secured Party, each Guarantor hereby agrees that it shall be obligated hereunder to pay and perform the Guaranteed Obligations and discharge its other obligations in accordance with the terms of the Guaranteed Obligations and terms of this Guaranty.

3. FURTHER ASSURANCES

Each Guarantor agrees, upon the written request of the Collateral Agent, to execute and deliver to the Collateral Agent, from time to time, any additional instruments or documents reasonably considered necessary by the Collateral Agent to cause this Guaranty to be, become or remain valid and effective in accordance with its terms.

4. PAYMENTS FREE AND CLEAR OF TAXES

Each Guarantor agrees that such Guarantor will perform or observe all of the terms, covenants and agreements that Section 5.4 of the Credit Agreement requires such Guarantor to perform or observe, subject to the qualifications set forth therein.

5. OTHER TERMS

(a) Representations and Warranties.

(i) *Corporate Status*. Each Guarantor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that it (a) is a duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact its business as now conducted and (b) has duly qualified and is authorized to do business and is in good standing (if applicable) in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

(ii) *Corporate Power and Authority; Enforceability.* Each Guarantor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that it has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of this Guaranty, any Guarantee and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Guaranty. Each Guarantor represents and warrants that it has duly executed and delivered this Guaranty and that this Guaranty constitutes the legal, valid and binding obligation of such Guarantor, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

(b) Entire Agreement. This Guaranty, together with the other Credit Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements relating to a guaranty of the loans and advances under the Credit Documents.

(c) Headings. The headings in this Guaranty are for convenience of reference only and are not part of the substance of this Guaranty.

(d) Severability. Whenever possible, each provision of this Guaranty shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable law in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

(e) Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be given as provided in Section 13.2 of the Credit Agreement.

(f) Successors and Assigns. Whenever in this Guaranty any Guarantor is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by any Guarantor that are contained in this Guaranty shall bind and inure to the benefit of its respective successors and assigns.

(g) No Waiver; Cumulative Remedies; Amendments. No failure or delay by the Collateral Agent in exercising any right, power or remedy hereunder shall operate as a waiver hereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies of the Collateral Agent hereunder are cumulative and are not exclusive of any rights, powers or remedies that it would otherwise have. No waiver of any provision of this Guaranty or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by this Section 5(g) above, 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, making of any Loan or the issuance of any Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Collateral Agent may have had notice or knowledge of such Default or Event of Default at the time. No notice or demand on any Guarantor in any case shall entitle any Guarantor to any other or further notice or demand in similar or other circumstances. When making any demand hereunder against any of the Guarantors, the Collateral Agent or any other Secured Party may, but shall be under no obligation to, make a similar demand on the Borrower or any other Guarantor or guarantor, and any failure by the Collateral Agent or any other Secured Party to make any such demand or to collect any payments from the Borrower or any such other Guarantor or guarantor or any release of the Borrower or such other Guarantor or guarantor shall not relieve any of the Guarantors in respect of which a demand or collection is not made or any of the Guarantors not so released of their several obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Collateral Agent or any other Secured Party against any of the Guarantors. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings. Neither this Guaranty nor any provision hereof may be waived, amended or modified (other than termination of this Guaranty pursuant to Section 5(h)) except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Guarantor or Guarantors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 13.1 of the Credit Agreement.

(h) Termination and Release.

(i) This Guaranty shall terminate when all the Guaranteed Obligations (other than (A) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (B) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (C) any contingent or indemnification obligations not then due) have been paid in full in cash or equivalents thereof, all Commitments have terminated or expired and no Letter of Credit shall be outstanding that is not Cash Collateralized or back-stopped to the reasonable satisfaction of the Administrative Agent and the Issuing Bank ("Payment in Full").

(ii) A Guarantor shall automatically be released from its obligations hereunder upon the consummation of any transaction permitted by the Credit Agreement resulting in such Guarantor ceasing to constitute a Restricted Subsidiary or otherwise becoming an Excluded Subsidiary.

(iii) In connection with any release pursuant to this Section 5(h), the Collateral Agent shall execute and deliver to the Borrower, upon reasonable notice from the Borrower and at the Borrower's expense, all documents that the Borrower shall reasonably request to evidence such release. Any execution and delivery of documents pursuant to this Section 5(h) shall be without recourse to or warranty by the Collateral Agent.

(i) Counterparts. This Guaranty may be executed in any number of counterparts (including by facsimile or other electronic transmission, i.e. a "pdf" or a "tif"), each of which shall collectively and separately constitute one and the same agreement.

6. INDEMNITY. SUBROGATION AND SUBORDINATION

(a) Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 6(c)), the Borrower agrees that (i) in the event a payment shall be made by any Guarantor under this Guaranty in respect of any Obligation of the Borrower, the Borrower shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment and (ii) in the event any assets of any Guarantor shall be sold pursuant to this Guaranty or any other Security Document to satisfy in whole or in part an Obligation of the Borrower, the Borrower shall indemnify such Guarantor in an amount equal to the greater of the book value or the fair market value of the assets so sold.

(b) Contribution and Subrogation. Each Guarantor (a "Contributing Guarantor") agrees (subject to Section 6(c)) that, in the event a payment shall be made by any other Guarantor hereunder in respect of any Obligation or assets of any other Guarantor shall be sold pursuant to any Security Document to satisfy any Obligation owed to any Secured Party and such other Guarantor (the "Claiming Guarantor") shall not have been fully indemnified by the Borrower as provided in Section 6(a), the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as applicable, in each case multiplied by a fraction of which the numerator shall be the net worth of such Contributing Guarantor on the date hereof and the denominator shall be the aggregate net worth of all the Guarantors on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 9.10 of the Credit Agreement, the date of the supplement hereto executed and delivered by such Guarantor). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 6(b) shall be subrogated to the rights of such Claiming Guarantor under Section 6(a) to the extent of such payment. The provisions of this Section 6(b) shall in no respect limit the obligations and liabilities of any Guarantor to the Collateral Agent and the other Secured Parties, and each Guarantor shall remain liable to the Collateral Agent and the other Secured Parties for the full amount guaranteed by such Guarantor hereunder.

(c) Subordination. Notwithstanding any provision of this Guaranty to the contrary, all rights of the Guarantors under Sections 6(a) and 6(b) and all other rights of indemnity, contribution or subrogation of any Guarantor under applicable law or otherwise shall be fully subordinated to Payment in Full of the Guaranteed Obligations (other than contingent or unliquidated obligations or liabilities to the extent no claim therefor has been made). Notwithstanding any payment or payments made by any of the Guarantors hereunder or any set- off or appropriation or application of funds of any of the Guarantors by any Secured Party, no Guarantor shall be entitled to be subrogated to any of the rights of the Collateral Agent or any other Secured Party against the Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by

any Secured Party for the payment of the Obligations until Payment in Full of the Guaranteed Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder until Payment in Full of the Guaranteed Obligations. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time prior to Payment in Full of the Guaranteed Obligations, such amount shall be held by such Guarantor in trust for the Collateral Agent and the other Secured Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be paid to the Collateral Agent to be credited and applied against the Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement. No failure on the part of the Borrower or any Guarantor to make the payments required by Sections 6(a) and 6(b) (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor hereunder. Further, each Guarantor hereby subordinates any and all Indebtedness now or at any time hereafter owed by the Borrower or any other Guarantor to Guarantor to the Guaranteed Obligations and agrees that while an Event of Default exists, (i) such Guarantor shall not permit Borrower or any Guarantor to repay, or to accept payment from Borrower or any Guarantor of, such Indebtedness or any part thereof without the prior written consent of the Collateral Agent at the direction of the Majority Lenders and (ii) such Guarantor will not permit repayment of, or make any payment with respect to, any Indebtedness or any part thereof, owed from Guarantor to Borrower or any other Guarantor without the prior written consent of Administrative Agent and the Majority Lenders. Each Guarantor hereby subordinates any and all liens, statutory or otherwise and any rights of offset it has or may have in the future against the Borrower's and other Guarantor's interests in the Collateral (including the Mortgaged Property) to the liens of the Collateral Agent and the Secured Parties under the Credit Documents until Payment in Full.

7. GOVERNING LAW; JURISDICTION; VENUE; WAIVER OF JURY TRIAL; CONSENT TO SERVICE OF PROCESS

(a) THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS.

(b) The terms of Sections 13.13 and 13.15 of the Credit Agreement with respect to submission of jurisdiction, venue and waiver of trial by jury are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms (and, for the avoidance of doubt, as incorporated into this Guaranty, Section 13.15 of the Credit Agreement shall apply to each party hereto).

(c) Each party to this Guaranty irrevocably consents to service of process in the manner provided for notices in Section 5(e). Nothing in this Guaranty will affect the right of any party to this Guaranty to serve process in any other manner permitted by law.

8. RIGHT OF SET OFF

If an Event of Default shall have occurred and be continuing, each Secured Party is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable 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 at any time owing by such Secured Party to or for the credit or the account of any Guarantor against any of and all the obligations of such Guarantor now or hereafter existing under this Guaranty owed to such Lender, irrespective of whether or not such Secured Party shall have made any demand under this Guaranty and although such obligations may be unmatured. Each Secured Party agrees promptly to notify the Borrower and the Collateral Agent after any such set off and application made by such Secured Party; provided that the failure to give such notice shall not affect the validity of such set off and application. The rights of each Secured Party under this Section 8 are in addition to other rights and remedies (including other rights of set off) that such Secured Party may have.

9. ADDITIONAL SUBSIDIARIES

Upon execution and delivery by the Collateral Agent and any Subsidiary of the Borrower that is required to become a party hereto by Section 9.10 of the Credit Agreement (or has otherwise agreed to become a party hereto) of an instrument in the form of Exhibit A hereto, such Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any other party to this Guaranty. The rights and obligations of each party to this Guaranty shall remain in full force and effect notwithstanding the addition of any new party to this Guaranty. Each reference to "Guarantor" in this Guaranty shall be deemed to include such Subsidiary.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be executed and delivered as of the date first above written.

[GUARANTOR]

By: _____
Name: _____
Title: _____

Acknowledged by:

BCE-MACH LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

Accepted and Agreed to:

MIDFIRST BANK, a federally chartered savings association, as Collateral Agent

By: _____
Name: Chad Dayton
Title: Senior Vice President

Exhibit A to Guaranty

SUPPLEMENT NO. [*Insert Number*] dated as of [*Insert Date*] (this "Supplement"), to the Guarantee Agreement dated as of September 2, 2022 (the "Guaranty"), among each Subsidiary of the Borrower (defined below) party thereto (the "Existing Guarantors") and MIDFIRST BANK, as collateral agent (in such capacity, the "Collateral Agent") for the Lenders (used herein as defined therein).

A. BCE-MACH LLC (the "Borrower"), the Lenders party thereto from time to time, MIDFIRST BANK, as Collateral Agent and Administrative Agent, MIDFIRST BANK, as the Issuing Bank, and the other Persons from time to time party thereto, have entered into a Credit Agreement, dated as of September 2, 2022 (as amended, restated, modified and/or supplemented from time to time, the "Credit Agreement"), providing for the making of Loans and the issuance of Letters of Credit for the account of the Borrower pursuant to the terms thereof.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Guaranty, as applicable.

C. The Existing Guarantors have entered into the Guaranty in order to induce and the Lenders to make Loans, each Issuing Bank to issue Letters of Credit. Section 9 of the Guaranty provides that additional Subsidiaries may become Guarantors under the Guaranty by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary of the Borrower (the "New Subsidiary") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guaranty in order to induce the Lenders to make additional Loans and each Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Subsidiary agree as follows:

SECTION 1. In accordance with Section 9 of the Guaranty, the New Subsidiary by its signature below becomes a Guarantor under the Guaranty with the same force and effect as if originally named therein as a Guarantor and the New Subsidiary hereby agrees to all the terms and provisions of the Guaranty applicable to it as a Guarantor thereunder. In furtherance of the foregoing, the New Subsidiary does hereby guarantee to the Collateral Agent the due and punctual payment of the Guaranteed Obligations as set forth in the Guaranty. Each reference to a "Guarantor" in the Guaranty and in this Supplement shall be deemed to include the New Subsidiary. The Guaranty is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3. This Supplement may be executed in any number of counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract. This Supplement shall become effective when the Collateral Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary. Delivery of an executed signature page to this Supplement by facsimile or other electronic transmission, i.e. a "pdf" or a "tif" shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect.

SECTION 5. **THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS.**

SECTION 6. In the event any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guaranty shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 5(e) of the Guaranty.

SECTION 8. The New Subsidiary agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable and documented fees, disbursements and other charges of counsel to the Collateral Agent.

IN WITNESS WHEREOF, the New Subsidiary has duly executed this Supplement to the Guaranty as of the day and year first above written.

[Signature Pages Follow]

[Name of New Subsidiary]

By: _____
Name:
Title:

Accepted and Agreed to:

MIDFIRST BANK, a federally chartered savings association, as Collateral Agent

By: _____
Name: Chad Dayton
Title: Senior Vice President

EXHIBIT D-1 TO
CREDIT AGREEMENT

MORTGAGE, ASSIGNMENT OF
PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT FROM
BCE-MACH LLC TO
MIDFIRST BANK, AS COLLATERAL AGENT

A CARBON, PHOTOGRAPHIC, OR OTHER REPRODUCTION OF THIS INSTRUMENT IS SUFFICIENT AS A FINANCING STATEMENT.

A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT. A POWER OF SALE MAY ALLOW MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY MORTGAGOR UNDER THIS INSTRUMENT.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS. THIS INSTRUMENT SECURES PAYMENT OF FUTURE ADVANCES. THIS INSTRUMENT COVERS PROCEEDS OF MORTGAGED PROPERTY.

THIS INSTRUMENT COVERS MINERALS AND OTHER SUBSTANCES OF VALUE WHICH MAY BE EXTRACTED FROM THE EARTH (INCLUDING WITHOUT LIMITATION OIL AND GAS) AND WHICH WILL BE FINANCED AT THE WELLHEADS OF THE WELL OR WELLS LOCATED ON THE PROPERTIES DESCRIBED ON ***EXHIBIT A*** HERETO. THIS FINANCING STATEMENT IS TO BE FILED OR FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OR SIMILAR RECORDS OF THE COUNTY RECORDERS OF THE COUNTIES LISTED ON ***EXHIBIT A*** HERETO. THE GRANTOR HAS AN INTEREST OF RECORD IN THE REAL ESTATE CONCERNED, WHICH INTEREST IS DESCRIBED ON ***EXHIBIT A*** HERETO.

PORTIONS OF THE MORTGAGED PROPERTY ARE GOODS WHICH ARE AS-EXTRACTED COLLATERAL AND ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN OR REFERRED TO ON ***EXHIBIT A*** AND ***EXHIBIT B*** HERETO. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD OR RECORDED, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OR SIMILAR RECORDS OF EACH COUNTY IN WHICH SAID LAND OR ANY PORTION THEREOF IS LOCATED. THE GRANTOR IS THE OWNER OF RECORD INTEREST IN THE REAL ESTATE CONCERNED. THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

THIS INSTRUMENT IS TO BE FILED AGAINST THE TRACT INDEX IN THE REAL ESTATE RECORDS FOR THE MORTGAGED PROPERTY LYING IN THE STATE OF OKLAHOMA IN EACH COUNTY IN OKLAHOMA WHERE SUCH MORTGAGED PROPERTY IS LOCATED.

WHEN RECORDED RETURN TO:
Thomas Hutchison, Esq.
GableGotwals
110 N. Elgin Avenue, Suite 200
Tulsa, Oklahoma 74120
(918) 595-4990

MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT

This **MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT** (this "***Mortgage***") is entered into this [*Day*] day of [*Month*], [*Year*] (the "***Effective Date***"), by **BCE-MACH LLC**, a Delaware limited liability company, whose address for notice is 14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134, Attention: Mr. Michael Reel (" ***Mortgagor***"), for the benefit of **MIDFIRST BANK**, a federally chartered savings association, as Collateral Agent (as hereinafter defined) and on behalf of the Secured Parties (as defined in the Credit Agreement referenced below), whose address for notice is 501 NW Grand Blvd., Oklahoma City, OK 73118, Attn: Chad Dayton (together with its successors in such capacity, " ***Mortgagee***"). The Secured Parties and Mortgagee are herein sometimes collectively referred to as the "***Beneficiaries***."

RECITALS:

A. Mortgagor, as Borrower, previously entered into that Credit Agreement dated as of September 2, 2022 (as may have been amended, restated, amended and restated, refinanced or modified from time to time prior to the date hereof, the "***Credit Agreement***") by and among the Mortgagor, the banks financial institutions and other lending institutions from time to time parties as lenders thereto (the "***Lenders***"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "***Administrative Agent***") and Collateral Agent (in such capacity, the "***Collateral Agent***") for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto.

B. Mortgagor and the other Credit Parties may from time to time enter into, or have previously entered into, one or more "Secured Hedge Agreements" and "Secured Cash Management Agreements" governing a portion of the Obligations (as each such term is defined in the Credit Agreement).

C. Mortgagor will directly or indirectly benefit from such Credit Agreement and such Secured Hedge Agreements and Secured Cash Management Agreements.

THEREFORE, in order to comply with the terms and conditions of the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby agrees with Mortgagee, for the ratable benefit of the Beneficiaries, as follows:

ARTICLE I
GRANT OF LIEN AND INDEBTEDNESS SECURED

Section 1.01 Grant of Liens. To secure payment of the Indebtedness (as defined in ***Section 1.02***) and the performance of the covenants and obligations herein contained, Mortgagor does by these presents hereby MORTGAGE, GRANT, BARGAIN, SELL AND CONVEY to the Mortgagee and grant to the Mortgagee a POWER OF SALE (pursuant to this Mortgage and applicable law) with respect to, all of the following described rights, interests and properties which are located in (or cover properties located in) the State of Oklahoma, in each case, less and except the Excluded Assets (as defined below in this ***Section 1.01***) (collectively called the "***Mortgaged Property***"):

(a) all oil and gas leases and/or the oil, gas and mineral leases (herein sometimes called the "***Leases***"), operating rights, forced pooling orders and farmout agreements and other contractual or other rights relating to oil, gas and mineral rights located in any County set forth on ***Exhibit A*** including, without limitation, the Leases described on, or described in the instruments described on, ***Exhibit A*** that is attached hereto and made a part hereof for all purposes, or such Leases that are otherwise mentioned or referred to therein and specifically, but without limitation, Mortgagor's undivided interests in the Leases as specified on ***Exhibit A*** attached hereto and made a part hereof;

(b) (i) the properties now or hereafter pooled or unitized with the Leases; (ii) all presently existing or future unitization, communitization and pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations, rules or other official acts of any Federal, State or other governmental body or agency having jurisdiction) that may affect all or any portion of the Leases including, without limitation, those units that may be described or referred to in ***Exhibit A***; (iii) all operating agreements, contracts and other agreements described or referred to in this instrument that relate to any of the Leases or interests in the Leases described or referred to herein or in ***Exhibit A*** or to the production, sale, purchase, exchange, processing, gathering, compression, treating, storage or transportation of the Hydrocarbons (hereinafter defined) from or attributable to such Leases or interests; and (iv) the Leases even though Mortgagor's interests therein be incorrectly described or a description of a part or all of such Leases or Mortgagor's interests therein be omitted; it being intended by Mortgagor and Mortgagee herein to cover and affect all interests that Mortgagor may now own or may hereafter acquire in and to the Leases and interests in this ***Section 1.01(b)***, notwithstanding that the interests as specified in on ***Exhibit A*** may be limited to particular lands, specified depths or particular types of property interests;

(c) all oil, gas, casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals in and under and/or which may be produced and saved from or attributable to the Leases, the lands covered thereby, pooled or unitized therewith and/or Mortgagor's interests therein (herein collectively called the "***Hydrocarbons***"), including all oil in tanks and all rents, issues, profits, as-extracted collateral, proceeds, products, revenues and other income from or attributable to the Leases, the lands covered thereby, pooled or unitized therewith and/or Mortgagor's interests therein that are subject to the liens and security interests of this Mortgage;

(d) all tenements, hereditaments, appurtenances and properties in anywise appertaining, belonging, affixed or incidental to the Leases, properties, rights, titles, interests and estates described or referred to in ***Section 1.01(a)***, ***(b)*** and ***(c)*** above, which are now owned or which may hereafter be acquired by Mortgagor, but subject to the limitations, if any, set forth in ***Exhibit A***, including, without limitation, any and all property, real or personal, now owned or hereafter acquired and situated upon or within the geographical boundaries covered by the Leases, used, held for use, or useful in connection with the operating, working or development of any of such Leases or properties (excluding drilling rigs, automotive equipment or other personal property that 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, salt water disposal wells, injection wells or other wells including without limitation those described in ***Exhibit A*** hereto, buildings, structures, field separators, flow-lines, separators, water treatment equipment or facilities, dehydrators, field separators, compressors, 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 properties;

(e) (i) the fee tracts and real property (the "***Surface Assets***") and (ii) the easements, rights-of-way, servitudes, and permits, licenses, orders, certificates, and related instruments (collectively herein referred to as the "***Easements***"), in each case located in any County set forth on ***Exhibit A*** including, without limitation, any Surface Assets and Easements described in ***Exhibit A*** or described in any instrument or document described in ***Exhibit A*** and any strips and gores within or adjoining any real property included in or covered by the Surface Assets and Easements, all rights of ingress and egress to and from such real property, all easements, servitudes, rights-of-way, surface leases, fee tracts and other surface rights affecting said Surface Assets and Easements, and all rights appertaining to the use and enjoyment of said Surface Assets and Easements, rights, estates, titles, claims, and interests, including, without limitation, lateral support, drainage, mineral, water, oil and gas rights (the Surface Assets, Easements and all of the property and other rights, privileges, interests, titles, estates, and claims appurtenant thereto are herein collectively called the "***System Premises***");

(f) all gathering systems and/or pipeline systems, and all materials, equipment, and other property now or hereafter located on the System Premises or used or held for use, regardless of where the same are located, in connection with, or otherwise related to such gathering systems and/or pipeline systems and all equipment, including, but not limited to, all fittings, furnishings, appliances, apparatus, machinery, gas processing, treatment, storage, transportation, extraction, fractionation, exchange and/or manufacturing facilities and units and other units, gas, liquid product and other storage tanks, liquid product truck loading terminals, and other gathering and pipeline assets now or hereafter located on or in (or, whether or not located thereon or therein, used or held for use in connection with) the Premises or such gathering systems or pipeline systems (that portion of the Mortgaged Property described in this ***Section 1.01(f)*** is herein collectively called the "***Systems***");

(g) all materials, goods, surface or subsurface machinery, equipment, and other property now or hereafter located on the System Premises, and all other surface or subsurface machinery and equipment, line pipe and pipe connections, fittings, flanges, welds or interconnects, valves, control equipment, cathodic or electrical protection units, by-passes, regulators, drips, meters and metering stations, compression equipment, pumphouses and pumping stations, treating equipment, dehydration equipment, separation equipment, processing equipment, telephone, telegraph and other communication systems, office equipment and furniture, files and records, computer equipment and software, storage sheds, vehicles, loading docks, loading racks, towers, process tanks, storage tanks and other storage facilities, and shipping facilities, gas and electric fixtures, radiators, heaters, engines and machinery, boilers, elevators and motors, motor vehicles, pipes, faucets and other air conditioning, plumbing, and heating fixtures, refrigerators and appurtenances which relate to Mortgagor's use of the Systems (collectively, the "***System Equipment***"), and all building materials and supplies now or hereafter delivered to the System Premises and intended to be installed thereon; all other personal property of whatever kind and nature at present contained in or hereafter placed on the System Premises in which Mortgagor has a possessory or title interest; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof, all of which shall be deemed to be a portion of the security for the Indebtedness (as hereafter defined). If the lien of this Mortgage on any fixtures or personal property is subject to a lease agreement, conditional sales agreement or chattel mortgage covering such property, then all the right, title and interest of Mortgagor in and to any and all deposits made thereon or therefor are hereby assigned to Mortgagee, together with the benefit of any payments now or hereafter made thereon. Mortgagor also transfers, sets over and assigns to Mortgagee, its successors and assigns, all leases and use agreements covering machinery, Equipment and other personal property of Mortgagor related to the System Premises or the conduct of its business thereon, under which Mortgagor is the lessee of, or entitled to use, such items;

(h) all inventory and all materials used or consumed in the processing of inventory, and all products thereof, now or hereafter located in or on, or stored in or on, transported through or otherwise related to the lands covered by the Leases and the System Premises (herein collectively, the "***Premises***"), including all inventory (as such term is used in the Applicable UCC) and such other property held by Mortgagor for sale or lease (or in the possession of other persons while on lease or consignment) or furnished or to be furnished under any service contract and all raw materials, work in process and materials and supplies used or consumed in Mortgagor's business relating to the Premises, and returned or repossessed goods, together with any bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of such goods of Mortgagor related

to the Leases and Systems, and any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods that it covers (the Mortgaged Property described in this ***Section 1.01(h)*** are herein collectively referred to as the "***Inventory***"), and all proceeds thereof and all accounts, contract rights and general intangibles under which such proceeds may arise, and together with all liens and security interests securing payment of the proceeds of the Inventory, including, but not limited to, those liens and security interests provided for under statutes enacted in the jurisdictions in which the Mortgaged Property is located;

(i) all presently existing and hereafter created Hydrocarbon purchase agreements, Hydrocarbon sales agreements, supply agreements, raw material purchase agreements, product purchase agreements, product sales agreements, processing agreements, exchange agreements, gathering agreements, transportation agreements and other contracts and agreements which cover, affect, or otherwise relate to the transportation and/or processing of Hydrocarbons through or in the Premises or any other part of the Mortgaged Property, and all other contracts and agreements (including, without limitation, equipment leases, maintenance agreements, electrical supply contracts, hedge or swap agreements, cap, floor, collar, exchange, forward or other hedge or protection agreements or transactions relating to crude oil, natural gas or other hydrocarbons, or any option with respect to any such agreement or transaction, and other contracts and agreements) which cover, affect or otherwise relate to the Premises, or any part thereof, together with any and all amendments, modifications, renewals or extensions (now or hereafter existing) to any of the foregoing (the Mortgaged Property described in this ***Section 1.01(i)*** are herein collectively called the "***Contracts***");

(j) all accounts, including but not limited to, (i) all of Mortgagor's rights to receive payment, whether or not earned by Mortgagor's performance and however acquired or evidenced, which arise out of or in connection with (A) Mortgagor's sale of Hydrocarbons, (B) Mortgagor's sale, assignment, lease, hiring out or allowance of use of, consignment, licensing or other voluntary disposition, whether permanent or temporary, of Inventory or other goods or property related to the Premises and/or the conduct of Mortgagor's business thereon (including, without limitation, all payments received in lieu of payment for Inventory regardless of whether such payments accrued, and/or the events that gave rise to such payments occurred, on or before or after the date hereof, including, without limitation, "take or pay" or "minimum bill" payments and similar payments, payments received in settlement of or pursuant to a judgment rendered with respect to take or pay or minimum bill or similar obligations or other obligations under a sales contract, and payments received in buyout or other settlement of a contract covered by this Mortgage), (C) rendering of services related to the Systems and/or Premises and/or the conduct of Mortgagor's business thereon or (D) any loan, advance, purchase of notes or other extension of credit made by Mortgagor; (ii) any and all rights and interests Mortgagor may have in connection with any of the transactions described in the preceding clause (i) and relating to the Systems and/or the Premises, whether now existing or hereafter acquired, (A) to demand and receive payment or other performance from any guarantor, surety, accommodation party or other person indirectly or secondarily obligated to Mortgagor in respect of the Leases, Hydrocarbons, Systems and/or the Premises and/or the conduct of Mortgagor's business thereon, (B) arising out of the enforcement of any of Mortgagor's rights to payment or performance by means of judicial or administrative proceedings, including, without limitation, any rights to receive payment under or in connection with any settlement of such proceedings, any judgment or any administrative order or decision arising out of actions related to the Leases, Hydrocarbons, Systems and/or the Premises and/or the conduct of Mortgagor's business thereon, (C) in and to the goods or other property related to the Premises and/or the conduct of Mortgagor's business thereon that is the subject of any such transaction, including, without limitation, (a) in the case of goods, an unpaid seller's or lessor's rights of rescission, replevin or to stop such goods in transit, and all rights to such goods on return or repossession, and (b) in the case of other property, rights of an unpaid seller, assignor or licensor to rescind or cancel the applicable agreement and demand the return of such property or, if such property is intangible, of any writing or other tangible evidence of its existence and/or disposition, and (D) to proceed against any collateral security related to the Premises provided by any obligor and to realize any proceeds thereof; and (iii) all contracts and other agreements and writings, all accounts, chattel paper, documents, general intangibles and instruments, and all other items of property now or hereafter owned by Mortgagor or in that Mortgagor now has or hereafter acquires any rights or interests, whether tangible or intangible and related to the Premises that in any way constitute, embody or evidence any payment rights described in clause (i) of this ***Section 1.01(j)*** or any of Mortgagor's other rights and interests described in clause (ii) of this ***Section 1.01(j)*** (the Mortgaged Property described in this ***Section 1.01(j)*** are herein collectively referred to as the "***Accounts Receivable***");

(k) all contracts, agreements, leases, permits, orders, franchises, servitudes, certificates, privileges, rights, technology, licenses and general intangibles (including, without limitation, all trademarks, trade names, and symbols) that are now or hereafter used, or held for use, in connection with or otherwise related to the Premises, the Systems, the System Equipment and/or the other items described in ***Section 1.01(g)***, the Inventory, the Contracts, and/or the Accounts Receivable (the Premises, the Systems, the System Equipment and the other items described in ***Section 1.01(g)***, the Inventory, the Contracts, and the Accounts Receivable are hereinafter collectively referred to as the "***Property***") or the conduct of Mortgagor's business on the Leases and/or System Premises whether now or hereafter created, acquired, or entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, rights, incomes, profits, revenues, royalties, accounts, contract rights and general intangibles under any and all of the foregoing;

(l) any and all technical or business data, books and records related to the Premises and Mortgagor's operations thereon, including, but not limited to, accounting records, files, computer software, employee records, engineering drawings or plans, surveys, site assessments, environmental reports, geological and geophysical data, customer lists, production records, laboratory and testing records, sales and administrative records, and any other material or information relating to the ownership, maintenance, or operation of the Property (the "***Books and Records***");

(m) all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Mortgagor for the Property or the conduct of Mortgagor's business on the Premises and all judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises or any part thereof or any interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Leases and/or System Premises or any part thereof or interest therein, including any award for change of grade of streets;

(n) all proceeds of the conversion, voluntary or involuntary, of the Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance, subject to the terms and conditions of this Mortgage;

(o) all options, extensions, improvements, betterments, renewals, substitutions and replacements of, and all additions and appurtenances to, the Property or any part thereof, hereafter acquired by, or released to, Mortgagor, or constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby (Mortgagor hereby acknowledging and agreeing that immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, the same shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein);

(p) any property that may from time to time hereafter by delivery or by writing of any kind be subjected to the lien or security interests hereof by Mortgagor or by anyone on Mortgagor's behalf; and Mortgagee is hereby authorized to receive the same at any time as additional security hereunder;

(q) all other rights, titles and interests of every nature whatsoever now owned or hereafter acquired by Mortgagor in and to the Leases, Surface Assets, Easements, properties, rights, titles, interests and estates and every part and parcel thereof, including, without limitation, said Leases, properties, rights, titles, interests and estates as the same may be enlarged by the discharge of any payments out of production or by the removal of any charges or Permitted Encumbrances (as defined on ***Exhibit A*** and herein so called) to which any of said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates are subject, or otherwise; together with any and all renewals and extensions of any of said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates; and all contracts and agreements supplemental to or amendatory of or in substitution for the Leases, Surface Assets, Easements, the contracts and agreements described or mentioned above and any and all additional interests of any kind hereafter acquired by Mortgagor in and to said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates; and

(r) all accounts, contract rights, inventory, general intangibles, insurance contracts and insurance proceeds constituting a part of, relating to or arising out of those portions of the Mortgaged Property that are described in ***Sections 1.01(a)*** through ***(q)*** above and all proceeds and products of all such portions of the Mortgaged Property and payments in lieu of production (such as "take or pay" payments), whether such proceeds or payments are goods, money, documents, instruments, chattel paper, securities, accounts, general intangibles, fixtures, real property, or other assets.

Any fractions or percentages specified in the attached ***Exhibit A*** in referring to Mortgagor's interests are solely for purposes of the warranties made by Mortgagor pursuant to ***Section 3.01*** hereof and shall in no manner limit the quantum of interest affected by this ***Section 1.01*** with respect to any Mortgaged Property or with respect to any unit or well identified on ***Exhibit A***.

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee, and its successors and assigns to secure the payment and performance of the Indebtedness, however, upon the terms, provisions and conditions herein set forth.

Any fractions or percentages specified in the attached ***Exhibit A*** in referring to Mortgagor's interests are solely for purposes of the warranties made by Mortgagor pursuant to ***Section 3.01*** hereof and shall in no manner limit the quantum of interest affected by this ***Section 1.01*** with respect to any Mortgaged Property or with respect to any unit or well identified on ***Exhibit A***.

Notwithstanding any provision in this ***Section 1.01*** or in this Mortgage to the contrary, in no event are the following included in the definition of "Mortgaged Property" or hereby encumbered by this Mortgage (collectively, the "***Excluded Assets***"):

(s) any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) including in the definition of "Mortgaged Property" and no Building or Manufactured (Mobile) Home is hereby encumbered by this Mortgage. As used herein, "***Flood Insurance Regulations***" shall mean (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statue thereto, (iii) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time, and (iv) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder; and

(t) Article 9 Collateral constituting Excluded Assets (as such terms are defined in the Collateral Agreement).

Section 1.02 Indebtedness Secured. This Mortgage is executed and delivered by Mortgagor to secure and enforce the following (the "***Indebtedness***"):

(a) the Obligations (including all future advances to be made under the Credit Agreement);

(b) any reasonable sums advanced or expenses or costs incurred by the Mortgagee (or any receiver appointed hereunder) that are made or incurred pursuant to, or permitted by, the terms hereof, plus interest thereon at the rate herein specified or otherwise agreed upon, from the date of the advances or the incurring of such expenses or costs until reimbursed; and

(c) any extensions, refinancings, modifications or renewals of all such indebtedness and obligations described in ***Sections 1.02(a)*** and ***(b)*** above, whether or not Mortgagor executes any extension agreement or renewal instrument. For the avoidance of doubt, the "Indebtedness" shall not include any Excluded Hedging Obligations.

Section 1.03 Fixture Filing, Etc. Without in any manner limiting the generality of any of the other provisions of this Mortgage: (a) some portions of the collateral described or to which reference is made herein are as-extracted collateral and goods that are or are to become fixtures related to the land described or to which reference is made herein or on attached ***Exhibit A*** or ***Exhibit B***; (b) the security interests created hereby under applicable provisions of the Applicable UCC will attach to Hydrocarbons (minerals including oil and gas), or the accounts resulting from the sale thereof at the wellhead or minehead located on the land described or to which reference is made herein; (c) this Mortgage is to be filed of record in the real estate records as a financing statement and (d) Mortgagor is the record owner of the real estate or interests in the real estate comprised of the Mortgaged Property.

Section 1.04 Waiver. Mortgagor specifically waives presentment, protest, notice of dishonor, intention to accelerate and acceleration.

Section 1.05 Defined Terms. Any capitalized term used in this Mortgage and not defined in this Mortgage shall have the meaning assigned to such term in the Credit Agreement.

ARTICLE II
ASSIGNMENT OF PRODUCTION

Section 2.01 Assignment.

(a) As of the Effective Date, Mortgagor has assigned, transferred, and conveyed, and does hereby assign, transfer and convey unto Mortgagee, its successors and assigns, all of the Hydrocarbons and all products obtained or processed therefrom, and the revenues and proceeds now and hereafter attributable to the Hydrocarbons and said products and all payments in lieu of the Hydrocarbons such as "take or pay" payments or settlements. If an Event of Default shall have occurred and for only for so long as such Event of Default shall be continuing, after written notice is provided to the Mortgagor by the Mortgagee, the Hydrocarbons and products are to be delivered into transportation facilities or equipment serving the Mortgaged Property, or to the purchaser thereof, to the credit of Mortgagee, free and clear of all taxes, charges, costs and expenses; except applicable production taxes and royalties and similar burdens payable from production made under applicable agreements not prohibited by the Credit Agreement, and all such revenues and proceeds shall be paid directly to Mortgagee, at the address designated for payment under the Credit Agreement, with no duty or obligation of any party paying the same to inquire into the rights of Mortgagee to receive the same, what application is made thereof, or as to any other matter.

(b) If an Event of Default shall have occurred and only for so long as such Event of Default shall be continuing, Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may reasonably be required or desired by Mortgagee, after receipt of written request from the Mortgagee, or any party in order to have said proceeds and revenues so paid to Mortgagee.

(c) Mortgagor hereby appoints Mortgagee as its true and lawful attorney-in-fact for Mortgagor, with full authority in the place and stead of Mortgagor and from time to time in the discretion of Mortgagee, to pursue any and all rights of Mortgagor to liens on and security interests in the Hydrocarbons securing payment of proceeds of runs attributable to the Hydrocarbons. The power of attorney granted to Mortgagee in this ***Section 2.01(c)***, being coupled with an interest, shall be irrevocable until Security Termination (as defined in ***Section 6.03*** of this Mortgage) has occurred and shall be exercisable only during the continuance of any Event of Default.

(d) Subject to the provisions of ***Section 2.01(g)*** below, Mortgagee is fully authorized (i) to receive and receipt for said revenues and proceeds, (ii) to endorse and cash any and all checks and drafts payable to the order of Mortgagor or Mortgagee for the account of Mortgagor received from or in connection with said revenues or proceeds and to hold the proceeds thereof in a bank account as additional collateral securing the Indebtedness, and (iii) to execute transfer and division orders in the name of Mortgagor, or otherwise, with warranties binding Mortgagor. All proceeds received by Mortgagee pursuant to this assignment shall be applied as provided in ***Section 4.13*** of this Mortgage.

(e) Mortgagee shall not be liable for any delay, neglect, or failure to effect collection of any proceeds or to take any other action in connection therewith or hereunder; but Mortgagee shall have the right, at its election after written notice is provided to the Mortgagor, in the name of Mortgagor or otherwise, to prosecute and defend any and all actions or legal proceedings deemed reasonably advisable by Mortgagee at any time after the occurrence and during the continuation of an Event of Default if in order to collect such funds and to protect the interests of Mortgagee, and/or Mortgagor, with all reasonable and documented costs, expenses and attorneys' fees incurred in connection therewith being paid by Mortgagor in accordance with the terms and conditions of *Section 13.5* of the Credit Agreement.

(f) In addition to the rights granted to Mortgagee in ***Section 1.01*** of this Mortgage, Mortgagor hereby further collaterally transfers and assigns to Mortgagee any and all liens, security interests, financing statements or similar interests of Mortgagor attributable to its interest in the Hydrocarbons and proceeds of runs therefrom arising under or created by the provisions of Section 9.343 of the Applicable UCC, the Oil and Gas Owners' Lien Act of 2010 (OKLA. STAT. tit. 52 Sections 549.1, et seq.), as applicable, and of any similar state or local jurisdiction statute in any state wherein the Mortgaged Property is located or by any other statutory provision, judicial decision or otherwise (collectively, the "***Assigned Liens and Security Interests***").

(g) Until such time as an Event of Default has occurred and is continuing, Mortgagee hereby grants to Mortgagor a license to all of the Hydrocarbons and to sell, collect, receive and receipt for all revenues and proceeds from the sale of Hydrocarbons and the products obtained or processed therefrom, as well as any Assigned Liens and Security Interests, and to retain, use and enjoy same.

(h) In the event Security Termination or of a release of this Mortgage as to the Mortgaged Property, or any part thereof, the assignment granted in this ***Section 2.01*** shall terminate and be of no further force and effect with respect to all of the Mortgaged Property, in the case of Security Termination, or the Mortgaged Property so released.

Section 2.02 No Modification of Payment Indebtedness. Nothing herein contained shall modify or otherwise alter the obligation of Mortgagor to make prompt payment of all principal and interest owing on the Indebtedness when and as the same become due regardless of whether the proceeds of the Hydrocarbons are sufficient to pay the same and the rights provided in accordance with the foregoing assignment provision shall be cumulative of all other security of any and every character now or hereafter existing to secure payment of the Indebtedness.

ARTICLE III
REPRESENTATIONS, WARRANTIES AND COVENANTS

Mortgagor hereby represents, warrants and covenants as follows:

Section 3.01 Title; Mortgaged Property.

(a) Mortgagor has good and defensible title to, or valid leasehold interests in, the Mortgaged Property constituting Borrowing Base Properties evaluated in the most recently delivered Reserve Report, (other than those with title defects disclosed in writing to the Administrative Agent prior to the delivery of such Reserve Report), and valid title to all Mortgaged Property constituting material personal property, in each case, free and clear of all Liens other than Liens permitted by *Section 10.2* of the Credit Agreement. All such Mortgaged Property are free and clear of Liens, other than Liens not prohibited by *Section 10.2* of the Credit Agreement. After giving full effect to the Liens permitted by *Section 10.2* of the Credit Agreement, Mortgagor owns the working interests and net revenue interests attributable to the Mortgaged Property as reflected in the most recently delivered Reserve Report, and the ownership of such properties shall not in any material respect obligate Mortgagor 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 Mortgagor's net revenue interest in such property.

(b) The provisions in *Sections 8.9*, *8.15*, *8.16*, *9.8*, *9.10*, *9.12, 9.15* and *10.4* of the Credit Agreement shall apply to this Mortgage with respect to Mortgagor and the Mortgaged Property, and the provisions of *Section 13.2* of the Credit Agreement with respect to notices relating to the Credit Agreement shall apply to notices and communications relating to this Mortgage, and all of such provisions are hereby incorporated into this ***Section 3.01*** by reference, *mutatis mutandis*, as a part hereof.

(c) This Mortgage is, and shall always constitute, a perfected Lien on, and security interest in, all right, title and interest of the Mortgagor in the Mortgaged Property subject only to Permitted Encumbrances, and, other than the Permitted Encumbrances, Mortgagor will not create or suffer to be created or permit to exist any Lien other than Permitted Encumbrances prior or junior to or on a parity with the lien and security interest of this Mortgage upon the Mortgaged Property or any part thereof or upon the rents, issues, revenues, profits and other income therefrom.

Section 3.02 Other General Representations, Warranties and Covenants.

(a) Consistent with the terms of the Credit Agreement, Mortgagor shall cure promptly any defects in the execution and delivery of this instrument. Mortgagor will promptly execute and deliver to Mortgagee upon reasonable request all such other and further documents, agreements and instruments in compliance with or accomplishment of the covenants and agreements of Mortgagor herein or to further evidence and more fully describe the Mortgaged Property, or to correct any omissions in this instrument, or more fully to state the security obligations set out herein, or to perfect or preserve any lien or security interest created hereby, or to make any recordings, or to file any notices, or obtain any consents, all as may be necessary or reasonably appropriate in connection with any thereof. Mortgagor shall pay for all reasonable and documented costs of preparing, recording and releasing any of the above.

(b) Mortgagor is not a public utility.

(c) Mortgagor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person within the meaning of Sections 1445 or 7701 of the Internal Revenue Code of 1986, as amended, or the regulations thereto.

(d) Mortgagor hereby represents and warrants that the transaction described in this Mortgage does (i) not involve a consumer loan as said term is defined in Section 3-104 of Title 14A of the Oklahoma Statutes, (ii) not secure an extension of credit made primarily for agricultural purposes as defined in paragraph 4 of Section 1-301 of Title 14A of the Oklahoma Statutes, and (iii) not mortgage the Mortgagor's homestead.

Section 3.03 Failure to Perform. Mortgagor agrees that if Mortgagor fails to perform any act or to take any action which Mortgagor is required to perform or take hereunder or pay any money which Mortgagor is required to pay hereunder within a reasonable time after reasonable notice by Mortgagee and Mortgagee, in Mortgagor's name or its own, may, but shall not be obligated to, perform or cause to perform such act or take such action or pay such money, and any expenses so incurred by either of them and any money so paid by either of them shall be subject to the reimbursement provisions of *Section 13.5* of the Credit Agreement.

ARTICLE IV
RIGHTS AND REMEDIES

Section 4.01 Event of Default. The term "***Event of Default***" as used in this Mortgage shall mean the occurrence of any "*Events of Default*" under the Credit Agreement.

Section 4.02 Foreclosure and Sale. If an Event of Default shall occur and be continuing, Mortgagee shall have the right and option to proceed with foreclosure directly and to sell, to the extent permitted by law, all or any portion of the Mortgaged Property at one or more sales, as an entirety or in parcels, at such place or places in otherwise such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as Mortgagee may deem appropriate, and to make conveyance to the purchaser or purchasers. Where the Mortgaged Property is situated in more than one county in any state, notice as above provided shall be posted and filed in all such counties (if such notices are required by law), and all such Mortgaged Property may be sold in any such county and any such notice shall designate the county where such Mortgaged Property is to be sold. Nothing contained in this ***Section 4.02*** shall be construed so as to limit in any way Mortgagee's rights to sell the Mortgaged Property, or any portion thereof, by private sale if, and to the extent that, such private sale is permitted under the laws of the applicable jurisdiction or by public or private sale after entry of a judgment by any court of competent jurisdiction so ordering. Mortgagor hereby irrevocably appoints, until the occurrence of the Security Termination, Mortgagee to be the attorney of Mortgagor with respect to the conduct of any such sale and in the name and on behalf of Mortgagor to execute and deliver, at any time after the occurrence or during the continuation of any Event of Default, any deeds, transfers, conveyances, assignments, assurances and notices with respect to such sale which Mortgagor ought to execute and deliver and do and perform any and all such acts and things with respect to such sale which Mortgagor ought to do and perform under the covenants herein contained. At any such sale: (a) whether made under the power herein contained or any other legal enactment, or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Mortgagee to have physically present, or to have constructive possession of, the Mortgaged Property (Mortgagor hereby covenanting and agreeing to deliver to Mortgagee any portion of the Mortgaged Property not actually or constructively possessed by Mortgagee immediately upon demand by Mortgagee) and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale, (b) each instrument of conveyance executed by Mortgagee shall contain a general warranty of title, binding upon Mortgagor and its successors and assigns, (c) as between Mortgagor and Mortgagee, on one hand, and any third party, on the other hand, each and every recital contained in any instrument of conveyance made by Mortgagee shall be *prima facie* evidence of the truth and accuracy of the matters recited therein, including, without limitation, nonpayment of the Indebtedness, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor hereunder, (d) any and all prerequisites to the validity thereof shall be presumed to have been performed, (e) the receipt of Mortgagee or of such other party or officer making the sale shall be a sufficient discharge to the purchaser or purchasers for its purchase money and no such purchaser or purchasers, or its assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or nonapplication thereof, (f) to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against any and all other persons claiming or to claim the property sold or any part thereof, by, through or under Mortgagor and (g) to the extent and under such circumstances as are permitted by law, Mortgagee may be a purchaser at any such sale and shall have the right, after paying or accounting for all costs of said sale or sales, to credit the amount of the bid upon the amount of the Indebtedness (in the order of priority set forth in ***Section 4.13*** hereof) in lieu of cash payment.

(a) Oklahoma. Mortgagor hereby confers on Mortgagee the power, after the occurrence and during the continuance of an Event of Default, to sell the Mortgaged Property in accordance with the Oklahoma Power of Sale Mortgage Foreclosure Act (OKLA. STAT. tit. 46, §§ 40-49), as the same maybe amended from time to time (the "***POS Act***"), without resort to judicial process, and for such purposes Mortgagor authorizes Mortgagee or Mortgagee's attorney or agent, and grants to Mortgagee and Mortgagee's attorney or agent the power to sell and convey the Mortgaged Property to a purchaser and to foreclose all right, title, interest and estate of Mortgagor and all other persons having an interest subject to the lien of this Mortgage in and to the Mortgaged Property. As to Mortgaged Property situated in or otherwise subject to the laws of the State of Oklahoma, appraisement of the Mortgaged Property is hereby waived (or not) at the option of Mortgagee, such option to be exercised at the time judgment is rendered in any foreclosure hereof or at any time prior thereto.

A POWER OF SALE HAS BEEN GRANTED IN THIS MORTGAGE. A POWER OF SALE MAY ALLOW MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR UNDER THIS MORTGAGE.

The conduct of a sale pursuant to the power of sale granted by this Mortgage shall be sufficient hereunder if conducted in accordance with the requirements of the POS Act and other applicable laws of the State of Oklahoma in effect at the time of such sale, notwithstanding any other provision contained in this Mortgage to the contrary. In the event of a conflict between the provisions of this Mortgage and the POS Act, the POS Act shall control.

(b) Federal and Indian Lands. Upon a sale conducted pursuant to this ***Article IV*** after the occurrence and during the continuance of an Event of Default of all or any portion of the Mortgaged Property consisting of interests (the "***Federal Interests***") in leases, easements, rights-of-way, agreements or other documents and instruments covering, affecting or otherwise relating to federal or tribal lands (including, without limitation, leases, easements and rights-of-way issued by the Bureau of Land Management and Bureau of Indian Affairs), Mortgagor agrees to take all action and execute all instruments necessary or reasonably advisable to transfer the Federal Interests to the purchaser at such sale, including, without limitation, to execute, acknowledge and deliver assignments of the Federal Interests on officially approved forms in sufficient counterparts to satisfy applicable statutory and regulatory requirements, to seek and request approval thereof and to take all other action necessary or advisable in connection therewith. Mortgagor hereby irrevocably appoints, until the occurrence of the Security Termination, Mortgagee as Mortgagor's attorney-in-fact and proxy, with full power and authority in the place and stead of Mortgagor, in the name of Mortgagor or otherwise, to take, after the occurrence and during the continuance of an Event of Default, any such action and to execute any such instruments on behalf of Mortgagor that Mortgagee may deem necessary or reasonably advisable to so transfer the Federal Interests, including, without limitation, the power and authority to execute, acknowledge and deliver such assignments, to seek and request approval thereof and to take all other action deemed necessary or reasonably advisable by Mortgagee in connection therewith; and Mortgagor hereby adopts, ratifies and confirms all such actions and instruments. Such power of attorney and proxy is coupled with an interest, shall survive the dissolution, termination, reorganization or other incapacity of Mortgagor and shall be irrevocable until the Security Termination. No such action by Mortgagee shall constitute acknowledgment of, or assumption of liabilities relating to, the Federal Interests, and neither Mortgagor nor any other party may claim that Mortgagee is bound, directly or indirectly, by any such action.

Section 4.03 Judicial Foreclosure; Receivership. At any time after the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. Any money advanced by Mortgagee in connection with any such receivership shall be a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor to Mortgagee and shall bear interest from the date of making such advance by Mortgagee until paid at the Default Rate.

Section 4.04 Foreclosure for Installments. If an Event of Default shall have occurred and be continuing, Mortgagee shall also have the option to proceed with foreclosure in satisfaction of any installments of the Indebtedness which have not been paid when due either through the courts or by proceeding with foreclosure in satisfaction of the matured but unpaid portion of the Indebtedness as if under a full foreclosure, conducting the sale as herein provided and without declaring the entire principal balance and accrued interest due; such sale may be made subject to the unmatured portion of the Indebtedness, and any such sale shall not in any manner affect the unmatured portion of the Indebtedness, but as to such unmatured portion of the Indebtedness this Mortgage shall remain in full force and effect just as though no sale had been made hereunder. It is further agreed that several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness, it being the purpose hereof to provide for a foreclosure and sale of the security for any matured portion of the Indebtedness without exhausting the power to foreclose and sell the Mortgaged Property for any subsequently maturing portion of the Indebtedness.

Section 4.05 Separate Sales. After the occurrence and during the continuance of an Event of Default, the Mortgaged Property may be sold in one or more parcels and, to the extent permitted by applicable law, in such manner and order as Mortgagee, in its commercially reasonable discretion, may elect, it being expressly understood and agreed that the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales, unless, at the time of any sale, no Event of Default is then continuing.

Section 4.06 Possession of Mortgaged Property. Mortgagor agrees to the full extent that it lawfully may, that, after the occurrence and during the continuance of an Event of Default, then, and in every such case, Mortgagee shall have the right and power to enter into and upon and take possession of all or any part of the Mortgaged Property in the possession of Mortgagor, its successors or assigns, or its or their agents or servants, and may exclude Mortgagor, its successors or assigns, and all persons claiming under Mortgagor, and its or their agents or servants wholly or partly therefrom; and, holding the same, Mortgagee may use, administer, manage, operate and control the Mortgaged Property and conduct the business thereof to the same extent as Mortgagor, its successors or assigns, might at the time do and may exercise all rights and powers of Mortgagor, in the name, place and stead of Mortgagor, or otherwise as Mortgagee shall deem best. All reasonable and documented costs, out-of-pocket expenses and liabilities incurred by Mortgagee in administering, managing, operating, and controlling the Mortgaged Property after the occurrence and during the continuance of an Event of Default shall be subject to the indemnification and reimbursement provisions set forth of *Section 13.5* of the Credit Agreement.

Section 4.07 Occupancy After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale Mortgagor or Mortgagor's heirs, devisees, representatives, successors or assigns or any other person claiming any interest in the Mortgaged Property by, through or under Mortgagor, are occupying or using the Mortgaged Property or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either the landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the Mortgaged Property (such as an action for forcible entry and detainer) in any court having jurisdiction.

Section 4.08 Remedies Cumulative, Concurrent and Nonexclusive. Every right, power and remedy herein given to Mortgagee shall be cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing in equity, at law or by statute (including specifically those granted by the Applicable UCC in effect and applicable to the Mortgaged Property or any portion thereof), and each and every such right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by Mortgagee, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter any other right, power or remedy. No delay or omission by Mortgagee in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

Section 4.09 No Release of Indebtedness. Neither Mortgagor, any guarantor, if any, nor any other person hereafter obligated for payment of all or any part of the Indebtedness shall be relieved of such obligation by reason of (a) the release, regardless of consideration, of the Mortgaged Property or any portion thereof or interest therein or the addition of any other property to the Mortgaged Property; (b) any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending, renewing, rearranging or in any other way modifying the terms of this Mortgage without first having obtained the consent of, given notice to or paid any consideration to Mortgagor, any guarantor or such other person, and in such event Mortgagor, guarantor and all such other persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Mortgagee; or (c) by any other act or occurrence save and except Security Termination.

Section 4.10 Release of and Resort to Collateral. Mortgagee may release, regardless of consideration, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by this Mortgage or its stature as a first and prior lien and security interest in and to the Mortgaged Property, and without in any way releasing or diminishing the liability of any person or entity liable for the repayment of the Indebtedness. For payment of the Indebtedness, Mortgagee may resort to any other security therefor held by Mortgagee in such order and manner as Mortgagee may elect.

Section 4.11 Waiver of Redemption, Notice and Marshalling of Assets, Etc. To the fullest extent permitted by law, until the occurrence of the Security Termination, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefits that might accrue to Mortgagor by virtue of any present or future moratorium law or other law exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; provided, however, that if the laws of any state do not permit the redemption period to be waived, the redemption period is specifically reduced to the minimum amount of time allowable by statute; (b) except as set forth in the Credit Agreement and the other Credit Documents, all notices of any Event of Default or of Mortgagee's election to exercise or its actual exercise of any right, remedy or recourse provided for hereunder; and (c) any right to a marshalling of assets or a sale in inverse order of alienation. If any law referred to in this Mortgage and now in force, of which Mortgagor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall thereafter be deemed not to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof.

Section 4.12 Discontinuance of Proceedings. In case Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under the Credit Agreement and shall thereafter elect to discontinue or abandon same for any reason, Mortgagee shall have the unqualified right so to do and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Indebtedness, this Mortgage, the Credit Agreement, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if same had never been invoked.

Section 4.13 Application of Proceeds. The proceeds of any sale of the Mortgaged Property or any part thereof and all other monies received by Mortgagee in any proceedings for the enforcement hereof or otherwise, whose application has not elsewhere herein been specifically provided for, shall be applied in the order set forth in *Section 11.11* of the Credit Agreement.

Section 4.14 Resignation of Operator. In addition to all rights and remedies under this Mortgage, at law and in equity, if any Event of Default has occurred and be continuing and Mortgagee shall exercise any remedies under this Mortgage with respect to any portion of the Mortgaged Property (or Mortgagor shall transfer any Mortgaged Property in "lieu of foreclosure"), Mortgagee shall have the right to request that any operator of any Mortgaged Property that is Mortgagor or any Affiliate of Mortgagor to resign as operator under the joint operating agreement applicable thereto. No later than sixty (60) days after receipt by Mortgagor of any such request, Mortgagor shall resign (or cause such other party to resign) as operator of such Mortgaged Property.

Section 4.15 INDEMNITY. IN CONNECTION WITH ANY ACTION TAKEN BY MORTGAGEE PURSUANT TO THIS MORTGAGE, MORTGAGEE AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, ATTORNEYS, ACCOUNTANTS AND EXPERTS (" ***INDEMNIFIED PARTIES***") SHALL NOT BE LIABLE FOR ANY LOSS SUSTAINED BY MORTGAGOR RESULTING FROM AN ASSERTION THAT MORTGAGEE HAS RECEIVED FUNDS FROM THE PRODUCTION OF HYDROCARBONS CLAIMED BY THIRD PERSONS OR ANY ACT OR OMISSION OF ANY INDEMNIFIED PARTY IN ADMINISTERING, MANAGING, OPERATING OR CONTROLLING THE MORTGAGED PROPERTY INCLUDING SUCH LOSS WHICH MAY RESULT FROM THE ORDINARY NEGLIGENCE OF AN INDEMNIFIED PARTY UNLESS SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE, BAD FAITH OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY OR IN RESPECT OF ANY PROCEEDING NOT RESULTING FROM AN ACT OR OMISSION BY THE MORTGAGOR OR ITS AFFILIATES, THAT IS BROUGHT BY AN INDEMNIFIED PARTY AGAINST ANOTHER INDEMNIFIED PARTY, NOR SHALL MORTGAGEE BE OBLIGATED TO PERFORM OR DISCHARGE ANY OBLIGATION, DUTY OR LIABILITY OF MORTGAGOR. MORTGAGOR SHALL AND DOES HEREBY AGREE TO INDEMNIFY EACH INDEMNIFIED PARTY FOR, AND TO HOLD EACH INDEMNIFIED PARTY HARMLESS FROM, ANY AND ALL LIABILITY, LOSS OR DAMAGE WHICH MAY OR MIGHT BE INCURRED BY ANY INDEMNIFIED PARTY BY REASON OF THIS MORTGAGE OR THE EXERCISE OF RIGHTS OR REMEDIES HEREUNDER. SHOULD MORTGAGEE MAKE ANY EXPENDITURE ON ACCOUNT OF ANY SUCH LIABILITY, LOSS OR DAMAGE, THE AMOUNT THEREOF, INCLUDING REASONABLE AND DOCUMENTED COSTS, EXPENSES AND REASONABLE ATTORNEYS' FEES, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF *SECTION 13.5* OF THE CREDIT AGREEMENT. THE LIABILITIES OF MORTGAGOR SET FORTH IN THIS ***SECTION 4.15*** SHALL SURVIVE THE TERMINATION OF THIS MORTGAGE AND SECURITY TERMINATION.

ARTICLE V
SECURITY AGREEMENT

Section 5.01 Security Interest. To further secure the Indebtedness and the performance of the covenants, agreements and obligations of Mortgagor herein, Mortgagor hereby grants to Mortgagee and Mortgagee's successors and permitted assigns for the ratable benefit of the Beneficiaries, a security interest in all of Mortgagor's rights, titles and interests in and to the Mortgaged Property insofar as such Mortgaged Property consists of goods, equipment, accounts, contract rights, general intangibles, insurance contracts, insurance proceeds, inventory, Hydrocarbons, as-extracted collateral (including but not limited to all oil, gas, casinghead gas, natural gas liquids, natural gasoline, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals), fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the Uniform Commercial Code presently in effect in the jurisdiction in which the Mortgaged Property is situated or that otherwise applies to any portion of the Mortgaged Property (the "***Applicable UCC***") including without limitation, all accessions, additions, and attachments to any thereof, and the proceeds and products from any and all of such personal property (all of the foregoing, subject to the following proviso, being herein collectively called the "***Collateral***"); provided that, for the avoidance of doubt, "Collateral" shall not mean or include any Excluded Assets. Upon the occurrence and during the continuance of any Event of Default, Mortgagee is and shall be entitled to all of the rights, powers and remedies afforded to the Collateral Agent in *Article IV* of the Collateral Agreement with respect to the security interest in the Collateral granted hereunder. Such rights, powers and remedies shall be cumulative and in addition to those granted Mortgagee under any other provision of this instrument or under any other instrument executed in connection with or as security for any of the Indebtedness. Mortgagor, as debtor (and in this ***Article VI*** and otherwise herein called "***Debtor***") covenants and agrees with Mortgagee, as secured party (and in this ***Article VI*** and otherwise herein called "***Secured Party***") that:

(a) As between Debtor and Secured Party, on one hand and any third party, on the other hand, all recitals in any instrument of assignment or any other instrument executed by Secured Party incident to sale, transfer, assignment or other disposition or utilization of the Collateral or any part thereof hereunder shall be *prima facie* evidence of the matter stated therein, no other proof shall be required to establish full legal propriety of the sale or other action or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action and of any fact, condition or thing incident thereto shall be presumed to have been performed or to have occurred.

(b) Should Secured Party elect to exercise its rights under the Applicable UCC as to part of the Collateral, this election shall not preclude Secured Party from exercising any other rights and remedies granted by this instrument as to the remainder of the Collateral.

(c) Any copy of this instrument may also serve as a financing statement under the Applicable UCC between the Debtor, and, in that regard, the following information is provided:

Name of Debtor:	BCE-Mach LLC
Address of Debtor:	14201 Wireless Way, Suite 300 Oklahoma City, Oklahoma 73134 Attention: Mr. Michael Reel
State of Formation/Location:	Delaware
Name of Mortgagee:	MidFirst Bank, as Collateral Agent
Address of Mortgagee:	501 NW Grand Blvd. Oklahoma City, OK 73118 Attention: Mr. Chad Dayton
Facsimile:	(405) 767-5862

Owner of Record of Real Property: Mortgagor

(d) Secured Party is authorized to file, in any applicable jurisdiction where Secured Party deems it necessary to perfect or to maintain the perfection of any security interest granted under this Mortgage, a financing statement or statements describing the Collateral, and at the request of Secured Party, Debtor will join Secured Party in delivering one or more financing statements pursuant to the Applicable UCC in form reasonably satisfactory to Secured Party, and will pay the reasonable cost of filing or recording this instrument, as a financing statement, in all public offices at any time and from time to time whenever filing or recording of any financing statement or of this instrument is deemed by Secured Party to be necessary to perfect or to maintain the perfection of any security interest granted under this Mortgage.

Section 5.02 As Extracted Collateral and Fixtures. Portions of the Collateral consist of (a) oil, gas and other minerals produced or to be produced from the lands described in the Leases (as extracted collateral), or (b) goods which are or will become fixtures attached to the real estate constituting a portion of the Mortgaged Property, and Debtor hereby agrees that this instrument shall be filed in the real estate records of the Counties in which the Mortgaged Property is located as a financing statement to perfect the security interest of Secured Party in said portions of the Collateral. The said oil, gas and other minerals will be financed at the wellhead of the oil and gas wells located on the lands described in the Leases. The name of the record owner of the Mortgaged Property is the party named herein as Mortgagor and Debtor. Nothing herein contained shall impair or limit the effectiveness of this document as a security agreement or financing statement for other purposes. **THIS FINANCING STATEMENT MAY BE FILED AGAINST THE TRACT INDEX OF THE REAL PROPERTY RECORDS IN EACH COUNTY IN OKLAHOMA WHERE THE MORTGAGED PROPERTY IS LOCATED.**

ARTICLE VI
MISCELLANEOUS

Section 6.01 Instrument Construed as Mortgage, Etc. This Mortgage may be construed as a mortgage, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

Section 6.02 Amendment and Restatement. Mortgagor and Mortgagee acknowledge that insofar as to any portion of the Mortgaged Property covered under the Prior Mortgage, this Mortgage amends and restates the Prior Mortgage and all liens, claims, rights, titles, interests and benefits created and granted by the Prior Mortgage shall continue to exist, remain valid and subsisting, shall not be impaired or released hereby, shall remain in full force and effect and are hereby renewed, extended, carried forward and conveyed as security for the Indebtedness. Notwithstanding anything to the contrary in this Mortgage, in the event any liens or security interests granted by the Prior Mortgage have been terminated, lapsed or otherwise invalidated, then this Mortgage shall be a new grant of mortgage, deed of trust, lien and security interest according to the terms and provisions provided herein.

Section 6.03 Release of Mortgage.

(a) This Mortgage, the Lien granted hereby and all other security interests granted hereby shall automatically terminate as and to the extent provided in *Section 13.17(b)* of the Credit Agreement (such event, "***Security Termination***").

(b) Upon any Disposition by Mortgagor of any Mortgaged Property or Collateral that is permitted under the Credit Agreement to any person that is not a Credit Party, or, upon the effectiveness of any written consent to the release of the Mortgage or of the security interest granted hereby in any Mortgaged Property or Collateral pursuant to *Section 13.1* of the Credit Agreement, the Lien in such Mortgaged Property and the Security Interest in such Collateral shall be automatically released.

(c) In connection with any termination or release pursuant to ***Section 6.03(a)*** or ***(b)*** above, the Mortgagee shall cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of Mortgagor and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be reasonably requested by Mortgagor to evidence such termination or release. Any execution and delivery of documents pursuant to this ***Section 6.03*** shall be without recourse to or representation or warranty by Mortgagee, except as to any representations and warranties that the Mortgage has been terminated or released in whole or in part. Mortgagor shall reimburse Mortgagee upon demand for all reasonable and documented costs and out-of-pocket expenses, including the reasonable and documented fees, charges and expenses of counsel, incurred by Mortgagee in connection with any action contemplated by this ***Section 6.03***.

Section 6.04 Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be construed in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 6.05 Successors and Assigns of Parties. The term "*Mortgagee*" as used herein shall mean and include any successor and permitted assignee of the Collateral Agent under the Credit Agreement. The terms used to designate Mortgagee and Mortgagor shall be deemed to include the respective successors and permitted assigns of such parties.

Section 6.06 Satisfaction of Prior Encumbrance. To the extent that proceeds of the Credit Agreement are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Mortgaged Property, such proceeds have been advanced by the Mortgagee at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released, and it is expressly understood that, in consideration of any such payment of such other indebtedness by the Mortgagee, Mortgagor hereby waives and releases all demands and causes of action for offsets and payments to, upon and in connection with the said indebtedness.

Section 6.07 Subrogation of Mortgagee. This Mortgage is made with full substitution and subrogation of Mortgagee and its successors in this trust and its and their assigns in and to all covenants and warranties by others heretofore given or made in respect of the Mortgaged Property or any part thereof.

Section 6.08 Nature of Covenants. The covenants and agreements herein contained shall constitute covenants running with the land and interests covered or affected hereby and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

Section 6.09 Notices. All notices, requests, consents, demands and other communications required or permitted hereunder shall be given or furnished in the manner provided under the Credit Agreement.

Section 6.10 Time. Time shall be of the essence in this Mortgage.

Section 6.11 Counterparts. This Mortgage is being executed in several counterparts, all of which are identical, except that to facilitate recordation, if the Mortgaged Property is situated in more than one jurisdiction, descriptions of only those portions of the Mortgaged Property located in, the jurisdiction in which a particular counterpart is recorded shall be attached as ***Exhibit A*** thereto. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

Section 6.12 GOVERNING LAW. THIS MORTGAGE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OKLAHOMA.

Section 6.13 EXCULPATION PROVISIONS. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT (A) HAS A DUTY TO READ THIS MORTGAGE AND THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS MORTGAGE; (B) HAS IN FACT READ THIS MORTGAGE AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS MORTGAGE; (C) HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS MORTGAGE, AND HAS RECEIVED THE ADVICE OF ITS ATTORNEY IN ENTERING INTO THIS MORTGAGE; AND (D) RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS MORTGAGE 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 MORTGAGE ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

[Signature Page Follows]

IN WITNESS WHEREOF, this Mortgage is executed as of the date written in the acknowledgement blocks below, but effective for all purposes as of the Effective Date.

MORTGAGOR:

BCE-MACH LLC,
a Delaware liability company

By: _____

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on September_____, 2022, by [*Officer*], the [*Title*] of BCE-MACH LLC, a Delaware limited liability company.

[SEAL]

_____
Notary Public

My Commission Expires:_____

The name and address of Mortgagor/Debtor is:

BCE-MACH LLC
14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134
Attention: Mr. Michael Reel

EXHIBIT A

DEFINITIONS:

1. This ***Exhibit A*** is comprised of ***Exhibit A-1*** and ***Exhibit A-2***, both of which collectively constitute ***Exhibit A***.

2. The terms used on this ***Exhibit A*** have the same meaning as defined in the Mortgage.

3. The term "***Permitted Encumbrances***" shall mean (i) Liens not prohibited by *Section 10.2* of the Credit Agreement; and (ii) the specific exceptions and encumbrances affecting any of the Mortgaged Property as described on ***Exhibit A*** or ***Exhibit B*** INSOFAR ONLY as said exceptions and encumbrances are valid and subsisting and are enforceable against the particular Lease, Surface Asset or Easement which is made subject to said exceptions and encumbrances.

4. With respect to the descriptions of each of the Mortgaged Property, if the description requires, such description may continue on several successive pages of each Part of ***Exhibit A***. Certain property descriptions are in abbreviated form as to Sections, Townships and Ranges. In such descriptions the following terms may be abbreviated as follows:

Northwest Quarter as NW, NW/4 or NW1/4;
Southwest Quarter as SW, SW/4 or SW1/4;

Southeast Quarter as SE, SE/4 or SE1/4;
Northeast Quarter as NE, NE/4 or NE1/4;
North Half as N/2 or N1/2;
South Half as S/2 or S1/2;
East Half as E/2 or E1/2; and
West Half as W/2 or W1/2.

The applicable Section, Township and Range may be identified by a series of three numbers, each separated by a dash, with the first number being the Section number, the second number being the Township number and the third number being the Range number. The Township and Range numbers are followed by an N, S, E or W to indicate whether the Township or Range is North, South, East or West, respectively. In some instances, the Section number may be stated by itself and not in conjunction with a series of dashed numbers representing the appropriate Township and Range, e.g., the description "N/2 14, SESW 21 29N 8W" means "North one half of Section 14 and Southeast quarter of Southwest quarter of Section 21, all in Township 29 North, Range 8 West." Certain descriptions merely refer to the subdivision or survey in which the property is located in whole or in part. In such cases, the recorded Leases and any amendments thereof and any other recorded instruments affecting Mortgagor's title more particularly describe the land within such subdivision or survey in which Mortgagor owns an interest, and the descriptions contained in such instruments are incorporated herein by this reference.

5. The term "API" shall mean that certain American Petroleum Institute number assigned to an oil and gas well by the relevant state regulatory agency (such as the Texas Railroad Commission) and maintained in the public files of such agency.

SYMBOLS AND ABBREVIATIONS:

1. The abbreviation "BPO" or the term "before payout" as used herein means that the figure next to which this abbreviation appears represents Mortgagor's net income interest until such time as the operator of the well or wells situated on the described property has recovered from production from that well or those wells all costs as specified in underlying farmout assignments or other documents in the chain of title, usually including costs of drilling, completing and equipping a well or wells plus costs of operating the well or wells during the recoupment period.

2. The abbreviation "APO" or the term "after payout" as used herein means that the figure next to which this abbreviation appears represents Mortgagor's net income interest after the point in time when the operator of the well or wells situated on the described property has recovered from production from that well or those wells all costs as specified in underlying farmout assignments or other documents in the chain of title, usually including costs of drilling, completing and equipping a well or wells plus costs of operating the well or wells during the recoupment period.

*****

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THIS MORTGAGE COVERS ALL OF MORTGAGOR'S INTERESTS IN AND TO THE OIL, GAS AND MINERAL LEASES DESCRIBED ON THIS ***EXHIBIT A***, INCLUDING WITHOUT LIMITATION, THE LANDS DESCRIBED ON *EXHIBIT A* BY METES AND BOUNDS LOCATED THEREON, IF ANY.

Exhibit A to Mortgage

EXHIBIT B

SURFACE ASSETS

None.

Exhibit B to Mortgage

EXHIBIT D-2 TO
CREDIT AGREEMENT

MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING
FROM
BCE-MACH LLC TO
MIDFIRST BANK, AS COLLATERAL AGENT

A CARBON, PHOTOGRAPHIC, OR OTHER REPRODUCTION OF THIS INSTRUMENT IS SUFFICIENT AS A FINANCING STATEMENT.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS. THIS INSTRUMENT SECURES PAYMENT OF FUTURE ADVANCES. THIS INSTRUMENT COVERS PROCEEDS OF MORTGAGED PROPERTY.

THIS INSTRUMENT COVERS MINERALS AND OTHER SUBSTANCES OF VALUE WHICH MAY BE EXTRACTED FROM THE EARTH (INCLUDING WITHOUT LIMITATION OIL AND GAS) AND WHICH WILL BE FINANCED AT THE WELLHEADS OF THE WELL OR WELLS LOCATED ON THE PROPERTIES DESCRIBED ON ***EXHIBIT A*** HERETO. THIS INSTRUMENT COVERS GOODS WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL/IMMOVABLE PROPERTY DESCRIBED HEREIN, AND IT IS TO BE FILED FOR RECORD AS A FIXTURE FILING UNDER § 84-9-502 OF THE KANSAS UNIFORM COMMERCIAL CODE. THIS INSTRUMENT IS TO BE FILED OR FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OR SIMILAR RECORDS OF THE COUNTY RECORDERS OF THE COUNTIES LISTED ON ***EXHIBIT A*** HERETO. THE GRANTOR HAS AN INTEREST OF RECORD IN THE REAL ESTATE CONCERNED, WHICH INTEREST IS DESCRIBED ON ***EXHIBIT A*** HERETO.

THIS INSTRUMENT IS, AMONG OTHER THINGS, A FINANCING STATEMENT UNDER THE UNIFORM COMMERCIAL CODE COVERING AS-EXTRACTED COLLATERAL THAT IS RELATED TO, AND GOODS WHICH ARE, OR ARE TO BECOME FIXTURES ON, THE REAL PROPERTY HEREIN DESCRIBED.

PORTIONS OF THE MORTGAGED PROPERTY ARE GOODS WHICH ARE AS-EXTRACTED COLLATERAL AND ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN OR REFERRED TO ON ***EXHIBIT A*** AND ***EXHIBIT B*** HERETO. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD OR RECORDED, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OR SIMILAR RECORDS OF EACH COUNTY IN WHICH SAID LAND OR ANY PORTION THEREOF IS LOCATED. THE GRANTOR IS THE OWNER OF RECORD INTEREST IN THE REAL ESTATE CONCERNED. THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

WHEN RECORDED RETURN TO: Thomas Hutchison, Esq.
GableGotwals
110 N. Elgin Avenue, Suite 200
Tulsa, Oklahoma 74120
(918) 595-4990

MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT

This **MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT** (this "***Mortgage***") is entered into this [*Day*] day of [*Month*], [*Year*] (the "***Effective Date***"), by **BCE-MACH LLC**, a Delaware limited liability company, whose address for notice is 14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134, Attention: Mr. Michael Reel (" ***Mortgagor***"), for the benefit of **MIDFIRST BANK**, a federally chartered savings association, as Collateral Agent (as hereinafter defined) and on behalf of the Secured Parties (as defined in the Credit Agreement referenced below), whose address for notice is 501 NW Grand Blvd., Oklahoma City, OK 73118, Attn: Chad Dayton (together with its successors in such capacity, " ***Mortgagee***"). The Secured Parties and Mortgagee are herein sometimes collectively referred to as the "***Beneficiaries***."

RECITALS:

A. Mortgagor, as Borrower, previously entered into that Credit Agreement dated as of September 2, 2022 (as may have been amended, restated, amended and restated, refinanced or modified from time to time prior to the date hereof, the "***Credit Agreement***") by and among the Mortgagor, the banks financial institutions and other lending institutions from time to time parties as lenders thereto (the "***Lenders***"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "***Administrative Agent***") and Collateral Agent (in such capacity, the "***Collateral Agent***") for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto.

B. Mortgagor and the other Credit Parties may from time to time enter into, or have previously entered into, one or more "Secured Hedge Agreements" and "Secured Cash Management Agreements" governing a portion of the Obligations (as each such term is defined in the Credit Agreement).

C. Mortgagor will directly or indirectly benefit from such Credit Agreement and such Secured Hedge Agreements and Secured Cash Management Agreements.

THEREFORE, in order to comply with the terms and conditions of the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby agrees with Mortgagee, for the ratable benefit of the Beneficiaries, as follows:

ARTICLE I
GRANT OF LIEN AND INDEBTEDNESS SECURED

Section 1.01 Grant of Liens. To secure payment of the Indebtedness (as defined in ***Section 1.02***) and the performance of the covenants and obligations herein contained, Mortgagor does by these presents hereby MORTGAGE, GRANT, BARGAIN, SELL AND CONVEY to the Mortgagee (pursuant to this Mortgage and applicable law) with respect to, all of the following described rights, interests and properties which are located in (or cover properties located in) the State of Kansas, in each case, less and except the Excluded Assets (as defined below in this ***Section 1.01***) (collectively called the "***Mortgaged Property***"):

(a) all oil and gas leases and/or the oil, gas and mineral leases (herein sometimes called the "***Leases***"), operating rights, forced pooling orders and farmout agreements and other contractual or other rights relating to oil, gas and mineral rights located in any County set forth on ***Exhibit A*** including, without limitation, the Leases described on, or described in the instruments described on, ***Exhibit A*** that is attached hereto and made a part hereof for all purposes, or such Leases that are otherwise mentioned or referred to therein and specifically, but without limitation, Mortgagor's undivided interests in the Leases as specified on ***Exhibit A*** attached hereto and made a part hereof;

(b) (i) the properties now or hereafter pooled or unitized with the Leases; (ii) all presently existing or future unitization, communitization and pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations, rules or other official acts of any Federal, State or other governmental body or agency having jurisdiction) that may affect all or any portion of the Leases including, without limitation, those units that may be described or referred to in ***Exhibit A***; (iii) all operating agreements, contracts and other agreements described or referred to in this instrument that relate to any of the Leases or interests in the Leases described or referred to herein or in ***Exhibit A*** or to the production, sale, purchase, exchange, processing, gathering, compression, treating, storage or transportation of the Hydrocarbons (hereinafter defined) from or attributable to such Leases or interests; and (iv) the Leases even though Mortgagor's interests therein be incorrectly described or a description of a part or all of such Leases or Mortgagor's interests therein be omitted; it being intended by Mortgagor and Mortgagee herein to cover and affect all interests that Mortgagor may now own or may hereafter acquire in and to the Leases and interests in this ***Section 1.01(b)***, notwithstanding that the interests as specified in on ***Exhibit A*** may be limited to particular lands, specified depths or particular types of property interests;

(c) all oil, gas, casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals in and under and/or which may be produced and saved from or attributable to the Leases, the lands covered thereby, pooled or unitized therewith and/or Mortgagor's interests therein (herein collectively called the "***Hydrocarbons***"), including all oil in tanks and all rents, issues, profits, as-extracted collateral, proceeds, products, revenues and other income from or attributable to the Leases, the lands covered thereby, pooled or unitized therewith and/or Mortgagor's interests therein that are subject to the liens and security interests of this Mortgage;

(d) all tenements, hereditaments, appurtenances and properties in anywise appertaining, belonging, affixed or incidental to the Leases, properties, rights, titles, interests and estates described or referred to in ***Section 1.01(a)***, ***(b)*** and ***(c)*** above, which are now owned or which may hereafter be acquired by Mortgagor, but subject to the limitations, if any, set forth in ***Exhibit A***, including, without limitation, any and all property, real or personal, now owned or hereafter acquired and situated upon or within the geographical boundaries covered by the Leases, used, held for use, or useful in connection with the operating, working or development of any of such Leases or properties (excluding drilling rigs, automotive equipment or other personal property that 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, salt water disposal wells, injection wells or other wells including without limitation those described in ***Exhibit A*** hereto,

buildings, structures, field separators, flow-lines, separators, water treatment equipment or facilities, dehydrators, field separators, compressors, 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 properties;

(e) (i) the fee tracts and real property (the "***Surface Assets***") and (ii) the easements, rights-of-way, servitudes, and permits, licenses, orders, certificates, and related instruments (collectively herein referred to as the "***Easements***"), in each case located in any County set forth on ***Exhibit A*** including, without limitation, any Surface Assets and Easements described in ***Exhibit A*** or described in any instrument or document described in ***Exhibit A*** and any strips and gores within or adjoining any real property included in or covered by the Surface Assets and Easements, all rights of ingress and egress to and from such real property, all easements, servitudes, rights-of-way, surface leases, fee tracts and other surface rights affecting said Surface Assets and Easements, and all rights appertaining to the use and enjoyment of said Surface Assets and Easements, rights, estates, titles, claims, and interests, including, without limitation, lateral support, drainage, mineral, water, oil and gas rights (the Surface Assets, Easements and all of the property and other rights, privileges, interests, titles, estates, and claims appurtenant thereto are herein collectively called the "***System Premises***");

(f) all gathering systems and/or pipeline systems, and all materials, equipment, and other property now or hereafter located on the System Premises or used or held for use, regardless of where the same are located, in connection with, or otherwise related to such gathering systems and/or pipeline systems and all equipment, including, but not limited to, all fittings, furnishings, appliances, apparatus, machinery, gas processing, treatment, storage, transportation, extraction, fractionation, exchange and/or manufacturing facilities and units and other units, gas, liquid product and other storage tanks, liquid product truck loading terminals, and other gathering and pipeline assets now or hereafter located on or in (or, whether or not located thereon or therein, used or held for use in connection with) the Premises or such gathering systems or pipeline systems (that portion of the Mortgaged Property described in this ***Section 1.01(f)*** is herein collectively called the "***Systems***");

(g) all materials, goods, surface or subsurface machinery, equipment, and other property now or hereafter located on the System Premises, and all other surface or subsurface machinery and equipment, line pipe and pipe connections, fittings, flanges, welds or interconnects, valves, control equipment, cathodic or electrical protection units, by-passes, regulators, drips, meters and metering stations, compression equipment, pumphouses and pumping stations, treating equipment, dehydration equipment, separation equipment, processing equipment, telephone, telegraph and other communication systems, office equipment and furniture, files and records, computer equipment and software, storage sheds, vehicles, loading docks, loading racks, towers, process tanks, storage tanks and other storage facilities, and shipping facilities, gas and electric fixtures, radiators, heaters, engines and machinery, boilers, elevators and motors, motor vehicles, pipes, faucets and other air conditioning, plumbing, and heating fixtures, refrigerators and appurtenances which relate to Mortgagor's use of the Systems (collectively, the "***System Equipment***"), and all building materials and supplies now or hereafter delivered to the System Premises and intended to be installed thereon; all other personal property of whatever kind and nature at present contained in or hereafter placed on the System Premises in which Mortgagor has a possessory or title interest; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof, all of which shall be deemed to be a portion of the security for the Indebtedness (as hereafter defined). If the lien of this Mortgage on any fixtures or personal property is subject to a lease agreement, conditional sales agreement or chattel mortgage covering such property, then all the right, title and interest of Mortgagor in and to any and all deposits made thereon or therefor are hereby assigned to Mortgagee, together with the benefit of any payments now or hereafter made thereon. Mortgagor also transfers, sets over and assigns to Mortgagee, its successors and assigns, all leases and use agreements covering machinery, Equipment and other personal property of Mortgagor related to the System Premises or the conduct of its business thereon, under which Mortgagor is the lessee of, or entitled to use, such items;

(h) all inventory and all materials used or consumed in the processing of inventory, and all products thereof, now or hereafter located in or on, or stored in or on, transported through or otherwise related to the lands covered by the Leases and the System Premises (herein collectively, the "***Premises***"), including all inventory (as such term is used in the Applicable UCC) and such other property held by Mortgagor for sale or lease (or in the possession of other persons while on lease or consignment) or furnished or to be furnished under any service contract and all raw materials, work in process and materials and supplies used or consumed in Mortgagor's business relating to the Premises, and returned or repossessed goods, together with any bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of such goods of Mortgagor related to the Leases and Systems, and any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods that it covers (the Mortgaged Property described in this ***Section 1.01(h)*** are herein collectively referred to as the "***Inventory***"), and all proceeds thereof and all accounts, contract rights and general intangibles under which such proceeds may arise, and together with all liens and security interests securing payment of the proceeds of the Inventory, including, but not limited to, those liens and security interests provided for under statutes enacted in the jurisdictions in which the Mortgaged Property is located;

(i) all presently existing and hereafter created Hydrocarbon purchase agreements, Hydrocarbon sales agreements, supply agreements, raw material purchase agreements, product purchase agreements, product sales agreements, processing agreements, exchange agreements, gathering agreements, transportation agreements and other contracts and agreements which cover, affect, or otherwise relate to the transportation and/or processing of Hydrocarbons through or in the Premises or any other part of the Mortgaged Property, and all other contracts and agreements (including, without limitation, equipment leases, maintenance agreements, electrical supply contracts, hedge or swap agreements, cap, floor, collar, exchange, forward or other hedge or protection agreements or transactions relating to crude oil, natural gas or other hydrocarbons, or any option with respect to any such agreement or transaction, and other contracts and agreements) which cover, affect or otherwise relate to the Premises, or any part thereof, together with any and all amendments, modifications, renewals or extensions (now or hereafter existing) to any of the foregoing (the Mortgaged Property described in this ***Section 1.01(i)*** are herein collectively called the "***Contracts***");

(j) all accounts, including but not limited to, (i) all of Mortgagor's rights to receive payment, whether or not earned by Mortgagor's performance and however acquired or evidenced, which arise out of or in connection with (A) Mortgagor's sale of Hydrocarbons, (B) Mortgagor's sale, assignment, lease, hiring out or allowance of use of, consignment, licensing or other voluntary disposition, whether permanent or temporary, of Inventory or other goods or property related to the Premises and/or the conduct of Mortgagor's business thereon (including, without limitation, all payments received in lieu of payment for Inventory regardless of whether such payments accrued, and/or the events that gave rise to such payments occurred, on or before or after the date hereof, including, without limitation, "take or pay" or "minimum bill" payments and similar payments, payments received in settlement of or pursuant to a judgment rendered with respect to take or pay or minimum bill or similar obligations or other obligations under a sales contract, and payments received in buyout or other settlement of a contract covered by this Mortgage), (C) rendering of services related to the Systems and/or Premises and/or the conduct of Mortgagor's business thereon or (D) any loan, advance, purchase of notes or other extension of credit made by Mortgagor; (ii) any and all rights and interests Mortgagor may have in connection with any of the transactions described in the preceding clause (i) and relating to the Systems and/or the Premises, whether now existing or hereafter acquired, (A) to demand and receive payment or other performance from any guarantor, surety, accommodation party or other person indirectly or secondarily obligated to Mortgagor in respect of the Leases, Hydrocarbons, Systems and/or the Premises and/or the conduct of Mortgagor's business thereon, (B) arising out of the enforcement of any of Mortgagor's rights to payment or performance by means of judicial or administrative proceedings, including, without limitation, any rights to receive

payment under or in connection with any settlement of such proceedings, any judgment or any administrative order or decision arising out of actions related to the Leases, Hydrocarbons, Systems and/or the Premises and/or the conduct of Mortgagor's business thereon, (C) in and to the goods or other property related to the Premises and/or the conduct of Mortgagor's business thereon that is the subject of any such transaction, including, without limitation, (a) in the case of goods, an unpaid seller's or lessor's rights of rescission, replevin or to stop such goods in transit, and all rights to such goods on return or repossession, and (b) in the case of other property, rights of an unpaid seller, assignor or licensor to rescind or cancel the applicable agreement and demand the return of such property or, if such property is intangible, of any writing or other tangible evidence of its existence and/or disposition, and (D) to proceed against any collateral security related to the Premises provided by any obligor and to realize any proceeds thereof; and (iii) all contracts and other agreements and writings, all accounts, chattel paper, documents, general intangibles and instruments, and all other items of property now or hereafter owned by Mortgagor or in that Mortgagor now has or hereafter acquires any rights or interests, whether tangible or intangible and related to the Premises that in any way constitute, embody or evidence any payment rights described in clause (i) of this ***Section 1.01(j)*** or any of Mortgagor's other rights and interests described in clause (ii) of this ***Section 1.01(j)*** (the Mortgaged Property described in this ***Section 1.01(j)*** are herein collectively referred to as the "***Accounts Receivable***");

(k) all contracts, agreements, leases, permits, orders, franchises, servitudes, certificates, privileges, rights, technology, licenses and general intangibles (including, without limitation, all trademarks, trade names, and symbols) that are now or hereafter used, or held for use, in connection with or otherwise related to the Premises, the Systems, the System Equipment and/or the other items described in ***Section 1.01(g)***, the Inventory, the Contracts, and/or the Accounts Receivable (the Premises, the Systems, the System Equipment and the other items described in ***Section 1.01(g)***, the Inventory, the Contracts, and the Accounts Receivable are hereinafter collectively referred to as the "***Property***") or the conduct of Mortgagor's business on the Leases and/or System Premises whether now or hereafter created, acquired, or entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, rights, incomes, profits, revenues, royalties, accounts, contract rights and general intangibles under any and all of the foregoing;

(l) any and all technical or business data, books and records related to the Premises and Mortgagor's operations thereon, including, but not limited to, accounting records, files, computer software, employee records, engineering drawings or plans, surveys, site assessments, environmental reports, geological and geophysical data, customer lists, production records, laboratory and testing records, sales and administrative records, and any other material or information relating to the ownership, maintenance, or operation of the Property (the "***Books and Records***");

(m) all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Mortgagor for the Property or the conduct of Mortgagor's business on the Premises and all judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises or any part thereof or any interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Leases and/or System Premises or any part thereof or interest therein, including any award for change of grade of streets;

(n) all proceeds of the conversion, voluntary or involuntary, of the Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance, subject to the terms and conditions of this Mortgage;

(o) all options, extensions, improvements, betterments, renewals, substitutions and replacements of, and all additions and appurtenances to, the Property or any part thereof, hereafter acquired by, or released to, Mortgagor, or constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby (Mortgagor hereby acknowledging and agreeing that immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, the same shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein);

(p) any property that may from time to time hereafter by delivery or by writing of any kind be subjected to the lien or security interests hereof by Mortgagor or by anyone on Mortgagor's behalf; and Mortgagee is hereby authorized to receive the same at any time as additional security hereunder;

(q) all other rights, titles and interests of every nature whatsoever now owned or hereafter acquired by Mortgagor in and to the Leases, Surface Assets, Easements, properties, rights, titles, interests and estates and every part and parcel thereof, including, without limitation, said Leases, properties, rights, titles, interests and estates as the same may be enlarged by the discharge of any payments out of production or by the removal of any charges or Permitted Encumbrances (as defined on ***Exhibit A*** and herein so called) to which any of said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates are subject, or otherwise; together with any and all renewals and extensions of any of said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates; and all contracts and agreements supplemental to or amendatory of or in substitution for the Leases, Surface Assets, Easements, the contracts and agreements described or mentioned above and any and all additional interests of any kind hereafter acquired by Mortgagor in and to said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates; and

(r) all accounts, contract rights, inventory, general intangibles, insurance contracts and insurance proceeds constituting a part of, relating to or arising out of those portions of the Mortgaged Property that are described in ***Sections 1.01(a)*** through ***(q)*** above and all proceeds and products of all such portions of the Mortgaged Property and payments in lieu of production (such as "take or pay" payments), whether such proceeds or payments are goods, money, documents, instruments, chattel paper, securities, accounts, general intangibles, fixtures, real property, or other assets.

Any fractions or percentages specified in the attached ***Exhibit A*** in referring to Mortgagor's interests are solely for purposes of the warranties made by Mortgagor pursuant to ***Section 3.01*** hereof and shall in no manner limit the quantum of interest affected by this ***Section 1.01*** with respect to any Mortgaged Property or with respect to any unit or well identified on ***Exhibit A***.

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee, and its successors and assigns to secure the payment and performance of the Indebtedness, however, upon the terms, provisions and conditions herein set forth.

Any fractions or percentages specified in the attached ***Exhibit A*** in referring to Mortgagor's interests are solely for purposes of the warranties made by Mortgagor pursuant to ***Section 3.01*** hereof and shall in no manner limit the quantum of interest affected by this ***Section 1.01*** with respect to any Mortgaged Property or with respect to any unit or well identified on ***Exhibit A***.

Notwithstanding any provision in this ***Section 1.01*** or in this Mortgage to the contrary, in no event are the following included in the definition of "Mortgaged Property" or hereby encumbered by this Mortgage (collectively, the "***Excluded Assets***"):

(x) any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) including in the definition of "Mortgaged Property" and no Building or Manufactured (Mobile) Home is hereby encumbered by this Mortgage. As used herein, "***Flood Insurance Regulations***" shall mean (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statue thereto, (iii) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time, and (iv) the Flood Insurance

Reform Act of 2004 and any regulations promulgated thereunder; and

(y) Article 9 Collateral constituting Excluded Assets (as such terms are defined in the Collateral Agreement).

Section 1.02 Indebtedness Secured. This Mortgage is executed and delivered by Mortgagor to secure and enforce the following (the "***Indebtedness***"):

(a) the Obligations (including all future advances to be made under the Credit Agreement);

(b) any reasonable sums advanced or expenses or costs incurred by the Mortgagee (or any receiver appointed hereunder) that are made or incurred pursuant to, or permitted by, the terms hereof, plus interest thereon at the rate herein specified or otherwise agreed upon, from the date of the advances or the incurring of such expenses or costs until reimbursed; and

(c) any extensions, refinancings, modifications or renewals of all such indebtedness and obligations described in ***Sections 1.02(a)*** and ***(b)*** above, whether or not Mortgagor executes any extension agreement or renewal instrument. For the avoidance of doubt, the "Indebtedness" shall not include any Excluded Hedging Obligations.

Section 1.03 Maximum Secured Amount. Notwithstanding any provision hereof to the contrary, the maximum amount secured by the Mortgaged Property located in Kansas shall not, at any time or from time to time, exceed an aggregate maximum amount of $500,000,000.00.

Section 1.04 Fixture Filing, Etc. Without in any manner limiting the generality of any of the other provisions of this Mortgage: (a) some portions of the collateral described or to which reference is made herein are as-extracted collateral and goods that are or are to become fixtures related to the land described or to which reference is made herein or on attached ***Exhibit A*** or ***Exhibit B***; (b) the security interests created hereby under applicable provisions of the Applicable UCC will attach to Hydrocarbons (minerals including oil and gas), or the accounts resulting from the sale thereof at the wellhead or minehead located on the land described or to which reference is made herein; (c) this Mortgage is to be filed of record in the real estate records as a financing statement and (d) Mortgagor is the record owner of the real estate or interests in the real estate comprised of the Mortgaged Property.

Section 1.05 Waiver. Mortgagor specifically waives presentment, protest, notice of dishonor, intention to accelerate and acceleration.

Section 1.06 Defined Terms. Any capitalized term used in this Mortgage and not defined in this Mortgage shall have the meaning assigned to such term in the Credit Agreement.

ARTICLE II
ASSIGNMENT OF PRODUCTION

Section 2.01 Assignment.

(a) As of the Effective Date, Mortgagor has assigned, transferred, and conveyed, and does hereby assign, transfer and convey unto Mortgagee, its successors and assigns, all of the Hydrocarbons and all products obtained or processed therefrom, and the revenues and proceeds now and hereafter attributable to the Hydrocarbons and said products and all payments in lieu of the Hydrocarbons such as "take or pay" payments or settlements. If an Event of Default shall have occurred and for only for so long as such Event of Default shall be continuing, after written notice is provided to the Mortgagor by the Mortgagee, the Hydrocarbons and products are to be delivered into transportation facilities or equipment serving the Mortgaged Property, or to the purchaser thereof, to the credit of Mortgagee, free and clear of all taxes, charges, costs and expenses; except applicable production taxes and royalties and similar burdens payable from production made under applicable agreements not prohibited by the Credit Agreement, and all such revenues and proceeds shall be paid directly to Mortgagee, at the address designated for payment under the Credit Agreement, with no duty or obligation of any party paying the same to inquire into the rights of Mortgagee to receive the same, what application is made thereof, or as to any other matter.

(b) If an Event of Default shall have occurred and only for so long as such Event of Default shall be continuing, Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may reasonably be required or desired by Mortgagee, after receipt of written request from the Mortgagee, or any party in order to have said proceeds and revenues so paid to Mortgagee.

(c) Mortgagor hereby appoints Mortgagee as its true and lawful attorney-in-fact for Mortgagor, with full authority in the place and stead of Mortgagor and from time to time in the discretion of Mortgagee, to pursue any and all rights of Mortgagor to liens on and security interests in the Hydrocarbons securing payment of proceeds of runs attributable to the Hydrocarbons. The power of attorney granted to Mortgagee in this ***Section 2.01(c)***, being coupled with an interest, shall be irrevocable until Security Termination (as defined in ***Section 6.03*** of this Mortgage) has occurred and shall be exercisable only during the continuance of any Event of Default.

(d) Subject to the provisions of ***Section 2.01(g)*** below, Mortgagee is fully authorized (i) to receive and receipt for said revenues and proceeds, (ii) to endorse and cash any and all checks and drafts payable to the order of Mortgagor or Mortgagee for the account of Mortgagor received from or in connection with said revenues or proceeds and to hold the proceeds thereof in a bank account as additional collateral securing the Indebtedness, and (iii) to execute transfer and division orders in the name of Mortgagor, or otherwise, with warranties binding Mortgagor. All proceeds received by Mortgagee pursuant to this assignment shall be applied as provided in ***Section 4.13*** of this Mortgage.

(e) Mortgagee shall not be liable for any delay, neglect, or failure to effect collection of any proceeds or to take any other action in connection therewith or hereunder; but Mortgagee shall have the right, at its election after written notice is provided to the Mortgagor, in the name of Mortgagor or otherwise, to prosecute and defend any and all actions or legal proceedings deemed reasonably advisable by Mortgagee at any time after the occurrence and during the continuation of an Event of Default if in order to collect such funds and to protect the interests of Mortgagee, and/or Mortgagor, with all reasonable and documented costs, expenses and attorneys' fees incurred in connection therewith being paid by Mortgagor in accordance with the terms and conditions of *Section 13.5* of the Credit Agreement.

(f) In addition to the rights granted to Mortgagee in ***Section 1.01*** of this Mortgage, Mortgagor hereby further collaterally transfers and assigns to Mortgagee any and all liens, security interests, financing statements or similar interests of Mortgagor attributable to its interest in the Hydrocarbons and proceeds of runs therefrom arising

under or created by the provisions of Section 9.343 of the Applicable UCC, the Oil and Gas Owners' Lien Act of 2010 (OKLA. STAT. tit. 52 Sections 549.1, et seq.), as applicable, and of any similar state or local jurisdiction statute in any state wherein the Mortgaged Property is located or by any other statutory provision, judicial decision or otherwise (collectively, the "***Assigned Liens and Security Interests***").

(g) Until such time as an Event of Default has occurred and is continuing, Mortgagee hereby grants to Mortgagor a license to all of the Hydrocarbons and to sell, collect, receive and receipt for all revenues and proceeds from the sale of Hydrocarbons and the products obtained or processed therefrom, as well as any Assigned Liens and Security Interests, and to retain, use and enjoy same.

(h) In the event Security Termination or of a release of this Mortgage as to the Mortgaged Property, or any part thereof, the assignment granted in this ***Section 2.01*** shall terminate and be of no further force and effect with respect to all of the Mortgaged Property, in the case of Security Termination, or the Mortgaged Property so released.

Section 2.02 No Modification of Payment Indebtedness. Nothing herein contained shall modify or otherwise alter the obligation of Mortgagor to make prompt payment of all principal and interest owing on the Indebtedness when and as the same become due regardless of whether the proceeds of the Hydrocarbons are sufficient to pay the same and the rights provided in accordance with the foregoing assignment provision shall be cumulative of all other security of any and every character now or hereafter existing to secure payment of the Indebtedness.

ARTICLE III
REPRESENTATIONS, WARRANTIES AND COVENANTS

Mortgagor hereby represents, warrants and covenants as follows:

Section 3.01 Title; Mortgaged Property.

(a) Mortgagor has good and defensible title to, or valid leasehold interests in, the Mortgaged Property constituting Borrowing Base Properties evaluated in the most recently delivered Reserve Report, (other than those with title defects disclosed in writing to the Administrative Agent prior to the delivery of such Reserve Report), and valid title to all Mortgaged Property constituting material personal property, in each case, free and clear of all Liens other than Liens permitted by *Section 10.2* of the Credit Agreement. All such Mortgaged Property are free and clear of Liens, other than Liens not prohibited by *Section 10.2* of the Credit Agreement. After giving full effect to the Liens permitted by *Section 10.2* of the Credit Agreement, Mortgagor owns the working interests and net revenue interests attributable to the Mortgaged Property as reflected in the most recently delivered Reserve Report, and the ownership of such properties shall not in any material respect obligate Mortgagor 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 Mortgagor's net revenue interest in such property.

(b) The provisions in *Sections 8.9*, *8.15*, *8.16*, *9.8*, *9.10*, *9.12, 9.15* and *10.4* of the Credit Agreement shall apply to this Mortgage with respect to Mortgagor and the Mortgaged Property, and the provisions of *Section 13.2* of the Credit Agreement with respect to notices relating to the Credit Agreement shall apply to notices and communications relating to this Mortgage, and all of such provisions are hereby incorporated into this ***Section 3.01*** by reference, *mutatis mutandis*, as a part hereof.

(c) This Mortgage is, and shall always constitute, a perfected Lien on, and security interest in, all right, title and interest of the Mortgagor in the Mortgaged Property subject only to Permitted Encumbrances, and, other than the Permitted Encumbrances, Mortgagor will not create or suffer to be created or permit to exist any Lien other than Permitted Encumbrances prior or junior to or on a parity with the lien and security interest of this Mortgage upon the Mortgaged Property or any part thereof or upon the rents, issues, revenues, profits and other income therefrom.

Section 3.02 Other General Representations, Warranties and Covenants.

(a) Consistent with the terms of the Credit Agreement, Mortgagor shall cure promptly any defects in the execution and delivery of this instrument. Mortgagor will promptly execute and deliver to Mortgagee upon reasonable request all such other and further documents, agreements and instruments in compliance with or accomplishment of the covenants and agreements of Mortgagor herein or to further evidence and more fully describe the Mortgaged Property, or to correct any omissions in this instrument, or more fully to state the security obligations set out herein, or to perfect or preserve any lien or security interest created hereby, or to make any recordings, or to file any notices, or obtain any consents, all as may be necessary or reasonably appropriate in connection with any thereof. Mortgagor shall pay for all reasonable and documented costs of preparing, recording and releasing any of the above.

(b) Mortgagor is not a public utility.

(c) Mortgagor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person within the meaning of Sections 1445 or 7701 of the Internal Revenue Code of 1986, as amended, or the regulations thereto.

(d) Mortgagor hereby represents and warrants that the transaction described in this Mortgage does (i) not involve a consumer loan, (ii) not secure an extension of credit made primarily for agricultural purposes, and (iii) not mortgage the Mortgagor's homestead.

Section 3.03 Failure to Perform. Mortgagor agrees that if Mortgagor fails to perform any act or to take any action which Mortgagor is required to perform or take hereunder or pay any money which Mortgagor is required to pay hereunder within a reasonable time after reasonable notice by Mortgagee and Mortgagee, in Mortgagor's name or its own, may, but shall not be obligated to, perform or cause to perform such act or take such action or pay such money, and any expenses so incurred by either of them and any money so paid by either of them shall be subject to the reimbursement provisions of *Section 13.5* of the Credit Agreement.

ARTICLE IV
RIGHTS AND REMEDIES

Section 4.01 Event of Default. The term "***Event of Default***" as used in this Mortgage shall mean the occurrence of any "*Events of Default*" under the Credit Agreement.

Section 4.02 Foreclosure and Sale. If an Event of Default shall occur and be continuing, Mortgagee shall have the right and option to proceed with foreclosure directly and to sell, to the extent permitted by law, all or any portion of the Mortgaged Property at one or more sales, as an entirety or in parcels, at such place or places in otherwise such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as Mortgagee may deem appropriate, and to make

conveyance to the purchaser or purchasers. Where the Mortgaged Property is situated in more than one county in any state, notice as above provided shall be posted and filed in all such counties (if such notices are required by law), and all such Mortgaged Property may be sold in any such county and any such notice shall designate the county where such Mortgaged Property is to be sold. Nothing contained in this ***Section 4.02*** shall be construed so as to limit in any way Mortgagee's rights to sell the Mortgaged Property, or any portion thereof, by private sale if, and to the extent that, such private sale is permitted under the laws of the applicable jurisdiction or by public or private sale after entry of a judgment by any court of competent jurisdiction so ordering. Mortgagor hereby irrevocably appoints, until the occurrence of the Security Termination, Mortgagee to be the attorney of Mortgagor with respect to the conduct of any such sale and in the name and on behalf of Mortgagor to execute and deliver, at any time after the occurrence or during the continuation of any Event of Default, any deeds, transfers, conveyances, assignments, assurances and notices with respect to such sale which Mortgagor ought to execute and deliver and do and perform any and all such acts and things with respect to such sale which Mortgagor ought to do and perform under the covenants herein contained. At any such sale: (a) whether made under the power herein contained or any other legal enactment, or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Mortgagee to have physically present, or to have constructive possession of, the Mortgaged Property (Mortgagor hereby covenanting and agreeing to deliver to Mortgagee any portion of the Mortgaged Property not actually or constructively possessed by Mortgagee immediately upon demand by Mortgagee) and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale, (b) each instrument of conveyance executed by Mortgagee shall contain a general warranty of title, binding upon Mortgagor and its successors and assigns, (c) as between Mortgagor and Mortgagee, on one hand, and any third party, on the other hand, each and every recital contained in any instrument of conveyance made by Mortgagee shall be *prima facie* evidence of the truth and accuracy of the matters recited therein, including, without limitation, nonpayment of the Indebtedness, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor hereunder, (d) any and all prerequisites to the validity thereof shall be presumed to have been performed, (e) the receipt of Mortgagee or of such other party or officer making the sale shall be a sufficient discharge to the purchaser or purchasers for its purchase money and no such purchaser or purchasers, or its assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or nonapplication thereof, (f) to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against any and all other persons claiming or to claim the property sold or any part thereof, by, through or under Mortgagor and (g) to the extent and under such circumstances as are permitted by law, Mortgagee may be a purchaser at any such sale and shall have the right, after paying or accounting for all costs of said sale or sales, to credit the amount of the bid upon the amount of the Indebtedness (in the order of priority set forth in ***Section 4.13*** hereof) in lieu of cash payment.

(a) Federal and Indian Lands. Upon a sale conducted pursuant to this ***Article IV*** after the occurrence and during the continuance of an Event of Default of all or any portion of the Mortgaged Property consisting of interests (the "***Federal Interests***") in leases, easements, rights-of-way, agreements or other documents and instruments covering, affecting or otherwise relating to federal or tribal lands (including, without limitation, leases, easements and rights-of-way issued by the Bureau of Land Management and Bureau of Indian Affairs), Mortgagor agrees to take all action and execute all instruments necessary or reasonably advisable to transfer the Federal Interests to the purchaser at such sale, including, without limitation, to execute, acknowledge and deliver assignments of the Federal Interests on officially approved forms in sufficient counterparts to satisfy applicable statutory and regulatory requirements, to seek and request approval thereof and to take all other action necessary or advisable in connection therewith. Mortgagor hereby irrevocably appoints, until the occurrence of the Security Termination, Mortgagee as Mortgagor's attorney-in-fact and proxy, with full power and authority in the place and stead of Mortgagor, in the name of Mortgagor or otherwise, to take, after the occurrence and during the continuance of an Event of Default, any such action and to execute any such instruments on behalf of Mortgagor that Mortgagee may deem necessary or reasonably advisable to so transfer the Federal Interests, including, without limitation, the power and authority to execute, acknowledge and deliver such assignments, to seek and request approval thereof and to take all other action deemed necessary or reasonably advisable by Mortgagee in connection therewith; and Mortgagor hereby adopts, ratifies and confirms all such actions and instruments. Such power of attorney and proxy is coupled with an interest, shall survive the dissolution, termination, reorganization or other incapacity of Mortgagor and shall be irrevocable until the Security Termination. No such action by Mortgagee shall constitute acknowledgment of, or assumption of liabilities relating to, the Federal Interests, and neither Mortgagor nor any other party may claim that Mortgagee is bound, directly or indirectly, by any such action.

Section 4.03 Judicial Foreclosure; Receivership. At any time after the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. Any money advanced by Mortgagee in connection with any such receivership shall be a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor to Mortgagee and shall bear interest from the date of making such advance by Mortgagee until paid at the Default Rate.

Section 4.04 Foreclosure for Installments. If an Event of Default shall have occurred and be continuing, Mortgagee shall also have the option to proceed with foreclosure in satisfaction of any installments of the Indebtedness which have not been paid when due either through the courts or by proceeding with foreclosure in satisfaction of the matured but unpaid portion of the Indebtedness as if under a full foreclosure, conducting the sale as herein provided and without declaring the entire principal balance and accrued interest due; such sale may be made subject to the unmatured portion of the Indebtedness, and any such sale shall not in any manner affect the unmatured portion of the Indebtedness, but as to such unmatured portion of the Indebtedness this Mortgage shall remain in full force and effect just as though no sale had been made hereunder. It is further agreed that several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness, it being the purpose hereof to provide for a foreclosure and sale of the security for any matured portion of the Indebtedness without exhausting the power to foreclose and sell the Mortgaged Property for any subsequently maturing portion of the Indebtedness.

Section 4.05 Separate Sales. After the occurrence and during the continuance of an Event of Default, the Mortgaged Property may be sold in one or more parcels and, to the extent permitted by applicable law, in such manner and order as Mortgagee, in its commercially reasonable discretion, may elect, it being expressly understood and agreed that the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales, unless, at the time of any sale, no Event of Default is then continuing.

Section 4.06 Possession of Mortgaged Property. Mortgagor agrees to the full extent that it lawfully may, that, after the occurrence and during the continuance of an Event of Default, then, and in every such case, Mortgagee shall have the right and power to enter into and upon and take possession of all or any part of the Mortgaged Property in the possession of Mortgagor, its successors or assigns, or its or their agents or servants, and may exclude Mortgagor, its successors or assigns, and all persons claiming under Mortgagor, and its or their agents or servants wholly or partly therefrom; and, holding the same, Mortgagee may use, administer, manage, operate and control the Mortgaged Property and conduct the business thereof to the same extent as Mortgagor, its successors or assigns, might at the time do and may exercise all rights and powers of Mortgagor, in the name, place and stead of Mortgagor, or otherwise as Mortgagee shall deem best. All reasonable and documented costs, out-of-pocket expenses and liabilities incurred by Mortgagee in administering, managing, operating, and controlling the Mortgaged Property after the occurrence and during the continuance of an Event of Default shall be subject to the indemnification and reimbursement provisions set forth of *Section 13.5* of the Credit Agreement.

Section 4.07 Occupancy After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale Mortgagor or Mortgagor's heirs, devisees, representatives, successors or assigns or any other person claiming any interest in the Mortgaged Property by, through or under Mortgagor, are occupying or using the Mortgaged Property or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either the landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the Mortgaged Property (such as an action for forcible entry and detainer) in any court having jurisdiction.

Section 4.08 Remedies Cumulative, Concurrent and Nonexclusive. Every right, power and remedy herein given to Mortgagee shall be cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing in equity, at law or by statute (including specifically those granted by the Applicable UCC in effect and applicable to the Mortgaged Property or any portion thereof), and each and every such right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by Mortgagee, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter any other right, power or remedy. No delay or omission by Mortgagee in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

Section 4.09 No Release of Indebtedness. Neither Mortgagor, any guarantor, if any, nor any other person hereafter obligated for payment of all or any part of the Indebtedness shall be relieved of such obligation by reason of (a) the release, regardless of consideration, of the Mortgaged Property or any portion thereof or interest therein or the addition of any other property to the Mortgaged Property; (b) any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending, renewing, rearranging or in any other way modifying the terms of this Mortgage without first having obtained the consent of, given notice to or paid any consideration to Mortgagor, any guarantor or such other person, and in such event Mortgagor, guarantor and all such other persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Mortgagee; or (c) by any other act or occurrence save and except Security Termination.

Section 4.10 Release of and Resort to Collateral. Mortgagee may release, regardless of consideration, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by this Mortgage or its stature as a first and prior lien and security interest in and to the Mortgaged Property, and without in any way releasing or diminishing the liability of any person or entity liable for the repayment of the Indebtedness. For payment of the Indebtedness, Mortgagee may resort to any other security therefor held by Mortgagee in such order and manner as Mortgagee may elect.

Section 4.11 Waiver of Redemption, Notice and Marshalling of Assets, Etc. To the fullest extent permitted by law, until the occurrence of the Security Termination, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefits that might accrue to Mortgagor by virtue of any present or future moratorium law or other law exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; provided, however, that if the laws of any state do not permit the redemption period to be waived, the redemption period is specifically reduced to the minimum amount of time allowable by statute; (b) except as set forth in the Credit Agreement and the other Credit Documents, all notices of any Event of Default or of Mortgagee's election to exercise or its actual exercise of any right, remedy or recourse provided for hereunder; and (c) any right to a marshalling of assets or a sale in inverse order of alienation. If any law referred to in this Mortgage and now in force, of which Mortgagor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall thereafter be deemed not to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof.

Section 4.12 Discontinuance of Proceedings. In case Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under the Credit Agreement and shall thereafter elect to discontinue or abandon same for any reason, Mortgagee shall have the unqualified right so to do and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Indebtedness, this Mortgage, the Credit Agreement, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if same had never been invoked.

Section 4.13 Application of Proceeds. The proceeds of any sale of the Mortgaged Property or any part thereof and all other monies received by Mortgagee in any proceedings for the enforcement hereof or otherwise, whose application has not elsewhere herein been specifically provided for, shall be applied in the order set forth in *Section 11.11* of the Credit Agreement.

Section 4.14 Resignation of Operator. In addition to all rights and remedies under this Mortgage, at law and in equity, if any Event of Default has occurred and be continuing and Mortgagee shall exercise any remedies under this Mortgage with respect to any portion of the Mortgaged Property (or Mortgagor shall transfer any Mortgaged Property in "lieu of foreclosure"), Mortgagee shall have the right to request that any operator of any Mortgaged Property that is Mortgagor or any Affiliate of Mortgagor to resign as operator under the joint operating agreement applicable thereto. No later than sixty (60) days after receipt by Mortgagor of any such request, Mortgagor shall resign (or cause such other party to resign) as operator of such Mortgaged Property.

Section 4.15 INDEMNITY. IN CONNECTION WITH ANY ACTION TAKEN BY MORTGAGEE PURSUANT TO THIS MORTGAGE, MORTGAGEE AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, ATTORNEYS, ACCOUNTANTS AND EXPERTS (" ***INDEMNIFIED PARTIES***") SHALL NOT BE LIABLE FOR ANY LOSS SUSTAINED BY MORTGAGOR RESULTING FROM AN ASSERTION THAT MORTGAGEE HAS RECEIVED FUNDS FROM THE PRODUCTION OF HYDROCARBONS CLAIMED BY THIRD PERSONS OR ANY ACT OR OMISSION OF ANY INDEMNIFIED PARTY IN ADMINISTERING, MANAGING, OPERATING OR CONTROLLING THE MORTGAGED PROPERTY INCLUDING SUCH LOSS WHICH MAY RESULT FROM THE ORDINARY NEGLIGENCE OF AN INDEMNIFIED PARTY UNLESS SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE, BAD FAITH OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY OR IN RESPECT OF ANY PROCEEDING NOT RESULTING FROM AN ACT OR OMISSION BY THE MORTGAGOR OR ITS AFFILIATES, THAT IS BROUGHT BY AN INDEMNIFIED PARTY AGAINST ANOTHER INDEMNIFIED PARTY, NOR SHALL MORTGAGEE BE OBLIGATED TO PERFORM OR DISCHARGE ANY OBLIGATION, DUTY OR LIABILITY OF MORTGAGOR. MORTGAGOR SHALL AND DOES HEREBY AGREE TO INDEMNIFY EACH INDEMNIFIED PARTY FOR, AND TO HOLD EACH INDEMNIFIED PARTY HARMLESS FROM, ANY AND ALL LIABILITY, LOSS OR DAMAGE WHICH MAY OR MIGHT BE INCURRED BY ANY INDEMNIFIED PARTY BY REASON OF THIS MORTGAGE OR THE EXERCISE OF RIGHTS OR REMEDIES HEREUNDER. SHOULD MORTGAGEE MAKE ANY EXPENDITURE ON ACCOUNT OF ANY SUCH LIABILITY, LOSS OR DAMAGE, THE AMOUNT THEREOF, INCLUDING REASONABLE AND DOCUMENTED COSTS, EXPENSES AND REASONABLE ATTORNEYS' FEES, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF *SECTION 13.5* OF THE CREDIT AGREEMENT. THE LIABILITIES OF MORTGAGOR SET FORTH IN THIS ***SECTION 4.15*** SHALL SURVIVE THE TERMINATION OF THIS MORTGAGE AND SECURITY TERMINATION.

ARTICLE V
SECURITY AGREEMENT

Section 5.01 Security Interest. To further secure the Indebtedness and the performance of the covenants, agreements and obligations of Mortgagor herein, Mortgagor hereby grants to Mortgagee and Mortgagee's successors and permitted assigns for the ratable benefit of the Beneficiaries, a security interest in all of Mortgagor's rights, titles and interests in and to the Mortgaged Property insofar as such Mortgaged Property consists of goods, equipment, accounts, contract rights, general intangibles, insurance contracts, insurance proceeds, inventory, Hydrocarbons, as-extracted collateral (including but not limited to all oil, gas, casinghead gas, natural gas liquids, natural gasoline, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals), fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the Uniform Commercial Code presently in effect in the jurisdiction in which the Mortgaged Property is situated or that otherwise applies to any portion of the Mortgaged Property (the "***Applicable UCC***") including without limitation, all accessions, additions, and attachments to any thereof, and the proceeds and products from any and all of such personal property (all of the foregoing, subject to the following proviso, being herein collectively called the "***Collateral***"); provided that, for the avoidance of doubt, "Collateral" shall not mean or include any Excluded Assets. Upon the occurrence and during the continuance of any Event of Default, Mortgagee is and shall be entitled to all of the rights, powers and remedies afforded to the Collateral Agent in *Article IV* of the Collateral Agreement with respect to the security interest in the Collateral granted hereunder. Such rights, powers and remedies shall be cumulative and in addition to those granted Mortgagee under any other provision of this instrument or under any other instrument executed in connection with or as security for any of the Indebtedness. Mortgagor, as debtor (and in this ***Article VI*** and otherwise herein called "***Debtor***") covenants and agrees with Mortgagee, as secured party (and in this ***Article VI*** and otherwise herein called "***Secured Party***") that:

(a) As between Debtor and Secured Party, on one hand and any third party, on the other hand, all recitals in any instrument of assignment or any other instrument executed by Secured Party incident to sale, transfer, assignment or other disposition or utilization of the Collateral or any part thereof hereunder shall be *prima facie* evidence of the matter stated therein, no other proof shall be required to establish full legal propriety of the sale or other action or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action and of any fact, condition or thing incident thereto shall be presumed to have been performed or to have occurred.

(b) Should Secured Party elect to exercise its rights under the Applicable UCC as to part of the Collateral, this election shall not preclude Secured Party from exercising any other rights and remedies granted by this instrument as to the remainder of the Collateral.

(c) Any copy of this instrument may also serve as a financing statement under the Applicable UCC between the Debtor, and, in that regard, the following information is provided:

Name of Debtor: BCE-Mach LLC
Address of Debtor: 14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134
Attention: Mr. Michael Reel
State of Formation/Location: Delaware

Name of Mortgagee: MidFirst Bank, as Collateral Agent
Address of Mortgagee: 501 NW Grand Blvd.
Oklahoma City, OK 73118
Attention: Mr. Chad Dayton
Facsimile: (405) 767-5862
Owner of Record of Real Property: Mortgagor

(d) Secured Party is authorized to file, in any applicable jurisdiction where Secured Party deems it necessary to perfect or to maintain the perfection of any security interest granted under this Mortgage, a financing statement or statements describing the Collateral, and at the request of Secured Party, Debtor will join Secured Party in delivering one or more financing statements pursuant to the Applicable UCC in form reasonably satisfactory to Secured Party, and will pay the reasonable cost of filing or recording this instrument, as a financing statement, in all public offices at any time and from time to time whenever filing or recording of any financing statement or of this instrument is deemed by Secured Party to be necessary to perfect or to maintain the perfection of any security interest granted under this Mortgage.

Section 5.02 As Extracted Collateral and Fixtures. Portions of the Collateral consist of (a) oil, gas and other minerals produced or to be produced from the lands described in the Leases (as extracted collateral), or (b) goods which are or will become fixtures attached to the real estate constituting a portion of the Mortgaged Property, and Debtor hereby agrees that this instrument shall be filed in the real estate records of the Counties in which the Mortgaged Property is located as a financing statement to perfect the security interest of Secured Party in said portions of the Collateral. The said oil, gas and other minerals will be financed at the wellhead of the oil and gas wells located on the lands described in the Leases. The name of the record owner of the Mortgaged Property is the party named herein as Mortgagor and Debtor. Nothing herein contained shall impair or limit the effectiveness of this document as a security agreement or financing statement for other purposes.

ARTICLE VI
MISCELLANEOUS

Section 6.01 Instrument Construed as Mortgage, Etc. This Mortgage may be construed as a mortgage, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

Section 6.02 Amendment and Restatement. Mortgagor and Mortgagee acknowledge that insofar as to any portion of the Mortgaged Property covered under the Prior Mortgage, this Mortgage amends and restates the Prior Mortgage and all liens, claims, rights, titles, interests and benefits created and granted by the Prior Mortgage shall continue to exist, remain valid and subsisting, shall not be impaired or released hereby, shall remain in full force and effect and are hereby renewed, extended, carried forward and conveyed as security for the Indebtedness. Notwithstanding anything to the contrary in this Mortgage, in the event any liens or security interests granted by the Prior Mortgage have been terminated, lapsed or otherwise invalidated, then this Mortgage shall be a new grant of mortgage, deed of trust, lien and security interest according to the terms and provisions provided herein.

Section 6.03 Release of Mortgage.

(a) This Mortgage, the Lien granted hereby and all other security interests granted hereby shall automatically terminate as and to the extent provided in *Section 13.17(b)* of the Credit Agreement (such event, "***Security Termination***").

(b) Upon any Disposition by Mortgagor of any Mortgaged Property or Collateral that is permitted under the Credit Agreement to any person that is not a Credit Party, or, upon the effectiveness of any written consent to the release of the Mortgage or of the security interest granted hereby in any Mortgaged Property or Collateral pursuant to *Section 13.1* of the Credit Agreement, the Lien in such Mortgaged Property and the Security Interest in such Collateral shall be automatically released.

(c) In connection with any termination or release pursuant to ***Section 6.03(a)*** or ***(b)*** above, the Mortgagee shall cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of Mortgagor and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be reasonably requested by Mortgagor to evidence such termination or release. Any execution and delivery of documents pursuant to this ***Section 6.03*** shall be without recourse to or representation or warranty by Mortgagee, except as to any representations and warranties that the Mortgage has been terminated or released in whole or in part. Mortgagor shall reimburse Mortgagee upon demand for all reasonable and documented costs and out-of-pocket expenses, including the reasonable and documented fees, charges and expenses of counsel, incurred by Mortgagee in connection with any action contemplated by this ***Section 6.03***.

Section 6.04 Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be construed in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 6.05 Successors and Assigns of Parties. The term "*Mortgagee*" as used herein shall mean and include any successor and permitted assignee of the Collateral Agent under the Credit Agreement. The terms used to designate Mortgagee and Mortgagor shall be deemed to include the respective successors and permitted assigns of such parties.

Section 6.06 Satisfaction of Prior Encumbrance. To the extent that proceeds of the Credit Agreement are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Mortgaged Property, such proceeds have been advanced by the Mortgagee at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released, and it is expressly understood that, in consideration of any such payment of such other indebtedness by the Mortgagee, Mortgagor hereby waives and releases all demands and causes of action for offsets and payments to, upon and in connection with the said indebtedness.

Section 6.07 Subrogation of Mortgagee. This Mortgage is made with full substitution and subrogation of Mortgagee and its successors in this trust and its and their assigns in and to all covenants and warranties by others heretofore given or made in respect of the Mortgaged Property or any part thereof.

Section 6.08 Nature of Covenants. The covenants and agreements herein contained shall constitute covenants running with the land and interests covered or affected hereby and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

Section 6.09 Notices. All notices, requests, consents, demands and other communications required or permitted hereunder shall be given or furnished in the manner provided under the Credit Agreement.

Section 6.10 Time. Time shall be of the essence in this Mortgage.

Section 6.11 Counterparts. This Mortgage is being executed in several counterparts, all of which are identical, except that to facilitate recordation, if the Mortgaged Property is situated in more than one jurisdiction, descriptions of only those portions of the Mortgaged Property located in, the jurisdiction in which a particular counterpart is recorded shall be attached as ***Exhibit A*** thereto. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

Section 6.12 GOVERNING LAW. THIS MORTGAGE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS.

Section 6.13 EXCULPATION PROVISIONS. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT (A) HAS A DUTY TO READ THIS MORTGAGE AND THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS MORTGAGE; (B) HAS IN FACT READ THIS MORTGAGE AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS MORTGAGE; (C) HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS MORTGAGE, AND HAS RECEIVED THE ADVICE OF ITS ATTORNEY IN ENTERING INTO THIS MORTGAGE; AND (D) RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS MORTGAGE 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 MORTGAGE ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

[Signature Page Follows]

IN WITNESS WHEREOF, this Mortgage is executed as of the date written in the acknowledgement blocks below, but effective for all purposes as of the Effective Date.

MORTGAGOR:

BCE-MACH LLC,
a Delaware liability company

By: _____

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on September _____, 2022, by [*Officer*], the [*Title*] of BCE-MACH LLC, a Delaware limited liability company.

[SEAL]

_____
Notary Public

My Commission Expires: _____

The name and address of Mortgagor/Debtor is:

BCE-MACH LLC
14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134
Attention: Mr. Michael Reel

EXHIBIT A

DEFINITIONS:

1. This ***Exhibit A*** is comprised of ***Exhibit A-1*** and ***Exhibit A-2***, both of which collectively constitute ***Exhibit A***.

2. The terms used on this ***Exhibit A*** have the same meaning as defined in the Mortgage.

3. The term "***Permitted Encumbrances***" shall mean (i) Liens not prohibited by *Section 10.2* of the Credit Agreement; and (ii) the specific exceptions and encumbrances affecting any of the Mortgaged Property as described on ***Exhibit A*** or ***Exhibit B*** INSOFAR ONLY as said exceptions and encumbrances are valid and subsisting and are enforceable against the particular Lease, Surface Asset or Easement which is made subject to said exceptions and encumbrances.

4. With respect to the descriptions of each of the Mortgaged Property, if the description requires, such description may continue on several successive pages of each Part of ***Exhibit A***. Certain property descriptions are in abbreviated form as to Sections, Townships and Ranges. In such descriptions the following terms may be abbreviated as follows:

Northwest Quarter as NW, NW/4 or NW1/4;
Southwest Quarter as SW, SW/4 or SW1/4;
Southeast Quarter as SE, SE/4 or SE1/4;
Northeast Quarter as NE, NE/4 or NE1/4;
North Half as N/2 or N1/2;
South Half as S/2 or S1/2;
East Half as E/2 or E1/2; and
West Half as W/2 or W1/2.

The applicable Section, Township and Range may be identified by a series of three numbers, each separated by a dash, with the first number being the Section number, the second number being the Township number and the third number being the Range number. The Township and Range numbers are followed by an N, S, E or W to indicate whether the Township or Range is North, South, East or West, respectively. In some instances, the Section number may be stated by itself and not in conjunction with a series of dashed numbers representing the appropriate Township and Range, e.g., the description "N/2 14, SESW 21 29N 8W" means "North one half of Section 14 and Southeast quarter of Southwest quarter of Section 21, all in Township 29 North, Range 8 West." Certain descriptions merely refer to the subdivision or survey in which the property is located in whole or in part. In such cases, the recorded Leases and any amendments thereof and any other recorded instruments affecting Mortgagor's title more particularly describe the land within such subdivision or survey in which Mortgagor owns an interest, and the descriptions contained in such instruments are incorporated herein by this reference.

5. The term "API" shall mean that certain American Petroleum Institute number assigned to an oil and gas well by the relevant state regulatory agency (such as the Texas Railroad Commission) and maintained in the public files of such agency.

SYMBOLS AND ABBREVIATIONS:

1. The abbreviation "BPO" or the term "before payout" as used herein means that the figure next to which this abbreviation appears represents Mortgagor's net income interest until such time as the operator of the well or wells situated on the described property has recovered from production from that well or those wells all costs as specified in underlying farmout assignments or other documents in the chain of title, usually including costs of drilling, completing and equipping a well or wells plus costs of operating the well or wells during the recoupment period.

2. The abbreviation "APO" or the term "after payout" as used herein means that the figure next to which this abbreviation appears represents Mortgagor's net income interest after the point in time when the operator of the well or wells situated on the described property has recovered from production from that well or those wells all costs as specified in underlying farmout assignments or other documents in the chain of title, usually including costs of drilling, completing and equipping a well or wells plus costs of operating the well or wells during the recoupment period.

*****

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THIS MORTGAGE COVERS ALL OF MORTGAGOR'S INTERESTS IN AND TO THE OIL, GAS AND MINERAL LEASES DESCRIBED ON THIS ***EXHIBIT A***, INCLUDING WITHOUT LIMITATION, THE LANDS DESCRIBED ON *EXHIBIT A* BY METES AND BOUNDS LOCATED THEREON, IF ANY.

EXHIBIT B

SURFACE ASSETS

None.

EXHIBIT E TO
CREDIT AGREEMENT

FORM OF COLLATERAL AGREEMENT

COLLATERAL AGREEMENT

dated and effective as of September 2, 2022 among

BCE-MACH LLC,

each Subsidiary of BCE-Mach LLC identified herein, and

MIDFIRST BANK,

as Collateral Agent

TABLE OF CONTENTS

This **COLLATERAL AGREEMENT** dated and effective as of September 2, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), is among **BCE-MACH LLC**, a Delaware limited liability company (the "Borrower"), each Subsidiary of the Borrower listed on Schedule I hereto and each Subsidiary of the Borrower that becomes a party hereto after the date hereof (each, a "Subsidiary Party") and **MIDFIRST BANK**, a federally chartered savings association, as Collateral Agent (in such capacity, the "Collateral Agent") for the Secured Parties.

A. Pursuant to the Credit Agreement, dated as of the date hereof (as amended, restated, supplemented, waived or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the banks, financial institutions and other lending institutions from time to time parties thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto, the Borrower will from time to time incur loans and letter of credit obligations;

B. Each of the Grantors and Pledgors is executing and delivering this Agreement pursuant to the terms of the Credit Agreement to induce the lenders to extend credit pursuant to the terms thereof; and

C. The Subsidiary Parties are Subsidiaries of the Borrower and will derive substantial benefits from the extensions of credit to the Borrower pursuant to the Credit Agreement and are willing to execute and deliver this Agreement in order to induce the Lenders to extend credit thereunder.

Accordingly, the parties hereto agree as follows:

ARTICLE I.
Definitions

SECTION 1.01 Credit Agreement. Capitalized terms used in this Agreement and not otherwise defined herein have the respective meanings assigned thereto in the Credit Agreement or if not defined in the Credit Agreement, the meanings assigned thereto in the Texas UCC if defined therein. All capitalized terms referred to in Article III hereof that are defined in Article 9 of the Texas UCC and not defined in this Agreement have the meanings specified in Article 9 of the Texas UCC. The term "instrument" shall have the meaning specified in Article 9 of the Texas UCC. The rules of construction specified in Section 1.2 of the Credit Agreement also apply to this Agreement.

SECTION 1.02 Other Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Account Debtor" means any person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"Agreement" has the meaning assigned to such term in the recitals hereto.

"Article 9 Collateral" has the meaning assigned to such term in u.

"Borrower" has the meaning assigned to such term in the recitals of this Agreement.

"Collateral" means Article 9 Collateral and Pledged Collateral; *provided* that, for the avoidance of doubt, Collateral shall exclude any Excluded Assets.

"Collateral Agent" means the party named as such in this Agreement until a successor replaces it and, thereafter, means such successor.

"Copyright License" means any written agreement, now or hereafter in effect, granting any right to any Grantor under any Copyright now or hereafter owned by any third party, and all rights of any Grantor under any such agreement (including any such rights that such Grantor has the right to license).

"Copyrights" means all of the following now owned or hereafter acquired by any Grantor (or, as required in the context of the definition of "Copyright License," any third party licensor): (a) all copyright rights in any work subject to the copyright laws of the United States, whether as author, assignee, transferee or otherwise; and (b) all registrations and applications for registration of any such Copyright in the United States, including registrations, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule III.

"Credit Agreement" has the meaning assigned to such term in the recitals of this Agreement.

"Excluded Assets" has the meaning assigned to such term in Section 3.01(a).

"Excluded Securities" means any Excluded Equity Interests.

"Federal Securities Laws" has the meaning assigned to such term in Section 4.04.

"Grantor" means the Borrower and each Subsidiary Party.

"Intellectual Property" means all intellectual and similar property of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Trademarks, Patent Licenses, Copyright Licenses, Trademark Licenses, trade secrets, domain names, confidential or proprietary technical and business information, know-how, show-how or other data or information and all related documentation.

"Texas UCC" means the Uniform Commercial Code as from time to time in effect in the State of Texas.

"Obligations" means the "Obligations" as defined in the Credit Agreement other than Excluded Hedging Obligations.

"Patent License" means any written agreement, now or hereafter in effect, granting to any Grantor any right to make, use or sell any invention covered by a Patent, now or hereafter owned by any third party (including any such rights that such Grantor has the right to license).

"Patents" means all of the following now owned or hereafter acquired by any Grantor (or, as required in the context of the definition of "Patent License," any third party licensor): (a) all patents of the United States, and all applications for patents of the United States, including those listed on Schedule III, and (b) all reissues, continuations, divisions, continuations-in-part or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Permitted Liens" means liens described in Section 10.2 of the Credit Agreement.

"Pledged Collateral" has the meaning assigned to such term in Section 2.01.

"Pledged Debt Securities" has the meaning assigned to such term in Section 2.01.

"Pledged Securities" means any promissory notes, stock certificates or other certificated securities now or hereafter included in the Pledged Collateral, including all certificates, instruments or other documents representing or evidencing any Pledged Collateral.

"Pledged Stock" has the meaning assigned to such term in Section 2.01.

"Pledgor" shall mean the Borrower and each Subsidiary Party.

"Security Interest" has the meaning assigned to such term in Section 3.01.

"Subsidiary Party" has the meaning assigned to such term in the preliminary statement of this Agreement.

"Trademark License" means any written agreement, now or hereafter in effect, granting to any Grantor any right to use any Trademark now or hereafter owned by any third party (including any such rights that such Grantor has the right to license).

"Trademarks" means all of the following now owned or hereafter acquired by any Grantor (or, as required in the context of the definition of "Trademark License," any third party licensor): (a) all trademarks, service marks, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations thereof (if any), and all registration and recording applications filed in connection therewith in the United States Patent and Trademark Office or any similar offices in any State of the United States or any political subdivision thereof, and all renewals thereof, including those listed on Schedule III and (b) all goodwill associated therewith or symbolized thereby.

ARTICLE II.
Pledge of Securities

SECTION 2.01 Pledge. As security for the payment or performance, as the case may be, in full of the Obligations, each Pledgor hereby assigns and pledges to the Collateral Agent, its successors and permitted assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and permitted assigns, for the benefit of the Secured Parties, a security interest in all of such Pledgor's right, title and interest in, to and under (a) the Equity Interests in each Subsidiary directly owned by it and any other Equity Interests in a Subsidiary obtained in the future by such Pledgor and any certificates representing all such Equity Interests (collectively, the "Pledged Stock"); provided that the Pledged Stock shall not include any Excluded Asset; (b)(i) the debt securities currently issued to any Pledgor (which such debt securities constituting Pledged Debt Securities as of the date hereof shall be listed on Schedule II), (ii) any debt securities in the future issued to such Pledgor and (iii) the promissory notes and any other instruments, if any, evidencing such debt securities (collectively, the "Pledged Debt Securities"); provided that the Pledged Debt Securities shall not include any Excluded Securities; (c) subject to Section 2.06, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other proceeds received in respect of, the securities referred to in Section 2.01(a) and (b); (d) subject to Section 2.06, all rights and privileges of such Pledgor with respect to the securities and other property referred to in clauses (a), (b) and (c) above; and (e) all Proceeds of any of the foregoing (the items referred to in Section 2.01(a) through (e) above being collectively referred to as the "Pledged Collateral").

TO HAVE AND TO HOLD the Pledged Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, its successors and permitted assigns, for the benefit of the Secured Parties, forever; subject, however, to the terms, covenants and conditions hereinafter set forth.

SECTION 2.02 Delivery of the Pledged Collateral.

(a) Each Pledgor agrees promptly (and in any event within 20 days after the acquisition (or such longer time as the Collateral Agent shall permit in its reasonable discretion)) to deliver or cause to be delivered to the Collateral Agent, for the benefit of the Secured Parties, any and all Pledged Securities to the extent such Pledged Securities, in the case of promissory notes or other instruments evidencing Indebtedness, are required to be delivered pursuant to Section 2.02(b).

(b) Each Pledgor will cause any Indebtedness for borrowed money or payable by any Credit Party payable to such Pledgor, in each case having an aggregate

principal amount in excess of $2,500,000 (individually) or $5,000,000 (in the aggregate), to be evidenced by a duly executed promissory note that is pledged and delivered to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the terms hereof.

(c) Upon delivery to the Collateral Agent, (i) any Pledged Securities required to be delivered pursuant to Section 2.02(a) and (b) shall be accompanied by stock powers or note powers, as applicable, duly executed in blank or other instruments of transfer reasonably satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request and (ii) all other property comprising part of the Pledged Collateral delivered pursuant to the terms of this Agreement shall be accompanied to the extent necessary to perfect the security interest in or allow realization on the Pledged Collateral by proper instruments of assignment duly executed by the applicable Pledgor and such other instruments or documents as the Collateral Agent may reasonably request. Each delivery of Pledged Securities shall be accompanied by a schedule describing the securities, which schedule shall be attached hereto as Schedule II (or a supplement to Schedule II, as applicable) and made a part hereof; provided that failure to attach any such schedule hereto shall not affect the validity of such pledge of such Pledged Securities. Each schedule so delivered shall supplement any prior schedules so delivered.

SECTION 2.03 Representations, Warranties and Covenants. Each Pledgor represents and warrants to, and covenants with, the Collateral Agent, for the benefit of the Secured Parties, that:

(a) Schedule II sets forth all Pledged Stock and correctly sets forth the percentage of the issued and outstanding shares of each class of the Equity Interests of the issuer thereof represented by such Pledged Stock and includes all Equity Interests, debt securities and promissory notes or instruments evidencing Indebtedness required to be delivered pursuant to Section 2.02(b), as applicable;

(b) the Pledged Stock have been duly and validly authorized and issued by the issuers thereof and are fully paid and nonassessable;

(c) except for the security interests granted hereunder, each Pledgor (i) is, as of the Closing Date, the direct owner, beneficially and of record, of the Pledged Securities indicated on Schedule II as owned by such Pledgor, (ii) holds the Pledged Securities free and clear of all Liens, other than Permitted Liens, (iii) will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other Lien on, the Pledged Collateral, other than pursuant to a transaction permitted by the Credit Agreement and other than Permitted Liens, and (iv) subject to the rights of such Pledgor under the Credit Documents to dispose of Pledged Collateral, will use commercially reasonable efforts to defend its title or interest thereto or therein against any and all Liens (other than Permitted Liens), however arising, of all persons;

(d) other than as set forth in the Credit Agreement or the schedules thereto and except for restrictions and limitations imposed or permitted by the Credit Documents or securities laws generally, the Pledged Collateral is and will continue to be freely transferable and assignable, and none of the Pledged Collateral is or will be subject to any option, right of first refusal, shareholders agreement, charter, by-law, memorandum of association or articles of association provisions or contractual restriction of any nature that might prohibit, impair, delay or otherwise affect in any manner material and adverse to the Secured Parties, the pledge of such Pledged Collateral hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder other than under applicable Requirements of Law;

(e) each Pledgor has the power and authority to pledge the Pledged Collateral pledged by it hereunder in the manner hereby done or contemplated;

(f) other than as set forth in the Credit Agreement or the schedules thereto, no consent or approval of any Governmental Authority, any securities exchange or any other person was or is necessary to the validity of the pledge effected hereby, except such as have been obtained and are in full force and effect;

(g) by virtue of the execution and delivery by the Pledgors of this Agreement, when any Pledged Securities are delivered to the Collateral Agent, for the benefit of the Secured Parties, in accordance with this Agreement, and a financing statement in respect of the Pledged Securities is filed in the appropriate filing office, the Collateral Agent will obtain, for the benefit of the Secured Parties, a legal, valid and perfected lien upon and security interest in such Pledged Securities, subject only to Permitted Liens, as security for the payment and performance of the Obligations;

(h) the pledge effected hereby is effective to vest in the Collateral Agent, for the benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral as set forth herein;

(i) none of the execution, delivery or performance by any Pledgor of this Agreement or the compliance with the terms and provisions hereof will contravene any Requirement of Law except to the extent such contravention would not reasonably be expected to result in a Material Adverse Effect, result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Pledgor (other than Liens created or permitted under the Credit Documents) pursuant to the terms of any indenture, loan agreement, lease agreement, mortgage, deed of trust, agreement or other instrument to which such Pledgor is a party or by which it or any of its property or assets is bound except to the extent such breach, default or Lien that would not reasonably be expected to result in a Material Adverse Effect or violate any provision of the certificate of incorporation, by- laws or other organizational documents of such Pledgor; and

(j) this Agreement, the representations, warranties and covenants made by any relevant Grantor in this Agreement with respect to the creation, perfection or priority (as applicable) of the security interest granted in favor of the Collateral Agent (pursuant to this Agreement) shall be deemed not to apply to Excluded Assets.

SECTION 2.04 Certification of Limited Liability Company and Limited Partnership Interests.

(a) Each interest in any limited liability company or limited partnership controlled by any Pledgor, pledged hereunder and represented by a certificate, shall be a "security" within the meaning of Article 8 of the Texas UCC and shall be governed by Article 8 of the Texas UCC, and each such interest shall at all times hereafter be represented by a certificate unless and until such interest is no longer such a "security" and the Pledgor complies with Section 2.04(b).

(b) Each interest in any limited liability company or limited partnership controlled by a Pledgor, pledged hereunder and not represented by a certificate shall not be a "security" within the meaning of Article 8 of the Texas UCC and shall not be governed by Article 8 of the Texas UCC (or other applicable Uniform Commercial Code in effect in another jurisdiction), and the Pledgors shall at no time elect to treat any such interest as a "security" within the meaning of Article 8 of the Texas UCC or issue any certificate representing such interest, unless an Event of Default does not exist and promptly thereafter (and in any event within 10 Business Days (or such longer period as the Collateral Agent may agree to)) the applicable Pledgor provides notification to the Collateral Agent of such election and delivers, as applicable, any such certificate to the Collateral Agent pursuant to the terms hereof.

SECTION 2.05 Registration in Nominee Name; Denominations. If an Event of Default shall have occurred and be continuing, (a) the Collateral Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion) to hold the Pledged Securities in its own name as pledgee or the name of its nominee (as pledgee or as sub-agent), or the name of the applicable Pledgor, endorsed or assigned in blank in favor of the Collateral Agent, and (b) each Pledgor will promptly give to the Collateral Agent copies of any written notices or other written communications received by it with respect to Pledged Securities registered in the name of such Pledgor. If an Event of Default shall have occurred and be continuing, the Collateral Agent shall have the right to exchange the certificates representing Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Agreement. Each Pledgor shall use its commercially reasonable efforts to cause any Subsidiary that is not a party to this Agreement to comply with a request by the Collateral Agent, pursuant to this Section 2.05, to exchange certificates representing Pledged Securities of such Subsidiary for certificates of smaller or larger denominations.

SECTION 2.06 Voting Rights; Dividends and Interest, etc.

(a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent shall have given notice to the relevant Pledgors of the Collateral Agent's intention to exercise its rights hereunder:

(i) Each Pledgor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Collateral or any part thereof for any purpose consistent with the terms of this Agreement, the Credit Agreement and the other Credit Documents, provided that such rights and powers shall not be exercised in any manner that could be reasonably likely to materially and adversely affect (i) the rights and remedies of any of the Collateral Agent or the other Secured Parties under this Agreement, the Credit Agreement or any other Credit Document or the ability of the Secured Parties to exercise the same or (ii) the value of the Collateral in aggregate.

(ii) The Collateral Agent shall promptly execute and deliver to each Pledgor, or cause to be executed and delivered to such Pledgor, all such proxies, powers of attorney and other instruments as such Pledgor may reasonably request for the purpose of enabling such Pledgor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 2.06(a)(i).

(iii) Each Pledgor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Collateral to the extent and only to the extent that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Credit Documents, and applicable laws; provided that any noncash dividends, interest, principal or other distributions that would constitute Pledged Securities, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by any Pledgor, shall be promptly (and in any event within 20 days of their receipt (or such longer time as the Collateral Agent shall permit in its reasonable discretion)) delivered to the Collateral Agent, for the benefit of the Secured Parties, in the same form as so received (and, if requested by the Collateral Agent, endorsed in a manner reasonably satisfactory to the Collateral Agent).

(b) After the occurrence and during the continuance of an Event of Default and upon notice by the Collateral Agent to the relevant Pledgors of the Collateral Agent's intention to exercise its rights hereunder, all rights of any Pledgor to dividends, interest, principal or other distributions that such Pledgor is authorized to receive pursuant to Section 2.06(a)(iii) shall cease, and all such rights shall thereupon become vested, for the benefit of the Secured Parties, in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions; provided that the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Pledgors to receive and retain such amounts. All dividends, interest, principal or other distributions received by any Pledgor contrary to the provisions of this Section 2.06 shall not be commingled by such Pledgor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent, for the benefit of the Secured Parties, and shall be forthwith promptly delivered to the Collateral Agent, for the benefit of the Secured Parties, in the same form as so received (endorsed in a manner reasonably satisfactory to the Collateral Agent). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this Section 2.06(b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 4.02. After all Events of Default have been cured or waived and the Borrower has delivered to the Collateral Agent a certificate to that effect, the Collateral Agent shall promptly repay to each Pledgor (without interest) all dividends, interest, principal or other distributions that such Pledgor would otherwise be permitted to retain pursuant to the terms of Section 2.06(a)(iii) and that remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default and after notice by the Collateral Agent to the relevant Pledgors of the Collateral Agent's intention to exercise its rights hereunder, subject to applicable Requirements of Law, all rights of any Pledgor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 2.06(a)(i), and the obligations of the Collateral Agent under Section 2.06(a)(ii), shall cease, and all such rights shall thereupon become vested in the Collateral Agent, for the benefit of the Secured Parties, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default, to permit the Pledgors to exercise such rights. After all Events of Default have been cured or waived and the Borrower has delivered to the Collateral Agent a certificate to that effect, all rights of any Pledgor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 2.06(a)(i), and the obligations of the Collateral Agent under Section 2.06(a)(ii), shall in each case be reinstated.

(d) Any notice given by the Collateral Agent to the Pledgors suspending their rights under Section 2.06(a) (i) shall be in writing, (ii) may be given to one or more of the Pledgors at the same or different times and (iii) may suspend the rights of the Pledgors under Section 2.06(a)(i) or (a)(iii) in part without suspending all such rights (as specified by the Collateral Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Collateral Agent's rights to give additional notices from time to time suspending other rights so long as an Event of Default has occurred and is continuing.

ARTICLE III.
Security Interests in Personal Property

SECTION 3.01 Security Interest.

(a) As security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, a security interest (the "Security Interest") in all right, title and interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by

such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Article 9 Collateral"):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all cash and Deposit Accounts;

(iv) all Commercial Tort Claims set forth on Schedule III;

(v) all Documents;

(vi) all Equipment;

(vii) all Fixtures;

(viii) all General Intangibles;

(ix) all Goods;

(x) all Instruments;

(xi) all Intellectual Property;

(xii) all Inventory;

(xiii) all Investment Property other than the Pledged Collateral;

(xiv) all Letters of Credit and Letter of Credit Rights;

(xv) all minerals, oil, gas and As-Extracted Collateral;

(xvi) all Money;

(xvii) all books and records pertaining to the Article 9 Collateral; and

(xviii) substitutions, replacements, accessions, products and proceeds (including insurance proceeds, licenses, royalties, income, payments, claims, damages and proceeds of suit) and to the extent not otherwise included, all proceeds, Supporting Obligations and products of any and all of the foregoing and all collateral security and guarantees given by any person with respect to any of the foregoing.

Notwithstanding anything to the contrary in the Credit Documents, this Agreement shall not constitute a grant of a security interest in (and the Article 9 Collateral shall not include) and the other provisions of the Credit Documents with respect to Collateral need not be satisfied with respect to (a) motor vehicles or other assets subject to certificates of title (except to the extent the security interest in such vehicles or assets can be perfected by filing an "all assets" UCC-1 financing statement), (b) any assets over which the granting of security interests in such assets (i) would be prohibited by an enforceable contractual obligation binding on the assets (including Permitted Liens) or applicable Requirements of Law (in each case, except to the extent such prohibition is unenforceable after giving effect to applicable provisions of the Uniform Commercial Code or other applicable Requirement of Law, other than proceeds thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code or other applicable Requirement of Law notwithstanding such prohibitions) or (ii) would result in a material adverse tax consequence to the Borrower, any Subsidiary or any Parent Entity as reasonably determined by the Borrower in writing delivered to the Collateral Agent and consented to by the Collateral Agent, such consent not to be unreasonably withheld or delayed, provided that in each case, immediately upon the ineffectiveness, lapse or termination of any such obligations or material adverse tax consequence (as applicable), the Article 9 Collateral shall include, and such Grantor shall be deemed to have granted a security interest in such assets as if such provision, Requirement of Law or material adverse tax consequence had never been in effect, (c) those assets with respect to which, in the reasonable judgment of the Collateral Agent, the costs or other consequences of obtaining or perfecting such a security interest are excessive in view of the benefits to be obtained by the Secured Parties therefrom and for which requirements related to perfection are not set forth, provided that in the case of perfecting, to the extent that limitations with respect to perfection requirements for such assets are specifically set forth in this Agreement, such assets shall not be considered "Excluded Assets", (d) any Excluded Securities, (e) any Grantor's right, title or interest in any license, contract or agreement to which such Grantor is a party or any of its right, title or interest thereunder to the extent, but only to the extent, that such a grant would violate the terms of applicable law or of such license, contract or agreement, or result in a breach of the terms of, or constitute a default under, any such license, contract or agreement to which such Grantor is a party (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the Texas UCC or any other applicable law or regulation (including Title 11 of the United States Code) or principles of equity); provided that, immediately upon the ineffectiveness, lapse or termination of any such provision, the Article 9 Collateral shall include, and such Grantor shall be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect, (f) any Trademark application filed in the United States Patent and Trademark Office on the basis of any Grantor's "intent to use" such Trademark and for which a form evidencing use of the Trademark has not yet been filed with and accepted by the United States Patent and Trademark Office, to the extent that granting a security interest in such Trademark application prior to such filing would result in the cancellation or abandonment of the same or would impair the registrability, enforceability or validity of such Trademark application or any registration that issues therefrom under applicable federal law, (g) any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) located on real property, in each case, in an area having special flood hazards and in which flood insurance is available under the National Flood Insurance Act of 1968, and (h) any equipment or other asset owned by any Grantor that is subject to a purchase money lien or a Capitalized Lease Obligation, in each case, as permitted under the Credit Agreement, if the contract or other agreement in which such Lien is granted (or the documentation providing for such Capitalized Lease Obligation) prohibits or requires the consent of any person other than the Grantors as a condition to the creation of any other security interest on such equipment or asset and, in each case, such prohibition or requirement is permitted by the Credit Agreement (the foregoing clauses (a) through (h) (the foregoing clauses

(a) through (g), the "Excluded Assets"); provided that the Collateral shall include the Proceeds of any of the foregoing unless such Proceeds also constitute Excluded Assets.

(b) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file in any relevant jurisdiction any initial financing statements (including fixture filings) with respect to the Article 9 Collateral or any part thereof and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment, including (i) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor, (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of the real property to which such Article 9 Collateral relates and (iii) a description of collateral describing such property as "all assets and all proceeds thereof" or "all property and all proceeds thereof" or words of similar effect or that describes such property in any other manner as the Collateral Agent may reasonably determine is necessary or advisable to ensure the perfection of the security interest in the Article 9 Collateral granted under this Agreement.

The Collateral Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party.

(c) The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Article 9 Collateral.

SECTION 3.02 Representations and Warranties. The Grantors jointly and severally represent and warrant to the Collateral Agent and the Secured Parties that:

(a) Each Grantor has good and valid rights in and title to the Article 9 Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Article 9 Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval that has been obtained and is in full force and effect or has otherwise been disclosed herein or in the Credit Agreement and the Schedules thereto.

(b) As of the Closing Date, Schedule III sets forth:

(i) The exact (A) legal name and type of entity of each Grantor, as such name appears in its respective certificate of incorporation, certificate of formation, or any other organizational document, (B) the organizational identification number, if any, of each Grantor and the Federal Taxpayer Identification Number of each Grantor and (C) the jurisdiction of formation of each Grantor.

(ii) The addresses of (A) the chief executive office of each Grantor and

(B) the locations of books and records relating to the Collateral.

(iii) All Promissory Notes, Instruments (other than checks to be deposited in the ordinary course of business), Tangible Chattel Paper, Electronic Chattel Paper and other evidence of indebtedness, including all intercompany notes held by a Grantor evidencing indebtedness in excess of $2,500,000 individually or $5,000,000 in aggregate.

(iv) All of each Grantor's (A) Patents and Trademarks registered with the United States Patent and Trademark Office, and all other Patents and Trademarks, including the name of the registered owner and the registration number of each Patent and Trademark owned by each Grantor and (B) copyrights registered with the United States Copyright Office as of the date hereof, including the name of the registered owner and the registration number of each such Copyright.

(v) All Commercial Tort Claims held by each Grantor, as of the date hereof, relating to any of the Collateral and having a value reasonably expected to exceed $1,500,000 individually or $3,000,000, including a brief description thereof.

(vi) All Letter of Credit Rights of the Grantors in excess of $2,500,000 individually or $5,000,000 in aggregate.

(vii) All Deposit Accounts, Commodity Accounts and Investment Accounts (other than Excluded Accounts) maintained by the Grantors, including the name of each institution where each such account is held, the name of each such account and the name of each entity that holds each account.

(c) Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Article 9 Collateral have been prepared by the Collateral Agent based upon the information provided to the Collateral Agent in Schedule III for filing in each governmental, municipal or other office specified in Schedule III, and constitute all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Article 9 Collateral consisting of United States Patents, United States registered Trademarks and United States registered Copyrights) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements or amendments.

(d) The Security Interest constitutes (i) a legal and valid security interest in all the Article 9 Collateral securing the payment and performance of the Obligations, (ii) subject to the filings described in Section 3.02(b), a perfected security interest in all Article 9 Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions and (iii) subject to Section 3.02(b), a security interest that shall be perfected in all Article 9 Collateral in which a security interest may be perfected upon the receipt and recording of this Agreement (or a short form hereof) with the United States Patent and Trademark Office and the United States Copyright Office, as applicable. The Security Interest is and shall be prior to any other Lien on any of the Article 9 Collateral other than Permitted Liens.

(e) The Article 9 Collateral is owned by the Grantors free and clear of any Lien, other than Permitted Liens. None of the Grantors has filed or consented to the filing of (i) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Article 9 Collateral, (ii) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (iii) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security

agreement or similar instrument is still in effect, except, in each case, for Permitted Liens.

SECTION 3.03 Covenants.

(a) Each Grantor agrees promptly (and in any event within 10 Business Days thereof, or such longer period of time as may be agreed by the Collateral Agent) to notify the Collateral Agent in writing of any change (i) in its legal name, (ii) in its identity or type of organization or corporate structure, or (iii) in its organizational identification number. Each Grantor agrees to notify the Collateral Agent in writing of any change in its jurisdiction of organization at least 10 Business Days prior to such change. Each Grantor agrees promptly to provide the Collateral Agent with certified organizational documents reflecting any of the changes described in the immediately preceding sentence. Each Grantor agrees that if it effects or permits any change referred to in the first sentence of this Section 3.30(a) it will ensure that all filings have been made, or will have been made within any applicable statutory period, under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent at all times following such change to have a valid, legal and perfected first priority security interest (subject to Permitted Liens) in all the Article 9 Collateral, for the benefit of the Secured Parties.

(b) Subject to the rights of such Grantor under the Credit Documents to dispose of Collateral, each Grantor shall, at its own expense, use commercially reasonable efforts to defend title to the Article 9 Collateral against all persons and to defend the Security Interest of the Collateral Agent, for the benefit of the Secured Parties, in the Article 9 Collateral and the priority thereof against any Lien that is not a Permitted Lien; *provided* that, nothing in this Agreement shall prevent any Grantor from discontinuing the operation or maintenance of any of its assets or properties if such discontinuance is (i) determined by such Grantor to be desirable in the conduct of its business and (ii) not prohibited by the Credit Documents.

(c) Each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any reasonable and documented out of pocket costs and expenses and all taxes required in connection with the execution and delivery of this Agreement and the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith.

(d) (i) After the occurrence of an Event of Default and during the continuance thereof, the Collateral Agent shall have the right to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Article 9 Collateral, including, in the case of Accounts or Article 9 Collateral in the possession of any third person, by contacting Account Debtors or the third person possessing such Article 9 Collateral for the purpose of making such a verification and each Grantor shall furnish all such assistance and information as Collateral Agent may reasonably request in connection with any such verification. The Collateral Agent shall have the right to share any information it gains from such inspection or verification with any Secured Party.

(ii) The Collateral Agent hereby authorizes each Grantor to collect such Grantor's Accounts and the Collateral Agent may curtail or terminate said authority at any time after written notice is provided by the Collateral Agent to such Grantor after the occurrence and during the continuance of an Event of Default.

(iii) At the Collateral Agent's written request at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall deliver to the Collateral Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Accounts, including all original orders, invoices and shipping receipts.

(e) At its option, the Collateral Agent may discharge any past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Article 9 Collateral and that is not a Permitted Lien, and may pay for the maintenance and preservation of the Article 9 Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Collateral Agent within 10 Business Days after demand for any reasonable payment made or any reasonable expense incurred by the Collateral Agent pursuant to the foregoing authorization; provided, however, that nothing in this Section 3.03(e) shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Credit Documents.

(f) Each Grantor (rather than the Collateral Agent or any Secured Party) shall remain liable for the observance and performance of all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Article 9 Collateral.

(g) During the continuance of an Event of Default, none of the Grantors will, without the Collateral Agent's prior written consent (which consent shall not be unreasonably withheld), grant any extension of the time of payment of any Accounts included in the Article 9 Collateral, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof or allow any credit or discount whatsoever thereon, except as permitted by Section 10.14 the Credit Agreement.

(h) Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Article 9 Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required by the Credit Documents or to pay any premium in whole or part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent reasonably deems advisable. All sums disbursed by the Collateral Agent in connection with this Section 3.03(h), including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

SECTION 3.04 Other Actions. In order to further ensure the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, for the benefit of the Secured Parties, the Collateral Agent's security interest in the Article 9 Collateral, each Grantor agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Article 9 Collateral:

(a) Instruments and Tangible Chattel Paper. If any Grantor shall at any time own or acquire any Instruments or Tangible Chattel Paper evidencing an amount in excess of $2,500,000 individually or $5,000,000 in aggregate, such Grantor shall promptly (and in any event within 15 Business Days of its acquisition (or such longer period as the Collateral Agent may agree to)) notify the Collateral Agent and promptly endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time reasonably request.

(b) Electronic Chattel Paper and Transferable Records. If any Grantor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction with a value in aggregate in excess of $2,500,000 individually or $5,000,000 in aggregate, such Grantor shall promptly notify the Collateral Agent thereof and, at the request and option of the Collateral Agent, shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control, under Section 9-105 of the Texas UCC, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will arrange, pursuant to procedures satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for such Grantor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the Texas UCC, or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless a Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such electronic chattel paper or transferable record.

(c) Letter-of-Credit Rights. If during the occurrence and continuance of an Event of Default, any Grantor is a beneficiary under a Letter of Credit, at the request and option of the Collateral Agent, such Grantor shall, pursuant to an agreement in form and substance satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer or other nominated person of such Letter of Credit to consent to an assignment to the Collateral Agent of the proceeds of the Letter of Credit, or (ii) arrange for the Collateral Agent to become the transferee beneficiary of the Letter of Credit.

(d) Commercial Tort Claims. If any Grantor shall at any time hold or acquire any Commercial Tort Claims with a reasonably expected value in excess of $1,500,000 individually or $3,000,000 in aggregate, other than those listed on Schedule III hereto, such Grantor shall immediately notify the Collateral Agent in a writing signed by such Grantor of the particulars thereof and grant to the Collateral Agent, upon the Collateral Agent's request, a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with a writing in form and substance satisfactory to the Collateral Agent.

SECTION 3.05 Covenants Regarding Patent, Trademark and Copyright Collateral. Except as permitted by the Credit Agreement:

(a) Each Grantor, either itself or through any agent, employee, licensee or designee, shall (i) inform the Agent on an annual basis on or about the time of delivery of financial statements for such year of each application by itself, or through any agent, employee, licensee or designee, for any Patent with the United States Patent and Trademark Office and each registration of any Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any comparable office or agency in any other country filed during the preceding twelve-month period, and (ii) upon the reasonable request of the Agent, execute and deliver any and all agreements, instruments, documents and papers as the Agent may reasonably request to evidence the Agent's security interest in such Patent, Trademark or Copyright.

(b) Upon and during the continuance of an Event of Default at the request of the Collateral Agent, each Grantor shall use commercially reasonable efforts to obtain all requisite consents or approvals from the licensor under each Copyright License, Patent License or Trademark License to effect the assignment of all such Grantor's right, title and interest thereunder to (in the Collateral Agent's sole discretion) the designee of the Collateral Agent or the Collateral Agent.

ARTICLE IV.
Remedies

SECTION 4.01 Remedies upon Default. Upon the occurrence and during the continuance of an Event of Default, subject to applicable Requirements of Law, each of the Pledgors and Grantors agrees to deliver each item of Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all of the rights and remedies provided for in this Agreement or any other Credit Document, the rights and remedies under the Texas UCC, and any and all of the rights and remedies at law and equity, all of which shall be deemed cumulative, including but not limited to the following: (a) with respect to any Article 9 Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Article 9 Collateral by the applicable Grantors to the Collateral Agent or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or a nonexclusive basis, any such Article 9 Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers thereunder cannot be obtained) and (b) with or without legal process and with or without prior notice or demand for performance, to take possession of the Article 9 Collateral and without liability for trespass to the applicable Grantor to enter any premises where the Article 9 Collateral may be located for the purpose of taking possession of or removing the Article 9 Collateral and to exercise any and all rights afforded to a secured party under the applicable Uniform Commercial Code or other applicable law. Without limiting the generality of the foregoing, each of the Pledgors and Grantors agrees that the Collateral Agent shall have the right, subject to the requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral at a public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized in connection with any sale of a security (if it deems it advisable to do so) pursuant to the foregoing to restrict the prospective bidders or purchasers to persons who represent and agree that they are purchasing such security for their own account, for investment, and not with a view to the distribution or sale thereof. Upon consummation of any such sale of Collateral pursuant to this Section 4.01, the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Pledgor or any Grantor, and each of the Pledgors and Grantors hereby waives and releases (to the extent permitted by law) all rights of redemption, stay, valuation and appraisal that such Pledgor or Grantor, as applicable, now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the applicable Pledgors and applicable Grantors 10 days' written notice (which each of the Pledgors and Grantors agrees is reasonable notice within the meaning of Section 9-611 of the Texas UCC or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. At any such sale, the Collateral, or the portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In the case of any sale of all or any part of the Collateral made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in the event that any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in the case of any such failure, such Collateral may be sold again upon notice given in accordance with provisions above. At any public (or, to the extent permitted by law, private) sale made pursuant to this Section 4.01, any Secured Party may bid for or purchase for cash, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of any Pledgor or any Grantor (all such rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Pledgor or any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Pledgor and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied

and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. To the extent provided in this Section 4.01, any sale that complies with such provisions shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the Texas UCC or its equivalent in other jurisdictions.

SECTION 4.02 Application of Proceeds. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall promptly apply the proceeds, moneys or balances of any collection or sale of Collateral, as well as any Collateral consisting of cash, in accordance with Section 11.11 of the Credit Agreement.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the purchase money by the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 4.03 Grant of License to Use Intellectual Property. For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Agreement at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor grants (such grant effective solely after the occurrence and during the continuance of an Event of Default) to (in the Collateral Agent's sole discretion) a designee of the Collateral Agent or the Collateral Agent, for the benefit of the Secured Parties, an irrevocable (but terminable, upon termination of this Agreement in accordance with Section 5.13 hereof), non-exclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or sublicense any of the Article 9 Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof, the right to prosecute and maintain all Intellectual Property and the right to sue for past infringement of the Intellectual Property; provided, however, that nothing in this Section 4.03 shall require Grantors to grant any license that is prohibited by any rule of law, statute or regulation, or is prohibited by, or constitutes a breach or default under or results in the termination of, any contract, license, instrument or other agreement with an unaffiliated third party, to the extent permitted by the Credit Agreement, with respect to such Intellectual Property Collateral; and provided, further, that such licenses to be granted hereunder with respect to Trademarks shall be subject to the maintenance of quality standards with respect to the goods and services on which such Trademarks are used sufficient to preserve the validity of such Trademarks. For the avoidance of doubt, the use of such license by the Collateral Agent may be exercised, at the option of the Collateral Agent, only during the continuation of an Event of Default. Furthermore, each Grantor hereby grants to the Collateral Agent an absolute power of attorney to sign, upon the occurrence and during the continuance of any Event of Default, any document which may be required by the United States Copyright Office or the United States Patent and Trademark Office or any state office in order to effect an absolute assignment of all right, title and interest in each Patent, Trademark or Copyright, and to record the same.

SECTION 4.04 Securities Act, etc. In view of the position of the Pledgors in relation to the Pledged Collateral, or because of other current or future circumstances, a question may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar federal statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "Federal Securities Laws") with respect to any disposition of the Pledged Collateral permitted hereunder. Each Pledgor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Pledged Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Pledged Collateral under applicable Blue Sky or other state securities laws or similar laws analogous in purpose or effect. Each Pledgor acknowledges and agrees that in light of such restrictions and limitations, the Collateral Agent, in its sole and absolute discretion, (a) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Collateral or part thereof shall have been filed under the Federal Securities Laws or, to the extent applicable, Blue Sky or other state securities laws and (b) may approach and negotiate with a single potential purchaser to effect such sale. Each Pledgor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Collateral Agent shall incur no responsibility or liability for selling all or any part of the Pledged Collateral at a price that the Collateral Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this Section 4.04 will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Collateral Agent sells.

ARTICLE V.

Miscellaneous

SECTION 5.01 Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 13.2 of the Credit Agreement (whether or not then in effect), as such address may be changed by written notice to the Collateral Agent and the Borrower. All communications and notices hereunder to any Pledgor and any Grantor shall be given to it in care of the Borrower, with such notice to be given as provided in Section 13.2 of the Credit Agreement (whether or not then in effect).

SECTION 5.02 Security Interest Absolute. All rights of the Collateral Agent hereunder, the Security Interest, the security interest in the Pledged Collateral and all obligations of each Pledgor and each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Credit Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Credit Document, or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Pledgor or any Grantor in respect of the Obligations or this Agreement (other than a defense of payment or performance).

SECTION 5.03 Limitation by Law. All rights, remedies and powers provided in this Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable Requirements of Law, and all the provisions of this Agreement are intended to be subject to all applicable Requirements of Law that may be controlling and to be limited to the extent necessary so that they shall not render this Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law or regulation.

SECTION 5.04 Binding Effect; Several Agreement. This Agreement shall become effective as to any party to this Agreement when a counterpart hereof executed on behalf of such party shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such party and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of such party, the Collateral Agent and the

other Secured Parties and their respective permitted successors and assigns, except that no Grantor or Pledgor shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except to the extent expressly permitted by the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each party and may be amended, modified, supplemented, waived or released in accordance with Section 5.09.

SECTION 5.05 Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Pledgor, any Grantor, or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective permitted successors and assigns. The Collateral Agent hereunder shall at all times be the same person that is the "Collateral Agent" under the Credit Agreement. Written notice of resignation by the "Collateral Agent" pursuant to the Credit Agreement shall also constitute notice of resignation as the Collateral Agent under this Agreement. Upon the acceptance of any appointment as the "Collateral Agent" under the Credit Agreement by a successor "Collateral Agent", that successor "Collateral Agent" shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent pursuant hereto.

SECTION 5.06 Collateral Agent's Fees and Expenses; Indemnification.

(a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its fees and expenses incurred hereunder as provided in Section 13.5 of the Credit Agreement.

(b) Each Pledgor agrees to pay, and to save the Collateral Agent and the other Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time occur with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent that the Borrower would be required to do so pursuant to Section 12.7 of the Credit Agreement. All amounts for which any Pledgor is liable pursuant to this Section 5.06 shall be due and payable by such Pledgor to the Secured Parties within 10 Business Days of receipt by such Pledgor of an invoice relating thereto setting forth such expense in reasonable detail, accompanied, if requested by such Pledgor, by reasonable supporting documentation.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Credit Documents. The provisions of this Section 5.06 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Credit Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Credit Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 5.06 shall be payable within ten Business Days of written demand therefor.

SECTION 5.07 Collateral Agent Appointed Attorney-in-Fact. Each of the Pledgors and Grantors hereby appoint the Collateral Agent the attorney-in-fact of such Pledgor or such Grantor, as applicable, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest (it being understood that no rights shall be exercised under such power of attorney unless an Event of Default has occurred and is continuing). Without limiting the generality of the foregoing, subject to applicable Requirements of Law, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, with full power of substitution either in the Collateral Agent's name or in the name of such Pledgor or such Grantor, as applicable, (a) to receive, endorse, assign or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof, (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to ask for, demand, sue for, collect, receive and give acquittance for any and all moneys due or to become due under and by virtue of any Collateral; (d) to sign the name of any Pledgor or any Grantor, as applicable, on any invoice or bill of lading relating to any of the Collateral; (e) to send verifications of Accounts to any Account Debtor; (f) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (g) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (h) to notify, or to require any Pledgor or Grantor, as applicable, to notify, Account Debtors to make payment directly to the Collateral Agent; and (i) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; provided that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to any Pledgor or any Grantor for any act or failure to act hereunder, except for their own or their Related Parties' gross negligence, bad faith or willful misconduct.

SECTION 5.08 GOVERNING LAW; JURISDICTION; VENUE; WAIVER OF JURY TRIAL; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS.

(b) THE TERMS OF SECTIONS 13.13, AND 13.15 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE, *MUTATIS MUTANDIS*, AND THE PARTIES HERETO AGREE TO SUCH TERMS.

(c) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED IN SECTION 5.01. NOTHING IN THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVICE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 5.09 Waivers; Amendment.

(a) No failure or delay by the Collateral Agent, the Administrative Agent, any Issuing Bank, any Lender or any other Secured Party in exercising any right, power or remedy hereunder or under any other Credit Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy, or

any abandonment or discontinuance of steps to enforce such a right, power or remedy, preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies of the Collateral Agent, the Administrative Agent, any Issuing Bank, the Lenders or any other Secured Party hereunder and under the other Credit Documents are cumulative and are not exclusive of any rights, powers or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by this Section 5.09(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 the issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Collateral Agent, the Administrative Agent, any Lender, any Issuing Bank or any other Secured Party may have had notice or knowledge of such Default or Event of Default at the time. No notice or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof or of any other Security Document may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Credit Party or Credit Parties with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 13.1 of the Credit Agreement. The Collateral Agent may conclusively in its sole discretion rely on a certificate of an officer of the Borrower as to whether any amendment contemplated by this Section 5.09(b) is permitted.

SECTION 5.10 Severability. In the event any one or more of the provisions contained in this Agreement or in any other Credit Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

SECTION 5.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 5.04. Delivery of an executed counterpart to this Agreement by facsimile or electronic transmission (i.e. a “pdf” or a “tif”) shall be as effective as delivery of a manually signed original.

SECTION 5.12 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 are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 5.13 Termination or Release.

(a) This Agreement, the pledges made herein, the Security Interest and all other security interests granted hereby, and all other Security Documents securing the Obligations, shall automatically terminate and/or be released all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the applicable Pledgors and the applicable Grantors, as of the date when all Obligations (other than (i) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (ii) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (iii) any contingent or indemnification obligations not then due) have been paid in full in cash or equivalents thereof, all Commitments have terminated or expired and no Letter of Credit shall be outstanding that is not Cash Collateralized or back- stopped to the reasonable satisfaction of the Administrative Agent and the Issuing Bank.

(b) A Subsidiary Party shall automatically be released from its obligations hereunder and the security interests in the Collateral of such Subsidiary Party shall be automatically released upon the consummation of any transaction permitted by the Credit Agreement as a result of which such Subsidiary Party ceases to be a Restricted Subsidiary, becomes an Excluded Subsidiary or such Subsidiary is released from the Guarantee and from any other guarantee of the Credit Documents as permitted under the Credit Documents, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to such Subsidiary Party.

(c) (i) Upon any sale or other transfer by any Pledgor or any Grantor of any Collateral that is permitted by the Credit Agreement to any person that is not a Pledgor or a Grantor (including in connection with a Casualty Event), or (ii) upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to Section 13.1 of the Credit Agreement, the security interest in such Collateral shall be automatically released, all without delivery of any instrument or performance of any act by any party.

(d) A Subsidiary Party shall automatically be released from its obligations hereunder and/or the security interests in any Collateral shall in each case be automatically released upon the occurrence of any applicable circumstance set forth in Section 13.17 of the Credit Agreement, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to any applicable Subsidiary Party.

(e) In connection with any termination or release pursuant to Section 5.13(a), (b), (c), or (d), the Collateral Agent shall execute and deliver to any Pledgor or any Grantor, as applicable, at such Pledgor’s or Grantor’s, as applicable, expense, all documents that such Pledgor or Grantor, as applicable, shall reasonably request to evidence such termination or release (including, without limitation, UCC termination statements), and will duly assign and transfer to such Pledgor, such of the Pledged Collateral that may be in the possession of the Collateral Agent and has not theretofore been sold or otherwise applied or released pursuant to this Agreement. Any execution and delivery of documents pursuant to this Section 5.13 shall be without recourse to or warranty by the Collateral Agent. In connection with any release pursuant to Section5.13(a), (b), (c) or (d) above, the Pledgors or the Grantors, as applicable, shall be permitted to take any action in connection therewith consistent with such release including, without limitation, the filing of UCC termination statements or collateral description deletions, in each case solely as applicable to reflect such release. Upon the receipt of any necessary or proper instruments of termination, satisfaction or release prepared by the Borrower, the Collateral Agent shall execute, deliver or acknowledge such instruments or releases to evidence the release of any Collateral permitted to be released pursuant to this Agreement or the Credit Documents.

SECTION 5.14 Additional Subsidiaries. Upon execution and delivery by the Collateral Agent and any Subsidiary that is required to become a party hereto by Section 0.10 of the Credit Agreement of an instrument in the form of Exhibit A hereto, such Subsidiary shall become a Subsidiary Party hereunder with the same force and effect as if originally named as a Subsidiary Party herein. The execution and delivery of any such instrument shall not require the consent of any other party to this Agreement. The rights and obligations of each party to this Agreement shall remain in full force and effect notwithstanding the addition of any new party to this Agreement.

SECTION 5.15 Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender, the Collateral Agent, the Administrative Agent and each Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender, the Collateral Agent, the Administrative Agent, or such Issuing Bank, to or for the credit or the account of any party to this Agreement against any of and all the obligations of such party now or hereafter existing under this Agreement owed to such Lender, the Collateral Agent, the Administrative Agent or such Issuing Bank, irrespective of whether or not such Lender, the Collateral Agent, the Administrative Agent or such Issuing Bank, shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender, the Collateral Agent, the Administrative Agent and Issuing Bank under this Section 5.15 are in addition to other rights and remedies (including other rights of set-off) that such Lender, the Collateral Agent, the Administrative Agent or such Issuing Bank may have. Notwithstanding anything to the contrary contained herein, no Secured Party or any of its respective Affiliates shall have a right to set off and apply any deposits held by, or other Indebtedness owing by, such Secured Party or any of its Affiliates to or for the credit or the account of any

Subsidiary of a Subsidiary Party that (i) is not a "United States person" within the meaning of Section 7701(a)(30) of the Texas UCC or (ii) is a Subsidiary of a Person described in clause (i). Each Secured Party agrees promptly to notify the Borrower and the Collateral Agent after any such set-off and application made by such Secured Party; provided that the failure to give such notice shall not affect the validity of such set-off and application.

SECTION 5.16 Corporate Formalities Representations.

(a) *Corporate Status*. Each Grantor and Pledgor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that it (a) is a duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact its business as now conducted and (b) has duly qualified and is authorized to do business and is in good standing (if applicable) in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

(b) *Corporate Power and Authority; Enforceability.* Each Grantor and Pledgor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that it has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of this Agreement and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Agreement. Each Grantor and Pledgor has duly executed and delivered this Agreement and this Agreement constitutes the legal, valid and binding obligation of such Grantor or Pledgor, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

[Signature Pages Follow]

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

BCE-Mach LLC, a Delaware limited liability company, as Borrower

By: _____
Name: _____
Title: _____

MIDFIRST BANK, a federally chartered savings association, as Collateral Agent

By: _____
Name: _____
Title: _____

Signature Page to Collateral Agreement

Exhibit A
to the Collateral Agreement

SUPPLEMENT NO. _____ dated as of _____ (this "Supplement"), to the Collateral Agreement dated as of September 2, 2022 (as heretofore amended and/or supplemented, the "Collateral Agreement"), among BCE-MACH LLC, a Delaware limited liability company (the "Borrower"), each Subsidiary Party thereto and MIDFIRST BANK, a federally chartered savings association, as Collateral Agent (in such capacity, the "Collateral Agent") for the Secured Parties.

A. WHEREAS, pursuant to the Credit Agreement, dated as of September 2, 2022 (as amended, restated, supplemented, waived or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto, the Borrower will from time to time incur loans and letter of credit obligations; and

B. WHEREAS, the undersigned Subsidiary of the Borrower (the "New Subsidiary") is executing this Supplement to become a Subsidiary Party, Pledgor and Grantor under the Collateral Agreement.

Accordingly, the Collateral Agent and the New Subsidiary agree as follows:

SECTION 1. In accordance with Section 5.14 of the Collateral Agreement, the New Subsidiary by its signature below becomes a Subsidiary Party and Pledgor, Grantor or both, as applicable, under the Collateral Agreement with the same force and effect as if originally named therein as a Subsidiary Party and Pledgor, Grantor or both, as applicable, and the New Subsidiary hereby (a) agrees to all the terms and provisions of the Collateral Agreement applicable to it as a Subsidiary Party and Pledgor, Grantor or both, as applicable thereunder and (b) represents and warrants that the representations and warranties made by it as a Pledgor or Grantor, as applicable, thereunder are true and correct in all material respects on and as of the date hereof. In furtherance of the foregoing, the New Subsidiary, as security for the payment and performance in full of the Obligations, does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and Lien on all the New Subsidiary's right, title and interest in and to the Collateral of the New Subsidiary. Each reference to a "Subsidiary Party", a "Pledgor" or a "Grantor" in the Collateral Agreement shall be deemed to include the New Subsidiary. The Collateral Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to (i) the effects of bankruptcy,

insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3. This Supplement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract. This Supplement shall become effective when the Collateral Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary. Delivery of an executed signature page to this Supplement by facsimile or electronic transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Subsidiary hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of all the Pledged Stock and Pledged Debt Securities of the New Subsidiary as of the date hereof, and (b) other than as supplemented pursuant to Schedule II attached hereto, Schedule III of the Collateral Agreement is true and correct in all respects.

SECTION 5. Schedule III of the Collateral Agreement is hereby supplemented with the information contained in Schedule II attached hereto.

SECTION 6. Except as expressly supplemented hereby, the Collateral Agreement shall remain in full force and effect.

SECTION 7. **THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS. THE TERMS OF SECTIONS 13.13 AND 13.15 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE, *MUTATIS MUTANDIS* , AND THE PARTIES HERETO AGREE TO SUCH TERMS.**

SECTION 8. In the event any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Collateral Agreement shall not in any way be affected or impaired thereby.

SECTION 9. All communications and notices hereunder shall be in writing and given as provided in Section 5.01 of the Collateral Agreement.

SECTION 10. The New Subsidiary agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, disbursements and other charges of counsel for the Collateral Agent.

[Signature Page Follows]

IN WITNESS WHEREOF, the New Subsidiary has duly executed this Supplement to the Collateral Agreement as of the day and year first above written.

[Name of New Subsidiary]

By: _____
Name:
Title:

Schedule I
to Supplement No. ___ to the
Collateral Agreement

Pledged Collateral of the New Subsidiary

EQUITY INTERESTS

Number of Issuer Certificate	Registered Owner	Number and Class of Equity Interests	Percentage of Equity Interests

DEBT SECURITIES

Issuer	Principal Amount	Date of Note	Maturity Date

Schedule II
to Supplement No. ___ to the
Collateral Agreement

Supplement to Schedule III of Collateral Agreement

Schedule I
to the Collateral Agreement

Subsidiary Parties

None.

Schedule II
to the Collateral Agreement

Pledged Collateral

EQUITY INTERESTS

Number of Issuer Certificate	Registered Owner	Issuer	Number and Class of Equity Interests	Percentage of Equity Interests

None.

DEBT SECURITIES

None.

Schedule III
to the Collateral Agreement

Perfection Items

(i) Grantor Information.

Grantor: BCE-Mach LLC
Other Names and Trade Names Used in the Last Five Years: None.
Jurisdictions of Organization over the Last Five Years: Delaware
Current Jurisdiction of Organization: Delaware
Organizational Number: 672375
Tax ID Number: 84-4131308
Current Location of Chief Executive: 14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134
Other Location of Chief Executive Office over the last Five Years None.

(ii) Current Locations.

14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134

(iii) Instruments and Tangible Chattel Paper.

None.

(iv) Intellectual Property.

(A) Patents and Trademarks.

None.

(B) Copyrights.

None.

(v) Commercial Tort Claims.

None.

(vi) Deposit Accounts and Investment Accounts.

Grantor	Name of Institution	Account Number	Description of Account	Excluded Account (Y/N)
BCE-Mach LLC	Capital One	4670140631	Operating	N
BCE-Mach LLC	Capital One	4670140704	JIB Deposits	N
BCE-Mach LLC	Capital One	4670140690	Revenue Deposits	N
BCE-Mach LLC	Capital One	4670140712	A/P Disbursement	N
BCE-Mach LLC	Capital One	4670140720	Land Disbursement	N
BCE-Mach LLC	JPMC	269786932	Master	N
BCE-Mach LLC	JPMC	277719016	A/P Disbursement	N
BCE-Mach LLC	JPMC	277718513	Revenue Disbursement	N
BCE-Mach LLC	MidFirst	5201038400	Operating	N
BCE-Mach LLC	MidFirst	5201038435	JIB Deposits	N
BCE-Mach LLC	MidFirst	5201038427	Revenue Deposits	N
BCE-Mach LLC	MidFirst	5201038419	A/P Disbursement	N
BCE-Mach LLC	MidFirst	5201038443	Land Disbursement	N

(vii) Letters-of-Credit Rights.

None.

Schedule III to the Collateral Agreement

EXHIBIT F
TO CREDIT AGREEMENT

FORM OF COMPLIANCE CERTIFICATE

This Certificate, dated as of [*Insert Date*], is delivered pursuant to Section 9.1(c) of the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as Lenders thereto, MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

The undersigned Financial Officer hereby certifies on behalf of the Borrower and not in his or her individual capacity that, as of the date hereof, he or she is the [*Insert Title*] of the Borrower, and that, as such, he or she is authorized to execute and deliver this Certificate to the Administrative Agent on behalf of the Borrower, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. The Borrower has delivered the annual financial statements for the fiscal year ending [Insert *Year*] as required pursuant to Section 9.1(a) of the Credit Agreement.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. The Borrower has delivered the quarterly financial statements for the fiscal quarter ending [*Insert Month and Year*] as required pursuant to Section 9.1(b) of the Credit Agreement.

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and ***[select one:]***

[to his knowledge, no Default or Event of Default has occurred during such fiscal [year] [quarter].]

—or—

[to his knowledge, the following Default or Event of Default has occurred during such fiscal [year] [quarter] and the following is a list of each such Default or Event of Default and its nature and status:]

[describe any Default or Event of Default.]

4. The calculations required to establish whether the Borrower and its Restricted Subsidiaries were in compliance with the Financial Performance Covenants as at the end of such fiscal [year] [quarter] are reflected in Schedule I attached hereto. The Borrower was [not] in compliance with such Financial Performance Covenants for such fiscal [year] [quarter].

[5. Schedule II attached hereto specifies any change in the identity of the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries as at the end of such fiscal [year] [quarter], from the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries, respectively, provided to the Lenders on the Closing Date or the most recent fiscal year or quarter, as the case may be.][1]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of [*Insert Date*].

[SIGNATURE PAGE FOLLOWS]

1 Include if updating the list which was provided to the Lenders on the Closing Date or if any changes have occurred since the last delivered compliance certificate and indicating such change.

BCE-MACH LLC,
a Delaware limited liability company

By: _____
Name:
Title:

SCHEDULE I

[attach or include calculations for Financial Performance Covenants for the applicable period]

SCHEDULE II

[specify applicable changes in the identity of the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries]

EXHIBIT G
TO CREDIT AGREEMENT

FORM OF ASSIGNMENT AND ACCEPTANCE

This Assignment and Acceptance (this "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the

Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any participations in L/C Obligations included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender under the Credit Agreement) against any person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____

3. Is Assignee a Lender/an Affiliate of a Lender/an "Approved Fund"/Is this an "assignment of the entire remaining amount of the assigning Lender's Commitment or Loans"?

   Yes: ☐ No: ☐

   Specify if "Yes": _____.

4. Borrower: BCE-Mach LLC, a Delaware limited liability company.

5. Administrative Agent: MidFirst Bank, a federally chartered savings association.

6. Credit Agreement: Credit Agreement dated as of September 2, 2022, by and among BCE Mach LLC, a Delaware limited liability company, the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto.

7. Assigned Interest:

Commitments / Loans	**Aggregate Amount of Commitments of all Lenders**	**Amount of Commitments / Loans Assigned**	**Percentage Assigned of Commitments of all Lenders[1]**
Commitments / Loans	$	$	%
[ ]	$	$	%

Effective Date: _____ ____, 20___ [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR].

8. Notice and Wire Instructions:

[NAME OF ASSIGNOR]
Notices:

Attention:
Facsimile:

with copy to:

Attention:
Facsimile:

Wire Instructions:

[NAME OF ASSIGNOR]
Notices:

Attention:
Facsimile:

with copy to:

Attention:
Facsimile:

Wire Instructions:

[Signature Pages Follow]

1 Set forth, to at least 9 decimals, as a percentage of the Loans of all Lenders thereunder.

The terms set forth in this Assignment and Acceptance are hereby agreed to as of the Effective Date:

ASSIGNOR:

[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE:

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Accepted and Consented to:

MIDFIRST BANK, a federally chartered savings association, as Administrative Agent

By: _____
Name:
Title:

MIDFIRST BANK, a federally chartered savings association, as an Issuing Bank

By: _____
Name:
Title:

[INSERT NAME], as an Issuing Bank

By: _____
Name:
Title:

[**BCE-MACH LLC**, as Borrower][2]

By: _____
Name:
Title:

2 Borrower's consent shall not be required if an Event of Default under Section 11.1 or Section 11.5 of the Credit Agreement has occurred and is continuing or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ACCEPTANCE

1. *Assignor*. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, other than as to the matters set forth in this Section 1, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or other Affiliates or any other person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or other Affiliates or any other person of any of their respective obligations under any Credit Document.

2. *Assignee.* The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it is not Parent, any Subsidiary of the Parent, the Borrower, its Subsidiaries or any Affiliates of the foregoing Persons, or any natural person or any Defaulting Lender and otherwise satisfies all other requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 9.1(a)-(b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (vi) if it is a Non-U.S. Lender, attached to this Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender and, based on such documents and information as it shall deem appropriate at that time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

3. *Payments*. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued prior to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

4. *General Provisions*. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns permitted pursuant to the Credit Agreement. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by fax or other electronic delivery shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be governed by, and construed in accordance with, the law of the State of Texas.

(Remainder of page intentionally left blank)

EXHIBIT H
TO CREDIT AGREEMENT

FORM OF NOTE

$[*Insert amount of Note*] _____, 20__

FOR VALUE RECEIVED, the undersigned, **BCE-MACH LLC**, a Delaware limited liability company (the "Borrower"), hereby promises to pay to [*Insert name of Lender*] or registered assigns (the "Lender"), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the principal amount of each Loan from time to time made by the Lender to the Borrower under that certain Credit Agreement, dated as of the date hereof (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), by and among the Borrower, the banks, financial institutions and other lending institutions from time to time parties as lenders thereto, MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "Administrative Agent") and Collateral Agent (in such capacity, the "Collateral Agent") for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto.

The Borrower promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the ratable account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in Section 2.8(c) of the Credit Agreement. This Note is subject to mandatory prepayments and to voluntary prepayments and to all other terms and conditions as provided in the Credit Agreement.

This Note is one of the promissory notes referred to in the Credit Agreement and is entitled to the benefits thereof. This Note is also entitled to the benefits of the other Credit Documents and is secured by the Collateral. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Credit Agreement. Loans made by the Lender shall be evidenced by an account or accounts maintained by the Lender and by the Register and subaccounts maintained by the Administrative Agent in accordance with the Credit Agreement. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

No failure to exercise and no delay in exercising, on the part of the Administrative Agent or the Collateral Agent, any right, remedy, power or privilege hereunder or under the Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. A waiver by the Administrative Agent of any right, remedy, power or privilege hereunder or under any Credit Document on any one occasion shall not be construed as a bar to any right or remedy that the Administrative Agent would otherwise have on any future occasion. The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights, remedies, powers and privileges provided by law.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

[Signature Pages Follows]

IN WITNESS WHEREOF, this Note is executed as of the date set forth above.

BCE-Mach LLC, a Delaware limited liability company, as Borrower

By: _____
Name:
Title:

Signature Page to Promissory Note

EXHIBIT I
TO CREDIT AGREEMENT

FORM OF GLOBAL INTERCOMPANY NOTE

[*Insert Date*]

FOR VALUE RECEIVED, each of the undersigned, to the extent a borrower from time to time from any other entity listed on the signature pages hereto (each, in such capacity, an "Issuer"), hereby promises to pay on demand to the order of such other entity listed below (each, in such capacity as lender to the applicable Issuer, a "Holder" and, together with each Issuer, a "Note Party"), in immediately available funds in the currencies as shall be agreed upon from time to time, at such location as the applicable Holder shall from time to time designate, the unpaid principal amount of all loans and advances or other credit extensions made by such Holder to such Issuer. Each Issuer promises also to pay interest on the unpaid principal amount of all such loans and advances or other credit extensions in like money at said location from the date of such loans and advances until paid at such rate per annum as shall be agreed upon from time to time by the applicable Issuer and the applicable Holder.

With respect to any Issuer and any Holder between whom loans, advances or other credit extensions exist as of the date of this Note (such loans, advances or other credit extensions, "Existing Obligations"), (a) if any Existing Obligation is evidenced by a promissory note or other instrument or agreement in existence as of the date hereof (an "Existing Note"), it is agreed to between such Issuer and such Holder that the obligations under such Existing Note are hereafter to be evidenced by this Note and (b) it is agreed to between such Issuer and such Holder that the agreements in existence as of the date hereof with respect to any Existing Obligation (including agreements contained in any Existing Note) as to principal, amortization, currency, payment location and interest rate (if any) will continue to have effect under this Note until modified by agreement between such Issuer and such Holder.

Reference is hereby made to the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as Lenders thereto, MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders (in such collective capacities, the "Agent"), and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned thereto in the Credit Agreement.

Upon the earlier to occur of (x) the commencement of any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding of any jurisdiction relating to the applicable Issuer or (y) any exercise of remedies (including the termination of the Commitments) by any Secured Party pursuant to any Credit Document, the unpaid principal amount of all loans and advances evidenced by this note (the "Note") shall become immediately due and payable without presentment, demand, protest or notice of any kind in connection with this Note. This Note is subject to the terms of the Credit Agreement, and shall be pledged by each applicable Holder that is a Credit Party pursuant to the Collateral Agreement to the extent required by the Credit Agreement. The applicable Issuer hereby acknowledges and agrees that the Secured Parties may, pursuant to the Collateral Agreement as in effect from time to time, exercise all rights provided therein with respect to this Note.

The indebtedness evidenced by this Note owed by any Issuer that is a Credit Party to any Holder (including any Holder that is not a Credit Party) shall be subordinate and junior in right of payment, to the extent and in the manner hereinafter set forth, to (i) all Obligations of the Borrower or such Issuer under the Credit Agreement and (ii) all other Indebtedness of the Borrower or such Issuer or any guaranty thereof other than Indebtedness that by its terms expressly provides that it shall not be Senior Indebtedness hereunder (such Obligations and such Indebtedness and other indebtedness and obligations in connection with any renewal, refunding, restructuring or refinancing thereof, including interest thereon accruing after the commencement of any proceedings referred to in clause (i) below, whether or not such interest is an allowed claim in such proceeding, being hereinafter collectively referred to as "Senior Indebtedness"):

(i) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to any Issuer or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of such Issuer, whether or not involving insolvency or bankruptcy, then (x) the holders of Senior Indebtedness shall be paid in full in cash in respect of all amounts constituting Senior Indebtedness (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable) before any Holder is entitled to receive (whether directly or indirectly), or make any demands for, any payment on account of this Note and (y) until the holders of Senior Indebtedness are paid in full in cash in respect of all amounts constituting Senior Indebtedness, any payment or distribution to which such Holder would otherwise be entitled (other than Indebtedness of such Issuer that is subordinated, to at least the same extent as this Note, to the payment of all Senior Indebtedness then outstanding (such Indebtedness being hereinafter referred to as "Restructured Debt")) shall be made to the holders of Senior Indebtedness;

(ii) if any Event of Default occurs and is continuing, then no payment or distribution of any kind or character shall be made by or on behalf of the Issuer or any other Person on its behalf with respect to this Note; and

(iii) if any payment or distribution of any character, whether in cash, securities or other property (other than Restructured Debt), in respect of this Note shall (despite these subordination provisions) be received by any Holder in violation of clause (i) or (ii) before all Senior Indebtedness shall have been paid in full in cash (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable), such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness (or their representatives), ratably according to the respective aggregate amounts remaining unpaid thereon, to the extent necessary to pay all Senior Indebtedness in full in cash.

To the fullest extent permitted by law, no present or future holder of Senior Indebtedness shall be prejudiced in its right to enforce the subordination of this Note by any act or failure to act on the part of any Issuer or by any act or failure to act on the part of such holder or any trustee or agent for such holder. Each Holder and each Issuer hereby agree that the subordination of this Note is for the benefit of the Agent and the Lenders and the Agent and the Lenders are obligees under this Note to the same extent as if their names were written herein as such and the Agent may, on behalf of itself and the Lenders, proceed to enforce the subordination provisions herein.

Notwithstanding the foregoing, nothing contained in the subordination provisions set forth above is intended to or will impair, as between each Issuer and each Holder, the obligations of such Issuer, which are absolute and unconditional, to pay to such Holder the principal of and interest on this Note as and when due and payable in accordance with its terms, or is intended to or will affect the relative rights of such Holder and other creditors of such Issuer other than the holders of Senior Indebtedness.

Each Holder is hereby authorized to record all loans and advances or other credit extensions made by it to any Issuer (all of which shall be evidenced by this Note), and all repayments or prepayments thereof, in its books and records, such books and records constituting prima facie evidence of the accuracy of the information contained therein. For the avoidance of doubt, this Note as between each Issuer and each Holder contains additional terms to any intercompany loan agreement between them and this Note does not in any way replace such intercompany loans between them nor does this Note in any way change the principal amount of any intercompany loans between them.

Upon execution and delivery after the date hereof by the Borrower or any subsidiary of the Borrower of a counterpart signature page hereto, such subsidiary shall become a Note Party hereunder with the same force and effect as if originally named as a Note Party hereunder. The rights and obligations of each Note Party hereunder shall remain in full force and effect notwithstanding the addition of any new Note Party as a party to this Note.

Each Issuer hereby waives presentment, demand, protest or notice of any kind in connection with this Note. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

[Signature Pages Follow]

EACH AS ISSUER AND HOLDER:

BCE-MACH LLC

By: _____
Name:
Title:

[_____]

By: _____
Name:
Title:

[_____]

By: _____
Name:
Title:

EXHIBIT J
TO CREDIT AGREEMENT

FORM OF SOLVENCY CERTIFICATE
[Date]

THIS SOLVENCY CERTIFICATE is delivered as of the date indicated above in connection with the Credit Agreement, dated as of the date hereof (the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. All capitalized terms used but not otherwise defined in this Certificate shall have the meanings assigned to them in the Credit Agreement.

The undersigned, individually and in his capacity as the [*Insert title of Authorized Officer*] of the Borrower, certifies that he is authorized to execute and deliver this Certificate and further certifies that, immediately after giving effect to the consummation of the transactions contemplated by the Credit Agreement, including the making of the Loans and the use of proceeds of the Loans on the date hereof:

(a) the fair value of the assets of the Borrower and its Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise;

(b) the present fair saleable value of the property of the Borrower and its Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured;

(c) the Borrower and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and

(d) the Borrower and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital.

The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

[Signature Page Follows]

THIS SOLVENCY CERTIFICATE is executed and delivered as of the date indicated on the first page.

BCE-MACH LLC

By: _____
Name:
Title:

Signature Page to Solvency Certificate

EXHIBIT K-1 TO
CREDIT AGREEMENT

FORM OF NON-BANK TAX CERTIFICATE

(For Foreign Lenders That Are Not Treated As Partnerships For

U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to the provisions of Section 5.4(e)(i) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate,

(ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) no payments in connection with any Credit Document are effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent in writing and (2) the undersigned shall furnish the Borrower and the Administrative Agent a properly completed and currently effective certificate in either the calendar year in which payment is to be made by the Borrower or the Administrative Agent to the undersigned, or in either of the two calendar years preceding each such payment.

[Signature Page Follows]

[Foreign Lender]

By: _____
Name:
Title:

[Address]

[Date]

EXHIBIT K-2
TO CREDIT AGREEMENT

FORM OF NON-BANK TAX CERTIFICATE

(For Foreign Lenders That Are Treated As Partnerships For

U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit

and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to the provisions of Section 5.4(e)(i) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners (within the meaning of Treasury Regulations Section 1.1441-1(c)(6)) of payments on such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) neither the undersigned nor any of its direct or indirect partners/members is a bank within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) no payments in connection with any Credit Document are effectively connected with the undersigned's or its direct or indirect partners/members' conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent in writing and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding each such payment.

[Signature Page Follows]

[Foreign Lender]

By: _____
Name:
Title:

[Address]

[Date]

EXHIBIT K-3 TO
CREDIT AGREEMENT

FORM OF NON-BANK TAX CERTIFICATE

(For Foreign Participants That Are Not Treated As Partnerships For

U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to the provisions of Section 5.4(e)(i) and Section 13.6(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) no payments in connection with any Credit Document are effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding each such payment.

[Signature Page Follows]

[Foreign Lender]

By: _____
Name:
Title:

[Address]

[Date]

EXHIBIT K-4
TO CREDIT AGREEMENT

FORM OF NON-BANK TAX CERTIFICATE

(For Foreign Participants That Are Treated As Partnerships For

U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to the provisions of Section 5.4(e)(i) and Section 13.6(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners (within the meaning of Treasury Regulations Section 1.1441-1(c)(6)) of payments on such participation, (iii) neither the undersigned nor any of its direct or indirect partners/members is a bank within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) no payments in connection with any Credit Document are effectively connected with the undersigned's or its direct or indirect partners/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding each such payment.

[Signature Page Follows]

[Foreign Lender]

By: _____
Name:
Title:

[Address]

[Date]

EXHIBIT L
TO CREDIT AGREEMENT

FORM OF NOTICE OF CONTINUATION

MIDFIRST BANK
501 NW Grand Blvd.
Oklahoma City, OK 73118
Attention: Chad Dayton

[Date]

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

The Borrower hereby gives you notice pursuant to Section 2.6 of the Credit Agreement of its request for the following:[1]

A. a continuation, on [_____], of Loans in an aggregate outstanding principal amount of $[_____] having an Interest Period of [_____] months;[2]

B. a continuation, on [_____], of Loans in an aggregate outstanding principal amount of $[_____].

[Signature Page Follows]

1 Notice must be given no later than 12:00 p.m. (Houston, Texas time) at least three Business Days prior to the date of such continuation.
2 If no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration.

BCE-MACH LLC

By: _____
Name:
Title:

EXHIBIT M
TO CREDIT AGREEMENT

FORM OF PREPAYMENT NOTICE

MIDFIRST BANK
501 NW Grand Blvd.
Oklahoma City, OK 73118
Attention: Chad Dayton

[Date]

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of September 2, 2022 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to Section 5.1 of the Credit Agreement, Borrower hereby gives notice of its intent to prepay Loans on [*Insert Date*][1] as follows:

Amount to be prepaid: $ _____[2]

Specific Borrowing(s) to be prepaid: _____ Specific Loan(s) to be prepaid: _____

[Signature Page Follows]

1 Date of Prepayment Notice: no later than 12:00 p.m. (Houston, Texas time) three Business Days prior to the date of such prepayment.
2 Each partial prepayment shall be in a minimum amount of $500,000 and in multiples of $100,000 in excess thereof or a lesser amount to the extent such lesser amount represents the entire aggregate outstanding Loans at such time.

BCE-MACH LLC

By: _____
Name:
Title:

Exhibit 10.6

CREDIT AGREEMENT

Dated as of September 30, 2019

among

BCE-MACH II LLC,
as the Borrower,

The Several Lenders
from Time to Time Parties Hereto,

EAST WEST BANK,
as Administrative Agent and Collateral Agent,

EAST WEST BANK,
as Issuing Bank,

EAST WEST BANK,
as Sole Bookrunner and as Lead Arranger

TABLE OF CONTENTS

CREDIT AGREEMENT, dated as of September 30, 2019, among BCE-MACH II LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders hereto (each a "Lender" and, collectively, the "Lenders"), EAST WEST BANK, as administrative agent and collateral agent for the Lenders, and EAST WEST BANK, as an issuer of Letters of Credit and each other Issuing Bank from time to time party hereto and the other Persons from time to time party thereto.

WHEREAS, (a) the Borrower has requested that any time and from time to time after the Closing Date, the Lenders provide Loans to the Borrower subject to the Available Commitment and (b) the Borrower has requested that each Issuing Bank issue Letters of Credit (subject to the Available Commitment) at any time and from time to time prior to the L/C Maturity Date, in an aggregate Stated Amount at any time outstanding not in excess of the Letter of Credit Commitment;

WHEREAS, following the Closing Date, the proceeds of the Loans will be used by the Borrower for the acquisition, development and exploration of Oil and Gas Properties and for working capital and other general corporate purposes of the Borrower and its Subsidiaries (including Permitted Acquisitions) and the Letters of Credit will be used by the Borrower and its Subsidiaries for general corporate purposes, including to secure any surety and bonding requirements and to support deposits required under purchase agreements pursuant to which the Borrower or its Subsidiaries may acquire Oil and Gas Properties and other assets;

WHEREAS, the Lenders and the Issuing Banks are willing to make available to the Borrower such revolving credit and letter of credit facilities upon the terms and subject to the conditions set forth herein; and NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1 DEFINITIONS.

1.1 Defined Terms.

As used herein, the following terms shall have the meanings specified below:

"ABR" shall mean for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate plus $^1/_2$ of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its "prime rate" at its principal office in Pasadena, California and (c) the LIBOR Rate for a one-month Interest Period 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, for purposes of calculating the LIBOR Rate pursuant to clause (c) above, the LIBOR Rate for any day shall be based on the rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time) on such day by reference to the rate appearing on the Reuters Screen LIBOR01 Page (or any successor page or any successor service, or any substitute page or substitute for such service, providing rate quotations comparable to the Reuters Screen LIBOR01 Page, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) for a period equal to one-month; provided further that for purposes of this Agreement in no event shall ABR be less than zero. The "prime rate" is a rate set by the Administrative Agent based upon various factors, including the Administrative Agent's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the ABR due to a change in such rate announced by the Administrative Agent, in the Federal Funds Effective Rate or in the one-month LIBOR Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

"ABR Loan" shall mean each Loan bearing interest based on the ABR.

"Account Control Agreement" shall mean, as to any deposit account, securities account or commodity account of any Credit Party held with a financial institution, an agreement or agreements in form and substance reasonably acceptable to the Administrative Agent and the Borrower, among such Credit Party owning such deposit account, securities account or commodity account, the Collateral Agent and the financial institution at which such deposit account, securities account or commodity account is located, which agreement establishes the Collateral Agent's control (within the meaning of the UCC) with respect to such account.

"Acquired EBITDAX" shall mean, with respect to any Acquired Entity or Business or any Converted Restricted Subsidiary for any period, the amount for such period of EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary (determined as if references to the Borrower and the Restricted Subsidiaries in the definition of EBITDAX were references to such Acquired Entity or Business and its Subsidiaries or to such Converted Restricted Subsidiary and its Subsidiaries), as applicable, all as determined on a consolidated basis for such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable.

"Acquired Entity or Business" has the meaning set forth in the definition of the term "EBITDAX".

"Additional Lender" shall have the meaning provided in Section 2.16(b).

"Additional Lender Extended Amount" shall have the meaning provided in Section 2.16(b).

"Adjusted Total Commitment" shall mean, at any time, the Total Commitment less the aggregate amount of Commitments of all Defaulting Lenders.

"Administrative Agent" shall mean East West Bank, as the administrative agent for the Lenders under this Agreement and the other Credit Documents, or any successor administrative agent appointed in accordance with the provisions of Section 12.9.

"Administrative Agent's Office" shall mean the Administrative Agent's address and, as appropriate, account as set forth on Schedule 13.2, or such other address or account as the Administrative Agent may from time to time notify in writing to the Borrower and the Lenders.

"Administrative Questionnaire" shall mean, for each Lender, an administrative questionnaire in a form approved by the Administrative Agent.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. "Controlling" ("controlling") and "controlled" shall have meanings correlative thereto.

"Agents" shall mean the Administrative Agent and the Collateral Agent.

"Agreement" shall mean this Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"Anti-Corruption Laws" means all state or federal laws, rules, and regulations applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption, including the Foreign Corrupt Practices Act of 1977, as amended.

"Applicable Equity Amount" shall mean, at any time (the "Applicable Equity Amount Reference Time"), an amount equal to, without duplication,

(a) the amount of any capital contributions made in cash to, or any proceeds of an equity issuance received by, the Borrower during the period from and including the Business Day immediately following the Closing Date, through and including the Applicable Equity Amount Reference Time, including proceeds from the issuance of Equity Interests of any direct or indirect parent of the Borrower, but excluding all proceeds from the issuance of Disqualified Stock; minus

(b) the sum, without duplication, of:

(i) the aggregate amount of any Restricted Payments made by the Borrower pursuant to Section 10.6(d) after the Closing Date, and prior to the Applicable Equity Amount Reference Time; and

(ii) the aggregate amount of prepayments, repurchases, redemptions and defeasances made by the Borrower or any Restricted Subsidiary pursuant to Section 10.7(c)(iii) after the Closing Date and prior to the Applicable Equity Amount Reference Time.

"Applicable Margin" shall mean, for any day, with respect to any ABR Loan or LIBOR Loan, as the case may be, the rate per annum set forth in the grid below based upon the Borrowing Base Utilization Percentage in effect on such day:

Borrowing Base Utilization Grid

Borrowing Base Utilization Percentage	<25%	>25% and < 50%	>50% and < 75%	>75% and < 90%	>90%
LIBOR Loans	2.25%	2.50%	2.75%	3.00%	3.25%
ABR Loans	1.25%	1.50%	1.75%	2.00%	2.25%
Commitment Fee Rate	0.375%	0.375%	0.50%	0.50%	0.50%

Each change in the Commitment Fee Rate or 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.

"Approved Fund" shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approved Petroleum Engineers" shall mean (a) Netherland, Sewell & Associates, Inc., (b) Ryder Scott Company, L.P., (c) W. D. Van Gonten & Co. Petroleum Engineering, (d) DeGolyer and MacNaughton, (e) Cawley, Gillespie & Associates, Inc., (f) Miller and Lents, Ltd. and (g) at the Borrower's option, any other independent petroleum engineers selected by the Borrower and reasonably acceptable to the Administrative Agent.

"Assignment and Acceptance" shall mean an assignment and acceptance substantially in the form of Exhibit G or such other form as may be approved by the Administrative Agent.

"Authorized Officer" shall mean as to any Person, the President, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Accounting Officer, the Controller, the Treasurer, the Assistant or Vice Treasurer, the Vice President-Finance, the General Counsel and any manager, managing member or general partner, in each case, of such Person, and any other senior officer designated as such in writing to the Administrative Agent by such Person. Any document delivered hereunder that is signed by an Authorized Officer shall be conclusively presumed to have been authorized by all necessary corporate, limited liability company, partnership

and/or other action on the part of the Borrower or any other Credit Party and such Authorized Officer shall be conclusively presumed to have acted on behalf of such Person. Unless the context requires otherwise, references to "Authorized Officer" shall be references to an Authorized Officer of the Borrower.

"Auto-Extension Letter of Credit" shall have the meaning provided in Section 3.2(b).

"Available Commitment" shall mean, at any time, (a) the Loan Limit at such time minus (b) the aggregate Total Exposures of all Lenders at such time.

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" shall mean, 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 for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bank Price Deck" shall mean the Administrative Agent's internal price deck on a forward curve basis for each of oil, natural gas and other Hydrocarbons, as applicable, furnished to the Borrower by the Administrative Agent from time to time in accordance with the terms of this Agreement.

"Bankruptcy Code" shall have the meaning provided in Section 11.5.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as 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 and subject to 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".

"Benefited Lender" shall have the meaning provided in Section 13.8.

"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" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Board of Directors" shall mean, as to any Person, the board of directors or other governing body of such Person, or if such Person is owned or managed by a single entity, the board of directors or other governing body of such entity.

"Borrower" shall have the meaning provided in the introductory paragraph hereto.

"Borrowing" shall mean the incurrence of one Type of Loan on a given date (or resulting from conversions on a given date) having, in the case of LIBOR Loans, the same Interest Period (*provided* that ABR Loans incurred pursuant to Section 2.10(b) shall be considered part of any related Borrowing of LIBOR Loans).

"Borrowing Base" shall mean, at any time, an amount equal to the amount determined in accordance with Section 2.14, as the same may be adjusted from time to time pursuant to the provisions thereof or Section 9.14(c).

"Borrowing Base Deficiency" occurs if, at any time, the aggregate Total Exposures of all Lenders exceeds the Borrowing Base then in effect. The amount of the

Borrowing Base Deficiency is the amount by which the sum of the aggregate Total Exposures of all Lenders exceeds the Borrowing Base then in effect.

"Borrowing Base Properties" shall mean the Oil and Gas Properties of the Credit Parties constituting Proved Reserves included in the Initial Reserve Reports and thereafter in the Reserve Report most recently delivered pursuant to Section 9.13, or given value in the most recent determination of the Borrowing Base.

"Borrowing Base Utilization Percentage" shall mean, as of any day, the fraction expressed as a percentage, the numerator of which is the sum of the aggregate Total Exposures of all Lenders on such day, and the denominator of which is the Borrowing Base in effect on such day.

"Borrowing Base Value" shall mean, with respect to any Oil and Gas Property of a Credit Party or any Hedge Agreement in respect of commodities, the value attributed to such asset by the Administrative Agent in connection with the most recent determination of the Borrowing Base approved by all Lenders or the Required Lenders, as applicable, in accordance with Section 2.14.

"Budget" shall have the meaning provided in Section 9.1(k).

"Business Day" shall mean any day excluding Saturday, Sunday and any other day on which banking institutions in Los Angeles, California are authorized by law or other governmental actions to close, and, if such day relates to (a) any interest rate settings as to a LIBOR Loan, (b) any fundings, disbursements, settlements and payments in respect of any such LIBOR Loan, or (c) any other dealings pursuant to this Agreement in respect of any such LIBOR Loan, such day shall be a day on which dealings in deposits in Dollars are conducted by and between banks in the London interbank eurodollar market.

"Capital Lease" shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person; *provided* that for all purposes hereunder the amount of obligations under any Capital Lease shall be the amount thereof accounted for as a liability on the balance sheet of such Person in accordance with GAAP; *provided*, *further*, that for purposes of calculations made pursuant to the terms of this Agreement, GAAP will be deemed to treat leases in a manner consistent with its current treatment under generally accepted accounting principles as of the Closing Date, notwithstanding any modifications or interpretative changes thereto that may occur. For the avoidance of doubt, any lease that would be characterized as an operating lease in accordance with GAAP on the Closing Date (whether or not such operating lease was in effect on such date) shall continue to be accounted for as an operating lease (and not as a Capital Lease) for purposes of this Agreement regardless of any change in GAAP following the Closing Date that would otherwise require such lease to be re-characterized (on a prospective or retroactive basis or otherwise) as a Capital Lease.

"Capitalization" shall mean the sum of all Consolidated Total Debt of the Borrower and its consolidated Subsidiaries plus the total members', stockholders' or other equity owners' book equity of such Persons.

"Capitalized Lease Obligations" shall mean, as applied to any Person, all obligations under Capital Leases of such Person or any of its Restricted Subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

"Cash Collateral" shall have the meaning provided in Section 3.8(c).

"Cash Collateralize" shall have the meaning provided in Section 3.8(c).

"Cash Equivalent" shall mean:

(a) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof, in each case maturing within one year from the date of acquisition thereof;

(b) commercial paper maturing within one year from the date of acquisition thereof rated in the highest grade by S&P or Moody's;

(c) demand deposits, and time deposits maturing within one year from the date of creation thereof, with or issued by any Lender or any office located in the United States of any other bank or trust company which is organized under the laws of the United States or any state thereof, has capital, surplus and undivided profits aggregating at least $100,000,000 (as of the date of such bank or trust company's most recent financial reports) and has a short term deposit rating of at least A2 or P2, as such rating is set forth from time to time, by S&P or Moody's, respectively; and

(d) deposits in money market funds at least 95% of whose assets are cash and Investments described in the preceding clauses (a), (b) and (c) or otherwise complying with Rule 2a-7 of the SEC.

"Cash Management Bank" shall mean any Person that either (i) at the time it provides Cash Management Services, (ii) on the Closing Date or (iii) at any time after it has provided any Cash Management Services, is a Lender or an Agent or an Affiliate of a Lender or an Agent.

"Cash Management Obligations" shall mean obligations owed by the Borrower or any Restricted Subsidiary to any Cash Management Bank in connection with, or in respect of, any Cash Management Services.

"Cash Management Services" shall mean (a) commercial credit cards, merchant card services, purchase or debit cards, including non-card e-payables services, (b) treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services) and (c) any other demand deposit or operating account relationships or other cash management services and agreements, including for collections, operating, payroll and trust accounts, automatic clearing house services, controlled disbursement services, electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

"Casualty Event" shall mean, with respect to any Collateral, (a) any damage to, destruction of, or other casualty or loss involving, any property or asset or (b) any seizure, condemnation, confiscation or taking under the power of eminent domain of, or any requisition of title or use of, or relating to, or any similar event in respect of, any property or asset.

"CFC" shall mean a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Change in Law" shall mean (a) the adoption of any law, treaty, order, policy, rule or regulation after the Closing Date, (b) any change in any law, treaty, order, policy, rule or regulation or in the interpretation, implementation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender with any guideline, request, directive or order enacted or promulgated after the Closing Date by any central bank or other governmental or quasi-governmental authority (whether or not having the force of law); *provided* that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority, in each case pursuant to Basel III) and all guidelines, requests, directives, orders, rules and regulations adopted, enacted or promulgated in connection therewith shall be deemed to have gone into effect after the Closing Date regardless of the date adopted, enacted or promulgated and shall be included as a Change in Law but only to the extent a Lender is imposing applicable increased costs or costs in connection with capital adequacy requirements or liquidity requirements similar to those described in clauses (a)(ii) and (c) of Section 2.10 generally on other borrowers of loans under United States reserve-based credit facilities.

"Change of Control" shall mean and be deemed to have occurred if (i) the Permitted Holders shall at any time cease to have, directly or indirectly, the power to vote or direct the voting of at least 51.0% of the Voting Stock of the Parent, (ii) the Parent ceases to own 100% of the Voting Stock of the Borrower or (iii) the Permitted Holders shall at any time cease to have, directly or indirectly, the power to elect a majority of the Board of Directors of the Borrower.

"Class" (a) when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Existing Loans or Extended Loans (of the same Extension Series); (b) when used in reference to any Commitment, refers to whether such Commitment is an Existing Commitment or an Extended Commitment (of each Extension Series) and (c) when used in reference to any Lender, refers to whether such Lender has a Loan or Commitment with respect to a single class.

"Closing Date" means the date on which the conditions specified in Section 6 are satisfied (or waived in accordance with Section 13.1).

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall have the meaning provided for such term in each of the Security Documents and shall include any and all assets securing any or all of the Obligations; *provided* that with respect to any Mortgages, "Collateral," as defined herein, shall include "Mortgaged Property" as defined therein.

"Collateral Agent" shall mean East West Bank, as collateral agent under the Security Documents, or any successor collateral agent appointed in accordance with the provisions of Section 12.9.

"Collateral Agreement" shall mean the Collateral Agreement of even date herewith by and among the Borrower, the other grantors party thereto and the Collateral Agent, for the benefit of the Secured Parties, substantially in the form of Exhibit E hereto.

"Collateral Coverage Minimum" shall mean that the Mortgaged Properties shall represent from the Closing Date and thereafter, at least 85% of the PV-10 of the Credit Parties' total Proved Reserves that are Borrowing Base Properties and included either in the Initial Reserve Reports or in the most recent Reserve Report delivered pursuant to Section 9.13, it being understood that the value of any Proved Reserves that are not Proved Developed Producing Reserves shall be subject to the Administrative Agent's normal and customary adjustments for the purpose of calculating the satisfaction of the Collateral Coverage Minimum.

"Commitment" shall mean, (a) with respect to each Lender that is a Lender on the Closing Date, the amount set forth opposite such Lender's name on Schedule 1.1(a) as such Lender's "Commitment", and (b) in the case of any Lender that becomes a Lender after the Closing Date, the amount specified as such Lender's "Commitment" in the Assignment and Acceptance pursuant to which such Lender assumed a portion of the Total Commitment, in each case as the same may be changed from time to time pursuant to the terms of this Agreement.

"Commitment Fee" shall have the meaning provided in Section 4.1(a).

"Commitment Fee Rate" shall mean, for any day, with respect to the Available Commitment on such day, the applicable rate per annum set forth next to the row heading "Commitment Fee Rate" in the definition of "Applicable Margin" and based upon the Borrowing Base Utilization Percentage in effect on such day.

"Commitment Percentage" shall mean, at any time, for each Lender, the percentage obtained by dividing (a) such Lender's Commitment at such time by (b) the amount of the Total Commitment at such time; *provided* that at any time when the Total Commitment shall have been terminated, each Lender's Commitment Percentage shall be the percentage obtained by dividing (i) such Lender's Total Exposure at such time by (ii) the aggregate Total Exposures of all Lenders at such time.

"Commodity Exchange Act" shall mean 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.

"Confidential Information" shall have the meaning provided in Section 13.16.

"Consolidated Net Income" shall mean, for any period, for the Borrower and its Restricted Subsidiaries on a consolidated basis, the net income of the Borrower and its Restricted Subsidiaries (excluding extraordinary gains and extraordinary losses and the net income of any Person (other than the Borrower or a Restricted Subsidiary) in which the Borrower or its Restricted Subsidiaries own any Equity Interests for that period, except to the extent of the amount of dividends and distributions actually received by the Borrower or a Restricted Subsidiary), provided that the calculation of Consolidated Net Income shall exclude the following:

(a) any non-cash charges or losses and any non-cash income or gains, in each case, required to be included in net income of the Borrower and its Subsidiaries as a result of the application of FASB Accounting Standards Codifications 718, 815, 410 and 360, but shall expressly include any gains or losses attributable to the termination of any Hedge Agreement other than gains or losses attributable to the termination of any Hedge Agreement solely to the extent (a) such termination occurred in connection with a disposition of the Borrower's or a Restricted Subsidiary's Oil and Gas Properties and (b) such termination would be necessary for the Borrower and the Restricted Subsidiaries to not be party to Hedge Agreements that in aggregate exceed the applicable Hedging Limits;

(b) the net income for such period of any Person that is an Unrestricted Subsidiary; *provided* that Consolidated Net Income of any Person shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash or cash equivalents to such Person or a Restricted Subsidiary thereof in respect of such period;

(c) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed (net of any applicable deductibles and costs of collection);

(d) the net income for such period of any Restricted Subsidiary (other than any Guarantor), to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its net income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders (other than restrictions in this Agreement), unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; *provided* that the Consolidated Net Income of the Borrower and its Restricted Subsidiaries will be increased by the amount of dividends or other distributions or other payments actually paid in cash equivalents to the Borrower or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein; and

(e) any impairment charge or asset write-off or write-down in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP, and any impairment charges, asset write-offs or write-down, including ceiling test write-downs, on Oil and Gas Properties under GAAP shall be excluded.

"Consolidated Total Debt" shall mean, as of any date of determination, the sum of (without duplication) the aggregate principal amount of Indebtedness of the Borrower and its Restricted Subsidiaries outstanding on such date, in an amount that would be reflected on a consolidated balance sheet (excluding the notes thereto) prepared as of such date on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of recapitalization or purchase accounting in connection with the Transactions, any Permitted Acquisition, Investment or any other acquisition permitted hereunder), consisting only of Indebtedness for borrowed money, purchase money indebtedness, Indebtedness in respect of any Capital Lease, and debt obligations evidenced by promissory notes, bonds, debentures, loan agreements or similar instruments; *provided* that Consolidated Total Debt shall not include Indebtedness (i) in respect of Hedging Obligations (but shall include net unpaid termination payments under Hedge Agreements), (ii) except to the extent of unreimbursed amounts thereunder, in respect of letters of credit, bank guarantees and performance or similar bonds and (iii) of Unrestricted Subsidiaries for which no Credit Party is liable.

"Consolidated Total Debt to EBITDAX Ratio" shall mean, as of any date of determination, (a) (i) Consolidated Total Debt as of the last day of the most recent Test Period *minus* (ii) the lesser of (A) all Unrestricted Cash and Cash Equivalents and (B) $20,000,000 *divided by* (b) EBITDAX for such Test Period; *provided* that the Consolidated Total Debt to EBITDAX Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

"Contractual Requirement" shall have the meaning provided in Section 8.3.

"Converted Restricted Subsidiary" shall have the meaning set forth in the definition of "EBITDAX."

"Converted Unrestricted Subsidiary" shall have the meaning set forth in the definition of "EBITDAX."

"Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning assigned to such term in Section 13.26.

"Credit Documents" shall mean this Agreement, the Guarantee, the Security Documents, each Letter of Credit, any promissory notes issued by the Borrower under this Agreement, any Extension Amendment, and any intercreditor agreement with respect to the Facility entered into on or after the Closing Date to which the Collateral Agent is party. Hedge Agreements are expressly excluded from the definition of Credit Documents.

"Credit Event" shall mean and include the making (but not the conversion or continuation) of a Loan and the issuance of a Letter of Credit (but not the automatic renewal of any Letter of Credit).

"Credit Party" shall mean each of the Borrower and the Guarantors.

"Cure Amount" shall have the meaning provided in Section 11.12(a).

"Cure Deadline" shall have the meaning provided in Section 11.12(a).

"Cure Right" shall have the meaning provided in Section 11.12(a).

"Current Assets" shall mean, at any time, the sum of (a) the consolidated current assets of the Borrower and the Restricted Subsidiaries at such time, plus (b) the Available Commitment at such time, but excluding any non-cash assets arising under ASC 815 and ASC 410.

"Current Liabilities" shall mean, at any time, the consolidated current liabilities of the Borrower and the Restricted Subsidiaries at such time, but excluding (a) current maturities of long term debt of the Borrower and the Restricted Subsidiaries under this Agreement and the other Credit Documents and (b) any non-cash liabilities arising under ASC 815 and ASC 410.

"Customary Intercreditor Agreement" shall mean a customary intercreditor agreement in form and substance reasonably acceptable to the Administrative Agent, which agreement shall provide that the Liens securing such Indebtedness shall rank junior to the Liens securing the Obligations.

"Default" shall mean any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"Default Rate" shall have the meaning provided in Section 2.8(c).

"Defaulting Lender" shall mean any Lender whose acts or failures to act, whether directly or indirectly, cause it to meet any part of the definition of "Lender Default."

"Disposed EBITDAX" shall mean, with respect to any Sold Entity or Business or any Converted Unrestricted Subsidiary for any period, the amount for such period of EBITDAX of such Sold Entity or Business (determined as if references to the Borrower and the Restricted Subsidiaries in the definition of EBITDAX (and in the component definitions used therein) were references to such Sold Entity or Business and its Subsidiaries or such Converted Unrestricted Subsidiary and its Subsidiaries) or such Converted Unrestricted Subsidiary, all as determined on a consolidated basis for such Sold Entity or Business or such Converted Unrestricted Subsidiary.

"Disposition" shall have the meaning provided in Section 10.4. "Dispose" or "Disposed of" shall have a correlative meaning.

"Disqualified Stock" shall mean any Equity Interest that, by its terms (or by the terms of any security or other Equity Interests 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 Qualified Equity Interests), pursuant to a sinking fund obligation, scheduled redemption or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Obligations under Secured Hedge Agreements and Secured Cash Management Agreements)) and the termination of the Commitments and (to the extent not cash collateralized or backstopped in a manner reasonably acceptable to the Issuing Bank) outstanding Letters of Credit), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests and other than as a result of a change of control or asset sale) so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Obligations under Secured Hedge Agreements and Secured Cash Management Agreements) and the termination of the Commitments and (to the extent not cash collateralized or backstopped in a manner reasonably acceptable to the Issuing Bank) outstanding Letters of Credit, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in the case of each of clauses (a), (b), (c) and (d), prior to the date that is ninety-one (91) days after the Latest Maturity Date at the time of issuance of such Equity Interests; *provided*, that if such Equity Interests are issued pursuant to any plan for the benefit of future, current or former employees, directors, officers, members of management or consultants of the Borrower (or any direct or indirect parent thereof) or its Subsidiaries or by any such plan to such employees, directors, officers, members of management or consultants, such Equity Interests shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Borrower or its Restricted Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's, officer's, management member's or consultant's termination, death or disability; *provided*, *further*, that any Equity Interests held by any future, current or former employee, director, officer, member of management or consultant of the Borrower, any of its Restricted Subsidiaries, any of its direct or indirect parent companies or any other entity in which the Borrower or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of Directors (or the compensation committee thereof), in each case pursuant to any stock subscription or shareholders' agreement, management equity plan or stock option plan or any other management or employee benefit plan or agreement shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Borrower or its Restricted Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's, officer's, management member's or consultant's termination, death or disability.

"Distressed Person" shall have the meaning provided in the definition of "Lender-Related Distress Event".

"Dollars" and "$" shall mean dollars in lawful currency of the United States of America.

"Domestic Subsidiary" shall mean each Subsidiary of the Borrower that is organized under the laws of the United States or any state thereof, or the District of Columbia.

"Drawing" shall have the meaning provided in Section 3.4(b).

"EBITDAX" shall mean, for any period, for the Borrower and its Restricted Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Interest Expense for such period, (ii) an amount equal to the provision for federal, state, and local income, franchise, sales and use taxes payable or to become payable by the Borrower and its Restricted Subsidiaries for such period, (iii) depletion, depreciation, amortization and exploration expense for such period (including all drilling, completion, geological and geophysical costs), (iv) losses from asset Dispositions (excluding Hydrocarbons Disposed of in the ordinary course of business), (v) all other non-cash items reducing such Consolidated Net Income for such period, (vi) extraordinary or non-recurring losses for such period and (vii) Transaction Expenses and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) federal, state and local income tax credits of the Borrower and its Restricted Subsidiaries for such period (ii) gains from asset Dispositions (excluding Hydrocarbons Disposed of in the ordinary course of business), (iii) all other non-cash items increasing Consolidated Net Income for such period, and (iv) extraordinary or non-recurring gains for such period.

There shall be included in determining EBITDAX for any period, without duplication, (A) the Acquired EBITDAX of any Person, property, business or asset acquired by the Borrower or any Restricted Subsidiary during such period (but not the Acquired EBITDAX of any related Person, property, business or assets to the extent not so acquired), to the extent not subsequently sold, transferred or otherwise disposed by the Borrower or such Restricted Subsidiary during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an "Acquired Entity or Business") and the Acquired EBITDAX of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a "Converted Restricted Subsidiary"), based on the actual Acquired EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition) and (B) for the purposes of the definition of the term "Permitted Acquisition", compliance with the covenant set forth in Section 10.11 and the calculation of the Consolidated Total Debt to EBITDAX Ratio, but without limiting the adjustments included in the definition of EBITDAX, an adjustment in respect of each Acquired Entity or Business equal to the amount of the Pro Forma Adjustment with respect to such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition) as specified in a certificate executed by an Authorized Officer and delivered to the Lenders and the Administrative Agent. There shall be excluded in determining EBITDAX for any period the Disposed EBITDAX of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of or, closed or classified as discontinued operations (but if such operations are classified as discontinued due to the fact that they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of) by the Borrower or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a "Sold Entity or Business") and the Disposed EBITDAX of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each a "Converted Unrestricted Subsidiary"), based on the actual Disposed EBITDAX of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer or disposition).

Notwithstanding anything to the contrary contained herein and subject to adjustments permitted hereunder with respect to acquisitions, Dispositions and other transactions occurring following the Closing Date and pursuant to the definition of "Pro Forma Basis", (i) EBITDAX for the Test Period ending on the last day of the fiscal quarter ending December 31, 2019 shall be EBITDAX for such fiscal quarter multiplied times four, (ii) EBITDAX for the Test Period ending on the last day of the fiscal quarter ending March 31, 2020 shall be EBITDAX for two most recently ended fiscal quarters multiplied times two, and (iii) EBITDAX for the Test Period ending on June 30, 2020 shall be EBITDAX for the three most recently ended fiscal quarters multiplied times four-thirds.

For the avoidance of doubt, EBITDAX shall be calculated on a Pro Forma Basis.

"EEA Financial Institution" shall mean (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" shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" shall mean 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.

"EnerVest" means, collectively, EnerVest Energy Institutional Fund XIII-A, L.P., EnerVest Energy Institutional Fund XIII-WIB, L.P., and EnerVest Energy Institutional Fund XIII-WIC, L.P.

"EnerVest Acquisition" shall mean the acquisition by the Borrower of Oil and Gas Properties pursuant to the EnerVest PSA.

"EnerVest Acquisition Properties" shall mean the Oil and Gas Properties to be acquired pursuant to the EnerVest Acquisition.

"EnerVest PSA" means that certain Purchase and Sale Agreement dated July 12, 2019 by and among EnerVest as the seller and the Borrower as the buyer.

"Engineering Reports" shall have the meaning provided in Section 2.14(c).

"Environmental Claims" shall mean any and all actions, suits, orders, decrees, injunctions, demands, demand letters, claims, liens, notices of noncompliance, restrictions on use, violation or potential responsibility, or proceedings arising under or based upon any Environmental Law or any permit issued, or any approval given, under any such Environmental Law (hereinafter, "Claims"), including, without limitation, (i) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief relating to the presence, release or threatened release of Hazardous Materials or arising from alleged injury or threat of injury to health or safety (to the extent relating to human exposure to Hazardous Materials), or the environment including, without limitation, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands.

"Environmental Law" shall mean any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance and code now or hereafter in effect and in each case as amended, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree or judgment, relating to the protection of the public health or welfare (to the extent relating to human exposure to Hazardous Materials) or the environment, including, without limitation, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands, or human health or safety (to the extent relating to human exposure to Hazardous Materials), or Hazardous Materials.

"Environmental Permit" shall mean any permit, registration, license, approval, identification number, license or other authorization required under any applicable Environmental Law.

"Equity Interests" of any person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing, excluding any debt security that is convertible or exchangeable into any Equity Interests (*provided* that any instrument evidencing Indebtedness convertible or exchangeable into Equity Interests, whether or not such debt securities include any right of participation with Equity Interests, shall not be deemed to be Equity Interests unless and until such instrument is so converted or exchanged, except, solely for purposes of a pledge of Equity Interests in connection with this Agreement, to the extent such instrument could be treated as "stock" of a CFC for purposes of Treasury Regulation Section 1.956-2(c)(2)).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time. Section references to ERISA are to ERISA as in effect on the Closing Date and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) that together with the Borrower would be deemed to be a "single employer" within the meaning of Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(m) or (o) of the Code.

"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" shall have the meaning provided in Section 11.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Accounts" means (a) accounts maintained by the Credit Parties where all or substantially all of the deposits in which consist of amounts utilized (i) for funding payroll, payroll Taxes, withheld income Taxes and other employee wage and benefit obligations of the Credit Parties, (ii) for holding amounts of third parties as a fiduciary or in trust, (iii) as a suspense or distribution account for holding only third party funds to satisfy royalty obligations and working interest obligations owed to third parties, (iv) as a cash collateral account constituting a Permitted Lien under clause (d) or (e) of the definition thereof, and (b) any other accounts so long as the maximum balance in any such other accounts at any time does not exceed $500,000 in the aggregate.

"Excluded Assets" shall have the meaning assigned to such term in the Collateral Agreement.

"Excluded Equity Interests" shall mean (a) any Equity Interests with respect to which, in the reasonable judgment of the Administrative Agent, the cost or other consequences of pledging such Equity Interests in favor of the Secured Parties under the Security Documents shall be excessive in view of the benefits to be obtained by the Secured Parties therefrom (b) solely in the case of any pledge of Equity Interests of any Foreign Subsidiary (in each case, that is owned directly by the Borrower or a Guarantor) to secure the Obligations, any Equity Interest that is Voting Stock of such Foreign Subsidiary in excess of 65% of the Voting Stock of such Subsidiary and (c) the Equity Interests of any Subsidiary of a Foreign Subsidiary.

"Excluded Hedging Obligation" shall mean, with respect to any Credit Party, any Hedging Obligation if, and to the extent that, all or a portion of the liability of such Credit Party with respect to, or the grant by such Credit Party of a security interest to secure, such Hedging Obligation (or any Guarantee thereof or other agreement or undertaking agreeing to guarantee, repay, indemnify or otherwise be liable therefor) 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) (a) by virtue of such Credit Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee obligation or other liability of such Credit Party or the grant of such security interest becomes or would become effective with respect to such Hedging Obligation or (b) in the case of a Hedging Obligation subject to a clearing requirement pursuant to section 2(h) of the Commodity Exchange Act (or any successor provision thereto), because such Credit Party is a "financial entity," as defined in section 2(h)(7)(C)(i) of the Commodity Exchange Act (or any successor provision thereto), at the time the guarantee obligation or other liability of such Credit Party becomes or would become effective with respect to such related Hedging Obligation. If a Hedging Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Hedging Obligation that is attributable to swaps for which such guarantee obligation or other liability or security interest is or becomes illegal.

"Excluded Subsidiary" shall mean (a) any Foreign Subsidiary, (b) any Domestic Subsidiary (i) that owns no material assets (directly or through its Subsidiaries) other than equity interests of one or more Foreign Subsidiaries that are CFCs and (ii) that is a direct or indirect Subsidiary of a Foreign Subsidiary, and (c) each Unrestricted Subsidiary.

"Excluded Taxes" shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Credit Party hereunder or under any other Credit Document, (i) Taxes imposed on or measured by net income (however denominated, and including (for the avoidance of doubt) any backup withholding in respect thereof under Section 3406 of the Code or any similar provision of state, local or foreign law), branch profits Taxes and franchise (and similar) Taxes imposed on it, in each case by a jurisdiction (including any political subdivision thereof) as a result of such recipient being organized in, having its principal office in, or in the case of any Lender, having its applicable lending office in, such jurisdiction, or that are Other Connection Taxes, (ii) U.S. federal withholding Taxes imposed on any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document that is required to be imposed on amounts payable to a recipient, in the case of any Lender (other than to the extent such Lender is an assignee pursuant to a request by the Borrower under Section 13.7) pursuant to laws in force at the time such Lender becomes a party hereto (or designates a new lending office), except to the extent that such Lender (or its assignor, if any) was entitled, immediately prior to the designation of a new lending office (or assignment), to receive additional amounts or indemnification payments from any Credit Party with respect to such withholding Tax pursuant to Section 5.4, (iii) any Taxes attributable to the Administrative Agent's, any Lender's or any other recipient's failure to comply with Section 5.4(d), 5.4(e), 5.4(h), or 5.4(i), or (iv) any Tax imposed under FATCA.

"Existing Class" shall have the meaning provided in Section 2.16.

"Existing Commitment" shall have the meaning provided in Section 2.16.

"Existing Loans" shall have the meaning provided in Section 2.16.

"Extended Commitments" shall have the meaning provided in Section 2.16.

"Extended Loans" shall have the meaning provided in Section 2.16.

"Extending Lender" shall have the meaning provided in Section 2.16.

"Extension Amendment" shall have the meaning provided in Section 2.16.

"Extension Date" shall have the meaning provided in Section 2.16.

"Extension Election" shall have the meaning provided in Section 2.16.

"Extension Request" shall have the meaning provided in Section 2.16.

"Extension Series" shall mean all Extended Commitments that are established pursuant to the same Extension Amendment (or any subsequent Extension Amendment to the extent such Extension Amendment expressly provides that the Extended Commitments provided for therein are intended to be a part of any previously established Extension Series) and that provide for the same interest margins, extension fees, maturity and other terms.

"Facility" shall mean this Agreement and the Commitments and the extensions of credit made hereunder.

"Fair Market Value" shall mean, with respect to any asset or group of assets on any date of determination, the value of the consideration obtainable in a Disposition of such asset at such date of determination assuming a Disposition by a willing seller to a willing purchaser dealing at arm's length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, as determined by the Borrower in good faith.

"Farm-In Agreement" shall mean an agreement whereby a Person agrees, among other things, to pay all or a share of the drilling, completion or other expenses of one or more wells or perform the drilling, completion or other operation on such well or wells as all or a part of the consideration provided in exchange for an ownership interest in an Oil and Gas Property.

"Farm-Out Agreement" shall mean a Farm-In Agreement, viewed from the standpoint of the party that grants to another party the right to earn an ownership interest in an Oil and Gas Property.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations promulgated thereunder or official administrative interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement, treaty or convention between or among Governmental Authorities implementing any of the foregoing, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any of the foregoing.

"Federal Funds Effective Rate" shall mean, for any day, the weighted average of the per annum rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published on the next succeeding Business Day by the Federal Reserve Bank of New York or, if such rate is not so published for any date that is a Business Day, the Federal Funds Effective Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 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. Notwithstanding the foregoing, for purposes of this Agreement, in no event shall the Federal Funds Effective Rate be less than zero.

"Fee Letter" shall mean that certain fee letter agreement dated as of September 30, 2019, by and among East West Bank and the Borrower.

"Financial Officer" of any Person shall mean the Chief Financial Officer, principal accounting officer, Treasurer or Assistant Treasurer of such Person.

"Financial Performance Covenants" shall mean the covenants of the Borrower set forth in Section 10.11.

"Foreign Plan" shall mean any employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Borrower or any of its Restricted Subsidiaries with respect to employees employed outside the United States.

"Foreign Subsidiary" shall mean each Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Fronting Fee" shall have the meaning provided in Section 4.1(c).

"Fund" shall mean any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

"GAAP" shall mean generally accepted accounting principles in the United States of America, as in effect from time to time; *provided*, *however*, that the accounting for operating leases and capital leases under GAAP as in effect on the date hereof (including, without limitation, Accounting Standards Codification 840) shall apply for the purposes of determining compliance with the provisions of this Agreement, including the definition of Capital Leases and obligations in respect thereof.

"Governmental Authority" shall mean any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange and any supra-national bodies such as the European Union or the European Central Bank.

"Guarantee" shall mean the Guarantee made by any Guarantor in favor of the Collateral Agent for the benefit of the Secured Parties, substantially in the form of Exhibit C.

"Guarantee Obligations" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain financial condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided, however, that the term "Guarantee Obligations" shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Guarantor" shall mean (a) each Subsidiary that is a party to the Guarantee as of the Closing Date and (b) each Subsidiary that becomes a party to the Guarantee after the Closing Date pursuant to Section 9.10 or otherwise.

"Harvest" means EV Properties, L.P., a Delaware limited partnership.

"Harvest Acquisition" shall mean the acquisition by the Borrower of Oil and Gas Properties pursuant to the Harvest PSA.

"Harvest Acquisition Properties" shall mean the Oil and Gas Properties to be acquired pursuant to the Harvest Acquisition.

"Harvest PSA" means that certain Purchase and Sale Agreement dated July 12, 2019 by and among Harvest as the seller and the Borrower as the buyer.

"Hazardous Materials" shall mean (a) any petroleum or petroleum products, natural gas or natural gas liquids, radioactive materials, friable asbestos or asbestos containing materials, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas and (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous waste", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", "toxic substances", "toxic pollutants", "contaminants", or "pollutants", or words of similar import, under any applicable Environmental Law.

"Hedge Agreements" shall mean (a) any and all rate swap transactions, basis swaps, commodity swaps, commodity options, forward commodity contracts, future contracts, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, fixed-price physical delivery contracts, whether or not exchange traded, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which 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., any International Foreign Exchange Master Agreement or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement. Notwithstanding the foregoing, agreements or obligations to physically sell any commodity at any index-based price shall not be considered Hedge Agreements.

"Hedge Bank" shall mean (a) any Person (other than the Borrower or any of its Subsidiaries) that (x) at the time it enters into a Hedge Agreement is a Lender or Agent or an Affiliate of a Lender or Agent, or (y) at any time after it enters into a Hedge Agreement it becomes a Lender or Agent or an Affiliate of a Lender or Agent or (b) with respect to any Hedge Agreement that is in effect on the Closing Date, any Person (other than the Borrower or any of its Subsidiaries) that is a Lender or Agent or an Affiliate of a Lender or Agent on the Closing Date.

"Hedging Condition" shall mean that on or before the thirtieth (30th) day following the Closing Date, the Borrower shall have entered into or be subject to Hedge Agreements in respect of oil and gas commodities (but excluding natural gas liquids) the net notional volumes for which are not less than (a) with respect to crude oil, 65% for each month during the period from the Closing Date through September 30, 2022 and (b) with respect to natural gas, 50% for each month during the period from the Closing Date through September 30, 2021, in each case, of the reasonably anticipated projected Hydrocarbon production on a forward basis from the Credit Parties' total Proved Developed Producing Reserves as forecasted for such period (based upon the Initial Reserve Reports).

"Hedging Limits" shall mean as of any date, the limitation for the Borrower or a Restricted Subsidiary entering into a Hedge Agreement based upon reasonably anticipated Hydrocarbon production set forth in Section 10.10(a) for such date.

"Hedging Obligations" shall mean, with respect to any Person, the obligations of such Person under Hedge Agreements, including any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Highest Lawful Rate" means, with respect to each Lender, 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 under laws applicable to such Lender 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" shall mean 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. Unless otherwise indicated herein, each reference to the term "Hydrocarbon Interests" shall mean Hydrocarbon Interests of the Borrower and/or the Restricted Subsidiaries, as the context requires.

"Hydrocarbons" shall mean oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined or separated therefrom.

"Indebtedness" of any Person shall mean, if and to the extent (other than with respect toclause (g) below) the same would constitute indebtedness or a liability in accordance with GAAP, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (c) the deferred purchase price of assets or services that in accordance with GAAP would be required to be shown as a liability on the balance sheet of such Person (other than (i) any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP, (ii) accruals for payroll incurred in the ordinary course of business and (iii) obligations resulting under firm transportation contracts, or take or pay contracts or other similar agreements), (d) the face amount of all letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person and, without duplication, all drafts drawn thereunder, (e) the principal component of all Capitalized Lease Obligations of such Person, (f) net Hedging Obligations of such Person, (g) all indebtedness (excluding prepaid interest thereon) of any other Person secured by any Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (h) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase in respect of Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock), (i) the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment and (j) without duplication, all Guarantee Obligations of such Person; *provided* that Indebtedness shall not include (i) trade and other ordinary-course payables and accrued expenses arising in the ordinary course of business that are not more than 90 days past due (or the date of invoice thereof if no due date is specified), (ii) deferred or prepaid revenues, (iii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller, (iv) in the case of the Borrower and its Restricted Subsidiaries, (A) all intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and (B) intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and the Restricted Subsidiaries, (v) in-kind obligations relating to net oil, natural gas liquids or natural gas balancing positions arising in the ordinary course of business, (vi) any obligation 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 and (vii) operating leases or sale and leaseback transactions (except any resulting obligations under any Capital Lease).

For purposes hereof, the amount of any net Hedging Obligations on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (g) above shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the Fair Market Value of the property encumbered thereby as determined by such Person in good faith. Notwithstanding anything in this definition to the contrary, Indebtedness shall be calculated without giving effect to the effects of Financial Accounting Standards Board Accounting Standards Codification 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose hereunder as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

"Indemnified Liabilities" shall have the meaning provided in Section 13.5.

"Indemnified Taxes" shall mean (a) all Taxes imposed on or with respect to any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document other than Excluded Taxes and (b) Other Taxes.

"Indemnitee" shall have the meaning provided in Section 13.5.

"Industry Investment" shall mean Investments and/or expenditures made in the ordinary course of, and of a nature that is or shall have become customary in, the Oil and Gas Business as a means of actively engaging therein through agreements, transactions, interests or arrangements that permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of Oil and Gas Business jointly with third parties, including: (1) ownership interests (directly or through equity) in Oil and Gas Properties or gathering, transportation, processing, or related systems; and (2) Investments and/or expenditures in the form of or pursuant to operating agreements, processing agreements, Farm-In Agreements, Farm-Out Agreements, development agreements, area of mutual interest agreements, unitization agreements, pooling arrangements, joint bidding agreements, service contracts, joint venture agreements, partnership agreements (whether general or limited), and other similar agreements (including for limited liability companies) with third parties.

"Information" shall have the meaning provided in Section 8.8(a).

"Initial Loans" shall have the meaning provided in Section 2.1(a).

"Initial Maturity Date" shall mean September 30, 2024.

"Initial Reserve Reports" shall mean, collectively, the reserve engineers' reports, as of February 1, 2019, prepared by Cawley, Gillespie & Associates, Inc. with respect to the EnerVest Acquisition Properties to be acquired by the Credit Parties, and prepared by the chief engineer of the Borrower with respect to the other Proved Reserves of the Credit Parties, including the Harvest Acquisition Properties to be acquired by the Credit Parties.

"Interest Expense" shall mean, with respect to any Person for any period, the sum of (a) gross interest expense of such Person for such period on a consolidated basis (including (i) the amortization of debt discounts, (ii) the amortization of all fees (including fees with respect to Hedge Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense and (iii) the portion of any payments or accruals with respect to Capitalized Lease Obligations allocable to interest expense) and (b) capitalized interest of such Person.

For purposes of this definition, interest on obligations in respect of Capital Leases shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such obligations in accordance with GAAP.

"Interest Period" shall mean, with respect to any Loan, the interest period applicable thereto, as determined pursuant toSection 2.9.

"Interim Redetermination" shall have the meaning provided in Section 2.14.

"Interim Redetermination Date" shall mean the date on which a Borrowing Base that has been redetermined pursuant to an Interim Redetermination becomes effective as provided in Section 2.14.

"Investment" shall have the meaning provided in Section 10.5.

"IRS" means the United States Internal Revenue Service.

"ISP" shall mean, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" shall mean, with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the applicable Issuing Bank and the Borrower (or any Restricted Subsidiary) or in favor of the applicable Issuing Bank and relating to such Letter of Credit.

"Issuing Bank" shall mean East West Bank, and any of its Affiliates or any replacement or successor appointed pursuant to Section 3.6. If the Borrower requests, East West Bank to issue a Letter of Credit, East West Bank may, in its discretion, arrange for such Letter of Credit to be issued by its Affiliates or any Lender, and in each such case the term "Issuing Bank" shall include any such Affiliate or Lender with respect to Letters of Credit issued by such Affiliate or Lender. References herein and in the other Credit Documents to an Issuing Bank shall be deemed to refer to the Issuing Bank in respect of the applicable Letter of Credit or to all Issuing Banks, as the context requires.

"L/C Borrowing" shall mean an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing.

"L/C Maturity Date" shall mean the date that is five Business Days prior to the Maturity Date.

"L/C Obligations" shall mean, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unpaid Drawings, including all L/C Borrowings. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"L/C Participant" shall have the meaning provided in Section 3.3(a).

"L/C Participation" shall have the meaning provided in Section 3.3(a).

"Latest Maturity Date" shall mean, at any date of determination, the latest Maturity Date applicable to any Class of Commitments or Loans that is outstanding hereunder on such date of determination.

"Lead Arranger" shall mean East West Bank, in its capacity as lead arranger in respect of the Facility.

"Lender" shall have the meaning provided in the preamble to this Agreement.

"Lender Default" shall mean (i) the refusal (which may be given verbally or in writing and has not been retracted) or failure of any Lender to make available its portion of any incurrence of Loans or participations in Letters of Credit, which refusal or failure is not cured within one Business Day after the date of such refusal or failure; (ii) the failure of any Lender to pay over to the Administrative Agent, any Issuing Bank or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due; (iii) a Lender has notified the Borrower, the Administrative Agent or any Issuing Bank that it does not intend or expect to comply with any of its funding obligations, or has made a public statement to that effect with respect to its funding obligations under the Facility, (iv) a Lender has failed, within three Business Days after request by the Administrative Agent, to confirm that it will comply with its funding obligations under the Facility or (v) a Distressed Person has admitted in writing that it is insolvent or such Distressed Person becomes subject to a Lender-Related Distress Event or a Bail-In Action. Any determination by the Administrative Agent that a Lender Default has occurred under any one or more of clauses (i) through (v) above shall be conclusive and binding absent manifest error, and the applicable Lender shall be deemed to be a Defaulting Lender upon delivery of written notice of such determination to the Borrower, each Issuing Bank and each Lender.

"Lender-Related Distress Event" shall mean, with respect to any Lender, that such Lender or any Person that directly or indirectly controls such Lender (each, a "Distressed Person"), as the case may be, is or becomes subject to a Bail-in Action or a voluntary or involuntary case with respect to such Distressed Person under any debtor relief law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Person or any substantial part of such Distressed Person's assets, or such Distressed Person or any Person that directly or indirectly controls such Distressed Person is subject to a forced liquidation, or such Distressed Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Person or its assets to be, insolvent or bankrupt; *provided* that a Lender-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interests in any Lender or any Person that directly or indirectly controls such Lender by a Governmental Authority or an instrumentality thereof so long as such ownership interest does not result in or provide such Lender 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 Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

"Letter of Credit" shall have the meaning provided in Section 3.1.

"Letter of Credit Application" shall have the meaning provided in Section 3.2.

"Letter of Credit Commitment" shall mean at any time, 10% of the Borrowing Base then in effect, as the same may be reduced from time to time pursuant to Section 3.1 or, with the consent of the Administrative Agent and the Issuing Banks, increased from time to time.

"Letter of Credit Exposure" shall mean, with respect to any Lender, at any time, the sum of (a) the principal amount of any Unpaid Drawings in respect of which such Lender has made (or is required to have made) payments to the applicable Issuing Bank pursuant to Section 3.4(a) at such time and (b) such Lender's Commitment Percentage of the Letters of Credit Outstanding at such time (excluding the portion thereof consisting of Unpaid Drawings in respect of which the Lenders have made (or are required to have made) payments to the applicable Issuing Bank pursuant to Section 3.4(a)) minus the amount of cash or deposit account balances held by the Administrative Agent to Cash Collateralize outstanding Letters of Credit and Unpaid Drawings under Section 3.8.

"Letter of Credit Fee" shall have the meaning provided in Section 4.1(b).

"Letters of Credit Outstanding" shall mean, at any time, the sum of, without duplication, (a) the aggregate Stated Amount of all outstanding Letters of Credit

and (b) the aggregate principal amount of all Unpaid Drawings in respect of all Letters of Credit.

"LIBOR Loan" shall mean any Loan bearing interest at a rate determined by reference to the LIBOR Rate (other than an ABR Loan bearing interest by reference to the LIBOR Rate by virtue of clause (c) of the definition of ABR).

"LIBOR Rate" shall mean, for any Interest Period with respect to any Borrowing of a LIBOR Loan, the interest rate per annum appearing on the applicable Bloomberg Screen B TMM Page under the heading "LIBOR Fix" (or on any successor page or any successor service, or any substitute page or substitute for such service, providing rate quotations comparable to those currently provided on such screen of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBOR Rate" with respect to such Borrowing of such LIBOR Loan for such Interest Period shall be determined by the Administrative Agent by reference to such other comparable publicly available service for displaying the offered rate for dollar deposits in the London interbank market as may be selected by the Administrative Agent and, in the absence of availability, then such rate shall be the rate at which dollar deposits of an amount comparable to the Borrowing of such LIBOR Loan and for a maturity comparable to such Interest Period are offered by the principal office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period. Notwithstanding the foregoing, for purposes of this Agreement, in no event shall the LIBOR Rate be less than zero.

"LIBOR Screen Rate" shall the LIBOR Rate quote on the applicable screen page the Administrative Agent designates to determine the LIBOR Rate (including any successor page or any successor service, or any substitute page or substitute for such service, providing rate quotations comparable to those currently provided on Bloomberg Screen B TMM Page under the heading "LIBOR Fix", as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market).

"LIBOR Successor Rate" shall have the meaning set forth in Section 1.9.

"LIBOR Successor Rate Conforming Changes" means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of ABR, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the Borrower).

"Lien" shall mean, with respect to any asset, (a) any mortgage, preferred mortgage, deed of trust, lien, notice of claim of lien, hypothecation, pledge, charge, security interest or similar encumbrance in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset or (c) Production Payments and Reserve Sales and the like payable out of Oil and Gas Properties; *provided* that in no event shall an operating lease be deemed to be a Lien.

"Liquidate" means, with respect to any Hedge Agreement, the sale, assignment, novation, unwind, monetization or termination of all or any part of such Hedge Agreement or the creation of an offsetting position against all or any part of such Hedge Agreement, except for any such assignment or novation to an Affiliate or successor of the Hedge Bank thereto which Affiliate or successor itself meets the requirements of the definition of "Hedge Bank". The term "Liquidated" has a correlative meaning thereto.

"Liquidity" shall mean, as of any date of determination, the sum of (a) the Available Commitment on such date and (b) the aggregate amount of Unrestricted Cash of the Borrower and the Restricted Subsidiaries at such date, less the amount of any Borrowing Base Deficiency existing on such date of determination.

"Loan" shall mean any Initial Loan or Extended Loan made by any Lender hereunder.

"Loan Limit" shall mean, at any time, the lesser of (a) the Total Commitment at such time and (b) the Borrowing Base at such time (including as it may be reduced pursuant to Section 2.14(g)).

"Majority Lenders" shall mean, at any date, (a) Non-Defaulting Lenders having or holding a majority of the Adjusted Total Commitment at such date, or (b) if the Total Commitment has been terminated or for the purposes of acceleration pursuant to Section 11, Non-Defaulting Lenders having or holding a majority of the outstanding principal amount of the Loans and Letter of Credit Exposure (excluding the Loans and Letter of Credit Exposure of Defaulting Lenders) in the aggregate at such date.

"Management Services Agreement" shall mean that certain Management Services Agreement, by and between the Borrower and the Manager, in the form delivered to the Administrative Agent prior to the date hereof and giving effect to such changes as are in form and substance reasonably acceptable to the Administrative Agent.

"Manager" shall mean Mach Resources LLC, a Delaware limited liability company.

"Material Adverse Effect" shall mean a circumstance or condition affecting the business, assets, operations, properties or financial condition of the Borrower and the Subsidiaries, taken as a whole, that would, individually or in the aggregate, materially adversely affect (a) the ability of the Borrower and the other Credit Parties, taken as a whole, to perform their obligations under this Agreement or any of the other Credit Documents or (b) the rights and remedies of the Agents and the Lenders under this Agreement or under any of the other Credit Documents.

"Material Indebtedness" shall mean Indebtedness (other than Loans and Letters of Credit) of any one or more of the Borrower or any Restricted Subsidiary in an aggregate principal amount exceeding $4,000,000.

"Maturity Date" shall mean, as to the applicable Loan, the Initial Maturity Date or any maturity date related to any Extension Series of Extended Commitments, as applicable.

"Maximum LC Commitment" means, at any time, with respect to each Issuing Bank the percentage set forth opposite such Issuing Bank's name in Schedule 1.1(b) hereto of the Letter of Credit Commitment at such time, as such Schedule 1.1(b) may be amended or modified from time to time by the Borrower, each Issuing Bank affected by such amendment or modification thereto and by the Administrative Agent.

"Minimum Borrowing Amount" shall mean, with respect to any Borrowing of Loans, $500,000 (or, if less, the entire remaining Commitments at the time of such Borrowing).

"Minority Investment" shall mean any Person (other than a Subsidiary) in which the Borrower or any Restricted Subsidiary owns Equity Interests.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor by merger or consolidation to its business.

"Mortgage" shall mean a mortgage or a deed of trust, deed to secure debt, trust deed, assignment of as-extracted collateral, fixture filing or other security document entered into by the owner of a Mortgaged Property and the Collateral Agent for the benefit of the Secured Parties in respect of that Mortgaged Property, substantially in the form of Exhibit D (with such changes thereto as may be necessary to account for local law matters) or otherwise in such form as agreed between the Borrower and the Collateral Agent.

"Mortgaged Property" shall mean, at any time, all Borrowing Base Properties, and related Property, with respect to which a Mortgage has been granted.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or an ERISA Affiliate is, or within any of the preceding six plan years has been, obligated to contribute.

"New Borrowing Base Notice" shall have the meaning provided in Section 2.14(d).

"Non-Consenting Lender" shall have the meaning provided in Section 13.7(b).

"Non-Defaulting Lender" shall mean and include each Lender other than a Defaulting Lender.

"Non-Extension Notice Date" shall have the meaning provided in Section 3.2(b).

"Non-U.S. Lender" shall mean any Lender (a) that is not disregarded as separate from its owner for U.S. federal income Tax purposes and that is not a "United States person" as defined by Section 7701(a)(30) of the Code or (b) that is disregarded as separate from its owner for U.S. federal income Tax purposes and whose regarded owner is not a "United States person" as defined by Section 7701(a)(30) of the Code.

"Notice of Borrowing" shall mean a request of the Borrower in accordance with the terms of Section 2.3(a) and substantially in the form of Exhibit B or such other form as shall be approved by the Administrative Agent (acting reasonably).

"Notice of Conversion or Continuation" shall have the meaning provided in Section 2.6(a).

"Obligations" shall mean all advances to, and debts, liabilities, obligations, covenants and duties of, any Credit Party arising under any Credit Document or otherwise with respect to any Loan or Letter of Credit or under any Secured Cash Management Agreement or Secured Hedge Agreement, in each case, entered into with the Borrower or any other Credit Party, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof in any proceeding under any bankruptcy or insolvency law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Obligations of the Credit Parties under the Credit Documents (and any of their Restricted Subsidiaries to the extent they have obligations under the Credit Documents) include the obligation (including Guarantee Obligations) to pay principal, interest, charges, expenses, fees, attorney costs, indemnities and other amounts payable by any Credit Party under any Credit Document. Notwithstanding the foregoing, (a) the obligations of the Borrower or any Restricted Subsidiary under any Secured Hedge Agreement and under any Secured Cash Management Agreement that have been secured and guaranteed pursuant to the Security Documents and the Guarantee shall be secured and guaranteed pursuant to such Security Documents and Guarantee only to the extent that, and for so long as, the other Obligations are so secured and guaranteed and (b) any release of Collateral or Guarantors effected in the manner permitted by this Agreement and the other Credit Documents shall not require the consent of the applicable Hedge Bank or Cash Management Bank. Solely with respect to any Credit Party that is not an "eligible contract participant" under the Commodity Exchange Act, Excluded Hedging Obligations of such Credit Party shall in any event be excluded from "Obligations" owing by such Credit Party.

"Oil and Gas Business" shall mean the business of:

(a) acquiring, exploring, exploiting, developing, producing, operating and disposing of interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and mineral properties or products produced in association with any of the foregoing; and

(b) the business of gathering, marketing, distributing, treating, processing, storing, refining, selling and transporting of any production from interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and mineral properties or products produced in association therewith; and the marketing of oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and minerals obtained from unrelated Persons; and

(c) any business or activity relating to, arising from, or necessary, appropriate, incidental or ancillary to the activities described in the foregoingclauses (a) and (b) of this definition.

"Oil and Gas Properties" shall mean (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 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 hereafter 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, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, gas processing plants and pipeline systems and any related infrastructure to any thereof, 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 indicated herein, each reference to the term "Oil and Gas Properties" shall mean Oil and Gas Properties of the Borrower and/or the Restricted Subsidiaries, as the context requires.

"Ongoing Hedges" shall have the meaning provided in Section 10.10(a).

"Other Connection Taxes" means, with respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising solely from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

"Other Taxes" shall mean any and all present or future stamp, registration, documentary, intangible, recording, filing or any other similar Taxes arising from any payment made hereunder or made under any other Credit Document or from the execution or delivery of, registration or enforcement of, consummation or administration of, or otherwise with respect to, this Agreement or any other Credit Document; *provided* that such term shall not include (i) any of the foregoing Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment pursuant to a request by the Borrower under Section 13.7) or (ii) Excluded Taxes.

"Overhedge Remedy Deadline" means the date that is thirty (30) days from the occurrence of any Overhedge Trigger.

"Overhedge Trigger" means, as determined by the Borrower after the end of a calendar month, that the aggregate notional volumes of all Hedge Agreements in respect of commodities of the Credit Parties for any current or future month ever exceed 90% of reasonably anticipated Hydrocarbon production from the Credit Parties' total Proved Reserves for such month as evidenced by the most recently delivered Reserve Report.

"Overnight Rate" shall mean, for any day, the greater of (a) the Federal Funds Effective Rate and (b) an overnight rate determined by the Administrative Agent or the applicable Issuing Bank, as the case may be, in accordance with banking industry rules on interbank compensation.

"Parent" shall mean BCE-Mach Holdings II, LLC, a Delaware limited liability company.

"Parent Entity" shall mean any Person that is a direct or indirect parent company (which may be organized as a partnership) of the Borrower.

"Participant" shall have the meaning provided in Section 13.6(c).

"Participant Register" shall have the meaning provided in Section 13.6(c).

"Patriot Act" shall have the meaning provided in Section 13.18.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Permitted Acquisition" shall mean the acquisition, by merger or otherwise, by the Borrower or any of the Restricted Subsidiaries of assets (including any assets constituting a business unit, line of business or division) or Equity Interests, so long as (a) such acquisition and all transactions related thereto shall be consummated in all material respects in accordance with Requirements of Law; (b) if such acquisition involves the acquisition of Equity Interests of a Person that upon such acquisition would become a Subsidiary, such acquisition shall result in the issuer of such Equity Interests becoming a Restricted Subsidiary and, to the extent required by Section 9.10, a Guarantor; (c) such acquisition shall result in the Collateral Agent, for the benefit of the Secured Parties, being granted a security interest in any Equity Interests or any assets so acquired to the extent required by Section 9.10; (d) after giving effect to such acquisition, no Event of Default shall have occurred and be continuing; (e) after giving effect to such acquisition, the Borrower and its Restricted Subsidiaries shall be in compliance with Section 10.19; and (f) the Borrower shall be in Pro Forma Compliance after giving effect to such acquisition.

"Permitted Additional Debt" shall mean any senior unsecured, senior subordinated or subordinated loans or notes issued by the Borrower or a Guarantor after the Closing Date (a) the terms of which do not provide for any scheduled repayment, mandatory redemption, sinking fund obligation or maturity date prior to the 180th day after the Latest Maturity Date as in effect on the date of determination (other than customary offers to purchase upon a change of control, asset sale or casualty or condemnation event prepayments and customary acceleration rights after an event of default), (b) the covenants, events of default, guarantees and all other terms of which, taken as a whole, are not more restrictive, taken as a whole, than the terms of the Facility; *provided* (i) no financial covenants of which shall be more restrictive individually than any Financial Performance Covenant and (ii) that the Borrower shall deliver a certificate of an Authorized Officer to the Administrative Agent at least five (5) Business Days prior to the incurrence or issuance of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Borrower has determined in good faith that such terms and conditions satisfy the relevant criteria set forth above, as applicable, and (c) no Subsidiary of the Borrower (other than a Guarantor) is an obligor under such Indebtedness.

"Permitted Holders" shall mean any of (i) the Sponsor and (ii) officers, directors, employees and other members of management of the Borrower (or any of its Parent Entities) or any of its Restricted Subsidiaries who are or become holders of Equity Interests of the Borrower (or any Parent Entity); *provided* that for purposes of the definition of "Change of Control" the Persons described in clause (ii) above shall not constitute Permitted Holders at any time they hold voting power equal to or more than 50% of all Equity Interests collectively and beneficially held by the Persons described in clauses (i) and (ii) above.

"Permitted Investments" shall mean:

(a) securities issued or unconditionally guaranteed by the United States government or any agency or instrumentality thereof, in each case having maturities and/or reset dates of not more than 24 months from the date of acquisition thereof;

(b) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or

P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally-recognized rating service);

(c) time deposits with, or domestic and LIBOR certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof issued by, any Lender or any other bank or trust company having combined capital, surplus and undivided profits of not less than $500,000,000 in the case of domestic banks and $100,000,000 (or the Dollar equivalent thereof) in the case of foreign banks;

(d) repurchase agreements with a term of not more than 180 days for underlying securities of the type described in clauses (a), and (c) above entered into with any bank meeting the qualifications specified in clause (c) above or securities dealers of recognized national standing;

(e) marketable short-term money market and similar funds (i) either having assets in excess of $500,000,000 or (ii) having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally-recognized rating service); and

(f) shares of investment companies that are registered under the Investment Company Act of 1940 and substantially all the investments of which are one or more of the types of securities described in clauses (a) through (g) above.

"Permitted Junior Lien Debt" shall mean secured Indebtedness which may be senior, senior subordinated or subordinated loans or notes, in each case, issued or incurred by the Borrower and guaranteed by the Guarantors (a) the terms of which do not provide for any scheduled repayment, mandatory redemption or sinking fund obligation prior to the 180th day after the Latest Maturity Date as in effect on the date of determination (other than (i) customary offers to purchase upon a change of control, asset sale or casualty or condemnation and customary acceleration rights after an event of default and (ii) regularly scheduled repayments not to exceed 1.0% of the initial aggregate principal amount thereof per annum), (b) the covenants, events of default, guarantees and all other terms of which (except with respect to financial covenants that, each individually, shall be no more restrictive than those under this Agreement), taken as a whole, are not more restrictive than the terms of the Facility, *provided* (i) no financial covenants of which shall be more restrictive individually than any Financial Performance Covenant and (ii) that the Borrower shall deliver a certificate of an Authorized Officer to the Administrative Agent at least five (5) Business Days prior to the incurrence or issuance of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Borrower has determined in good faith that such terms and conditions satisfy the relevant criteria set forth above, as applicable, (c) the Permitted Junior Lien Debt Secured Parties (or a representative or trustee on their behalf) shall have entered into a Customary Intercreditor Agreement providing that the Liens securing such obligations shall rank junior to the Liens securing the Obligations and (d) no Subsidiary of the Borrower (other than a Guarantor) is an obligor under such Indebtedness.

"Permitted Junior Lien Debt Documents" shall mean any document or instrument (including any guarantee, security agreement or mortgage) issued or executed and delivered with respect to any Permitted Junior Lien Debt by any Credit Party.

"Permitted Junior Lien Debt Obligations" shall mean, if any Permitted Junior Lien Debt is issued or incurred, all advances to, and debts, liabilities, obligations, covenants and duties of, any Credit Party arising under any Permitted Junior Lien Debt Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any bankruptcy or insolvency law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Permitted Junior Lien Debt Obligations of the applicable Credit Parties under the Permitted Junior Lien Debt Documents (and any of their Restricted Subsidiaries to the extent they have obligations under the Permitted Junior Lien Debt Documents) include the obligation (including guarantee obligations) to pay principal, interest, charges, expenses, fees, attorney costs, indemnities and other amounts payable by any such Credit Party under any Permitted Junior Lien Debt Document.

"Permitted Junior Lien Debt Secured Parties" shall mean the holders from time to time of secured Permitted Junior Lien Debt Obligations (and any representative or trustee on their behalf).

"Permitted Liens" shall mean:

(a) Liens for Taxes, assessments or governmental charges or claims not yet overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established to the extent required by and in accordance with GAAP, or for property Taxes on property that the Borrower or one of its Subsidiaries has determined to abandon in compliance with the terms of this Agreement if the sole recourse for such Tax, assessment, charge or claim is to such property;

(b) Liens in respect of property or assets of the Borrower or any of the Restricted Subsidiaries imposed by law, such as landlords', vendors', suppliers', carriers', warehousemen's, repairmen's, construction contractors', workers' and mechanics' Liens and other similar Liens arising in the ordinary course of business or incident to the exploration, development, operation or maintenance of Oil and Gas Properties, in each case so long as such Liens arise in the ordinary course of business and (i) do not individually or in the aggregate have a Material Adverse Effect; and (ii) each of which is in respect of obligations that are not delinquent for a period of 90 or more days or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 11.9;

(d) Liens incurred or pledges or deposits made in connection with workers' compensation, unemployment insurance and other types of social security, old age pension, public liability obligations or similar legislation, and deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements in respect of such obligations, or to secure (or secure the Liens securing) liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Borrower or any Subsidiary;

(e) deposits and other Liens securing (or securing the bonds or similar instruments securing) the performance of tenders, statutory obligations, plugging and abandonment or decommissioning obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (including cash, Cash Equivalents and letters of credit issued in lieu of such bonds or to support the issuance thereof) incurred in the ordinary course of business or in a manner consistent with industry practice, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or to secure any surety and bonding requirements;

(f) ground leases, subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by the Borrower or any of its Restricted Subsidiaries are located;

(g) easements, rights-of-way, restrictive covenants, licenses, restrictions (including zoning restrictions), title defects, exceptions, deficiencies or irregularities in title, encroachments, protrusions, servitudes, permits, conditions and covenants and other similar charges or encumbrances (including in any rights-of-way or other property of the Borrower or its Restricted Subsidiaries for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines for the removal of gas, oil or other minerals or timber, and other like purposes, or for joint or common use of real estate, rights of way, facilities and equipment) not interfering in any material respect with the business of the Borrower and its Restricted Subsidiaries, taken as a whole;

(h) (i) any interest or title of a lessor, sublessor, licensor or sublicensor under any lease, liens reserved in oil, gas or other Hydrocarbons, minerals, leases for bonus, royalty or rental payments and for compliance with the terms of such lease, (ii) any interest or title of a lessor, sublessor, licensor or sublicensor or secured by a lessor's, sublessor's, licensor's or sublicensor's interest under any lease, sublease, license or sublicense entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business or otherwise permitted by this Agreement and not securing Indebtedness and (iii) and any preferential purchase rights, in each case of the foregoing, to the extent that the aggregate effects thereof do not reduce the net revenue interest of the Credit Parties with respect to any Oil and Gas Properties below that set forth in the most recently delivered Reserve Report;

(i) Liens on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit or bankers' acceptance issued for the account of the Borrower or any of its Restricted Subsidiaries; *provided* that such Lien secures only the obligations of the Borrower or such Restricted Subsidiaries in respect of such letter of credit or bankers' acceptance to the extent permitted under Section 10.1;

(j) Liens arising from precautionary Uniform Commercial Code financing statement or similar filings made in respect of operating leases entered into by the Borrower or any of its Restricted Subsidiaries;

(k) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts of the Borrower and the Restricted Subsidiaries held at such banks or financial institutions, as the case may be, in the ordinary course of business;

(l) Liens which 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, Farm-In 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, royalty agreements, overriding royalty agreements, marketing agreements, processing agreements, net profits agreements, development agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or other geophysical permits or agreements, and other agreements that do not evidence or govern Indebtedness for borrowed money and that are usual or customary in the Oil and Gas Business and are for claims which are not delinquent or that are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established to the extent required by and in accordance with GAAP; *provided* that any such Lien referred to in this clause does not materially impair the use of the property covered by such Lien for the purposes for which such property is held by the Borrower or any Restricted Subsidiary and does not reduce the net revenue interest of any Credit Party with respect to any Oil and Gas Properties below that set forth in the most recently delivered Reserve Report;

(m) Liens on pipelines and pipeline facilities that arise by operation of law in the ordinary course of business and incident to the exploration, development, operation and maintenance of Oil and Gas Properties, each of which is in respect of obligations that do not constitute Indebtedness for borrowed money and are not yet overdue for a period of more than 30 days or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(n) leases, licenses, subleases or sublicenses granted to others not (i) interfering in any material respect with the business of the Borrower and its Restricted Subsidiaries, taken as a whole, (ii) securing any indebtedness or (iii) relating to or encumbering Oil and Gas Properties;

(o) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business; and

(p) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrower and its Restricted Subsidiaries, taken as a whole.

"Permitted Refinancing Indebtedness" shall mean, with respect to any Indebtedness (the "Refinanced Indebtedness"), any Indebtedness issued or incurred in exchange for, or the net proceeds of which are used to modify, extend, refinance, renew, replace or refund (collectively to "Refinance" or a "Refinancing" or "Refinanced"), such Refinanced Indebtedness (or previous refinancing thereof constituting Permitted Refinancing Indebtedness); provided that (A) the principal amount (or accreted value, if applicable) of any such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Refinanced Indebtedness outstanding immediately prior to such Refinancing except by an amount equal to the unpaid accrued interest and premium thereon plus other amounts paid and fees and expenses incurred in connection with such Refinancing plus an amount equal to any existing commitment unutilized and letters of credit undrawn thereunder, (B) if the Indebtedness being Refinanced is Indebtedness permitted by Section 10.1(f), the direct and contingent obligors with respect to such Permitted Refinancing Indebtedness immediately prior to such Refinancing are not changed as a result of such Refinancing (except that a Credit Party may be added as an additional obligor), (C) such Permitted Refinancing Indebtedness shall have a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Refinanced Indebtedness, and (D) if the Indebtedness being Refinanced is Permitted Additional Debt or Permitted Junior Lien Debt or Permitted Junior Lien Debt, the terms and conditions of any such Permitted Refinancing Indebtedness are consistent with the definition of Permitted Additional Debt or Permitted Junior Lien Debt or Permitted Junior Lien Debt, as applicable; provided that a certificate of an Authorized Officer delivered to the Administrative Agent at least three Business Days prior to the incurrence or issuance of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or 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. "Person" shall mean any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise or any Governmental Authority.

"Petroleum Industry Standards" shall mean the Definitions for Oil and Gas Reserves promulgated by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question.

"Plan" shall mean any single-employer plan, as defined in Section 4001 of ERISA and subject to Title IV of ERISA, that is or was within any of the preceding six plan years maintained or contributed to (or to which there is or was an obligation to contribute or to make payments to) by the Borrower or an ERISA Affiliate.

"Pro Forma Basis" shall mean, as to any Person, for any events as described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the four consecutive fiscal quarter period ended on or before the occurrence of such event (the "Reference Period"): (i) in making any determination of EBITDAX, effect shall be given to any Disposition, any acquisition, any designation of any Restricted Subsidiary as an Unrestricted Subsidiary and any Subsidiary Redesignation (the foregoing, together with any transactions related thereto or in connection therewith, the "relevant transactions"), in each case that occurred during the Reference Period (or, in the case of determinations made pursuant to the definition of the term "Pro Forma Compliance" or pursuant to Section 10.1, 10.2, 10.5 and 10.6, occurring during the Reference Period or thereafter and through and including the date upon which the respective Permitted Acquisition or relevant transaction is consummated), (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness issued, incurred or assumed as a result of, or to finance, any relevant transactions and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise) issued, incurred, assumed or permanently repaid during the Reference Period (or, in the case of determination made pursuant to the definition of the term "Pro Forma Compliance" or pursuant to Section 10.1, 10.2, 10.5 and 10.6, occurring during the Reference Period or thereafter and through and including the date upon which the respective Permitted Acquisition or relevant transaction is consummated) shall be deemed to have been issued, incurred, assumed or permanently repaid at the beginning of such period, and (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis as if the rates that would have been in effect during the period for which pro forma effect is being given had been actually in effect during such periods, and (iii) (A) any Subsidiary Redesignation then being designated, effect shall be given to such Subsidiary Redesignation and all other Subsidiary Redesignations after the first day of the relevant Reference Period and on or prior to the date of the respective Subsidiary Redesignation then being designated, collectively, and (B) any designation of a Restricted Subsidiary as an Unrestricted Subsidiary, effect shall be given to such designation and all other designations of Restricted Subsidiaries as Unrestricted Subsidiaries after the first day of the relevant Reference Period and on or prior to the date of the then applicable designation of a Restricted Subsidiary as an Unrestricted Subsidiary, collectively.

"Pro Forma Compliance" shall mean, at any date of determination, that the Borrower and the Restricted Subsidiaries shall be in compliance, on a Pro Forma Basis after giving effect on a Pro Forma Basis to the relevant transactions (including the assumption, the issuance, incurrence and permanent repayment of Indebtedness), with the Financial Performance Covenants recomputed as at the last day of the most recently ended fiscal quarter of the Borrower and the Restricted Subsidiaries for which the financial statements and certificates required pursuant to Section 9.1(a) or Section 9.1(b) have been or were required to have been delivered.

"Production Payments and Reserve Sales" shall mean the grant or transfer by the Borrower or any of its Restricted Subsidiaries to any Person of the right to receive all or a portion of the production or the proceeds from the sale of production attributable to Hydrocarbon Interests where the holder of such interest bears production risk and has recourse solely to such production or proceeds of production the subject of such grant or transfer.

"Proposed Acquisition" shall have the meaning provided in Section 10.10(a).

"Proposed Borrowing Base" shall have the meaning provided in Section 2.14(c)(i).

"Proposed Borrowing Base Notice" shall have the meaning provided in Section 2.14(c)(ii).

"Proved Developed Producing Reserves" shall mean oil and gas reserves that, in accordance with Petroleum Industry Standards, are classified as both "Proved Reserves" and "Developed Producing Reserves."

"Proved Developed Reserves" shall mean 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" or (b) "Developed Non-Producing Reserves."

"Proved Reserves" shall mean 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" shall mean 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-10" shall mean, with respect to any Proved Reserves expected to be produced from any Borrowing Base Properties, the net present value, discounted at 10% per annum, of the future net revenues expected to accrue to the Borrower's and the 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 provided to the Borrower by the Administrative Agent.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning assigned to such term in Section 13.26.

"Qualified Equity Interests" means any Equity Interests of the Borrower other than Disqualified Stock.

"Refinance" shall have the meaning provided in the definition of "Permitted Refinancing Indebtedness."

"Register" shall have the meaning provided in Section 13.6(b)(iv).

"Regulation T" shall mean Regulation T of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Reimbursement Date" shall have the meaning provided in Section 3.4(a).

"Related Parties" shall mean, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents and members of such Person or such Person's Affiliates and any Person that possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"Release" shall mean any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

"Reportable Event" shall mean an event described in Section 4043(c) of ERISA and the regulations thereunder, other than any event as to which the 30-day notice period has been waived.

"Required Cash Collateral Amount" shall have the meaning provided in Section 3.8(c).

"Required Lenders" shall mean, at any date, (a) Non-Defaulting Lenders having or holding at least 66-%% of the Adjusted Total Commitment at such date or (b) if the Total Commitment has been terminated, Non-Defaulting Lenders having or holding at least 66-%% of the outstanding principal amount of the Loans and Letter of Credit Exposure (excluding the Loans and Letter of Credit Exposure of Defaulting Lenders) in the aggregate at such date.

"Requirement of Law" shall mean, as to any Person, any law, treaty, rule, regulation, statute, order, ordinance, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case applicable to or binding upon such Person or any of its property or assets or to which such Person or any of its property or assets is subject.

"Reserve Report" shall mean the Initial Reserve Reports and any other subsequent report, in form and substance reasonably satisfactory to the Administrative Agent, setting forth, as of each July 1st or January 1st (or such other date in the event of certain Interim Redeterminations) the Proved Reserves and the Proved Developed Reserves attributable to the Borrowing Base Properties of the Borrower and the Credit Parties, together with a projection of the rate of production and future net revenues, operating expenses (including production Taxes and ad valorem expenses) and capital expenditures with respect thereto as of such date; *provided* that in connection with any Interim Redeterminations of the Borrowing Base pursuant to the last sentence of Section 2.14(b), (i.e., as a result of the Borrower concurrently having acquired Oil and Gas Properties with Proved Reserves which are to be Borrowing Base Properties having a PV-10 (calculated by the Administrative Agent at the time of acquisition) in excess of 5% of the Borrowing Base in effect immediately prior to such acquisition) the Borrower shall be required, for purposes of updating the Reserve Report, to set forth only such additional Proved Reserves and related information as are the subject of such acquisition.

"Reserve Report Certificate" shall mean a certificate of an Authorized Officer in substantially the form of Exhibit A certifying as to the matters set forth in Section 9.13(c) (or such other form reasonably acceptable to the Administrative Agent).

"Restricted Payments" shall have the meaning provided in Section 10.6.

"Restricted Subsidiary" shall mean any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by any Sanctions Authority, (b) any Person operating, organized or resident in a country or territory which is itself the subject or target of any Sanctions or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

"Sanctions" means economic or financial sanctions, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority (including all such applicable laws currently in effect, all such new applicable laws in effect in the future or each as amended from time to time) and including without limitation, any restriction on any Lender's or its Affiliates' ability to conduct business with any Person in any country, territory or region relevant to the transaction.

"Sanctions Authority" means (a) Canada, (b) the United Nations Security Council, (c) the United States, (d) the European Union or any European Union member state, (e) Her Majesty's Treasury of the United Kingdom, or the respective governmental institutions, agencies and subdivisions of any of the foregoing.

"S&P" shall mean Standard & Poor's Global Ratings or any successor by merger or consolidation to its business.

"Scheduled Redetermination" shall have the meaning provided in Section 2.14(b).

"Scheduled Redetermination Date" shall mean the date on which a Borrowing Base that has been redetermined pursuant to a Scheduled Redetermination becomes effective as provided in Section 2.14.

"Scheduled Unavailability Date" shall have the meaning set forth in Section 1.9.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Section 2.16 Additional Amendment" shall have the meaning provided in Section 2.16(c).

"Section 9.1 Financials" shall mean the financial statements delivered, or required to be delivered, pursuant to Section 9.1(a) or (b), together with the accompanying Authorized Officer's certificate delivered, or required to be delivered, pursuant to Section 9.1(c).

"Secured Cash Management Agreement" shall mean any agreement related to Cash Management Services by and between the Borrower or any other Credit Party and any Cash Management Bank; provided that, for the avoidance of doubt, the term "Secured Cash Management Agreement" shall not include any transactions entered into after the time that such Cash Management Bank ceases to be a Lender or an Affiliate of a Lender.

"Secured Hedge Agreement" shall mean any Hedge Agreement by and between the Borrower or any other Credit Party and any Hedge Bank; provided that, for the avoidance of doubt, the term "Secured Hedge Agreement" shall not include any transactions entered into after the time that such Hedge Bank ceases to be a Lender or an Affiliate of a Lender.

"Secured Parties" shall mean, collectively, the Administrative Agent, the Collateral Agent, each Issuing Bank, each Lender, each Hedge Bank that is party to

any Secured Hedge Agreement, each Cash Management Bank that is a party to any Secured Cash Management Agreement and each sub-agent pursuant to Section 12.2 appointed by the Administrative Agent with respect to matters relating to the Credit Documents or by the Collateral Agent with respect to matters relating to any Security Document.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Documents" shall mean, collectively, (a) the Collateral Agreement, (b) the Mortgages and (c) each other security agreement or other instrument or document executed and delivered pursuant to Section 9.10 or Section 9.12 or pursuant to any other such Security Documents or otherwise to secure or perfect the security interest in any or all of the Obligations.

"Sold Entity or Business" shall have the meaning provided in the definition of "Consolidated EBITDAX."

"Solvent" shall mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the assets of such Person and its Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise, (b) the present fair saleable value of the property of such Person and its Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (c) such Person and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured and (d) such Person and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

"Specified Existing Commitment" shall mean any Existing Commitments belonging to a Specified Existing Commitment Class.

"Specified Existing Commitment Class" shall have the meaning provided in Section 2.16(a).

"Sponsor" shall mean, collectively, each of Bayou City Energy III, LP and Bayou City Energy Affiliate Fund III, LP, each of their respective Affiliates and funds managed by it or any of their respective Affiliates, but not including their respective portfolio companies.

"Stated Amount" of any Letter of Credit shall mean the maximum amount from time to time available to be drawn thereunder, determined without regard to whether any conditions to drawing could then be met.

"Subagent" shall have the meaning provided in Section 12.2.

"Subsidiary" of any Person shall mean and include (a) any corporation more than 50% of whose Equity Interests of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time Equity Interests of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any limited liability company, partnership, association, joint venture or other entity of which such Person directly or indirectly through Subsidiaries has more than a 50% Equity Interest at the time. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Subsidiary Redesignation" shall have the meaning provided in the definition of "Unrestricted Subsidiary" contained in this Section 1.1(a).

"Supported QFC" has the meaning assigned to such term in Section 13.26.

"Swap Termination Value" shall mean, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender).

"Taxes" shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any Governmental Authority whether computed on a separate, consolidated, unitary, combined or other basis and any interest, fines, penalties or additions to tax with respect to the foregoing.

"Termination Date" shall mean the earlier to occur of (a) the Maturity Date and (b) the date on which the Total Commitment shall have terminated.

"Test Period" shall mean, as of any date of determination, the four consecutive fiscal quarters of the Borrower then last ended and for which Section 9.1 Financials have been delivered to the Administrative Agent.

"Total Commitment" shall mean the sum of the Commitments of the Lenders.

"Total Exposure" shall mean, with respect to any Lender at any time, the sum of (a) the aggregate principal amount of the Loans of such Lender then outstanding and (b) such Lender's Letter of Credit Exposure at such time.

"Transaction Expenses" shall mean any fees or expenses incurred or paid by the Borrower or any of its Subsidiaries (or by the Sponsor or any direct or indirect parent entity of the Borrower and reimbursed by the Borrower) in connection with the EnerVest Acquisition, the Harvest Acquisition, the Transactions, this Agreement and the other Credit Documents and the transactions contemplated hereby and thereby, not to exceed $3,000,000 in the aggregate.

"Transactions" shall mean, collectively, this Agreement, the payment of Transaction Expenses and the other transactions contemplated by this Agreement and the Credit Documents.

"Transferee" shall have the meaning provided in Section 13.6(e).

"Type" shall mean, as to any Loan, its nature as an ABR Loan or a LIBOR Loan.

"UCC" shall mean the Uniform Commercial Code of the State of New York or of any other state the laws of which are required to be applied in connection with the perfection of security interests in any Collateral.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the Accumulated Benefit Obligation (as defined under FASB Accounting Standards Codification 715 ("ASC 715")) under the Plan as of the close of its most recent plan year, determined in accordance with ASC 715 as in effect on the date hereof, exceeds the Fair Market Value of the assets allocable thereto.

"Uniform Customs" shall mean, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits as approved by the International Chamber of Commerce, commencing on July 1, 2007 (or such later version thereof as may be in effect at the time of issuance).

"Unpaid Drawing" shall have the meaning provided in Section 3.4(a).

"Unrestricted Cash" shall mean cash and Cash Equivalents that are (i) held in an account that is subject to an Account Control Agreement in favor of the Administrative Agent, (ii) not subject to any Lien in priority to the Liens of the Secured Parties (other than Liens permitted by Section 10.2(e)(i)) and (iii) not held in a restricted account, a payroll account, tax account, trust account, pension account, royalty account or similar type of account (other than an account that is restricted as required under this Agreement or any other Credit Document).

"Unrestricted Subsidiary" shall mean (a) any Subsidiary of the Borrower that is formed or acquired after the Closing Date if, at such time or promptly thereafter, the Borrower designates such Subsidiary as an "Unrestricted Subsidiary" in a written notice to the Administrative Agent, (b) any Restricted Subsidiary designated as an Unrestricted Subsidiary by the Borrower in a written notice to the Administrative Agent; provided that in the case of each of (a) and (b), (i) such designation shall be deemed to be an Investment (or reduction in an outstanding Investment, in the case of a designation of an Unrestricted Subsidiary as a Restricted Subsidiary) on the date of such designation in an amount equal to the Fair Market Value of the Borrower's investment therein on such date and such designation shall be permitted only to the extent such Investment is permitted under Section 10.5 on the date of such designation, (ii) in the case of clause (b), such designation shall be deemed to be a Disposition pursuant to which the provisions of Section 10.4 and Section 2.14(f) will apply to the extent applicable and (iii) no Default or Event of Default would result from such designation immediately after giving effect thereto, and (c) each Subsidiary of an Unrestricted Subsidiary. No Subsidiary may be designated as an Unrestricted Subsidiary if, after such designation, it would be a "Restricted Subsidiary" for the purpose of any Permitted Additional Debt or Permitted Junior Lien Debt or any Permitted Refinancing Indebtedness in respect of any of the foregoing. No Subsidiary may be designated as an Unrestricted Subsidiary if, after such designation, it would be a "Restricted Subsidiary" for the purpose of any Permitted Additional Debt or Permitted Junior Lien Debt, Permitted Junior Lien Debt or any Permitted Refinancing Indebtedness in respect of any of the foregoing.

"U.S. Lender" shall mean any Lender other than a Non-U.S. Lender.

"U.S. Special Resolution Regimes" has the meaning assigned to such term in Section 13.26.

"Voting Stock" shall mean, with respect to any Person, such Person's Equity Interests having the right to vote for the election of directors of such Person under ordinary circumstances.

"Weighted Average Life to Maturity" shall mean, when applied to any Indebtedness 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 scheduled installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final scheduled 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 Indebtedness.

"Wholly Owned Subsidiary" of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

"Write-Down and Conversion Powers" means, 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.

1.2 Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "herein", "hereto", "hereof" and "hereunder" and words of similar import when used in any Credit Document shall refer to such Credit Document as a whole and not to any particular provision thereof.

(c) Article, Section, Exhibit and Schedule references are to the Credit Document in which such reference appears.

(d) The term "including" is by way of example and not limitation.

(e) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(f) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including".

(g) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(h) Any reference to any Person shall be constructed to include such Person's successors or assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all of the functions thereof.

(i) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(j) The word “will” shall be construed to have the same meaning as the word “shall”.

(k) The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.3 Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, except as otherwise specifically prescribed herein; *provided, however*, that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein, and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. Unless otherwise specified herein, all defined financial terms (and all other definitions used to determine such terms) shall be determined and computed in respect of the Borrower and its Restricted Subsidiaries on a consolidated basis.

1.4 Rounding. Any financial ratios required to be maintained or complied with by the Borrower pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.5 References to Agreements, Laws, Etc. Unless otherwise expressly provided herein, (a) references to organizational documents, agreements (including the Credit Documents) and other Contractual Requirements shall be deemed to include all subsequent amendments, restatements, amendment and restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, amendment and restatements, extensions, supplements and other modifications are permitted by any Credit Document and (b) references to any Requirement of Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Requirement of Law.

1.6 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Texas (daylight saving or standard, as applicable).

1.7 Timing of Payment or Performance. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as described in Section 2.9) or performance shall extend to the immediately succeeding Business Day.

1.8 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., an “Extended Loan”) or by Type (e.g., a “LIBOR Loan”) or by Class and Type (e.g., a “LIBOR Extended Loan”).

1.9 LIBOR Successor Rate. Notwithstanding anything to the contrary in this Agreement or any other Credit Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to Borrower) that the Required Lenders (as applicable) have determined, that:

(a) adequate and reasonable means do not exist for ascertaining the LIBOR Rate for any requested Interest Period, including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(b) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR Rate or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the “Scheduled Unavailability Date”); or

(c) syndicated loans currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR Rate; then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace LIBOR Rate with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) (any such proposed rate, a “LIBOR Successor Rate”), together with any proposed LIBOR Successor Rate Conforming Changes and any such amendment shall become effective at 5:00 p.m. (Dallas, Texas time) on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Majority Lenders have delivered to the Administrative Agent written notice that such Majority Lenders do not accept such amendment.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain LIBOR Loans shall be suspended, (to the extent of the affected LIBOR Loans or Interest Periods), and (y) the LIBOR Rate component shall no longer be utilized in determining ABR. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of LIBOR Loans (to the extent of the affected LIBOR Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of ABR Loans (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of

this Agreement.

1.10 Divisions. For all purposes under the Credit Documents, 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, 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 2 AMOUNT AND TERMS OF CREDIT

2.1 Commitments.

(a) Subject to and upon the terms and conditions herein set forth, each Lender severally, but not jointly, agrees to make a loan or loans denominated in Dollars (each an "Initial Loan" and, collectively, the "Initial Loans") to the Borrower, which Loans (i) shall be made at any time and from time to time on and after the Closing Date and prior to the Termination Date, (ii) may, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or LIBOR Loans; *provided* that all Loans made by each of the Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Loans of the same Type, (iii) may be repaid and reborrowed in accordance with the provisions hereof, (iv) shall not, for any Lender at any time, after giving effect thereto and to the application of the proceeds thereof, result in such Lender's Total Exposure at such time exceeding such Lender's Commitment Percentage at such time of the Loan Limit and (v) shall not, after giving effect thereto and to the application of the proceeds thereof, result in the aggregate amount of all Lenders' Total Exposures at such time exceeding the Loan Limit then in effect.

(b) Each Lender may at its option make any LIBOR Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan*provided* that (i) any exercise of such option shall not affect the obligation of the Borrower to repay such Loan and (ii) in exercising such option, such Lender shall use its reasonable efforts to minimize any increased costs to the Borrower resulting therefrom (which obligation of the Lender shall not require it to take, or refrain from taking, actions that it determines would result in increased costs for which it will not be compensated hereunder or that it determines would be otherwise disadvantageous to it and in the event of such request for costs for which compensation is provided under this Agreement, the provisions of Section 2.10 shall apply).

2.2 Minimum Amount of Each Borrowing; Maximum Number of Borrowings. The aggregate principal amount of each Borrowing shall be in a minimum amount of at least the Minimum Borrowing Amount for such Type of Loans and in a multiple of $100,000 in excess thereof (except that Loans to reimburse the applicable Issuing Bank with respect to any Unpaid Drawing shall be made in the amounts required by Section 3.3 or Section 3.4, as applicable). More than one Borrowing may be incurred on any date; *provided*, that at no time shall there be outstanding more than five Borrowings of LIBOR Loans under this Agreement.

2.3 Notice of Borrowing.

(a) Whenever the Borrower desires to incur Loans (other than borrowings to repay Unpaid Drawings), the Borrower shall give the Administrative Agent at the Administrative Agent's Office, (i) prior to 12:00 p.m. (Dallas, Texas time) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Loans if such Loans are to be initially LIBOR Loans and (ii) prior to 12:00 p.m. (Dallas, Texas time) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Loans that are to be ABR Loans. Such notice (a "Notice of Borrowing") shall specify (A) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (B) the date of the Borrowing (which shall be a Business Day) and (C) whether the respective Borrowing shall consist of ABR Loans and/or LIBOR Loans and, if LIBOR Loans, the Interest Period to be initially applicable thereto (if no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration). The Administrative Agent shall promptly give each Lender written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Loans, of such Lender's Commitment Percentage thereof and of the other matters covered by the related Notice of Borrowing.

(b) Borrowings to reimburse Unpaid Drawings shall be made upon the notice specified inSection 3.4(a).

(c) Without in any way limiting the obligation of the Borrower to confirm in writing any notice it may give hereunder by telephone, the Administrative Agent may act prior to receipt of written confirmation without liability upon the basis of such telephonic notice believed by the Administrative Agent in good faith to be from an Authorized Officer.

2.4 Disbursement of Funds.

(a) No later than 1:00 p.m. (Dallas, Texas time) on the date specified in each Notice of Borrowing, each Lender will make available its pro rata portion of each Borrowing requested to be made on such date in the manner provided below.

(b) Each Lender shall make available all amounts it is to fund to the Borrower under any Borrowing in immediately available funds to the Administrative Agent at the Administrative Agent's Office in Dollars, and the Administrative Agent will (except in the case of Borrowings to repay Unpaid Drawings) make available to the Borrower, by depositing or wiring to an account as designated by the Borrower in the Notice of Borrowing to the Administrative Agent the aggregate of the amounts so made available in Dollars. Unless the Administrative Agent shall have been notified by any Lender prior to the date of any such Borrowing (or, with respect to an ABR Loan, the date of such Borrowing prior to 1:00 p.m. (Dallas, Texas time)) that such Lender does not intend to make available to the Administrative Agent its portion of the Borrowing or Borrowings to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing, and the Administrative Agent, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender and the Administrative Agent has made available such amount to the Borrower, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent in Dollars. The Administrative Agent shall also be entitled to recover from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if paid by such Lender, the Overnight Rate or (ii) if paid by the Borrower, the then-applicable rate of interest or fees, calculated in accordance with Section 2.8, for the respective Loans.

(c) Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that the Borrower may have against any Lender as a result of any default by such Lender hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to fulfill its commitments hereunder).

2.5 Repayment of Loans; Evidence of Debt

(a) The Borrower agrees to repay to the Administrative Agent, for the benefit of the applicable Lenders, (i) on the Initial Maturity Date, the then outstanding Initial Loans and (ii) on the relevant maturity date for any Extension Series of Extended Commitments, all then outstanding Extended Loans in respect of such Extension Series.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the appropriate lending office of such Lender resulting from each Loan made by such lending office from time to time, including the amounts of principal and interest payable and paid to such lending office from time to time under this Agreement.

(c) The Administrative Agent, on behalf of the Borrower, shall maintain the Register pursuant to Section 13.6(b), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder (whether such Loan is an Initial Loan or an Extended Loan, as applicable), the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(d) The entries made in the Register and accounts and subaccounts maintained pursuant to clauses (b) and (c) of this Section 2.5 shall, to the extent permitted by applicable Requirements of Law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; *provided, however*, that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

2.6 Conversions and Continuations.

(a) Subject to the penultimate sentence of this clause (a), (i) the Borrower shall have the option on any Business Day to convert all (or a portion equal to at least the Minimum Borrowing Amount and in multiples of $100,000 in excess thereof) of the outstanding principal amount of Loans of one Type into a Borrowing or Borrowings of another Type and (ii) the Borrower shall have the option on any Business Day to continue the outstanding principal amount of any LIBOR Loans as LIBOR Loans for an additional Interest Period; *provided* that (A) no partial conversion of LIBOR Loans shall reduce the outstanding principal amount of LIBOR Loans made pursuant to a single Borrowing to less than the Minimum Borrowing Amount, (B) ABR Loans may not be converted into LIBOR Loans if an Event of Default is in existence on the date of the conversion and the Administrative Agent has or the Majority Lenders have determined in its or their sole discretion not to permit such conversion, (C) LIBOR Loans may not be continued as LIBOR Loans for an additional Interest Period if an Event of Default is in existence on the date of the proposed continuation and the Administrative Agent has or the Majority Lenders have determined in its or their sole discretion not to permit such continuation, and (D) Borrowings resulting from conversions pursuant to this Section 2.6 shall be limited in number as provided in Section 2.2. Each such conversion or continuation shall be effected by the Borrower by giving the Administrative Agent at the Administrative Agent's Office prior to 12:00 p.m. (Dallas, Texas time) at least (1) three Business Days', in the case of a continuation of or conversion to LIBOR Loans or (2) one Business Days', in the case of a conversion into ABR Loans, prior written notice (or telephonic notice promptly confirmed in writing) substantially in the form attached hereto as Exhibit L (each, a "Notice of Conversion or Continuation") specifying the Loans to be so converted or continued, the Type of Loans to be converted into or continued and, if such Loans are to be converted into or continued as LIBOR Loans, the Interest Period to be initially applicable thereto (if no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration). The Administrative Agent shall give each applicable Lender notice as promptly as practicable of any such proposed conversion or continuation affecting any of its Loans.

(b) If any Event of Default is in existence at the time of any proposed continuation of any LIBOR Loans and the Administrative Agent has or the Majority Lenders have determined in its or their sole discretion not to permit such continuation, such LIBOR Loans shall be automatically converted on the last day of the current Interest Period into ABR Loans. If upon the expiration of any Interest Period in respect of LIBOR Loans, the Borrower has failed to elect a new Interest Period to be applicable thereto as provided in clause (a) above, the Borrower shall be deemed to have elected to convert such Borrowing of LIBOR Loans into a Borrowing of ABR Loans, effective as of the expiration date of such current Interest Period.

(c) Notwithstanding anything to the contrary herein, the Borrower may deliver a Notice of Conversion or Continuation pursuant to which the Borrower elects to irrevocably continue the outstanding principal amount of any Loan subject to an interest rate Hedge Agreement as LIBOR Loans for each Interest Period until the expiration of the term of such applicable Hedge Agreement; *provided* that any Notice of Conversion or Continuation delivered pursuant to this Section 2.6(c) shall include a schedule attaching the relevant interest rate Hedge Agreement or related trade confirmation.

2.7 Pro Rata Borrowings. Each Borrowing of Initial Loans under this Agreement shall be made by the Lenders pro rata on the basis of their then applicable Commitment Percentages with respect to the applicable Class. Each Borrowing of Extended Loans under this Agreement shall be granted by the Lenders of the relevant Extension Series thereof pro rata on the basis of their then-applicable Extended Commitments for the applicable Extension Series. It is understood that (a) no Lender shall be responsible for any default by any other Lender in its obligation to make Loans hereunder and that each Lender severally but not jointly shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to fulfill its commitments hereunder and (b) failure by a Lender to perform any of its obligations under any of the Credit Documents shall not release any Person from performance of its obligation under any Credit Document.

2.8 Interest.

(a) The unpaid principal amount of each ABR Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum that shall at all times be the Applicable Margin plus the ABR, in each case, in effect from time to time.

(b) The unpaid principal amount of each LIBOR Loan shall bear interest from the date of the Borrowing thereof until maturity thereof (whether by acceleration or otherwise) at a rate per annum that shall at all times be the Applicable Margin plus the relevant LIBOR Rate, in each case, in effect from time to time.

(c) If an (i) Event of Default exists and the Administrative Agent at the direction of the Required Lenders so elects or (ii) an Event of Default exists pursuant to Section 11.1 or Section 11.5, the Obligations shall bear interest at a rate per annum that is (the "Default Rate") (A) in the case of overdue principal, the rate applicable to such Loans plus 2% or (B) in the case of any overdue interest, fees or other obligations other than principal, to the extent permitted by applicable Requirements of Law, the Applicable Margin plus the ABR then in effect plus 2% from the date such Event of Default arose to the date on which such amount is paid in full (after as well as before judgment).

(d) Interest on each Loan shall accrue from and including the date of any Borrowing to but excluding the date of any repayment thereof and shall be payable in Dollars; *provided* that any Loan that is repaid on the same date on which it is made shall bear interest for one day. Except as provided below, interest shall be payable (i) in respect of each ABR Loan, quarterly in arrears on the last Business Day of each March, June, September and December, (ii) in respect of each LIBOR Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three-month intervals after the first day of such

Interest Period, (iii) in respect of each Loan, (A) on any prepayment (on the amount prepaid), (B) at maturity (whether by acceleration or otherwise) and (C) after such maturity, on demand.

(e) All computations of interest hereunder shall be made in accordance with Section 5.5.

(f) The Administrative Agent, upon determining the interest rate for any Borrowing of LIBOR Loans, shall promptly notify the Borrower and the relevant Lenders thereof. Each such determination shall, absent clearly demonstrable error, be final and conclusive and binding on all parties hereto.

2.9 Interest Periods. At the time the Borrower gives a Notice of Borrowing or Notice of Conversion or Continuation in respect of the making of, or conversion into or continuation as, a Borrowing of LIBOR Loans in accordance with Section 2.6(a), the Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of the Interest Period applicable to such Borrowing, which Interest Period shall, at the option of the Borrower be (i) a one-, two-, three- or six-month period or (ii) twelve months (if approved by all Lenders) as requested by the Borrower.

Notwithstanding anything to the contrary contained above:

(a) the initial Interest Period for any Borrowing of LIBOR Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of ABR Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(b) if any Interest Period relating to a Borrowing of LIBOR Loans begins on the last Business Day of a calendar month or begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period;

(c) 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 in respect of a LIBOR Loan 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 next preceding Business Day; and

(d) the Borrower shall not be entitled to elect any Interest Period in respect of any LIBOR Loan if such Interest Period would extend beyond the Maturity Date.

2.10 Increased Costs, Illegality, Etc.

(a) In the event that (x) in the case of clause (i) below, the Majority Lenders or (y) in the case of clauses (ii) and (iii) below, any Lender, shall have reasonably determined (which determination shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the LIBOR Rate for any Interest Period that (A) deposits in the principal amounts of the Loans comprising such LIBOR Borrowing are not generally available in the relevant market or (B) by reason of any changes arising on or after the Closing Date affecting the interbank LIBOR market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of LIBOR Rate; or

(ii) that, due to a Change in Law occurring at any time after the Closing Date, which Change in Law shall (A) 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 credit extended by, any Lender, (B) subject any Lender to any Tax (other than (i) Taxes indemnifiable under Section 5.4, or (ii) 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 (C) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or LIBOR Loans made by such Lender, which results in the cost to such Lender of making, converting into, continuing or maintaining LIBOR Loans or participating in Letters of Credit (in each case hereunder) increasing by an amount which such Lender reasonably deems material or the amounts received or receivable by such Lender hereunder with respect to the foregoing shall be reduced; or

(iii) at any time, that the making or continuance of any LIBOR Loan has become unlawful as a result of compliance by such Lender in good faith with any Requirement of Law (or would conflict with any such Requirement of Law not having the force of law even though the failure to comply therewith would not be unlawful);

then, and in any such event, such Lenders (or the Administrative Agent, in the case of clause (i) above) shall within a reasonable time thereafter give notice (if by telephone, confirmed in writing) to the Borrower and to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, LIBOR Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist (which notice the Administrative Agent agrees to give at such time when such circumstances no longer exist), and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to LIBOR Loans that have not yet been incurred shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Lender, promptly (but no later than fifteen days) after receipt of written demand therefor such additional amounts as shall be required to compensate such Lender for such increased costs or reductions in amounts receivable hereunder (it being agreed that a written notice as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Lender shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 2.10(b) as promptly as possible and, in any event, within the time period required by applicable Requirements of Law. The agreements in this Section 2.10(a) shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) At any time that any LIBOR Loan is affected by the circumstances described in Section 2.10(a)(ii) or 2.10(a)(iii), the Borrower may (and in the case of a LIBOR Loan affected pursuant to Section 2.10(a)(iii) shall) either if the affected LIBOR Loan is then being made pursuant to a Borrowing, cancel such Borrowing by giving the Administrative Agent telephonic notice (confirmed promptly in writing) thereof on the same date that the Borrower was notified by a Lender pursuant to Section 2.10(a)(ii) or

2.10(a)(iii) or if the affected LIBOR Loan is then outstanding, upon at least three Business Days' notice to the Administrative Agent, require the affected Lender to convert each such LIBOR Loan into an ABR Loan; *provided* that if more than one Lender are affected at any time, then all affected Lenders must be treated in the same manner pursuant to this Section 2.10(b).

(c) If, after the Closing Date, any Change in Law relating to capital adequacy or liquidity requirements of any Lender or compliance by any Lender or its parent with any Change in Law relating to capital adequacy or liquidity requirements occurring after the Closing Date, has or would have the effect of reducing the rate of return on such Lender's or its parent's capital or assets as a consequence of such Lender's commitments or obligations hereunder to a level below that which such Lender or its parent could have achieved but for such Change in Law (taking into consideration such Lender's or its parent's policies with respect to capital adequacy or liquidity requirements), then from time to time, promptly (but in any event no later than fifteen days) after written demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or its parent for such reduction, it being understood and agreed, however, that a Lender shall not be entitled to such compensation as a result of such Lender's compliance with, or pursuant to any request or directive to comply with, any applicable Requirement of Law as in effect on the Closing Date. Each Lender, upon determining in good faith that any additional amounts will be payable pursuant to this Section 2.10(c), will give prompt written notice thereof to the Borrower, which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts, although the failure to give any such notice shall not, subject to Section 2.13, release or diminish the Borrower's obligations to pay additional amounts pursuant to thisSection 2.10(c) upon receipt of such notice.

2.11 Compensation. If (a) any payment of principal of any LIBOR Loan is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such LIBOR Loan as a result of a payment or conversion pursuant to Sections 2.5, 2.6, 2.10, 5.1, 5.2 or 12.7, as a result of acceleration of the maturity of the Loans pursuant to Section 11 or for any other reason, (b) any Borrowing of LIBOR Loans is not made on the date specified in a Notice of Borrowing, (c) any ABR Loan is not converted into a LIBOR Loan on the date specified in a Notice of Conversion or Continuation, (d) any LIBOR Loan is not continued as a LIBOR Loan on the date specified in a Notice of Conversion or Continuation or (e) any prepayment of principal of any LIBOR Loan is not made as a result of a withdrawn notice of prepayment pursuant to Section 5.1 or 5.2, the Borrower shall after the Borrower's receipt of a written request by such Lender (which request shall set forth in reasonable detail the basis for requesting such amount), pay to the Administrative Agent (within fifteen days after such request) for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that such Lender may reasonably incur as a result of such payment, failure to convert, failure to continue or failure to prepay, including any loss, cost or expense (excluding loss of anticipated profits) actually incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such LIBOR Loan. The agreements in this Section 2.11 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.12 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation ofSections 2.10(a)(ii), 2.10(a)(iii), 2.10(c), 3.5 or 5.4 with respect to such Lender, it will, if requested by the Borrower use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event; *provided* that such designation does not cause such Lender or its lending office to suffer any economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Nothing in this Section 2.12 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Sections 2.10, 3.5 or 5.4.

2.13 Notice of Certain Costs. Notwithstanding anything in this Agreement to the contrary, to the extent any notice required by Sections 2.10, 2.11, 3.5 or 5.4 is given by any Lender more than 180 days after such Lender has knowledge (or should have had knowledge) of the occurrence of the event giving rise to the additional cost, reduction in amounts, loss, Tax or other additional amounts described in such Sections, such Lender shall not be entitled to compensation under Sections 2.10, 2.11, 3.5 or 5.4, as the case may be, for any such amounts incurred or accruing prior to the 181st day prior to the giving of such notice to the Borrower; *provided* that if the circumstance giving rise to such claim is retroactive, then such 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

2.14 Borrowing Base.

(a) Initial Borrowing Base. For the period from and including the Closing Date to but excluding the first Scheduled Redetermination Date or Interim Redetermination Date, the amount of the Borrowing Base shall be $45,000,000. Notwithstanding the foregoing, the Borrowing Base amount may be subject to further adjustments from time to time pursuant to Sections 2.14(e), 2.14(f), 2.14(g) and 2.14(h).

(b) Scheduled and Interim Redeterminations. The Borrowing Base shall be redetermined semi-annually in accordance with thisSection 2.14 (a "Scheduled Redetermination"), and, subject to Section 2.14(d), such redetermined Borrowing Base shall become effective and applicable to the Borrower, the Administrative Agent, the Issuing Banks and the Lenders on or about April 1 and October 1 of each year (or as promptly as possible thereafter), beginning no earlier than April 1, 2020. In addition, the Borrower may at any time, by notifying the Administrative Agent thereof not more than once during any period between consecutive Scheduled Redeterminations (or not more than once during the period between the Closing Date and the April 1, 2020 Scheduled Redetermination), and the Administrative Agent may at any time, at the direction of the Required Lenders, by notifying the Borrower thereof, one time during any period between consecutive Scheduled Redeterminations (or not more than once during the period between the Closing Date and the April 1, 2020 Scheduled Redetermination), in each case elect to cause the Borrowing Base to be redetermined between Scheduled Redeterminations (an "Interim Redetermination") in accordance with this Section 2.14. In addition to, and not including and/or limited by the Interim Redeterminations allowed 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 concurrently acquires Oil and Gas Properties with Proved Reserves which are to be Borrowing Base Properties having a PV-10 (calculated by the Administrative Agent, it being understood that the value of any Proved Reserves that are not Proved Developed Producing Reserves shall be subject to the Administrative Agent's normal and customary adjustments for the purpose of calculating the PV-10 thereof) in excess of 5% of the Borrowing Base in effect immediately prior to such acquisition (and for purposes of the foregoing, the designation of an Unrestricted Subsidiary owning Oil and Gas Properties with Proved Reserves as a Restricted Subsidiary shall be deemed to constitute an acquisition by a Credit Party of Oil and Gas Properties with Proved Reserves).

(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 Reserve Report Certificate, and (B) such other reports, data and supplemental information, including the information provided pursuant to Section 9.13(c), as may, from time to time, be reasonably requested by the Administrative Agent or the Required Lenders (the Reserve Report, such Reserve Report 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 (the "Proposed Borrowing Base") based upon such information and such other information (including the status of title information with respect to the Borrowing Base Properties as described in the Engineering Reports and the existence of any Hedge Agreements or any other Indebtedness) as the Administrative Agent deems appropriate in good faith in accordance with its usual and customary oil and gas lending criteria as they exist at the particular time.

(ii) The Administrative Agent shall notify the Borrower and the Lenders of the Proposed Borrowing Base (the "Proposed Borrowing Base Notice"):

(A) in the case of a Scheduled Redetermination, (1) if the Administrative Agent shall have received the Engineering Reports required to be delivered by the Borrower pursuant to Sections 9.13(a) and 9.13(c) in a timely manner, then on or around April 1 and October 1 of such year following the date of delivery or (2) if the Administrative Agent shall not have received the Engineering Reports required to be delivered by the Borrower pursuant to Sections 9.13(a) and 9.13(c) in a timely manner, then promptly after the Administrative Agent has received complete Engineering Reports from the Borrower and has had a reasonable opportunity to determine the Proposed Borrowing Base in accordance with Section 2.14(c)(i) (which reasonable opportunity may be more than 15 days);

(B) in the case of an Interim Redetermination, promptly, and in any event, within 15 days after the Administrative Agent has received the required Engineering Reports; and

(C) if the Borrower has failed to timely deliver the Engineering Reports due in connection with a Scheduled Redetermination pursuant to Section 9.13, then at any time in the Administrative Agent's sole discretion after such failure.

(iii) Any Proposed Borrowing Base that would increase the Borrowing Base then in effect must be approved or deemed to have been approved by all of the Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time and any Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect must be approved or deemed to have been approved by Lenders constituting at least the Required Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time. Upon receipt of the Proposed Borrowing Base Notice, each Lender shall have 15 days to agree with the Proposed Borrowing Base or disagree with the Proposed Borrowing Base by proposing an alternate Borrowing Base. If at the end of such 15-day period, any Lender has not communicated its approval or disapproval in writing to the Administrative Agent or proposed in writing an alternate Borrowing Base, such silence shall be deemed to be a disapproval of the Proposed Borrowing Base. If, at the end of such 15-day period, all of the Lenders, in the case of a Proposed Borrowing Base that would increase the Borrowing Base then in effect, or the Required Lenders, in the case of a Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect, have approved, then the Proposed Borrowing Base shall become the new Borrowing Base, effective on the date specified in Section 2.14(d). If, however, at the end of such 15-day period, all of the Lenders or the Required Lenders, as applicable, have not approved, then the Administrative Agent shall promptly thereafter poll the Lenders to ascertain the highest Borrowing Base then acceptable to all of the Lenders (in the case of any increase to the Borrowing Base) or a number of Lenders sufficient to constitute the Required Lenders (in any other case) and such amount shall become the new Borrowing Base, effective on the date specified in Section 2.14(d). For the avoidance of doubt, a Lender that has agreed to a Proposed Borrowing Base at a higher level shall be deemed to have agreed to a Proposed Borrowing Base at a lower level.

(iv) Notwithstanding anything herein to the contrary, in the event that the Borrower does not furnish to the Administrative Agent and the Lenders the Engineering Reports specified in Section 2.14(c)(ii)(A) above in a timely and complete manner, the Administrative Agent and the Lenders 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 Lenders receive the relevant Engineering Reports, whereupon the Administrative Agent and the Lenders shall redetermine the Borrowing Base as otherwise specified in this Section 2.14(c).

(d) Effectiveness of a Redetermined Borrowing Base. Subject to Section 2.14(g), after a redetermined Borrowing Base is approved by all of the Lenders or the Required Lenders, as applicable, pursuant to Section 2.14(c)(iii), the Administrative Agent shall promptly thereafter notify the Borrower and the Lenders 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 Lenders:

(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 Sections 9.13(a) and 9.13(c) in a timely and complete manner, on or around April 1 or October 1, 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 Sections 9.13(a) and 9.13(c) in a timely and complete manner, then on the Business Day next succeeding delivery of such New Borrowing Base Notice; and

(ii) in the case of an Interim Redetermination, on the Business Day next succeeding delivery of such New Borrowing Base Notice.

Subject to Section 2.14(g), 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 Sections 2.14(e), 2.14(f), 2.14(g) or 2.14(h), 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) Reduction of Borrowing Base Upon Incurrence of Permitted Additional Debt or Permitted Junior Lien Debt. Upon the issuance or incurrence of any Permitted Additional Debt or Permitted Junior Lien Debt (other than Indebtedness constituting Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness or previously incurred Permitted Additional Debt or Permitted Junior Lien Debt, but only to the extent that the aggregate principal amount of Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness does not result in an increase in the principal amount thereof above the principal amount originally incurred or issued up to the original principal amount of the Refinanced Indebtedness), the Borrowing Base then in effect shall be reduced by an amount equal to the product of 0.25 multiplied by the stated principal amount of such Indebtedness (without regard to any original issue discount), and the Borrowing Base as so reduced shall become the new Borrowing Base immediately upon the date of such issuance or incurrence, effective and applicable to the Borrower, the Administrative Agent, the Issuing Banks and the Lenders on such date until the next redetermination or modification thereof hereunder.

(f) Reduction of Borrowing Base Upon Asset Dispositions or Hedge Liquidations. If the Borrower or one of the other Credit Parties (i) Disposes of Borrowing Base Properties or Disposes of any Equity Interests in any Restricted Subsidiary owning Borrowing Base Properties or (ii) Liquidates any Hedge Agreement, and the aggregate Borrowing Base Value of all such Dispositions and Liquidations since the later of (A) the last Scheduled Redetermination Date and (B) the last adjustment of the Borrowing Base made pursuant to this Section 2.14(f) or, if prior to the first Scheduled Redetermination, the Closing Date, exceeds the difference of (x) 5% of the then-effective Borrowing Base and (y) (1) the PV-10 of Proved Reserves acquired by the Borrower or any other Credit Party during such period (calculated by the Administrative Agent as though any such Oil and Gas Properties were Borrowing Base Properties, it being understood that the value of any Proved Reserves that are not Proved Developed Producing Reserves shall be subject to the Administrative Agent's normal and customary adjustments for the purpose of calculating the PV-10 thereof) that are then subject to a Mortgage

plus (2) the value of any Hedge Agreements in respect of commodities entered into during such period by the Borrower or any other Credit Party (as determined by the Administrative Agent in a manner consistent with its calculation of the Borrowing Base Value of Hedge Agreements), then, after the Administrative Agent has received the notice required to be delivered by the Borrower pursuant to Section 10.4(b), the Required Lenders shall have the right to adjust the Borrowing Base in an amount equal to the Borrowing Base Value, if any, attributable to such Disposition and Liquidation in the calculation of the then-effective Borrowing Base and, if the Required Lenders in fact make any such adjustment, the Administrative Agent shall promptly notify the Borrower in writing of the Borrowing Base Value, if any, attributable to such Disposition and Liquidation in the calculation of the then-effective Borrowing Base and upon receipt of such notice, the Borrowing Base shall be simultaneously reduced by such amount; provided, that notwithstanding the foregoing, any Liquidation of (i) incremental Hedge Agreements in connection with a proposed Permitted Acquisition pursuant to the penultimate sentence of Section 10.10(a) as a result of the termination of a Proposed Acquisition or (ii) Hedge Agreements entered into with the purpose and effect of (A) fixing or limiting interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a variable rate or (B) obtaining variable interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a fixed rate shall not be included in any calculation of such 5% threshold.

(g) Borrower's Right to Elect Reduced Borrowing Base. Within three Business Days of its receipt of a New Borrowing Base Notice, the Borrower may provide written notice to the Administrative Agent and the Lenders that specifies for the period from the effective date of the New Borrowing Base Notice until the next succeeding Scheduled Redetermination Date, the Borrowing Base will be a lesser amount than the amount set forth in such New Borrowing Base Notice, whereupon such specified lesser amount will become the new Borrowing Base. The Borrower's notice under this Section 2.14(g) shall be irrevocable, but without prejudice to its rights to initiate Interim Redeterminations.

(h) Reduction of Borrowing Base upon Failure to Complete Hedging Condition. If the Borrower has not completed the Hedging Condition on or before the thirtieth (30th) day following the Closing Date, the Administrative Agent at the direction of the Required Lenders shall redetermine the Borrowing Base in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time. A redetermination of the Borrowing Base pursuant to this Section 2.14(h) shall not be considered an Interim Redetermination or a Scheduled Redetermination.

2.15 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Commitment Fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 4.1(a);

(b) The Commitment and Total Exposure of such Defaulting Lender shall not be included in determining whether all Lenders, the Majority Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 13.1); *provided* that (i) any waiver, amendment or modification requiring the consent of all Lenders pursuant to Section 13.1 (other than Section 13.1(a)(ix)) or requiring the consent of each affected Lender pursuant to Section 13.1(a)(i) or 13.1(a)(viii) shall require the consent of such Defaulting Lender (which for the avoidance of doubt would include any change to the Maturity Date applicable to such Defaulting Lender, decreasing or forgiving any principal or interest due to such Defaulting Lender, any decrease of any interest rate applicable to Loans made by such Defaulting Lender (other than the waiving of post-default interest rates) and any increase in such Defaulting Lender's Commitment) and (ii) any redetermination, whether an increase, decrease or affirmation, of the Borrowing Base shall occur without the participation of a Defaulting Lender, but the Commitment (i.e., the Commitment Percentage of the Borrowing Base) of a Defaulting Lender may not be increased without the consent of such Defaulting Lender;

(c) If any Letter of Credit Exposure exists at the time a Lender becomes a Defaulting Lender, then (i) all or any part of such Letter of Credit Exposure of such Defaulting Lender will, subject to the limitation in the first proviso below, automatically be reallocated (effective on the day such Lender becomes a Defaulting Lender) among the Non-Defaulting Lenders pro rata in accordance with their respective Commitment Percentages; *provided* that (A) each Non-Defaulting Lender's Total Exposure may not in any event exceed the Commitment Percentage of the Loan Limit of such Non-Defaulting Lender as in effect at the time of such reallocation and (B) neither such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto will constitute a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Banks or any other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender, (ii) to the extent that all or any portion (the "unreallocated portion") of the Defaulting Lender's Letter of Credit Exposure cannot, or can only partially, be so reallocated to Non-Defaulting Lenders, whether by reason of the first proviso in Section 2.15(c)(i) or otherwise, the Borrower shall within two Business Days following notice by the Administrative Agent Cash Collateralize for the benefit of the applicable Issuing Bank only the Borrower's obligations corresponding to such Defaulting Lender's Letter of Credit Exposure (after giving effect to any partial reallocation pursuant to clause (i) above), in accordance with the procedures set forth in Section 3.8 for so long as such Letter of Credit Exposure is outstanding, (iii) if the Borrower Cash Collateralizes any portion of such Defaulting Lender's Letter of Credit Exposure pursuant to this Section 2.15(c), the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure during the period such Defaulting Lender's Letter of Credit Exposure is Cash Collateralized, (iv) if the Letter of Credit Exposure of the Non-Defaulting Lenders is reallocated pursuant to this Section 2.15(c), then the Letter of Credit Fees payable for the account of the Lenders pursuant to Section 4.1(b) shall be adjusted in accordance with such Non-Defaulting Lenders' Commitment Percentages and the Borrower shall not be required to pay any Letter of Credit Fees to the Defaulting Lender pursuant to Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure during the period that such Defaulting Lender's Letter of Credit Exposure is reallocated, or if any Defaulting Lender's Letter of Credit Exposure is neither Cash Collateralized nor reallocated pursuant to this Section 2.15(c), then, without prejudice to any rights or remedies of any Issuing Bank or any Lender hereunder, all Letter of Credit Fees payable under Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure shall be payable to such Issuing Bank until such Letter of Credit Exposure is Cash Collateralized and/or reallocated;

(d) So long as any Lender is a Defaulting Lender, no Issuing Bank will be required to issue any new Letter of Credit or amend any outstanding Letter of Credit to increase the Stated Amount thereof, alter the drawing terms thereunder or extend the expiry date thereof, unless each Issuing Bank is reasonably satisfied that any exposure that would result from the exposure to such Defaulting Lender is eliminated or fully covered by the Commitments of the Non-Defaulting Lenders or by Cash Collateralization or a combination thereof in accordance with clause (c) above or otherwise in a manner reasonably satisfactory to such Issuing Bank, and participating interests in any such newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.15(c)(i) (and Defaulting Lenders shall not participate therein); and

(e) If the Borrower, the Administrative Agent and each Issuing Bank agree in writing in their discretion that a Lender that is a Defaulting Lender should no longer be deemed to be a Defaulting Lender, 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, such Lender will cease to be a Defaulting Lender and will be a Non- Defaulting Lender and any applicable Cash Collateral shall be promptly returned to the Borrower and any Letter of Credit Exposure of such Lender reallocated pursuant to Section 2.15(c) shall be reallocated back to such Lender; *provided* that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(f) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 11 or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 13.8), 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

that Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to each Issuing Bank hereunder; third, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fourth, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; fifth, to the payment of any amounts owing to the Lenders, each Issuing Bank as a result of any judgment of a court of competent jurisdiction obtained by any Lender, such Issuing Bank against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; sixth, so long as no Default or Event of 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 that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and seventh, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if such payment is a payment of the principal amount of any Loans or Unpaid Drawings, such payment shall be applied solely to pay the relevant Loans of, and Unpaid Drawings owed to, the relevant Non-Defaulting Lenders on a pro rata basis prior to being applied in the manner set forth in this Section 2.15(f). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to Section 3.8 shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

2.16 Extension Offers.

(a) The Borrower may at any time and from time to time request that all or a portion of the Commitments of any Class, existing at the time of such request (each, an "Existing Commitment" and any related revolving credit loans under any such facility, "Existing Loans"; each Existing Commitment and related Existing Loans together being referred to as an "Existing Class") be converted to extend the termination date thereof and the scheduled maturity date(s) of any payment of principal with respect to all or a portion of any principal amount of Existing Loans related to such Existing Commitments (any such Existing Commitments which have been so Extended, "Extended Commitments" and any related revolving credit loans, "Extended Loans") and to provide for other terms consistent with this Section 2.16. Prior to entering into any Extension Amendment with respect to any Extended Commitments, the Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders of the applicable Class of Existing Commitments and which such request shall be offered equally to all Lenders under such Class) (an "Extension Request") setting forth the proposed terms of the Extended Commitments to be established thereunder, which terms shall be substantially similar to those applicable to the Existing Commitments from which they are to be Extended (the "Specified Existing Commitment Class"), except that (w) all or any of the final maturity dates of such Extended Commitments may be delayed to later dates than the final maturity dates of the Existing Commitments of the Specified Existing Commitment Class, (x)(1) the interest rates, interest margins, rate floors, upfront fees, funding discounts, original issue discounts and premiums with respect to the Extended Commitments may be different from those for the Existing Commitments of the Specified Existing Commitment Class and/or (2) additional fees and/or premiums may be payable to the Lenders providing such Extended Commitments in addition to or in lieu of any of the items contemplated by the preceding clause (1), (y)(l) the undrawn revolving credit commitment fee rate with respect to the Extended Commitments may be different from such rate for Existing Commitments of the Specified Existing Commitment Class and (2) the Extension Amendment may provide for other covenants and terms that apply to any period after the Latest Maturity Date in effect at such time; *provided* that, notwithstanding anything to the contrary in this Section 2.16 or otherwise, (A) the borrowing and repayment (other than in connection with a permanent repayment and termination of commitments (which shall be governed by clause (C) below)) of the Extended Loans under any Extended Commitments shall be made on a pro rata basis with any borrowings and repayments of the Existing Loans of the Specified Existing Commitment Class (the mechanics for which may be implemented through the applicable Extension Amendment and may include technical changes related to the borrowing and replacement procedures of the Specified Existing Commitment Class), (B) assignments and participations of Extended Commitments and Extended Loans shall be governed by the assignment and participation provisions set forth in Section 13.6 and (C) subject to the applicable limitations set forth in Section 4.2, permanent repayments of Extended Loans (and corresponding permanent reduction in the related Extended Commitments) shall be permitted as may be agreed upon between the Borrower and the Lenders thereof. No Lender shall have any obligation to agree to have any of its Loans or Commitments of any Existing Class converted into Extended Loans or Extended Commitments pursuant to any Extension Request. Any Extended Commitments of any Extension Series shall constitute a separate Class of revolving credit commitments from Existing Commitments of the Specified Existing Commitment Class and from any other Existing Commitments (together with any other Extended Commitments so established on such date).

(b) The Borrower shall provide the applicable Extension Request at least five (5) Business Days (or such shorter period as the Administrative Agent may determine in its reasonable discretion) prior to the date on which Lenders under the Existing Class are requested to respond, and shall agree to such procedures, if any, as may be established by, or acceptable to, the Administrative Agent and the Borrower, in each case acting reasonably, to accomplish the purpose of this Section 2.16. Any Lender (an "Extending Lender") wishing to have all or a portion of its Commitments (or any earlier Extended Commitments) of an Existing Class subject to such Extension Request converted into Extended Commitments shall notify the Administrative Agent (an "Extension Election") on or prior to the date specified in such Extension Request of the amount of its Commitments (and/or any earlier Extended Commitments) which it has elected to convert into Extended Commitments (subject to any minimum denomination requirements imposed by the Extension Request). In the event that the aggregate amount of Commitments (and any earlier Extended Commitments) subject to Extension Elections exceeds the amount of Extended Commitments requested pursuant to the Extension Request, Commitments (and any earlier Extended Commitments) subject to Extension Elections shall be converted to Extended Commitments on a pro rata basis based on the amount of Commitments (and any earlier Extended Commitments) included in each such Extension Election or as may be otherwise agreed to in the applicable Extension Amendment and in the event that the aggregate amount of Commitments (and any earlier Extended Commitments) subject to Extension Elections is less than the amount of Extended Commitments requested pursuant to the Extension Request, the Borrower may cause a Person who would otherwise meet the requirements of a Lender assignee under Section 13.6(b) that at such time is not a Lender to become a Lender (an "Additional Lender") and to become an Extending Lender hereunder with Extended Commitments by executing an Extension Amendment on the terms specified in such Extension Request in an amount agreed to by such Additional Lenders (the "Additional Lender Extended Amount") (and in such case the Borrower will reduce Commitments hereunder (other than Commitments that are subject to Extension Elections pursuant to such Extension Request) by an aggregate amount equal to the Additional Lender Extended Amount). Notwithstanding the conversion of any Existing Commitment into an Extended Commitment, such Extended Commitment shall be treated identically to all Existing Commitments of the Specified Existing Commitment Class for purposes of the obligations of a Lender in respect of Letters of Credit under Section 3, except that the applicable Extension Amendment may provide that the last day for issuing Letters of Credit may be extended and the related obligations to issue Letters of Credit may be continued (pursuant to mechanics to be specified in the applicable Extension Amendment) so long as the applicable Issuing Bank, as applicable, has consented to such extensions (it being understood that no consent of any other Lender shall be required in connection with any such extension).

(c) Extended Commitments shall be established pursuant to an amendment (an "Extension Amendment") to this Agreement (which, notwithstanding anything to the contrary set forth in Section 13.1, shall not require the consent of any Lender other than the Extending Lenders with respect to the Extended Commitments established thereby) executed by the Credit Parties, the Administrative Agent and the Extending Lenders. No Extension Amendment shall provide for any tranche of Extended Commitments in an aggregate principal amount that is less than $25,000,000 (or such lesser amount as the Administrative Agent may agree in its reasonable discretion). Notwithstanding anything to the contrary in this Section 2.16(c) and without limiting the generality or applicability of Section 13.1 to any Section 2.16 Additional Amendments

(as defined below), any Extension Amendment may provide for additional terms and/or additional amendments other than those referred to or contemplated above (any such additional amendment, a "Section 2.16 Additional Amendment") to this Agreement and the other Credit Documents; *provided* that such Section 2.16 Additional Amendments are within the requirements of Section 2.16(a) and do not become effective prior to the time that such Section 2.16 Additional Amendments have been consented to (including, without limitation, pursuant to consents applicable to holders of any Extended Loans provided for in any Extension Amendment) by such of the Lenders, Credit Parties and other parties (if any) as may be required in order for such Section 2.16 Additional Amendments to become effective in accordance with Section 13.1.

(d) Notwithstanding anything to the contrary contained in this Agreement, (A) on any date on which any Class of Existing Commitments is converted to extend the related scheduled maturity date(s) in accordance with paragraph (a) above (an "Extension Date"), in the case of the Existing Commitments of each Extending Lender under any Specified Existing Commitment Class, the aggregate principal amount of such Existing Commitments shall be deemed reduced by an amount equal to the aggregate principal amount of Extended Commitments so converted by such Lender on such date, and such Extended Commitments shall be established as a separate Class of revolving credit commitments from the Specified Existing Commitment Class and from any other Existing Commitments (together with any other Extended Commitments so established on such date) and (B) if, on any Extension Date, any Existing Loans of any Extending Lender are outstanding under the Specified Existing Commitment Class, such Existing Loans (and any related participations) shall be deemed to be allocated as Extended Loans (and related participations) in the same proportion as such Extending Lender's Specified Existing Commitments to Extended Commitments.

(e) No exchange of Loans or Commitments pursuant to any Extension Amendment in accordance with this Section 2.16 shall constitute a voluntary or mandatory payment or prepayment for purposes of this Agreement.

SECTION 3 LETTERS OF CREDIT.

3.1 Letters of Credit.

(a) Subject to and upon the terms and conditions herein set forth, at any time and from time to time on and after the Closing Date and prior to the L/C Maturity Date, each Issuing Bank agrees, in reliance upon the agreements of the Lenders set forth in this Section 3, to issue upon the request of the Borrower and for the direct or indirect benefit of the Borrower and the Restricted Subsidiaries, a letter of credit or letters of credit (the "Letters of Credit" and each, a "Letter of Credit") in such form and with such Issuer Documents as may be approved by the applicable Issuing Bank in its reasonable discretion; *provided* that the Borrower shall be a co-applicant of, and jointly and severally liable with respect to, each Letter of Credit issued for the account of a Restricted Subsidiary.

(b) Notwithstanding the foregoing, (i) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letters of Credit Outstanding at such time, would exceed the Letter of Credit Commitment then in effect, (ii) no Letter of Credit shall be issued the Stated Amount of which would cause the aggregate amount of all Lenders' Total Exposures at such time to exceed the Loan Limit then in effect, (iii) each Letter of Credit shall have an expiration date occurring no later than one year after the date of issuance or such longer period of time as may be agreed by the applicable Issuing Bank, unless otherwise agreed upon by the Administrative Agent and the applicable Issuing Bank or as provided under Section 3.2(b); *provided* that any Letter of Credit may provide for automatic renewal thereof for additional periods of up to 12 months or such longer period of time as may be agreed upon by the applicable Issuing Bank, subject to the provisions of Section 3.2(b); *provided, further*, that in no event shall such expiration date occur later than the L/C Maturity Date unless arrangements which are reasonably satisfactory to the applicable Issuing Bank to Cash Collateralize (or backstop) such Letter of Credit have been made, (iv) no Letter of Credit shall be issued if it would be illegal under any applicable Requirement of Law for the beneficiary of the Letter of Credit to have a Letter of Credit issued in its favor, (v) no Letter of Credit shall be issued by an Issuing Bank after it has received a written notice from any Credit Party or the Administrative Agent or the Majority Lenders stating that a Default or Event of Default has occurred and is continuing until such time as such Issuing Bank shall have received a written notice (A) of rescission of such notice from the party or parties originally delivering such notice, (B) of the waiver of such Default or Event of Default in accordance with the provisions of Section 13.1 or (C) that such Default or Event of Default is no longer continuing and (vi) no Issuing Bank shall have an obligation to issue a Letter of Credit in a Stated Amount which when added to the Letters of Credit Outstandings of Letters of Credit issued by such Issuing Bank would exceed such Issuing Bank's Maximum LC Commitment.

(c) Upon at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent and the applicable Issuing Bank (which notice the Administrative Agent shall promptly transmit to each of the applicable Lenders), the Borrower shall have the right, on any day, permanently to terminate or reduce the Letter of Credit Commitment in whole or in part; *provided* that, after giving effect to such termination or reduction, the Letters of Credit Outstanding shall not exceed the Letter of Credit Commitment.

3.2 Letter of Credit Applications.

(a) Whenever the Borrower desires that a Letter of Credit be issued, amended or renewed for its account on its own behalf, or on behalf of its Restricted Subsidiaries, the Borrower shall hand deliver or telecopy (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 a Letter of Credit application, amendment request or any such document as may be approved by the applicable Issuing Bank (each, a "Letter of Credit Application"). Upon receipt of any Letter of Credit Application or amendment request, (A) the applicable Issuing Bank will use its reasonable commercial efforts to process such Letter of Credit Application within three (3) Business Days of the Business Day on which such Letter of Credit Application is received, *provided* that such Letter of Credit Application is received no later than 12:00 p.m. (Dallas, Texas time) on such Business Day or (B) otherwise, the fifth Business Day next succeeding receipt of such Letter of Credit Application.

(b) If the Borrower so requests in any applicable Letter of Credit Application, the applicable Issuing Bank may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); *provided* that any such Auto-Extension Letter of Credit must permit such Issuing Bank to prevent any such extension at least once in each 12-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such 12-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the applicable Issuing Bank, the Borrower shall not be required to make a specific request to such Issuing Bank for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the applicable Issuing Bank to permit the extension of such Letter of Credit at any time to an expiry date not later than the L/C Maturity Date; *provided, however*, that such Issuing Bank shall not permit any such extension if (i) such Issuing Bank has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (b) of Section 3.1 or otherwise), or (ii) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non-Extension Notice Date (A) from the Administrative Agent that the Majority Lenders have elected not to permit such extension or (B) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 7 are not then satisfied, and in each such case directing such Issuing Bank not to permit such extension.

(c) Each Issuing Bank (other than the Administrative Agent or any of its Affiliates) shall, at least once each week, provide the Administrative Agent with a list of all Letters of Credit issued by it that are outstanding at such time; *provided* that, upon written request from the Administrative Agent, such Issuing Bank shall thereafter

notify the Administrative Agent in writing on each Business Day of all Letters of Credit issued on the prior Business Day by such Issuing Bank.

(d) The making of each Letter of Credit Request shall be deemed to be a representation and warranty by the Borrower that the Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 3.1(b).

3.3 Letter of Credit Participations.

(a) Immediately upon the issuance by an Issuing Bank of any Letter of Credit, such Issuing Bank shall be deemed to have sold and transferred to each Lender (each such Lender, in its capacity under this Section 3.3, an "L/C Participant"), and each such L/C Participant shall be deemed irrevocably and unconditionally to have purchased and received from such Issuing Bank, without recourse or warranty, an undivided interest and participation (each an "L/C Participation"), to the extent of such L/C Participant's Commitment Percentage, in each Letter of Credit, each substitute therefor, each drawing made thereunder and the obligations of the Borrower under this Agreement with respect thereto, and any security therefor or guaranty pertaining thereto. Upon the Initial Maturity Date and any subsequent Maturity Date, the L/C Participations of any Lenders that do not hold Extended Commitments shall automatically be reallocated (effective on such Initial Maturity Date or such subsequent Maturity Date) among the Extending Lenders pro rata in accordance with their respective Commitment Percentages.

(b) In determining whether to pay under any Letter of Credit, the relevant Issuing Bank shall have no obligation relative to the L/C Participants other than to confirm that (i) any documents required to be delivered under such Letter of Credit have been delivered, (ii) such Issuing Bank has examined the documents with reasonable care and (iii) the documents appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the relevant Issuing Bank under or in connection with any Letter of Credit issued by it, if taken or omitted in the absence of gross negligence or willful misconduct (as determined by a court of competent jurisdiction by final, non-appealable judgment), shall not create for such Issuing Bank any resulting liability.

(c) In the event that an Issuing Bank makes any payment under any Letter of Credit issued by it and the Borrower shall not have repaid such amount in full to such Issuing Bank pursuant to Section 3.4(a), such Issuing Bank shall promptly notify the Administrative Agent and each L/C Participant of such failure, and each such L/C Participant shall promptly and unconditionally pay to the Administrative Agent for the account of such Issuing Bank, the amount of such L/C Participant's Commitment Percentage of such unreimbursed payment in Dollars and in immediately available funds; provided, however, that no L/C Participant shall be obligated to pay to the Administrative Agent for the account of such Issuing Bank its Commitment Percentage of such unreimbursed amount arising from any wrongful payment made by such Issuing Bank under any such Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Issuing Bank, as determined by a final judgment of a court of competent jurisdiction. Each L/C Participant shall make available to the Administrative Agent for the account of the relevant Issuing Bank such L/C Participant's Commitment Percentage of the amount of such payment no later than 1:00 p.m. (Dallas, Texas time) on the first Business Day after the date notified by such Issuing Bank in immediately available funds. If and to the extent such L/C Participant shall not have so made its Commitment Percentage of the amount of such payment available to the Administrative Agent for the account of the relevant Issuing Bank, such L/C Participant agrees to pay to the Administrative Agent for the account of such Issuing Bank, forthwith on demand, such amount, together with interest thereon for each day from such date until the date such amount is paid to the Administrative Agent for the account of such Issuing Bank at a rate per annum equal to the Overnight Rate from time to time then in effect, plus any administrative, processing or similar fees customarily charged by such Issuing Bank in connection with the foregoing. The failure of any L/C Participant to make available to the Administrative Agent for the account of any Issuing Bank its Commitment Percentage of any payment under any Letter of Credit shall not relieve any other L/C Participant of its obligation hereunder to make available to the Administrative Agent for the account of such Issuing Bank its Commitment Percentage of any payment under such Letter of Credit on the date required, as specified above, but no L/C Participant shall be responsible for the failure of any other L/C Participant to make available to the Administrative Agent such other L/C Participant's Commitment Percentage of any such payment.

(d) Whenever an Issuing Bank receives a payment in respect of an unpaid reimbursement obligation as to which the Administrative Agent has received for the account of such Issuing Bank any payments from the L/C Participants pursuant to clause (c) above, such Issuing Bank shall pay to the Administrative Agent and the Administrative Agent shall promptly pay to each L/C Participant that has paid its Commitment Percentage of such reimbursement obligation, in Dollars and in immediately available funds, an amount equal to such L/C Participant's share (based upon the proportionate aggregate amount originally funded by such L/C Participant to the aggregate amount funded by all L/C Participants) of the principal amount so paid in respect of such reimbursement obligation and interest thereon accruing after the purchase of the respective L/C Participations at the Overnight Rate.

(e) The obligations of the L/C Participants to make payments to the Administrative Agent for the account of an Issuing Bank with respect to Letters of Credit shall be irrevocable and not subject to counterclaim, set-off or other defense or any other qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including under any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any Issuing Bank, any Lender or other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default, Event of Default or Borrowing Base Deficiency;

provided, however, that no L/C Participant shall be obligated to pay to the Administrative Agent for the account of any Issuing Bank its Commitment Percentage of any unreimbursed amount arising from any wrongful payment made by such Issuing Bank under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Issuing Bank, as determined by a final judgment of a court of competent jurisdiction.

3.4 Agreement to Repay Letter of Credit Drawings.

(a) The Borrower hereby agrees to reimburse the relevant Issuing Bank by making payment in Dollars to such Issuing Bank or to the Administrative Agent for the account of such Issuing Bank (whether with its own funds or with proceeds of the Loans) in immediately available funds, for any payment or disbursement made by such Issuing Bank under any Letter of Credit issued by it (each such amount so paid until reimbursed, an "Unpaid Drawing") (i) within one Business Day of the date of such payment or disbursement if such Issuing Bank provides notice to the Borrower of such payment or disbursement prior to 11:00 a.m. (Dallas, Texas time) on or prior to such next succeeding Business Day (from the date of such payment or disbursement) or (ii) if such notice is received after such time, on the next Business Day following the date of receipt of such notice (such required date for reimbursement under clause (i) or (ii), as applicable, on such Business Day (the "Reimbursement Date")), with interest on the amount so paid or disbursed by such Issuing Bank, from and including the date of such payment or disbursement to but excluding the Reimbursement Date, at the per annum rate for each day equal to the rate described in Section 2.8(a); *provided* that, notwithstanding anything contained in this Agreement to the contrary, with respect to any Letter of Credit, (i) unless the Borrower shall have notified the Administrative Agent and such Issuing Bank prior to 11:00 a.m. (Dallas, Texas time) on the Reimbursement Date that the Borrower intends to reimburse such Issuing Bank for the amount of such drawing with funds other than the proceeds of Loans, the Borrower shall be deemed to have given a Notice of Borrowing requesting that the Lenders make Loans (which shall be ABR Loans) on the Reimbursement Date in an amount equal to the amount at such drawing, and (ii) the Administrative Agent shall promptly notify each L/C Participant of such drawing and the amount of its Loan to be made in respect thereof, and each L/C Participant shall be irrevocably obligated to make a Loan to the Borrower in the manner deemed to have been requested in the amount of its Commitment Percentage of the applicable Unpaid Drawing by 12:00 noon (Dallas, Texas time) on such Reimbursement Date by making the amount of such Loan available to the Administrative Agent. Such Loans made in respect of such Unpaid Drawing on such Reimbursement Date shall be made without regard to the Minimum Borrowing Amount and without regard to the satisfaction of the conditions set forth in Section 7. The Administrative Agent shall use the proceeds of such Loans solely for purpose of reimbursing the relevant Issuing Bank for the related Unpaid Drawing. In the event that the Borrower fails to Cash Collateralize any Letter of Credit that is outstanding on the L/C Maturity Date, the full amount of the Letters of Credit Outstanding in respect of such Letter of Credit shall be deemed to be an Unpaid Drawing subject to the provisions of this Section 3.4 except that such Issuing Bank shall hold the proceeds received from the Lenders as contemplated above as cash collateral for such Letter of Credit to reimburse any Drawing under such Letter of Credit and shall use such proceeds first, to reimburse itself for any Drawings made in respect of such Letter of Credit following the L/C Maturity Date, second, to the extent such Letter of Credit expires or is returned undrawn while any such cash collateral remains, to the repayment of obligations in respect of any Loans that have not paid at such time and third, to the Borrower or as otherwise directed by a court of competent jurisdiction. Nothing in this Section 3.4(a) shall affect the Borrower's obligation to repay all outstanding Loans when due in accordance with the terms of this Agreement.

(b) The obligations of the Borrower under this Section 3.4 to reimburse the relevant Issuing Bank with respect to Unpaid Drawings (including, in each case, interest thereon) shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment that the Borrower or any other Person may have or have had against such Issuing Bank, the Administrative Agent or any Lender (including in its capacity as an L/C Participant), including any defense based upon (i) the failure of any drawing under a Letter of Credit (each a "Drawing") to conform to the terms of the Letter of Credit, (ii) any non-application or misapplication by the beneficiary of the proceeds of such Drawing, (iii) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (iv) 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 or (v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder; *provided* that the foregoing shall not be construed to excuse the relevant Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) 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 Borrower agrees that any action taken or omitted to be taken by an Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, as determined by a final judgment of a court of competent jurisdiction, shall be binding on the Borrower and shall not result in any liability of such Issuing Bank to the Borrower; *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 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 as determined by a final and non-appealable judgment of a court of competent jurisdiction. In furtherance of the foregoing, the parties hereto agree that, with respect to documents presented which appear on their face to be in compliance with the terms of a Letter of Credit, the Issuing Bank that issued such Letter of Credit may in its sole discretion, either accept or 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 (unless the Borrower shall consent to payment thereon not withstanding such lack of strict compliance).

3.5 Increased Costs. If, after the Closing Date, the adoption of any Change in Law shall either (a) impose, modify or make applicable any reserve, deposit, capital adequacy, liquidity or similar requirement against Letters of Credit issued by any Issuing Bank, or any L/C Participant's L/C Participation therein, or (b) impose on any Issuing Bank or any L/C Participant any other conditions, costs or expenses affecting its obligations under this Agreement in respect of Letters of Credit or L/C Participations therein or any Letter of Credit or such L/C Participant's L/C Participation therein, and the result of any of the foregoing is to increase the cost to such Issuing Bank or such L/C Participant of issuing, maintaining or participating in any Letter of Credit, or to reduce the amount of any sum received or receivable by such Issuing Bank or such L/C Participant hereunder (other than (i) Taxes indemnifiable under Section 5.4, or (ii) Excluded Taxes) in respect of Letters of Credit or L/C Participations therein, then, promptly (and in any event no later than 15 days) after receipt of written demand to the Borrower by such Issuing Bank or such L/C Participant, as the case may be (a copy of which notice shall be sent by such Issuing Bank or such L/C Participant to the Administrative Agent), the Borrower shall pay to such Issuing Bank or such L/C Participant such additional amount or amounts as will compensate such Issuing Bank or such L/C Participant for such increased cost or reduction, it being understood and agreed, however, that no Issuing Bank or L/C Participant shall be entitled to such compensation as a result of such Person's compliance with, or pursuant to any request or directive to comply with, any such Requirement of Law as in effect on the Closing Date. A certificate submitted to the Borrower by the relevant Issuing Bank or an L/C Participant, as the case may be (a copy of which certificate shall be sent by such Issuing Bank or such L/C Participant to the Administrative Agent), setting forth in reasonable detail the basis for the determination of such additional amount or amounts necessary to compensate such Issuing Bank or such L/C Participant as aforesaid shall be conclusive and binding on the Borrower absent clearly demonstrable error.

3.6 New or Successor Issuing Bank.

(a) Any Issuing Bank may resign as an Issuing Bank upon 30 days' prior written notice to the Administrative Agent, the Lenders and the Borrower;*provided* that no Issuing Bank may resign without the prior consent of the Borrower so long as it (or one of its Affiliates) is also a Lender hereunder. The Borrower may replace any Issuing Bank for any reason upon written notice to such Issuing Bank and the Administrative Agent and may add Issuing Banks at any time upon notice by the Borrower to the Administrative Agent. If an Issuing Bank shall resign or be replaced, or if the Borrower shall decide to add a new Issuing Bank under this Agreement, then the Borrower may appoint from among the Lenders a successor issuer of Letters of Credit or a new Issuing Bank, as the case may be, or, with the consent of the Administrative Agent (such consent not to be unreasonably withheld) and such new Issuing Bank, another successor or new issuer of Letters of Credit, whereupon such successor issuer shall succeed to the rights, powers and duties of the replaced or resigning Issuing Bank under this Agreement and the other Credit Documents, or such new issuer of Letters of Credit shall be granted the rights, powers and duties of an Issuing Bank hereunder, and the term "Issuing Bank" shall mean such successor or such new issuer of Letters of Credit effective

upon such appointment. The acceptance of any appointment as an Issuing Bank hereunder whether as a successor issuer or new issuer of Letters of Credit in accordance with this Agreement, shall be evidenced by an agreement entered into by such new or successor issuer of Letters of Credit, in a form reasonably satisfactory to the Borrower and the Administrative Agent and, from and after the effective date of such agreement, such new or successor issuer of Letters of Credit shall become an "Issuing Bank" hereunder. After the resignation or replacement of an Issuing Bank hereunder, the resigning or 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 and the other Credit Documents with respect to Letters of Credit issued by it prior to such resignation or replacement, but shall not be required to issue additional Letters of Credit. In connection with any resignation or replacement pursuant to this clause (a) (but, in case of any such resignation, only to the extent that a successor issuer of Letters of Credit shall have been appointed), either (i) the Borrower, the resigning or replaced Issuing Bank and the successor issuer of Letters of Credit shall arrange to have any outstanding Letters of Credit issued by the resigning or replaced Issuing Bank replaced with Letters of Credit issued by the successor issuer of Letters of Credit or (ii) the Borrower shall cause the successor issuer of Letters of Credit, if such successor issuer is reasonably satisfactory to the replaced or resigning Issuing Bank, to issue "back-stop" Letters of Credit naming the resigning or replaced Issuing Bank as beneficiary for each outstanding Letter of Credit issued by the resigning or replaced Issuing Bank, which new Letters of Credit shall have a Stated Amount equal to the Letters of Credit being back-stopped and the sole requirement for drawing on such new Letters of Credit shall be a drawing on the corresponding back-stopped Letters of Credit. After any resigning or replaced Issuing Bank's resignation or replacement as Issuing Bank, the provisions of this Agreement relating to an Issuing Bank shall inure to its benefit as to any actions taken or omitted to be taken by it (A) while it was an Issuing Bank under this Agreement or (B) at any time with respect to Letters of Credit issued by such Issuing Bank.

(b) To the extent that there are, at the time of any resignation or replacement as set forth in clause (a) above, any outstanding Letters of Credit, nothing herein shall be deemed to impact or impair any rights and obligations of any of the parties hereto with respect to such outstanding Letters of Credit (including any obligations related to the payment of fees or the reimbursement or funding of amounts drawn), except that the Borrower, the resigning or replaced Issuing Bank and the successor issuer of Letters of Credit shall have the obligations regarding outstanding Letters of Credit described in clause (a) above.

3.7 Role of Issuing Bank. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, no Issuing Bank shall have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Banks, the Administrative Agent, any of their respective affiliates nor any correspondent, participant or assignee of any Issuing Bank shall be liable to any Lender for (a) any action taken or omitted in connection herewith at the request or with the approval of the Majority Lenders, (b) any action taken or omitted in the absence of gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction or (c) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided* that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Issuing Banks, the Administrative Agent, any of their respective affiliates nor any correspondent, participant or assignee of any Issuing Bank shall be liable or responsible for any of the matters described in Section 3.3(e); *provided* that anything in such Section to the contrary notwithstanding, the Borrower may have a claim against an Issuing Bank, and such Issuing Bank may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by such Issuing Bank's willful misconduct or gross negligence, as determined by a court of competent jurisdiction by final non-appealable judgment, or such Issuing Bank's unlawful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, any Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and no Issuing Bank shall be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.8 Cash Collateral.

(a) If, as of the L/C Maturity Date, there are any Letters of Credit Outstanding, the Borrower shall immediately Cash Collateralize the then Letters of Credit Outstanding.

(b) If any Event of Default shall occur and be continuing, the Majority Lenders may require that the L/C Obligations be Cash Collateralized *provided* that, upon the occurrence of an Event of Default referred to in Section 11.5 with respect to the Borrower, the Borrower shall immediately Cash Collateralize the Letters of Credit then outstanding and no notice or request by or consent from the Majority Lenders shall be required.

(c) For purposes of this Agreement, "Cash Collateralize" shall mean to (i) pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Banks and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances in an amount equal to the amount of the Letters of Credit Outstanding required to be Cash Collateralized (the "Required Cash Collateral Amount") or (ii) if the relevant Issuing Bank benefiting from such collateral shall agree in its reasonable discretion, other forms of credit support (including any backstop letter of credit) in a face amount equal to 105% of the Required Cash Collateral Amount from an issuer reasonably satisfactory to such Issuing Bank, in each case under clause (i) and (ii) above pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the relevant Issuing Bank (which documents are hereby consented to by the Lenders). Derivatives of such term, including "Cash Collateral", have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Banks and the L/C Participants, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Such cash Collateral shall be maintained in blocked, interest bearing deposit accounts established by and in the name of the Borrower, but under the "control" (as defined in Section 8-104 of the UCC) of the Administrative Agent.

3.9 Applicability of ISP and UCP. Unless otherwise expressly agreed to by the relevant Issuing Bank and the Borrower when a Letter of Credit is issued, (a) the rules of the ISP or the Uniform Customs and Practice for Documentary Credits shall apply to each standby Letter of Credit and (b) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance, shall apply to each commercial Letter of Credit.

3.10 Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

3.11 Letters of Credit Issued for Restricted Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Restricted Subsidiary, the Borrower shall be obligated to reimburse the relevant Issuing Bank hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Restricted Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Restricted Subsidiaries.

SECTION 4 FEES; COMMITMENTS.

4.1 Fees.

(a) The Borrower agrees to pay to the Administrative Agent in Dollars, for the account of each Lender (in each case pro rata according to the respective Commitment Percentages of the Lenders), a commitment fee (the "Commitment Fee") for each day from the Closing Date until but excluding the Termination Date. Each Commitment Fee shall be payable by the Borrower quarterly in arrears on the last Business Day of each March, June, September and December (for the three-month period (or portion thereof) ended on such day for which no payment has been received) and on the Termination Date (for the period ended on such date for which no payment has been received pursuant to clause (i) above), and shall be computed for each day during such period at a rate per annum equal to the Commitment Fee Rate in effect on such day on the Available Commitment in effect on such day.

(b) The Borrower agrees to pay to the Administrative Agent in Dollars for the account of the Lenders pro rata on the basis of their respective Letter of Credit Exposure, a fee in respect of each Letter of Credit (the "Letter of Credit Fee"), for the period from the date of issuance of such Letter of Credit until the termination or expiration date of such Letter of Credit computed at the per annum rate for each day equal to 2% per annum on the average daily Stated Amount of such Letter of Credit. Such Letter of Credit Fees shall be due and payable (i) quarterly in arrears on the last Business Day of each March, June, September and December and (ii) on the Termination Date (for the period for which no payment has been received pursuant to clause (i) above).

(c) The Borrower agrees to pay directly to each Issuing Bank a fee in respect of each Letter of Credit issued by it (the "Fronting Fee"), for the period from the date of issuance of such Letter of Credit to the termination or expiration date of such Letter of Credit, computed at the rate for each day equal to 0.125% per annum (or such other amount as may be agreed in a separate writing between the Borrower and the relevant Issuing Bank) on the average daily Stated Amount of such Letter of Credit (or at such other rate per annum as agreed in writing between the Borrower and the relevant Issuing Bank). Such Fronting Fees shall be due and payable by the Borrower (i) quarterly in arrears on the last Business Day of each March, June, September and December and (ii) on the Termination Date (for the period for which no payment has been received pursuant to clause (i) above).

(d) The Borrower agrees to pay directly to each Issuing Bank upon each issuance of, drawing under, and/or amendment of, a Letter of Credit issued by it such amount as the relevant Issuing Bank and the Borrower shall have agreed upon for issuances of, drawings under or amendments of, letters of credit issued by it.

(e) The Borrower agrees to pay to the Administrative Agent the administrative agent fees in the amounts and on the dates as set forth in writing from time to time between the Administrative Agent and the Borrower, including without limitation as set forth in the Fee Letter.

4.2 Voluntary Reduction of Commitments.

(a) Upon at least two Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent at the Administrative Agent's Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right, without premium or penalty, on any day, permanently to terminate or reduce the Commitments of any Class, as determined by the Borrower, in whole or in part; *provided* that (a) with respect to the Commitments, any such termination or reduction shall apply proportionately and permanently to reduce the Commitments of each of the Lenders of such Class, except that, notwithstanding the foregoing, (1) the Borrower may allocate any termination or reduction of Commitments among classes of Commitments either (A) ratably among Classes or (B) first to the Commitments with respect to any Existing Commitments and second to any Extended Commitments and (2) in connection with the establishment on any date of any Extended Commitments pursuant to Section 2.16, (i) the Existing Commitments of each Lender providing any such Extended Commitments on such date shall be reduced in an amount equal to the amount of Specified Existing Commitments so extended on such date by such Lender and (ii) the Existing Commitments of any Lender not providing such Extended Commitments shall be reduced, solely to the extent elected to be reduced by the Borrower pursuant to Section 2.16, among the Class or Classes of Commitments elected by the Borrower (*provided* that (x) after giving effect to any such reduction and to the repayment of any Loans made on such date, the Total Exposure of any such Lender does not exceed the Commitment of such Lender (such Total Exposure and Commitment in the case of an Extending Lender being determined for purposes of this proviso, for the avoidance of doubt, exclusive of such Extending Lender's Extended Commitment and any exposure in respect thereof) and (y) for the avoidance of doubt, any such repayment of Loans contemplated by the preceding clause shall be made in compliance with the requirements of Section 5.3(a) with respect to the ratable allocation of payments hereunder, with such allocation being determined after giving effect to any conversion pursuant to Section 2.16 of Existing Commitments and Existing Loans into Extended Commitments and Extended Loans respectively, and prior to any reduction being made to the Commitment of any other Lender), (b) any partial reduction pursuant to this Section 4.2 shall be in the amount of at least $500,000 and in multiples of $100,000 in excess thereof and (c) after giving effect to such termination or reduction and to any prepayments of Loans or cancellation or Cash Collateralization of Letters of Credit made on the date thereof in accordance with this Agreement, the aggregate amount of the Lenders' Total Exposures shall not exceed the Loan Limit.

(b) The Borrower may terminate the unused amount of the Commitment of a Defaulting Lender upon not less than two (2) Business Days' prior notice to the Administrative Agent (which will promptly notify the Lenders thereof), and in such event the provisions of Section 2.15(f) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts), *provided* that such termination will not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, any Issuing Bank or any Lender may have against such Defaulting Lender.

(c) Notwithstanding anything to the contrary contained in this Agreement, any such notice of commitment termination pursuant to Section 4.2 may state that it is conditioned upon the occurrence or non-occurrence of any event specified therein (including the effectiveness of other credit facilities), in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

4.3 Mandatory Termination of Commitments. The Total Commitment shall terminate at 2:00 p.m. (Dallas, Texas time) on the Termination Date.

SECTION 5 PAYMENTS.

5.1 Voluntary Prepayments. The Borrower shall have the right to prepay Loans without premium or penalty, in whole or in part from time to time on the following terms and conditions:

(a) the Borrower shall give the Administrative Agent at the Administrative Agent's Office written notice substantially in the form of Exhibit M hereto (or telephonic notice promptly confirmed in writing in such form) of its intent to make such prepayment, the amount of such prepayment and (in the case of LIBOR Loans) the specific Borrowing(s) being prepaid, which notice shall be given by the Borrower no later than 12:00 p.m. (Dallas, Texas time) (i) in the case of LIBOR Loans, three Business Days prior to and (ii) in the case of ABR Loans, on the date of such prepayment and shall promptly be transmitted by the Administrative Agent to each of the Lenders;

(b) each partial prepayment of (i) LIBOR Loans shall be in a minimum amount of $500,000 and in multiples of $100,000 in excess thereof or a lesser amount to the extent such lesser amount represents the entire aggregate outstanding LIBOR Loans at such time, and (ii) any ABR Loans shall be in a minimum amount of $500,000 and in multiples of $100,000 in excess thereof or a lesser amount to the extent such lesser amount represents the entire aggregate outstanding ABR Loans at such time; *provided* that no partial prepayment of LIBOR Loans made pursuant to a single Borrowing shall reduce the outstanding LIBOR Loans made pursuant to such Borrowing to an amount less than the applicable Minimum Borrowing Amount for such LIBOR Loans; and

(c) any prepayment of LIBOR Loans pursuant to this Section 5.1 on any day other than the last day of an Interest Period applicable thereto shall be subject to compliance by the Borrower with the applicable provisions of Section 2.11.

Each such notice shall specify the date and amount of such prepayment and the Type of Loans to be prepaid. At the Borrower's election in connection with any prepayment pursuant to this Section 5.1, such prepayment shall not be applied to any Loans of a Defaulting Lender.

Notwithstanding the foregoing (and as provided in clause (1) of the proviso to Section 2.16(a)), the Borrower may not prepay Extended Loans of any Extension Series unless such prepayment, to the extent any such Existing Loans are outstanding, is accompanied by a pro rata repayment of Existing Loans of the Specified Existing Commitment Class of the Existing Class from which such Extended Loans and Extended Commitments were converted (or such Loans and Commitments of the Existing Class have otherwise been repaid and terminated in full).

5.2 Mandatory Prepayments.

(a) Repayment following Optional Reduction of Commitments. If, after giving effect to any termination or reduction of the Commitments pursuant to Section 4.2(a), the aggregate Total Exposures of all Lenders exceeds the Loan Limit (as reduced), then the Borrower shall on the same Business Day (i) prepay the Loans on the date of such termination or reduction in an aggregate principal amount equal to such excess and (ii) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, pay to the Administrative Agent on behalf of the Issuing Banks and the L/C Participants an amount in cash or otherwise Cash Collateralize an amount equal to such excess as provided in Section 3.8.

(b) Repayment of Loans Following Redetermination or Adjustment of Borrowing Base.

(i) Upon any redetermination of the Borrowing Base in accordance with Section 2.14(b), if the aggregate Total Exposures of all Lenders exceeds the redetermined Borrowing Base, then the Borrower shall, within 10 Business Days after its receipt of a New Borrowing Base Notice indicating such Borrowing Base Deficiency, inform the Administrative Agent of the Borrower's election to, and shall: (A) within 30 days following such election prepay the Loans in an aggregate principal amount equal to such excess, (B) prepay the Loans in five equal monthly installments, commencing on the 30th day following such election with each payment being equal to l/5th of the aggregate principal amount of such excess, (C) within 30 days following such election, provide additional Collateral in the form of additional Oil and Gas Properties not evaluated in the most recently delivered Reserve Report or other Collateral reasonably acceptable to the Administrative Agent having a Borrowing Base Value (as proposed by the Administrative Agent and approved by the Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time) sufficient, after giving effect to any other actions taken pursuant to this Section 5.2(b)(i) to eliminate any such excess or (D) undertake a combination of clauses (A), (B) and (C); *provided* that if, because of Letter of Credit Exposure, a Borrowing Base Deficiency remains after prepaying all of the Loans, the Borrower shall Cash Collateralize such remaining Borrowing Base Deficiency as provided in Section 3.8; *provided further*, that all payments required to be made pursuant to this Section 5.2(b)(i) must be made on or prior to the Termination Date; *provided*, *further*, that if the Borrower fails to inform the Administrative Agent of the Borrower's election within 10 Business Days after its receipt of a New Borrowing Base Notice indicating such Borrowing Base Deficiency, for purposes of this Agreement, the Borrower shall be deemed to have elected clause (A) above.

(ii) Upon any adjustment to the Borrowing Base pursuant to Section 2.14(g), if the aggregate Total Exposures of all Lenders exceeds the Borrowing Base, as adjusted, then the Borrower shall (A) prepay the Loans in an aggregate principal amount equal to such excess and (B) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8. The Borrower shall be obligated to make such prepayment and/or deposit of cash collateral no later than five Business Days following the date it receives written notice from the Administrative Agent of the adjustment of the Borrowing Base and the resulting Borrowing Base Deficiency; *provided* that all payments required to be made pursuant to this clause must be made on or prior to the Termination Date.

(iii) Upon any adjustment to the Borrowing Base pursuant to Section 2.14(e) or 2.14(f), if the aggregate Total Exposures of all Lenders exceeds the Borrowing Base, as adjusted, then the Borrower shall (A) prepay the Loans in an aggregate principal amount equal to such excess and (B) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8. The Borrower shall be obligated to make such prepayment and/or deposit of cash collateral upon the date it receives written notice from the Administrative Agent of the adjustment of the Borrowing Base and the resulting Borrowing Base Deficiency, or if received after 2:00 p.m. (Dallas, Texas time), on the next Business Day; *provided* that all payments required to be made pursuant to this clause must be made on or prior to the Termination Date.

(c) Application to Loans. With respect to each prepayment of Loans elected under Section 5.1 or required by Section 5.2, the Borrower may designate (i) the Types of Loans that are to be prepaid and the specific Borrowing(s) being repaid and (ii) the Loans to be prepaid; *provided* that (A) each prepayment of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans, (B) notwithstanding the provisions of the preceding clause (A), no prepayment of Loans shall be applied to the Loans of any Defaulting Lender unless otherwise agreed to in writing by the Borrower and (C) notwithstanding the foregoing (as provided in clause (1) of the proviso to Section 2.16(a)), the Borrower may not prepay Extended Loans of any Extension Series unless such prepayment, to the extent any such Existing Loans are outstanding, is accompanied by a pro rata repayment of Existing Loans of the Specified Existing Commitment Class of the Existing Class from which such Extended Loans and Extended Commitments were converted (or such Loans and Commitments of the Existing Class have otherwise been repaid and terminated in full). In the absence of a designation by the Borrower as described in the preceding sentence or if a Default has occurred and is continuing, the Administrative Agent shall make such designation in its reasonable discretion with a view, but no obligation, to minimize breakage costs owing under Section 2.11.

(d) LIBOR Interest Periods. In lieu of making any payment pursuant to this Section 5.2 in respect of any LIBOR Loan, other than on the last day of the Interest Period therefor so long as no Event of Default shall have occurred and be continuing, the Borrower at its option may deposit, on behalf of the Borrower, with the Administrative Agent an amount equal to the amount of the LIBOR Loan to be prepaid and such LIBOR Loan shall be repaid on the last day of the Interest Period therefor in the required amount. Such deposit shall be held by the Administrative Agent in a corporate time deposit account established on terms reasonably satisfactory to the Administrative Agent, earning interest at the then customary rate for accounts of such type. The Borrower hereby grants to the Administrative Agent, for the benefit of the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Such deposit shall constitute cash collateral for the LIBOR Loans to be so prepaid; *provided* that the Borrower may at any time direct that such deposit be applied to make the applicable payment required pursuant to this Section 5.2.

(e) Application of Proceeds. The application of proceeds pursuant to this Section 5.2 shall not reduce the aggregate amount of Commitments under the Facility and amounts prepaid may be reborrowed subject to the Available Commitment and the terms of this Agreement.

5.3 Method and Place of Payment.

(a) Except as otherwise specifically provided herein, all payments under this Agreement shall be made by the Borrower without set-off, counterclaim or deduction of any kind, to the Administrative Agent for the ratable account of the Lenders entitled thereto or the Issuing Banks entitled thereto, as the case may be, not later than 1:00 p.m. (Dallas, Texas time), in each case, on the date when due and shall be made in immediately available funds at the Administrative Agent's Office or at such other office as the Administrative Agent shall specify for such purpose by notice to the Borrower, it being understood that written or facsimile notice by the Borrower to the Administrative Agent to make a payment from the funds in the Borrower's account at the Administrative Agent's Office shall constitute the making of such payment to the extent of such funds held in such account. All repayments or prepayments of any Loans (whether of principal, interest or otherwise) hereunder and all other payments under each Credit Document shall be made in Dollars. The Administrative Agent will thereafter cause to be distributed on the same day (if payment was actually received by the Administrative Agent prior to 1:00 p.m. (Dallas, Texas time) or, otherwise, on the next Business Day in the sole discretion of the Administrative Agent) like funds relating to the payment of principal or interest or fees ratably to the Lenders or the Issuing Banks, as applicable, entitled thereto.

(b) For purposes of computing interest or fees, any payments under this Agreement that are made later than 1:00 p.m. (Dallas, Texas time) shall be deemed to have been made on the next succeeding Business Day in the sole discretion of the Administrative Agent. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

5.4 Net Payments.

(a) Any and all payments made by or on behalf of the Borrower or any Guarantor under this Agreement or any other Credit Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes; *provided* that if the Borrower, any Guarantor, the Administrative Agent or any other applicable withholding agent shall be required by applicable Requirements of Law to deduct or withhold any Taxes from such payments, then (i) the applicable withholding agent shall make such deductions or withholdings as are reasonably determined by the applicable withholding agent to be required by any applicable Requirement of Law, (ii) the applicable withholding agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority and in accordance with applicable Requirements of Law, and (iii) to the extent withholding or deduction is required to be made on account of Indemnified Taxes, the sum payable by the Borrower or such Guarantor shall be increased as necessary so that after all required deductions and withholdings have been made (including deductions or withholdings applicable to additional sums payable under this Section 5.4) the Administrative Agent, the Collateral Agent, or the applicable Issuing Bank or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made. After any payment of Taxes by any Credit Party or the Administrative Agent to a Governmental Authority as provided in this Section 5.4, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, a copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(b) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Requirements of Law, or at the option of the Administrative Agent timely reimburse it for, and in each case hold Administrative Agent, Collateral Agent and each Lender harmless from, any Other Taxes (whether or not such Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority).

(c) The Borrower shall indemnify and hold harmless the Administrative Agent, the Collateral Agent and each Lender within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes imposed on the Administrative Agent, the Collateral Agent or such Lender, as the case may be (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 5.4), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate setting forth in reasonable detail the basis and calculation of the amount of such payment or liability under this Section 5.4 delivered to the Borrower by a Lender, the Administrative Agent or the Collateral Agent (as applicable) on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(d) Each Lender shall deliver to the Borrower and the Administrative Agent, at such time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not any payments made hereunder or under any other Credit Document are subject to Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of any payments to be made to such Lender by any Credit Party pursuant to any Credit Document or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(e) Without limiting the generality of Section 5.4(d), each Non-U.S. Lender with respect to any Loan made to the Borrower shall, to the extent it is legally eligible to do so:

(i) deliver to the Borrower and the Administrative Agent, prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement, two copies of (A) in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding Tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", IRS Form W-8BEN or Form W-8BEN-E, as applicable (or any applicable successor form) (together with a certificate (substantially in the form of Exhibit K hereto) representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a "10-percent shareholder" (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower, is not a CFC related to the Borrower (within the meaning of Section 864(d)(4) of the Code) and the interest payments in question are not effectively connected with the conduct by such Lender of a trade or business within the United States), (B) IRS Form W-8BEN or Form W-8BEN-E, as applicable, or Form W-8ECI (or any applicable successor form), in each

case properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. federal withholding Tax on payments by the Borrower under this Agreement, (C) IRS Form W-8IMY (or any applicable successor form) and all necessary attachments (including the forms described in clauses (A) and (B) above, *provided* that if the Non-U.S. Lender is a partnership, and one or more of the partners is claiming portfolio interest treatment, a certificate substantially in the form of Exhibit K hereto may be provided by such Non-U.S. Lender on behalf of such partners) or (D) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made; and

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification (or any applicable successor form) on or before the date that any such form or certification expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

Any Non-U.S. Lender that becomes legally ineligible to update any form or certification previously delivered shall promptly notify the Borrower and the Administrative Agent in writing of such Non-U.S. Lender's inability to do so.

Each Person that shall become a Participant pursuant to Section 13.6 or a Lender pursuant to Section 13.6 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 5.4(e); *provided* that in the case of a Participant such Participant shall furnish all such required forms and statements to the Person from which the related participation shall have been purchased.

In addition, to the extent it is legally eligible to do so, each Agent shall deliver to the Borrower (x)(I) prior to the date on which the first payment by the Borrower is due hereunder or (II) prior to the first date on or after the date on which such Agent becomes a successor Agent pursuant to Section 12.9 on which payment by the Borrower is due hereunder, as applicable, two copies of a properly completed and executed IRS Form W-9 certifying its exemption from U.S. Federal backup withholding or a properly completed and executed applicable IRS Form W-8 certifying its non-U.S. status and its entitlement to any treaty benefits, and (y) on or before the date on which any such previously delivered documentation expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent documentation previously delivered by it to the Borrower, and from time to time if reasonably requested by the Borrower, two further copies of such documentation.

(f) If any Lender, any Issuing Bank, the Administrative Agent or the Collateral Agent, as applicable, determines, in its sole discretion exercised in good faith, that it had received a refund of an Indemnified Tax or Other Tax for which a payment has been made by the Borrower or any Guarantor pursuant to this Agreement or any other Credit Document, then the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, shall reimburse the Borrower or such Guarantor for such amount (net of all reasonable out-of-pocket expenses of such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, and without interest other than any interest received thereon from the relevant Governmental Authority with respect to such refund) as the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, determines in its sole discretion exercised in good faith to be the proportion of the refund as will leave it, after such reimbursement, in no better or worse net after-Tax position (taking into account expenses or any Taxes imposed on the refund) than it would have been in if the payment had not been required; *provided* that the Borrower or such Guarantor, upon the request of the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, agrees to repay the amount paid over to the Borrower or such Guarantor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent in the event the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent is required to repay such refund to such Governmental Authority. In such event, such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, shall, at the Borrower's request, provide the Borrower with a copy of any notice of assessment or other evidence of the requirement to repay such refund received from the relevant Governmental Authority (*provided* that such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent may delete any information therein that it deems confidential). No Lender nor any Issuing Bank nor the Administrative Agent nor the Collateral Agent shall be obliged to make available its Tax returns (or any other information relating to its taxes that it deems confidential) to any Credit Party in connection with this clause (f) or any other provision of this Section 5.4.

(g) If the Borrower determines that a reasonable basis exists for contesting an Indemnified Tax or Other Tax for which a Credit Party has paid additional amounts or indemnification payments, each Lender or Agent, as the case may be, shall use reasonable efforts to cooperate with the Borrower as the Borrower may reasonably request in challenging such Tax. The Borrower shall indemnify and hold each Lender and Agent harmless against any out-of-pocket expenses incurred by such Person in connection with any request made by the Borrower pursuant to this Section 5.4(g). Nothing in this Section 5.4(g) shall obligate any Lender or Agent to take any action that such Person, in its sole judgment, determines may result in a material detriment to such Person.

(h) Each U.S. Lender shall deliver to the Borrower and the Administrative Agent two IRS Forms W-9 (or substitute or successor form), properly completed and duly executed, certifying that such U.S. Lender is exempt from United States federal backup withholding (i) on or prior to the Closing Date (or on or prior to the date it becomes a party to this Agreement), (ii) on or before the date that such form expires or becomes obsolete or invalid, (iii) after the occurrence of a change in the U.S. Lender's circumstances requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and (iv) from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

(i) If a payment made to any Lender or any Agent under this Agreement or any other Credit Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender or such Agent 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 Lender or such Agent 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 law (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, to determine whether such Lender has or has not complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 5.4(i), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(j) For the avoidance of doubt, for purposes of this Section 5.4, the term "Lender" includes any Issuing Bank.

(k) The agreements in this Section 5.4 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

5.5 Computations of Interest and Fees.

(a) Interest on LIBOR Loans and ABR Loans with respect to clause "(a)" and clause "(c)" of the definition of "ABR" shall be calculated on the basis of a 360-day year for the actual days elapsed. Interest on ABR Loans with respect to clause "(b)" of the definition of "ABR" shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed.

(b) Fees and the average daily Stated Amount of Letters of Credit shall be calculated on the basis of a 360-day year for the actual days elapsed.

5.6 Limit on Rate of Interest.

(a) No Payment Shall Exceed Lawful Rate. Notwithstanding any other term of this Agreement, the Borrower shall not be obligated to pay any interest or other amounts under or in connection with this Agreement or otherwise in respect to any of the Obligations in excess of the amount or rate permitted under or consistent with any applicable law, rule or regulation.

(b) Payment at Highest Lawful Rate. If the Borrower is not obliged to make a payment that it would otherwise be required to make, as a result of Section 5.6(a), the Borrower shall make such payment to the maximum extent permitted by or consistent with applicable laws, rules and regulations.

(c) Adjustment if Any Payment Exceeds Lawful Rate. If any provision of this Agreement or any of the other Credit Documents would obligate the Borrower or any other Credit Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate that would be prohibited by any applicable Requirement of Law, then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable Requirements of Law, such adjustment to be effected, to the extent necessary, by reducing the amount or rate of interest required to be paid by the Borrower to the affected Lender under Section 2.8.

(d) Rebate of Excess Interest. Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received from the Borrower an amount in excess of the maximum permitted by any applicable Requirement of Law, then the Borrower shall be entitled, by notice in writing to the Administrative Agent to obtain reimbursement from that Lender in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by that Lender to the Borrower.

SECTION 6 CONDITIONS PRECEDENT TO CLOSING DATE.

The occurrence of the Closing Date and the obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder is subject to the satisfaction of the following conditions precedent, except as otherwise agreed or waived pursuant to Section 13.1.

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received on the Closing Date, written opinions of (i) Kirkland & Ellis LLP, counsel to the Credit Parties, and (ii) McAfee & Taft, local Oklahoma counsel to the Credit Parties, in each case (A) dated the Closing Date, (B) addressed to the Administrative Agent, the Collateral Agent, the Lenders, each Issuing Bank and the other Secured Parties and (C) in form and substance reasonably satisfactory to the Administrative Agent. The Borrower, the other Credit Parties and the Administrative Agent hereby instruct such counsels to deliver such legal opinions.

(c) The Administrative Agent shall have received, in the case of each Credit Party, each of the items referred to in subclauses (i), (ii) and (iii) below:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership or certificate of formation, including all amendments thereto, of each Credit Party, in each case, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Credit Party as of a recent date from such Secretary of State (or other similar official);

(ii) a certificate of the Secretary or Assistant Secretary or similar officer of each Credit Party dated the Closing Date and certifying:

(A) that attached thereto is a true and complete copy of the bylaws (or partnership agreement, limited liability company agreement or other equivalent governing documents) of such Credit Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or managing general partner, managing member or equivalent) of such Credit Party authorizing the execution, delivery and performance of the Credit Documents to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(C) that the certificate or articles of incorporation, certificate of limited partnership, articles of incorporation or certificate of formation of such Credit Party has not been amended since the date of the last amendment thereto disclosed pursuant to subclause (i) above, and

(D) as to the incumbency and specimen signature of each officer executing any Credit Document or any other document delivered in connection herewith on behalf of such Credit Party.

(iii) a certificate of a director or an officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate pursuant to subclause (ii) above.

(d) The Administrative Agent (or its counsel) shall have received executed copies of the Guarantee and of the Collateral Agreement, each executed by each Person which will be a Guarantor on the Closing Date.

(e) The Collateral Agent (or its counsel) shall have received:

(i) All documents and instruments, including Uniform Commercial Code or other applicable personal property and financing statements, reasonably requested by the Collateral Agent to create the Liens intended to be created by any Security Document and perfect such Liens to the extent required by, and with the priority required by, such Security Document shall have been delivered to the Collateral Agent for filing, registration or recording and none of the Collateral shall be subject to any other pledges, security interests or mortgages, except for Liens permitted under Section 10.2.

(ii) all certificates, if any, representing such securities pledged under the Collateral Agreement, accompanied by instruments of transfer and/or undated powers endorsed in blank for all Equity Interests of each Subsidiary directly owned by any Credit Party, in each case as of the Closing Date.

(f) On the Closing Date, the Administrative Agent shall have received a solvency certificate substantially in the form of Exhibit J hereto and signed by an Authorized Officer of the Borrower.

(g) The Administrative Agent shall have received at least three (3) Business Days prior to the Closing Date all documentation and other information required by regulatory authorities under applicable "know your customer" and anti- money laundering rules and regulations, including without limitation, the Patriot Act that has been requested not less than five (5) Business Days prior to the Closing Date.

(h) The Administrative Agent shall have received the Initial Reserve Reports in a form reasonably acceptable to the Administrative Agent along with (i) a certificate provided by the chief engineer of the Borrower or its Affiliates on behalf of the Borrower certifying the Initial Reserve Reports as being true and accurate in all material respects based upon the best information reasonably available as of the date of the report and (ii) a certificate from an Authorized Officer dated as of the Closing Date, certifying, after giving effect to the EnerVest Acquisition and the Harvest Acquisition, the aggregate PV-10 of the Proved Reserves included in the Initial Reserve Reports (and identifying which Proved Reserves included in the Initial Reserve Reports will not be acquired and the aggregate PV-10 of such Proved Reserves).

(i) The Administrative Agent shall have received (i) pro forma consolidated financial statements (to the extent available), lease operating statements, production volume (prepared on a monthly basis) and revenue information (prepared on a monthly basis) for the Borrower and its Subsidiaries for the fiscal quarter ended June 30, 2019 (and the Borrower shall use reasonable efforts to deliver such statements and information through the fiscal quarter ended September 30, 2019) giving pro forma effect to the Transactions and a pro forma balance sheet of the Borrower and its subsidiaries as of the Closing Date giving pro forma effect to the Transactions (in each case, which need not be prepared in accordance with Regulation S-X under the Securities Act of 1933, as amended, and including other adjustments reasonably acceptable to the Administrative Agent) and (ii) projections prepared by management of balance sheets, income statements and cash flow statements of the Borrower and its subsidiaries, reflecting information on a quarterly basis for the first year after the Closing Date and annually thereafter for a period of five years in the aggregate (and which will not be materially inconsistent with information provided to the Administrative Agent or its Affiliates prior to September 1, 2019).

(j) The Administrative Agent shall have received appropriate UCC search certificates and other lien searches reflecting no prior Liens encumbering the properties of the Borrower and its Restricted Subsidiaries for each jurisdiction requested by the Administrative Agent (other than those being assigned or released on or prior to the Closing Date or Liens permitted by Section 10.2).

(k) The Administrative Agent shall have received promissory notes duly completed and executed for each Lender that has requested a promissory note at least one Business Day prior to the Closing Date;

(l) The Administrative Agent shall have received Mortgages covering the Collateral Coverage Minimum duly executed and acknowledged by the applicable Credit Party, which shall include all of the EnerVest Acquisition Properties and the Harvest Acquisition Properties.

(m) The Administrative Agent shall have received from the Borrower title opinions or other information in form and substance reasonably acceptable to the Administrative Agent demonstrating satisfactory title to at least 85% of the PV-10 of the Credit Parties' total Proved Reserves, including all of the EnerVest Acquisition Properties and the Harvest Acquisition Properties; *provided* that Borrower shall be deemed to have not provided information demonstrating satisfactory title for any Proved Reserves that are not Mortgaged Properties.

(n) The Administrative Agent shall have received a Notice of Borrowing as required by Section 2.3(a)(i).

(o) The Lenders, the Administrative Agent and the Lead Arranger shall have received all fees required to be paid hereunder, to the extent invoiced prior to the Closing Date (except as otherwise reasonably agreed by the Borrower), and all expenses for which invoices have been presented, on or before the Closing Date.

(p) The Lenders, the Administrative Agent and East West Bank shall have received all fees required to be paid as of the Closing Date under the Fee Letter on or before the Closing Date.

(q) The Administrative Agent shall be reasonably satisfied with the environmental condition of the EnerVest Acquisition Properties, it being agreed that in order to be considered unsatisfactory for the purpose of this condition, a deficiency or defect in the environmental condition of the EnerVest Acquisition Properties must, in the aggregate, result in an aggregate defect value greater than or equal to $1,000,000.

(r) The Administrative Agent shall be reasonably satisfied with the environmental condition of the Harvest Acquisition Properties, it being agreed that in order to be considered unsatisfactory for the purpose of this condition, a deficiency or defect in the environmental condition of the Harvest Acquisition Properties must, in the aggregate, result in an aggregate defect value greater than or equal to $1,000,000.

(s) [Reserved].

(t) The Administrative Agent shall have received copies of all UCC-3s, mortgage releases, and other lien release documentation that will be delivered or filed in connection with the EnerVest Acquisition and the Harvest Acquisition.

(u) All Hedge Agreements to which the Borrower is a party shall have been novated by the counterparty thereto to East West Bank or an affiliate thereof pursuant to a novation agreement reasonably satisfactory to East West Bank.

(v) [Reserved].

(w) An Authorized Officer shall have executed and delivered to the Administrative Agent an Acquisition Certificate on the Closing Date, certifying, immediately prior to the execution and delivery of this Agreement by all parties hereto (i) that the Borrower and EnerVest are ready, able and willing to consummate the EnerVest Acquisition pursuant to the EnerVest PSA, subject only to the execution and delivery of this Agreement by all parties hereto, without the waiver of any material condition precedent, (ii) the net adjustments to the "Purchase Price" under the EnerVest PSA, (iii) a schedule of any assets excluded from the EnerVest Acquisition Properties to be acquired by the Borrower on the Closing Date and (iv) all uncured defects in title and environmental (determined without consideration of any applicable thresholds or deductibles) in connection with the EnerVest Acquisition.

(x) An Authorized Officer shall have executed and delivered to the Administrative Agent an Acquisition Certificate on the Closing Date, certifying, immediately prior to the execution and delivery of this Agreement by all parties hereto (i) that the Borrower and Harvest are ready, able and willing to consummate the Harvest Acquisition pursuant to the Harvest PSA, subject only to the execution and delivery of this Agreement by all parties hereto, without the waiver of any material condition precedent, (ii) the net adjustments to the "Purchase Price" under the Harvest PSA, (iii) a schedule of any assets excluded from the Harvest Acquisition Properties to be acquired by the Borrower on the Closing Date and (iv) all uncured defects in title and environmental (determined without consideration of any applicable thresholds or deductibles) in connection with the Harvest Acquisition.

(y) The Administrative Agent shall have received a certificate from an Authorized Officer certifying that it has provided a true and complete copy of the PSA (including all exhibits, schedules, annexes and other attachments thereto, all amendments, waivers, modifications and consents related thereto, and all other agreements related thereto) to the Administrative Agent.

(z) To the extent that Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Administrative Agent shall have received a Beneficial Ownership Certification in relation to Borrower.

SECTION 7 CONDITIONS PRECEDENT TO ALL CREDIT EVENTS.

The agreement of each Lender to make any Loan requested to be made by it on any date (excluding Loans required to be made by the Lenders in respect of Unpaid Drawings pursuant to Sections 3.3 and 3.4), and the obligation of any Issuing Bank to issue Letters of Credit on any date, is subject to the satisfaction of the following conditions precedent:

(a) At the time of each such Credit Event and also after giving effect thereto, (a) no Default, Event of Default or Borrowing Base Deficiency shall have occurred and be continuing and (b) all representations and warranties made by any Credit Party contained herein or in the other Credit Documents shall be true and correct in all material respects (unless such representation or warranty contains a materiality qualifier in which case such representation or warranty shall be true and correct in all respects) with the same effect as though such representations and warranties had been made on and as of the date of such Credit Event (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (unless such representation or warranty contains a materiality qualifier in which case such representation or warranty shall be true and correct in all respects) as of such earlier date).

(b) Prior to the making of each Loan (other than any Loan made pursuant toSection 3.4(a)), the Administrative Agent shall have received a Notice of Borrowing (whether in writing or by telephone) meeting the requirements of Section 2.3(a).

(c) Prior to the issuance of each Letter of Credit, the Administrative Agent and the applicable Issuing Bank shall have received a Letter of Credit Application meeting the requirements of Section 3.2(a).

(d) With respect to the initial Borrowing only, prior to the making of such Loan, the Administrative Agent shall have received from Borrower a certificate executed and delivered by an Authorized Officer, demonstrating that, after giving pro forma effect to such Borrowing, the ratio (expressed as a percentage) of (i) Consolidated Total Debt as of such date to (ii) Capitalization as of such date, is less than or equal to 55%.

The acceptance of the benefits of each Credit Event after the Closing Date shall constitute a representation and warranty by each Credit Party to each of the Lenders that all the applicable conditions specified in Section 7 above have been satisfied as of that time.

SECTION 8 REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Lenders to enter into this Agreement, to make the Loans and issue or participate in Letters of Credit as provided for herein, the Borrower makes, on the date of each Credit Event, the following representations and warranties to, and agreements with, the Lenders, all of which shall survive the execution and delivery of this Agreement and the making of the Loans and the issuance of the Letters of Credit:

8.1 Corporate Status. Each of the Borrower and each Restricted Subsidiary of the Borrower (a) is a duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact its business as now conducted and (b) has duly qualified and is authorized to do business and is in good standing (if applicable) in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

8.2 Corporate Power and Authority; Enforceability. Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each Credit Party has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

8.3 No Violation. None of the execution, delivery or performance by any Credit Party of the Credit Documents to which it is a party or the compliance with the terms and provisions thereof will contravene any Requirement of Law except to the extent such contravention would not reasonably be expected to result in a Material Adverse Effect, result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Credit Party or any of the Restricted Subsidiaries (other than Liens created under the Credit Documents and Liens permitted hereunder) pursuant to the terms of any indenture, loan agreement, lease agreement, mortgage, deed of trust, agreement or other instrument to which such Credit Party or any of the Restricted Subsidiaries is a party or by which it or any of its property or assets is bound (any such term, covenant, condition or provision, a "Contractual Requirement") except to the extent such breach, default or Lien that would not reasonably be expected to result in a Material Adverse Effect or violate any provision of the certificate of incorporation, by-laws or other organizational documents of such Credit Party or any of the Restricted Subsidiaries.

8.4 Litigation. Except as set forth on Schedule 8.4, there are no actions, suits or proceedings, pending or, to the knowledge of the Borrower, threatened in writing, with respect to the Borrower or any of its Restricted Subsidiaries or against any of their respective or revenues that either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

8.5 Margin Regulations. Neither the making of any Loan hereunder nor the use of the proceeds thereof will violate the provisions of Regulation T, Regulation U or Regulation X of the Board.

8.6 Governmental Approvals. The execution, delivery and performance of each Credit Document do not require any consent or approval of, registration or filing with, or other action by, any Governmental Authority, except for (a) such as have been obtained or made and are in full force and effect, (b) filings and recordings in respect of the Liens created pursuant to the Security Documents and (c) such consents, approvals, registrations, filings or actions the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect.

8.7 Investment Company Act. No Credit Party is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

8.8 True and Complete Disclosure.

(a) All written information (other than the Budget, estimates and information of a general economic nature or general industry nature) (the "Information") concerning the Borrower, the Subsidiaries, the Transactions and any other transactions contemplated hereby (as modified or supplemented by other information so furnished) or otherwise prepared by or on behalf of the foregoing or their representatives and made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby, when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made.

(b) Any financial statements that constitute Information were prepared in accordance with GAAP and fairly present the financial condition of the Borrower and its Subsidiaries for the applicable time periods.

(c) The Budget and estimates and information of a general economic nature or general industry nature prepared by or on behalf of the Borrower or any of its representatives and that have been made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date thereof (it being understood that actual results may vary materially from the Budget), as of the date such Budget and estimates were furnished to the Lenders and (with respect to any such Budget provided prior to the Closing Date) as of the Closing Date.

8.9 Tax Matters. Except as would not reasonably be expected to result in a Material Adverse Effect, (a) each of the Borrower and the Subsidiaries has filed all Tax returns, domestic and foreign, required to be filed by it (including in its capacity as withholding agent) and has paid all Taxes payable by it that have become due, other than those (i) not yet delinquent or (ii) being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided to the extent required by and in accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) and (b) the Borrower and each of the Subsidiaries have provided adequate reserves in accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) for all Taxes of the Borrower and the Subsidiaries not yet due and payable.

8.10 Compliance with Laws and Agreements; No Defaults. Each of the Borrower and its Restricted Subsidiaries are in compliance with Section 9.6. No Default has occurred and is continuing.

8.11 Restriction on Liens. The Borrower and its Restricted Subsidiaries are in compliance with Section 10.8.

8.12 Compliance with ERISA.

(a) Except to the extent that a breach of any of the representations or warranties in this Section 8.12(a) would not result, individually or in the aggregate, in an amount of liability that would be reasonably likely to have a Material Adverse Effect: (i) Each Plan is in compliance with ERISA, the Code and any applicable Requirement of Law; (ii) no Reportable Event has occurred (or is reasonably likely to occur) with respect to any Plan; (iii) no written notice has been given to the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate that a Multiemployer Plan is in insolvency pursuant to Section 4245 of ERISA or that it is in endangered, critical or critical and endangered status pursuant to Section 305 of ERISA; (iv) each Plan has satisfied the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, and there has been no determination that any such Plan is, or is expected to be, in "at risk" status (within the meaning of Section 303(i)(4) of ERISA); (v) none of the Borrower or any ERISA Affiliate has incurred (or is reasonably likely to incur) any liability to or on account of a Plan or Multiemployer Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204, or 4212(c) of ERISA or Section 4971 or 4975 of the Code nor has the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate, been notified in writing that it will incur any liability under any of the foregoing Sections with respect to any Plan or Multiemployer Plan; (vi) no proceedings have been instituted to terminate or to reorganize any Plan or Multiemployer Plan or to appoint a trustee to administer any Plan or Multiemployer Plan, and no written notice of any such proceedings has been given to the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate; (vii) neither the Borrower nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (viii) and no lien imposed under the Code or ERISA on the assets of the Borrower or any ERISA Affiliate exists (or is reasonably likely to exist) nor has the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate been notified in writing that such a lien will be imposed on the assets of the Borrower or any ERISA Affiliate on account of any Plan or Multiemployer Plan. No Plan has an Unfunded Current Liability that would, individually or when taken together with any other liabilities referenced in this Section 8.12(a), be reasonably likely to have a Material Adverse Effect. With respect to Multiemployer Plans, the representations and warranties in this Section 8.12(a), other than any made with respect to liability under Section 4201 or 4204 of ERISA, are made to the knowledge of the Borrower.

(b) Based upon GAAP existing as of the date of this Agreement and current factual circumstances, Borrower has no reason to believe that the annual cost

during the term of this Agreement to Borrower for post-retirement benefits to be provided to the current and former employees of Borrower under any welfare benefit plan, as defined in Section 3(1) of ERISA, could, in the aggregate, reasonably be expected to likely to result in a Material Adverse Effect.

(c) All Foreign Plans are in compliance with, and have been established, administered and operated in accordance with, the terms of such Foreign Plans and applicable law, except for any failure to so comply, establish, administer or operate the Foreign Plans as would not reasonably be expected to have a Material Adverse Effect. All contributions or other payments which are due with respect to each Foreign Plan have been made in full and there are no funding deficiencies thereunder, except to the extent any such events would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

8.13 Subsidiaries. There are no Subsidiaries of the Borrower existing on the Closing Date other than those set forth on Schedule 8.13.

8.14 Intellectual Property. The Borrower and each of the Restricted Subsidiaries own or have obtained valid rights to use all intellectual property, free from any burdensome restrictions, that is necessary for the operation of their respective businesses as currently conducted and as proposed to be conducted, except where the failure to obtain any such rights would not reasonably be expected to have a Material Adverse Effect. The operation of the respective businesses of the Borrower and each of the Restricted Subsidiaries, as currently conducted and as proposed to be conducted, do not infringe, misappropriate, violate or otherwise conflict with the proprietary rights of any third party have obtained all intellectual property, except as would not reasonably be expected to have a Material Adverse Effect.

8.15 Environmental Laws. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) (i) the Borrower and each of the Subsidiaries and all Oil and Gas Properties are in compliance with all Environmental Laws; (ii) neither the Borrower nor any Subsidiary has received written notice of any Environmental Claim or any other liability under any Environmental Law; (iii) neither the Borrower nor any Subsidiary is conducting any investigation, removal, remedial or other corrective action that is required pursuant to any Environmental Law at any location; and (iv) there are no Environmental Claims pending or, to the knowledge of the Borrower, threatened with respect to the Borrower or any of its Restricted Subsidiaries.

(b) Neither the Borrower nor any of the Subsidiaries has treated, stored, transported, released or disposed or arranged for disposal or transport for disposal of Hazardous Materials at, on, under or from any currently or formerly owned or leased Oil and Gas Properties or facility in a manner that would reasonably be expected to give rise to liability of the Borrower or any Subsidiary under Environmental Law.

8.16 Properties.

(a) Each Credit Party has good and defensible title to the Borrowing Base Properties evaluated in the most recently delivered Reserve Report (other than those (i) disposed of in compliance with Section 10.4 since delivery of such Reserve Report, (ii) leases that have expired in accordance with their terms following the date of the delivery of such Reserve Report and (iii) with title defects disclosed in writing to the Administrative Agent prior to the delivery of such Reserve Report), and valid title to all its material personal properties, in each case, free and clear of all Liens other than Liens permitted by Section 10.2. After giving full effect to the Liens permitted by Section 10.2, the Borrower or the Restricted Subsidiary specified as the owner owns the working interests and net revenue interests attributable to the Hydrocarbon Interests as reflected in the most recently delivered Reserve Report, and the ownership of such properties shall not in any material respect obligate the Borrower or such Restricted Subsidiary 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 the Borrower's or such Restricted Subsidiary's net revenue interest in such property.

(b) All material leases and agreements necessary for the conduct of the business of the Borrower and the Restricted Subsidiaries are valid and subsisting, in full force and effect, except to the extent that any such failure to be valid or subsisting would not 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 respective businesses as currently conducted, except to the extent any failure to have any such rights or properties would not reasonably be expected to have a Material Adverse Effect.

(d) All of the properties of the Borrower and the Restricted Subsidiaries that are reasonably necessary for the operation of their businesses are in good working condition and are maintained in accordance with prudent business standards, except to the extent any failure to satisfy the foregoing would reasonably be expected to have a Material Adverse Effect.

8.17 Solvency. After giving pro forma effect to the consummation of each Transaction (including the execution and delivery of this Agreement, the expected making of each Loan and the use of proceeds of each Loan), the Borrower and its Restricted Subsidiaries are, on a consolidated basis, Solvent.

8.18 Insurance. The properties of the Borrower and the Restricted Subsidiaries are insured in the manner contemplated by Section 9.3.

8.19 Gas Imbalances, Prepayments. Except as set forth on Schedule 8.19, on a net basis, there are no gas imbalances, take or pay or other prepayments (including Production Payments and Reserve Sales) exceeding 2.0% of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or promptly thereafter receiving full payment therefor.

8.20 Marketing of Production. On the Closing Date, except as set forth on Schedule 8.20, no material agreements exist (which are not cancelable on 60 days' notice or less without penalty or detriment) for the sale of production of the Credit Parties' Hydrocarbons at a fixed non-index price (including calls on, or other rights to purchase, production, whether or not the same are currently being exercised) that (a) represent in respect of such agreements 2.5% or more of the Borrower's average monthly production of Hydrocarbon volumes and (b) have a maturity or expiry date of longer than six months from the Closing Date.

8.21 Hedge Agreements. Schedule 8.21 sets forth, as of the Closing Date (or as the same may be updated on or prior to the Closing Date), a true and complete list of all material commodity Hedge Agreements of each Credit Party, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark to market value thereof (as of the last Business Day of the most recent fiscal quarter preceding the Closing Date and for which a mark to market value is reasonably available), all credit support agreements relating thereto (including any margin required or supplied) and the counterparty to each such agreement.

8.22 Sanctions.

(a) Each Credit Party is in compliance in all material respects with the material provisions of the Patriot Act, and the Borrower has provided to the

Administrative Agent all information related to the Credit Parties (including but not limited to names, addresses and tax identification numbers (if applicable)) reasonably requested in writing by the Administrative Agent and mutually agreed to be required by the Patriot Act to be obtained by the Administrative Agent or any Lender.

(b) None of the Borrower or any of its Subsidiaries nor, to the knowledge of Borrower, any director, officer, agent, employee or Affiliate of the Borrower or any of the Restricted Subsidiaries (i) is engaged, directly or indirectly, in any activity which is prohibited by any Sanctions, including any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department or (ii) is a Sanctioned Person or currently the subject or target of any Sanctions.

8.23 No Material Adverse Effect. There has been no event or circumstance that has had or would reasonably be expected to have a Material Adverse Effect since December 31, 2018.

8.24 Foreign Corrupt Practices Act. None of the Borrower or any of the Restricted Subsidiaries, nor, to the knowledge of the Borrower or any of the Restricted Subsidiaries, or any of their directors, officers, agents or employees has (i) used any corporate funds or proceeds of any Loan for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) made any direct or indirect unlawful payment to any government official or employee from corporate funds or proceeds of any Loan, (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977 or the Bribery Act 2010 of the United Kingdom or similar law of the European Union or any European Union Member State or similar law of a jurisdiction in which the Borrower or any of the Restricted Subsidiaries conduct their business and to which they are lawfully subject, or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

8.25 EEA Financial Institutions. No Credit Party is an EEA Financial Institution.

SECTION 9 AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that on the Closing Date and thereafter, until the Total Commitment and each Letter of Credit have terminated (unless such Letters of Credit have been collateralized on terms and conditions reasonably satisfactory to each applicable Issuing Bank following the termination of the Total Commitment) and the Loans and Unpaid Drawings, together with interest, fees and all other Obligations incurred hereunder (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable), are paid in full:

9.1 Information Covenants. The Borrower will furnish (or in the case of Section 9.1(k), use commercially reasonable efforts to prepare and furnish) to the Administrative Agent (which shall promptly make such information available to the Lenders in accordance with its customary practice):

(a) Annual Financial Statements. Within 120 days after the end of each such fiscal year, beginning with the fiscal year ending December 31, 2019, 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 the related consolidated statements of income, operations, shareholders' equity and cash flows for such fiscal year, setting forth comparative consolidated figures for the preceding fiscal years prepared in accordance with GAAP, and, except with respect to such reconciliation, certified by independent certified public accountants of recognized national standing whose opinion shall not be materially qualified with a "going concern" or like qualification or exception (other than with respect to, or resulting from, (x) the occurrence of the Maturity Date within one year from the date such opinion is delivered or (y) any potential inability to satisfy the Financial Performance Covenants on a future date or in a future period).

Notwithstanding the foregoing, the obligations in this Section 9.1(a) may be satisfied with respect to financial information of the Borrower and its consolidated Subsidiaries by furnishing (A) the applicable financial statements of the Parent or any other direct or indirect parent of the Borrower or (B) the Parent's or Borrower's (or any direct or indirect parent thereof), as applicable, Form 10-K filed with the SEC; provided that, with respect to each of clauses (A) and (B), (i) to the extent such information relates to the Parent or another parent of the Borrower, such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent and its consolidated Subsidiaries, on the one hand, and the information relating to the Borrower and its consolidated Subsidiaries and the Borrower and its consolidated Restricted Subsidiaries on a standalone basis, on the other hand and (ii) to the extent such information is in lieu of information required to be provided under the first sentence of this Section 9.1(a), such materials are accompanied by an opinion of an independent registered public accounting firm of recognized national standing, which opinion shall not be materially qualified with a "going concern" or like qualification or exception (other than with respect to, or resulting from, (x) the occurrence of the Maturity Date within one year from the date such opinion is delivered or (y) any potential inability to satisfy the Financial Performance Covenants on a future date or in a future period).

(b) Quarterly Financial Statements. Within 60 days after the end of each of the first three quarterly accounting periods in each fiscal year of the Borrower, the 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 quarterly period and the related consolidated statements of income, operations, shareholders' equity and cash flows for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and setting forth comparative consolidated figures for the related periods in the prior fiscal year or, in the case of such consolidated balance sheet, for the last day of the prior fiscal year (or, in lieu of such unaudited financial statements of the Borrower and the Restricted Subsidiaries, a reconciliation reflecting such financial information for the Borrower and the Restricted Subsidiaries, on the one hand, and the Borrower and the Subsidiaries, on the other hand, reflecting adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements), all of which shall be certified by a Financial Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows, of the Borrower and its consolidated Subsidiaries in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments and the absence of footnotes.

Notwithstanding the foregoing, the obligations in this Section 9.1(b) may be satisfied with respect to financial information of the Borrower and its consolidated Subsidiaries by furnishing (A) the applicable financial statements of the Parent or any other direct or indirect parent of the Borrower or (B) the Parent's or the Borrower's (or any direct or indirect parent thereof), as applicable, Form 10-Q filed with the SEC; *provided* that, with respect to each of clauses (A) and (B), to the extent such information relates to the Parent or another parent of the Borrower, such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent and its consolidated Subsidiaries, on the one hand, and the information relating to the Borrower and its consolidated Subsidiaries and the Borrower and its consolidated Restricted Subsidiaries on a standalone basis, on the other.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of a Financial

Officer of the Borrower substantially in the form of Exhibit F to the effect that no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof, which certificate shall set forth (i) the calculations required to establish whether the Borrower and its Restricted Subsidiaries were in compliance with the Financial Performance Covenants as at the end of such fiscal year or period, as the case may be, and (ii) a specification of any change in the identity of the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries as at the end of such fiscal year or period, as the case may be, from the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries, respectively, provided to the Lenders on the Closing Date or the most recent fiscal year or period, as the case may be.

(d) Notice of Default; Litigation. Promptly after an Authorized Officer of the Borrower, the Parent, the Borrower or any of the Restricted Subsidiaries obtains actual knowledge thereof, notice of (i) the occurrence of any Default or Event of Default, which notice shall specify the nature thereof, the period of existence thereof and what action the Borrower proposes to take with respect thereto, (ii) any litigation or governmental proceeding pending against the Borrower or any of the Subsidiaries that if determined adversely and, if so determined, would reasonably be expected to result in a Material Adverse Effect and (iii) the occurrence of any event that has occurred and resulted in a Material Adverse Effect.

(e) Environmental Matters. Promptly after obtaining actual knowledge of any one or more of the following environmental matters, unless such environmental matters would not, individually, or when aggregated with all other such environmental matters, be reasonably expected to result in a Material Adverse Effect, notice of:

(i) any pending or threatened (in writing) Environmental Claim against any Credit Party or any Oil and Gas Properties;

(ii) any condition or occurrence on any Oil and Gas Properties that (A) would reasonably be expected to result in noncompliance by any Credit Party with any applicable Environmental Law or (B) would reasonably be anticipated to form the basis of an Environmental Claim against any Credit Party or any Oil and Gas Properties;

(iii) any condition or occurrence on any Oil and Gas Properties that would reasonably be anticipated to cause such Oil and Gas Properties to be subject to any restrictions on the ownership, occupancy, use or transferability of such Oil and Gas Properties under any Environmental Law; and

(iv) the conduct of any investigation, or any removal, remedial or other corrective action in response to the actual or alleged presence, release or threatened release of any Hazardous Material on, at, under or from any Oil and Gas Properties.

All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and the response thereto.

(f) Other Information. (i) Promptly upon filing thereof, copies of any filings (including on Form 10-K, 10-Q or 8-K) or registration statements with, and reports to, the SEC or any analogous Governmental Authority in any relevant jurisdiction by the Borrower or any of the Subsidiaries (other than amendments to any registration statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Administrative Agent), exhibits to any registration statement and, if applicable, any registration statements on Form S-8), (ii) copies of all financial statements, proxy statements, notices and reports that the Borrower or any of the Subsidiaries shall send to the holders of any publicly issued debt of the Borrower and/or any of the Subsidiaries, in each case in their capacity as such holders, lenders or agents (in each case to the extent not theretofore delivered to the Administrative Agent pursuant to this Agreement) (iii) promptly after the furnishing thereof, copies of any financial statement, report or notice furnished by or on behalf of any of the Credit Parties to the Board of Directors by any of the Credit Parties, (iv) promptly after the furnishing thereof, copies of any financial statement, report or notice furnished to or by any Person pursuant to the terms of any organizational documents as well as preferred stock designation, indenture, loan or credit or other similar agreement with respect to Material Indebtedness, other than this Agreement and (v) with reasonable promptness, but subject to the limitations set forth in the last sentences of Section 9.2(a) and Section 13.16, such other information regarding the operations, business affairs and the financial condition of the Borrower or the Restricted Subsidiaries as the Administrative Agent on its own behalf or on behalf of any Lender (acting through the Administrative Agent) may reasonably request in writing from time to time.

(g) Certificate of Authorized Officer – Hedge Agreements. Concurrently with any delivery of (i) each Reserve Report and (ii) the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of an Authorized Officer, setting forth as of the date of such Reserve Report or last Business Day of such fiscal year or period, as applicable, a true and complete list of all Hedge Agreements of the Borrower and each Credit Party, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes by month), the net mark-to-market value thereof (as of the last Business Day of such fiscal year or period, as applicable and for which a mark-to- market value is reasonably available), the Borrower's compliance with Section 10.10, a statement of forecasted production for the sixty month period beginning with the first day of the month in which such certificate is delivered any new credit support agreements relating thereto not listed on Schedule 8.19 or on any previously delivered certificate delivered pursuant to this clause (g), any margin required or supplied under any credit support document and the counterparty to each such agreement.

(h) Certificate of Authorized Officer – Gas Imbalances. Concurrently with any delivery of each Reserve Report, a certificate of an Authorized Officer, certifying that as of the last Business Day of the most recently ended fiscal year or period, as applicable, except as specified in such certificate, on a net basis, there are no gas imbalances, take or pay or other prepayments exceeding 1.0 Bcfe of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor.

(i) Certificate of Authorized Officer – Production Report and Lease Operating Statement. Concurrently with any delivery of (i) each Reserve Report and (ii) the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of an Authorized Officer, setting forth, for each calendar month during the then current fiscal year to date, the volume of production of Hydrocarbons and sales attributable to production of Hydrocarbons (and the prices at which such sales were made and the revenues derived from such sales) for each such calendar month from the Borrowing Base Properties, and setting forth the related ad valorem, severance and production Taxes and lease operating expenses attributable thereto for each such calendar month

(j) Lists of Purchasers. At the time of the delivery of the financial statements provided for in Section 9.1(a), a certificate of an Authorized Officer setting forth a list of Persons purchasing Hydrocarbons from the Borrower or any other Credit Party who collectively account for at least 85% of the revenues resulting from the sale of all Hydrocarbons from the Borrower and such other Credit Parties during the fiscal year for which such financial statements relate.

(k) Budget. Within 60 days after the end of each fiscal year (beginning with the fiscal year ending on or about December 31, 2019) of the Borrower or, if not delivered by the Borrower and requested in writing by the Administrative Agent and any Lender, as soon thereafter as is commercially reasonable, a reasonably detailed consolidated budget for the fiscal year following the fiscal year that has most recently ended as customarily prepared by management of the Borrower (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected cash flow and projected income and a summary of the material underlying assumptions applicable thereto) (collectively, the "Budget"), which Budget shall in each case be accompanied by a certificate of an Authorized Officer stating that such Budget has been prepared in good faith on the basis of the assumptions stated therein, which assumptions were believed to

be reasonable at the time of preparation of such Budget, it being understood that actual results may vary from such Budget.

It is understood that documents required to be delivered pursuant to Section 9.1(a), Section 9.1(b) and Section 9.1(f) may be delivered electronically and if so delivered, 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 listed on Schedule 13.2 (if any) or (ii) on which such documents are transmitted by electronic mail to the Administrative Agent; provided that: (i) upon written request by the Administrative Agent, the Borrower shall deliver paper copies of such documents delivered pursuant to Sections 9.1(a), 9.1(b), 9.1(c) and 9.1(f) to the Administrative Agent until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents.

9.2 Books, Records and Inspections.

(a) The Borrower will, and will cause each Restricted Subsidiary to, permit officers and designated representatives of the Administrative Agent or officers and designated representatives of the Majority Lenders (as accompanied by the Administrative Agent), to visit and inspect any of its properties and to examine the financial or operating records of the Borrower and any such Restricted Subsidiary and discuss the affairs, finances, accounts and condition of the Borrower or any such Restricted Subsidiary with its and their officers and independent accountants therefor, in each case of the foregoing upon reasonable advance notice to the Borrower, all at such reasonable times and intervals during normal business hours and to such reasonable extent as the Administrative Agent or the Majority Lenders may desire (and subject, in the case of any such meetings or advice from such independent accountants, to such accountants' customary policies and procedures); provided that, excluding any such visits and inspections during the continuation of an Event of Default (i) only the Administrative Agent on behalf of the Majority Lenders may exercise rights of the Administrative Agent and the Lenders under this Section 9.2, and (ii) only one such visit per fiscal year shall be at the Borrower's expense;*provided*, *further*, that when an Event of Default exists, the Administrative Agent (or any of its representatives or independent contractors) or any representative of the Majority Lenders may do any of the foregoing at the expense of the Borrower at any time during normal business hours and upon reasonable advance notice. The Administrative Agent and the Majority Lenders shall give the Borrower the opportunity to participate in any discussions with the Borrower's independent public accountants. Notwithstanding anything to the contrary in Section 9.1(f)(iii) or this Section 9.2, neither the Borrower nor any Restricted Subsidiary will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by any Requirement of Law or any binding agreement or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product.

(b) The Borrower will, and will cause each of the Restricted Subsidiaries to, maintain financial records in accordance with GAAP.

9.3 Maintenance of Insurance. The Borrower will, and will cause each Restricted Subsidiary to, at all times maintain in full force and effect, with insurance companies that the Borrower believes (in the good faith judgment of the management of the Borrower) are financially sound and reputable at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as the Borrower believes (in the good faith judgment of management of the Borrower) is reasonable and prudent in light of the size and nature of its business; and will furnish to the Administrative Agent, upon written request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried. The Secured Parties shall be the additional insureds on any such liability insurance as their interests may appear, the Collateral Agent shall be the loss payee under any property insurance; *provided* that, so long as no Event of Default has occurred and is then continuing, the Secured Parties will provide any proceeds of such property insurance received by them to the Borrower.

9.4 Payment of Taxes. The Borrower shall, and shall cause each Restricted Subsidiary to, pay, discharge or otherwise satisfy its obligations in respect of all material obligations and all material Tax liabilities, assessments and governmental charges, before the same shall become delinquent or in default, except where (i) the amount or validity thereof is being contested in good faith by appropriate proceedings and the Borrower or a Subsidiary thereof has set aside on its books adequate reserves therefor in accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) or (ii) the failure to make payment could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

9.5 Consolidated Corporate Franchises. The Borrower will do, and will cause each Restricted Subsidiary to do, or cause to be done, all things necessary to preserve and keep in full force and effect its existence, corporate rights and authority, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect; *provided*, however, that the Borrower and its Restricted Subsidiaries may consummate any transaction permitted under Sections 10.3, 11.4 or 11.5.

9.6 Compliance with Statutes, Regulations, Etc. The Borrower will, and will cause each Restricted Subsidiary to, comply with (a) all Requirements of Law, including all governmental approvals or authorizations required to conduct its business, and to maintain all such governmental approvals or authorizations in full force and effect and (b) all agreements to which Borrower or any Restricted Subsidiary is a party, in each case except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

9.7 ERISA

(a) Promptly, and in any event within 10 business days, after the Borrower knows of the occurrence of any of the following events that, individually or in the aggregate (including in the aggregate such events previously disclosed or exempt from disclosure hereunder, to the extent the liability therefor remains outstanding), would be reasonably likely to have a Material Adverse Effect, the Borrower will deliver to the Administrative Agent a certificate of an Authorized Officer setting forth details as to such occurrence and the action, if any, that the Borrower or the applicable ERISA Affiliate is required or proposes to take, together with any notices (required, proposed or otherwise) given to or filed with or by the Borrower, such ERISA Affiliate, the PBGC, a Plan participant (other than notices relating to an individual participant's benefits) or the Plan administrator with respect thereto: (i) that a Reportable Event has occurred with respect to any Plan; that a failure to meet the minimum funding standard of Section 412 of the Code with respect to any Plan has occurred; (ii) that a Plan having an Unfunded Current Liability has been or is to be terminated, or a Multiemployer Plan is to be partitioned or declared insolvent, under Title IV of ERISA (including the giving of written notice thereof); (iii) that a Plan has an Unfunded Current Liability that has or will result in a lien under ERISA or the Code; that proceedings will be or have been instituted to terminate a Plan having an Unfunded Current Liability (including the giving of written notice thereof); (iv) that a proceeding has been instituted against the Borrower or an ERISA Affiliate pursuant to Section 515 of ERISA to collect a delinquent contribution to a Multiemployer Plan; (v) that the PBGC has notified the Borrower or any ERISA Affiliate of its intention to appoint a trustee to administer any Plan or Multiemployer Plan; (vi) that a Plan has been amended such that, pursuant to Section 401(a)(29) of the Code or Section 436 of the Code, the amendment would result in the loss of tax-exempt status of the trust of which such Plan is a part if Borrower or an ERISA Affiliate fails to timely provide security to the Plan in accordance with the provisions of such sections of the Code; (vii) that the Borrower or any ERISA Affiliate has failed to make a required installment or other payment pursuant to Section 412 of the Code with respect to a Plan; or (viii) that the Borrower or any ERISA Affiliate has incurred or will incur (or has been notified in writing that it will incur) any liability (including any contingent or secondary liability) to or on account of a Plan or Multiemployer Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204, or 4212(c) of ERISA or Section 4971 or 4975 of the Code.

(b) Promptly following any request therefor by the Administrative Agent, the Borrower will deliver to the Administrative Agent copies of (i) any documents described in Section 101(k) of ERISA that the Borrower or an ERISA Affiliate may request with respect to any Multiemployer Plan to which the Borrower or an ERISA Affiliate is obligated to contribute and (ii) any notices described in Section 101(l) of ERISA that the Borrower may request with respect to any Multiemployer Plan to which the Borrower or an ERISA Affiliate is obligated to contribute; *provided* that if the Borrower or an ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, the Borrower shall promptly, following a request from the Administrative Agent, make a request or require that the applicable ERISA Affiliate make such request, for such documents or notices from such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof.

9.8 Maintenance of Properties. The Borrower will, and will cause each of the Restricted Subsidiaries to, except in each case, where the failure to so comply would not reasonably be expected to result in a Material Adverse Effect (it being understood that this Section 9.8 shall not restrict any transaction otherwise permitted by Section 10.3, 11.4 or 11.5):

(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 compliance with all applicable Contractual Requirements and all applicable Requirements of Law, including applicable proration requirements and Environmental Laws;

(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, working order and efficiency (ordinary wear and tear excepted) all of its material Oil and Gas Properties and other material properties, including all equipment, machinery and facilities;

(c) 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 the Borrowing Base Properties

and do all other things necessary to keep unimpaired its rights with respect thereto and prevent any forfeiture thereof or default thereunder; and

(d) to the extent a Credit Party is not the operator of any property, the Borrower shall use commercially reasonable efforts to cause the operator to comply with this Section 9.8.

9.9 End of Fiscal Years; Fiscal Quarters; Pro Forma Financial Information. The Borrower will, for financial reporting purposes, cause each of its, and each of its Restricted Subsidiaries', fiscal years and fiscal quarters to end on dates consistent with past practice; provided, however, that the Borrower may, upon written notice to the Administrative Agent change the financial reporting convention specified above to any other financial reporting convention reasonably acceptable to the Administrative Agent, in which case the Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary in order to reflect such change in financial reporting. "Pro forma" calculations made pursuant to the definition of the term "Pro Forma Basis" shall be determined in good faith and certified by a Financial Officer of the Borrower.

9.10 Additional Guarantors, Grantors and Collateral.

(a) Subject to any applicable limitations set forth in the Guarantee or the Security Documents, the Borrower will cause (i) any direct or indirect Domestic Subsidiary (other than any Excluded Subsidiary) formed or otherwise purchased or acquired after the Closing Date (including pursuant to a Permitted Acquisition) and (ii) any Domestic Subsidiary of the Borrower that ceases to be an Excluded Subsidiary, in each case within 30 days from the date of such formation, acquisition or cessation, as applicable (or such longer period as the Administrative Agent may agree in its reasonable discretion) to execute (A) a supplement to the Guarantee, substantially in the form of Exhibit A thereto, in order to become a Guarantor, and (B) a supplement to the Collateral Agreement, substantially in the form ofExhibit A thereto, in order to become a grantor and a pledgor thereunder.

(b) Subject to any applicable limitations set forth in the Collateral Agreement, the Borrower will pledge, and, if applicable, will cause each Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)) to pledge, to the Collateral Agent, for the benefit of the Secured Parties, (i) all of the Equity Interests (other than any Excluded Equity Interests) of each Subsidiary directly owned by the Borrower or any Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)), in each case, formed or otherwise purchased or acquired after the Closing Date, pursuant to supplements to the Collateral Agreement substantially in the form of Exhibit A thereto and, (ii) except with respect to intercompany Indebtedness, all evidences of Indebtedness for borrowed money in a principal amount in excess of $5,000,000 (individually) that is owing to the Borrower or any Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)) (which shall be evidenced by a promissory note), in each case pursuant to supplements to the Collateral Agreement substantially in the form of Exhibit A thereto.

(c) In connection with each redetermination (but not any adjustment) of the Borrowing Base, the Borrower shall review the applicable Reserve Report, if any, and the list of current Mortgaged Properties (as described in Section 9.10(c)), to ascertain whether the PV-10 of the Mortgaged Properties (calculated at the time of redetermination) meets the Collateral Coverage Minimum after giving effect to exploration and production activities, acquisitions, Dispositions and production. In the event that the PV-10 of the Mortgaged Properties (calculated at the time of redetermination) does not meet the Collateral Coverage Minimum, then the Borrower shall, and shall cause its Credit Parties to, grant, within 30 days of delivery of the certificate required under Section 9.13(c) (or such longer period as the Administrative Agent may agree in its reasonable discretion), to the Collateral Agent as security for the Obligations a first-priority Lien interest (subject to Liens permitted by Section 10.2(a) and 10.2(b)) on additional Oil and Gas Properties not already subject to a Lien of the Security Documents such that, after giving effect thereto, the PV-10 of the Mortgaged Properties (calculated at the time of redetermination) meets the Collateral Coverage Minimum. All such Liens will be created and perfected by and in accordance with the provisions of the Security Documents, including, if applicable, any additional Mortgages. In order to comply with the foregoing, if any Restricted Subsidiary places a Lien on its property and such Subsidiary is not a Guarantor, then it shall become a Guarantor and comply with the provisions of Sections 9.10(a) and (b).

9.11 Use of Proceeds. The Borrower will use the proceeds of Loans for the payment of Transaction Expenses, the acquisition, development and exploration of Oil and Gas Properties and for working capital and other general corporate purposes of the Borrower and its Subsidiaries (including Permitted Acquisitions).

9.12 Further Assurances.

(a) Subject to the applicable limitations set forth in the Security Documents, unless otherwise provided hereunder, the Borrower will, and will cause each other Credit Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture, filings, assignments of as-extracted collateral arising from the Borrowing Base Properties, mortgages, deeds of trust and other documents) that the Collateral Agent or the Required Lenders may reasonably request, in order to grant, preserve, protect and perfect the validity and priority of the security interests created or intended to be created by the applicable Security Documents, all at the expense of the Borrower and the Restricted Subsidiaries.

(b) Notwithstanding anything herein to the contrary, if the Collateral Agent and the Borrower reasonably determine in writing that the cost of creating or perfecting any Lien on any property is excessive in relation to the benefits afforded to the Lenders thereby, then such property may be excluded from the Collateral for all purposes of the Credit Documents. In addition, notwithstanding anything to the contrary in this Agreement, the Collateral Agreement, or any other Credit Document, (i) the Administrative Agent may grant extensions of time for or waivers of the requirements of the creation or perfection of security interests in or the obtaining of title information or legal opinions with respect to particular assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Credit Parties on such date) where it reasonably determines, in consultation with the Borrower, that perfection or obtaining of such items is not required by law or cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the other Credit Documents, (ii) Liens required to be granted from time to time pursuant to this Agreement and the Security Documents shall be subject to exceptions and limitations set forth in the Security Documents and, to the extent appropriate in any applicable jurisdiction, as otherwise agreed between the Administrative Agent and the Borrower and (iii) the Administrative Agent and the Borrower may make such modifications to the Security Documents, and execute and/or consent to such easements, covenants, rights of way or similar instruments (and Administrative Agent may agree to subordinate the lien of any mortgage to any such easement, covenant, right of way or similar instrument or record or may agree to recognize any tenant pursuant to an agreement in a form and substance reasonably acceptable to the Administrative Agent), as are reasonable or necessary and otherwise permitted by this Agreement and the other Credit Documents.

Notwithstanding the foregoing provisions of this Section 9.12 or anything in this Agreement or any other Credit Document to the contrary: (A) Liens required to be granted from time to time shall be subject to exceptions and limitations set forth in the Collateral Agreement and the other Credit Documents and, to the extent appropriate in any applicable jurisdictions, as agreed between the Administrative Agent and the Borrower and (B) the Collateral shall not include any Excluded Assets.

9.13 Reserve Reports.

(a) On or before March 1 and September 1 of each year, commencing March 1, 2020, the Borrower shall furnish to the Administrative Agent a Reserve Report evaluating, as of the immediately preceding January 1st and July 1st, the Proved Reserves of the Borrower and the Credit Parties located within the geographic boundaries of the United States of America that the Borrower desires to have included in any calculation of the Borrowing Base. Each Reserve Report (i) as of January 1 shall be prepared by one or more Approved Petroleum Engineers and (ii) as of July 1 shall be prepared, at the sole election of the Borrower, (x) by one or more Approved Petroleum Engineers or (y) by or under the supervision of the engineers of the Borrower or a Restricted Subsidiary.

(b) In the event of an Interim Redetermination, the Borrower shall furnish to the Administrative Agent a Reserve Report prepared by one or more Approved Petroleum Engineers or prepared under the supervision of the engineers of the Borrower or a Restricted Subsidiary. For any Interim Redetermination pursuant to Section 2.14(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 30 days, in the case of any Interim Redetermination requested by the Borrower or 45 days, in the case of any Interim Redetermination requested by the Administrative Agent or the Lenders, following the receipt of such request.

(c) With the delivery of each Reserve Report, the Borrower shall provide to the Administrative Agent a Reserve Report Certificate from an Authorized Officer certifying that in all material respects:

(i) in the case of Reserve Reports prepared by or under the supervision of the engineers of the Borrower or a Restricted Subsidiary, such Reserve Report has been prepared, except as otherwise specified therein, in accordance with the procedures used in the immediately preceding January 1 Reserve Report or the Initial Reserve Reports, if no January 1 Reserve Report has been delivered;

(ii) the information contained in the Reserve Report and any other information delivered in connection therewith is true and correct in all material respects;

(iii) assuming that (which exception shall cease to apply upon the expiration of ten (10) Business Days following the Closing Date) any assignments made in connection with the EnerVest Acquisition and the Harvest Acquisition have been recorded in the applicable County's recording offices, except as set forth in an exhibit to such certificate, the Borrower or another Credit Party has good and defensible title to the Borrowing Base Properties evaluated in such Reserve Report (other than those (x) Disposed of in compliance with Section 10.4 since delivery of such Reserve Report, and (y) with title defects disclosed in writing to the Administrative Agent on or prior to the delivery date thereof) and such Borrowing Base Properties are free of all Liens except for Liens permitted by Section 10.2;

(iv) except as set forth on an exhibit to such certificate, on a net basis there are no gas imbalances, take or pay or other prepayments in excess of the volume specified in Section 8.17 with respect to the Credit Parties' Oil and Gas Property evaluated in such Reserve Report that would require the Borrower or any other 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;

(v) none of the Borrowing Base Properties have been Disposed of since the date of the last Borrowing Base determination except those Borrowing Base Properties listed on such certificate as having been Disposed of; and

(vi) the certificate shall also attach, as schedules thereto, (A) a list of all Borrowing Base Properties evaluated by such Reserve Report that are Collateral and demonstrating that the PV-10 of the Collateral (calculated at the time of delivery of such Reserve Report) meets the Collateral Coverage Minimum and (B) a description of any minimum volume commitments or deficiency payment obligations estimated (calculated at the time of delivery of such Reserve Report and based upon the production forecasts therein) to be payable by any Credit Party pursuant to any gathering, processing or transportation agreement.

9.14 Title Information.

(a) In connection with the certificate required under Section 9.13, the Borrower will deliver, if reasonably requested by the Administrative Agent, title

information, that is consistent with usual and customary standards for the geographic regions in which the Borrowing Base Properties are located and that is reasonably acceptable to the Administrative Agent covering Mortgaged Properties with a value of at least 85% of the PV-10 value of the total Proved Reserves included in such Reserve Report, it being understood (a) that the value of any Proved Preserves that are not Proved Developed Producing Reserves included in the Borrowing Base shall be subject to the Administrative Agent's normal and customary risk discounts for this purpose and (b) that title information provided with respect to Proved Reserves that are not Mortgaged Properties shall not be considered "reasonably satisfactory."

(b) If the Borrower has provided title information for additional Proved Reserves under Section 9.14(a) the Borrower shall, within sixty (60) days after notice from the Administrative Agent that title defects exist with respect to such additional Proved Reserves, either (i) cure any such title defects raised by such information, (ii) substitute acceptable Mortgaged Properties with satisfactory title information having an equivalent value or (iii) deliver title information in form and substance 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 85% of the PV-10 value of the total Proved Reserves included in such Reserve Report

(c) If the Borrower fails to cure any title defect requested by the Administrative Agent to be cured within the 60-day period pursuant to Section 9.14(b) or the Borrower fails to comply with the requirements to provide acceptable title information covering at least 85% of the PV-10 value of the total Proved Reserves included in such Reserve Report, such failure shall not be a Default or an Event of Default, but instead the Administrative Agent and/or the Required Lenders 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 Lenders. Such remedy is to have the Administrative Agent declare that such unacceptable Mortgaged Property shall not count towards the eighty-five percent (85%) requirement, as the case may be, and the Administrative Agent may send a notice to the Borrower and the Lenders that the then outstanding Borrowing Base shall be reduced by an amount as determined by the Required Lenders to cause the Borrower to be in compliance with the requirement to provide acceptable title information as provided in Section 9.14(a). This new Borrowing Base shall become effective immediately after the Borrower's receipt of such notice and such redetermination shall not constitute an Interim Redetermination.

9.15 Environmental Matters.

(a) The Borrower will at its sole expense: (i) comply, and cause its properties and operations and each Subsidiary and each Subsidiary's properties and operations to comply, with all applicable Environmental Laws, to the extent the breach thereof could be reasonably expected to result in a Material Adverse Effect; (ii) not Release or threaten to Release, and cause each Subsidiary not to Release or threaten to Release, any Hazardous Material on, under, about or from any of the Borrower's or its Subsidiaries' properties or any other property offsite the property to the extent caused by the Borrower's or its Subsidiaries' operations except in compliance with applicable Environmental Laws, to the extent such Release or threatened Release could reasonably be expected to result in a Material Adverse Effect; (iii) obtain or file, and cause each Subsidiary to obtain or file, all Environmental Permits, if any, required under applicable Environmental Laws to be obtained or filed in connection with the Borrower's or its Subsidiaries' operation of their properties, to the extent such failure to obtain or file could reasonably be expected to result in a Material Adverse Effect; and (iv) commence and prosecute to completion, and cause each Subsidiary to commence and 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 to be completed by Borrower or any Subsidiary under applicable Environmental Laws because of or in connection with the actual or suspected past, present or future Release or threatened Release of any Hazardous Material on, under, about or from any of the Borrower's or its Subsidiaries' Properties, to the extent failure to do so could reasonably be expected to result in a Material Adverse Effect, in each such case in clauses (i) through (iv) above after giving effect to any insurance with respect thereto.

(b) In connection with any acquisition by any Credit Party of any Oil and Gas Property, other than an acquisition of additional interests in Oil and Gas Properties in which such Credit Party previously held an interest, to the extent any Credit Party obtains or is provided with same, the Borrower will, and will cause each other Credit Party to, promptly following any 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 as are reasonably requested by the Administrative Agent, the delivery of which will not violate any applicable confidentiality agreement entered into in good faith with an unaffiliated third party.

9.16 Commodity Exchange Act Keepwell Provisions. The Borrower hereby guarantees the payment and performance of all Obligations of each Credit Party (other than Borrower) and absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each Credit Party (other than the Borrower) in order for such Credit Party to honor its obligations under the Guarantee including obligations with respect to Hedge Agreements (provided, however, that the Borrower shall only be liable under this Section 9.16 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 9.16, or otherwise under this Agreement or any Credit Document, as it relates to such other Credit Parties, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of the Borrower under this Section 9.16 shall remain in full force and effect until all Obligations are paid in full to the Lenders, the Administrative Agent and all other Secured Parties, and all of the Commitments are terminated. The Borrower intends that this Section 9.16 constitute, and this Section 9.16 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.

9.17 Accounts and Account Control Agreements . Beginning with the date that is thirty (30) days after the Closing Date (or such later date as may be agreed by the Administrative Agent), (a) each Credit Party shall maintain (i) each deposit account of each Credit Party with a Lender or an Affiliate of a Lender and (ii) its primary operating and deposit accounts with East West Bank, and (b) each deposit account, securities account and commodity account of each Credit Party, shall be subject to an Account Control Agreement; provided, however, that no control agreement shall be required with respect to any Excluded Accounts and no Excluded Accounts shall be required to be maintained with a Lender or an Affiliate of a Lender.

9.18 Post-Closing Obligations. (i) On or before the date that is five (5) Business Days after the Closing Date (or such later date as may be agreed by the Administrative Agent), Borrower shall provide to Administrative Agent copies of insurance certificates evidencing the insurance required to be maintained by the Borrower and the Restricted Subsidiaries pursuant to Section 9.3, and (ii) on or before the date that is thirty (30) days after the Closing Date (or such later date as may be agreed by the Administrative Agent in its reasonable discretion), Borrower shall deliver to Administrative Agent an executed copy of the Management Services Agreement.

SECTION 10 NEGATIVE COVENANTS.

The Borrower hereby covenants and agrees that on the Closing Date and thereafter, until the Total Commitment and each Letter of Credit have terminated

(unless such Letters of Credit have been collateralized on terms and conditions reasonably satisfactory to the relevant Issuing Banks following the termination of the Total Commitment) and the Loans and Unpaid Drawings, together with interest, fees and all other Obligations incurred hereunder (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable), are paid in full:

10.1 Limitation on Indebtedness. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness other than the following:

(a) Indebtedness arising under the Credit Documents (including pursuant toSections 2.16 and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness);

(b) Indebtedness of (i) the Borrower or any Guarantor owing to the Borrower or any Subsidiary;*provided* that any such Indebtedness owing by a Credit Party to a Subsidiary that is not a Guarantor shall be evidenced by an intercompany note substantially in the form of Exhibit I or otherwise subject to subordination terms substantially identical to the subordination terms set forth in Exhibit I, in each case, to the extent permitted by Requirements of Law and not giving rise to material adverse Tax consequences, (ii) any Subsidiary that is not a Guarantor owing to any other Subsidiary that is not a Guarantor and (iii) to the extent permitted by Section 10.5, any Subsidiary that is not a Guarantor owing to the Borrower or any Guarantor;

(c) Indebtedness in respect of any bankers' acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business or consistent with past practice or industry practice (including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims);

(d) subject to compliance with Section 10.5, Guarantee Obligations incurred by (i) Restricted Subsidiaries in respect of Indebtedness of the Borrower or other Restricted Subsidiaries that is permitted to be incurred under this Agreement (except that a Restricted Subsidiary that is not a Credit Party may not, by virtue of this Section 10.1(d) guarantee Indebtedness that such Restricted Subsidiary could not otherwise incur under this Section 10.1) and (ii) the Borrower in respect of Indebtedness of Restricted Subsidiaries that is permitted to be incurred under this Agreement; provided that (A) if the Indebtedness being guaranteed under this Section 10.1(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 Lenders as those contained in the subordination of such Indebtedness and (B) no guarantee by any Restricted Subsidiary of any Permitted Additional Debt or Permitted Junior Lien Debt shall be permitted unless such Restricted Subsidiary shall have also provided a guarantee of the Obligations substantially on the terms set forth in the Guarantee;

(e) (i) Indebtedness (including Indebtedness arising under Capital Leases) incurred prior to or within 270 days following the acquisition, construction, lease, repair, replacement, expansion or improvement of assets (real or personal, and whether through the direct purchase of property or the Equity Interests of a Person owning such property) to finance the acquisition, construction, lease, repair, replacement expansion, or improvement of such assets; (ii) Indebtedness arising under Capital Leases, other than (A) Capital Leases in effect on the Closing Date and (B) Capital Leases entered into pursuant to subclause (i) above; *provided* that, in the case of each of the foregoing subclauses (i) and (ii), the aggregate principal amount of such Indebtedness shall not exceed, at the time of incurrence thereof, the greater of (x) $4,000,000 and (y) 7.5% of the then effective Borrowing Base; *provided* further that, in the case of Indebtedness incurred in reliance on the foregoingsubclause (y), the Borrower shall be in Pro Forma Compliance immediately after giving effect to the incurrence of such Indebtedness (and the use of proceeds thereof); and (iii) any Permitted Refinancing Indebtedness issued or incurred to Refinance any such Indebtedness;

(f) Indebtedness in respect of Hedge Agreements, subject to the limitations set forth inSection 10.10;

(g) Indebtedness of a Domestic Subsidiary that is not a Guarantor; provided that no Credit Party's assets are used to secure any such Indebtedness, in principal amount, when aggregated with the outstanding principal amount of Indebtedness incurred pursuant to this clause (g), not to exceed, at the time of incurrence thereof, the greater of (x) $4,000,000 and (y) 7.5% of the then effective Borrowing Base;

(h) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, and obligations in respect of letters of credit, bank guaranties or instruments related thereto not in connection with money borrowed, in each case provided in the ordinary course of business or consistent with past practice or industry practice, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or consistent with past practice or industry practice;

(i) (i) other Indebtedness; provided that the aggregate principal amount of outstanding Indebtedness incurred pursuant to thisSection 10.1(i) shall not at the time of incurrence thereof and immediately after giving effect thereto and the use of proceeds thereof on a Pro Forma Basis, exceed the greater of (x) $4,000,000 and (y) 7.5% of the then effective Borrowing Base and (ii) any Permitted Refinancing Indebtedness issued or incurred to Refinance such Indebtedness;

(j) (i) Indebtedness in respect of Permitted Junior Lien Debt or Permitted Additional Debt or Permitted Junior Lien Debt in an aggregate principal amount outstanding not to exceed $50,000,000; *provided* that (x) after giving effect to the incurrence or issuance thereof and the use of proceeds therefrom, the Borrower shall be in Pro Forma Compliance, (y) the Borrowing Base shall be adjusted as set forth in Section 2.14(e) and (z) only in the case of Permitted Junior Lien Debt, the maximum Consolidated Total Debt to EBITDAX Ratio is less than or equal to 3.0 to 1.0, and (ii) any Permitted Refinancing Indebtedness issued or incurred to Refinance such Indebtedness; *provided* that no Default or Event of Default exists and is continuing immediately before the incurrence of such Indebtedness and no Default, Event of Default or Borrowing Base Deficiency will exist immediately after the incurrence of such Indebtedness;

(k) Cash Management Obligations, Cash Management Services and other Indebtedness in respect of netting services, automatic clearing house arrangements, employees' credit or purchase cards, overdraft protections and similar arrangements in each case incurred in the ordinary course of business;

(l) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations (including earn-outs), in each case assumed or entered into in connection with the Transactions, any Permitted Acquisitions, other Investments and the Disposition of any business, assets or Equity Interests not prohibited hereunder;

(m) Indebtedness consisting of obligations of the Borrower and the Restricted Subsidiaries under deferred compensation or other similar arrangements incurred by such Person in connection with the Transactions, Permitted Acquisitions or any other Investment permitted hereunder;

(n) Indebtedness associated with bonds or surety obligations required by Requirements of Law or by Governmental Authorities in connection with the Transactions and the operation of Oil and Gas Properties in the ordinary course of business;

(o) Indebtedness of the Borrower or any Restricted Subsidiary consisting of obligations to pay insurance premiums;

(p) Indebtedness not in excess in the aggregate of $1,250,000 at any time outstanding representing deferred compensation to employees, consultants or independent contractors of the Borrower or, to the extent attributable to the ownership or operation of the Borrower and its Subsidiaries any direct or indirect parent thereof and the Restricted Subsidiaries incurred in the ordinary course of business or consistent with past practice or industry practice; and

(q) Indebtedness not in excess in the aggregate of $1,250,000 at any time outstanding consisting of promissory notes issued by the Borrower or any Guarantor to current or former officers, managers, consultants, directors and employees to finance the purchase or redemption of Equity Interests of the Borrower (or any direct or indirect parent thereof) permitted by Section 10.6.

10.2 Limitation on Liens. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of the Borrower or any Restricted Subsidiary, whether now owned or hereafter acquired, except:

(a) Liens arising under the Credit Documents to secure the Obligations (including Liens contemplated by Section 3.8) or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage;

(b) Permitted Liens, provided, that no intention to subordinate the Liens granted under the Credit Documents is to be hereby implied or expressed by the permitted existence of such Permitted Liens;

(c) Liens (including liens arising under Capital Leases to secure Capitalized Lease Obligations) securing Indebtedness permitted pursuant to Section 10.1(e); *provided* that such Liens do not at any time extend to or cover any assets (except for accessions and additions to such assets, replacements and products thereof and customary security deposits) other than the assets subject to such Capital Leases; *provided* that in each case individual financings provided by one lender may be cross collateralized to other financings provided by such lender (and its Affiliates);

(d) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien permitted by Section 10.2(c), (g) and (i); *provided, however*, that (x) such new Lien shall be limited to all or part of the same type of property that secured the original Lien (plus improvements on and accessions to such property), (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the applicable Indebtedness at the time the original Lien became a Lien permitted hereunder, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement and (z) on the date of the incurrence of the Indebtedness secured by such Liens, the grantors of any such Liens shall comprise only the same Persons or a subset of such Persons that were the grantors of the Liens securing the debt being refinanced, refunded, extended, renewed or replaced;

(e) Liens (i) of a collecting bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off);

(f) Liens consisting of an agreement to Dispose of any property in a transaction permitted under Section 10.4, in each case, solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(g) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale or purchase of goods entered into by the Borrower or any of the Restricted Subsidiaries in the ordinary course of business permitted by this Agreement;

(h) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance or incurrence of Indebtedness or (ii) relating to purchase orders and other agreements entered into with customers of the Borrower or any Restricted Subsidiary in the ordinary course of business;

(i) Liens solely on any cash earnest money deposits made by the Borrower or any of the Restricted Subsidiaries in connection with any letter of intent or purchase agreement where the Borrower or any of its Restricted Subsidiaries is the purchaser;

(j) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(k) Liens in respect of Production Payments and Reserve Sales, subject to any adjustments to the Borrowing Base under Section 2.14(f); provided that such Liens attach at all times only to Hydrocarbon Interests from which the Production Payments and Reserve Sales have been conveyed and do not reduce the net revenue interest of the Credit Parties with respect to any Oil and Gas Properties then owned by the Credit Parties below that set forth in the most recently delivered Reserve Report;

(l) Liens arising pursuant to Section 107(l) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9607(l), or other Environmental Law, unless such Lien (i) by action of the lienholder, or by operation of law, takes priority over any Liens arising under the Credit Documents on the property upon which it is a Lien, or (ii) materially impairs the use of the property covered by such Lien for the purposes for which such property is held;

(m) Liens on property not constituting Borrowing Base Properties, not in excess in the aggregate for all such Indebtedness of the greater of $1,500,000 and 2.50% of the then effective Borrowing Base; and

(n) Liens on Collateral securing any Permitted Junior Lien Debt and any Permitted Refinancing Indebtedness permitted by Section 10.1(j); *provided* that the applicable Permitted Junior Lien Secured Parties (or a representative or trustee thereof on their behalf) are a party to a Customary Intercreditor Agreement providing that the Liens securing such obligations shall rank junior to the Liens securing the Obligations.

10.3 Limitation on Fundamental Changes. Except as permitted by Section 10.4 (other than Section 10.4(d)) or Section 10.5, the Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of, all or substantially all its business units, assets or other properties, except that:

(a) any Subsidiary of the Borrower or any other Person may be merged, amalgamated or consolidated with or into the Borrower *provided* that the Borrower shall be the continuing or surviving Person;

(b) any Subsidiary of the Borrower or any other Person may be merged, amalgamated or consolidated with or into any one or more Subsidiaries of the Borrower; *provided* that in the case of any merger, amalgamation or consolidation involving one or more Restricted Subsidiaries, a Restricted Subsidiary shall be the continuing or surviving Person;

(c) any Restricted Subsidiary that is not a Guarantor may (i) merge, amalgamate or consolidate with or into any other Restricted Subsidiary and (ii) Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower, a Guarantor or any other Restricted Subsidiary of the Borrower;

(d) any Guarantor may (i) merge, amalgamate or consolidate with or into any other Guarantor, (ii) merge, amalgamate or consolidate with or into any other Subsidiary which is not a Guarantor or Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to any other Subsidiary that is not a Guarantor; provided that if such Guarantor is not the surviving entity, such merger, amalgamation or consolidation shall be deemed to be, and any such Disposition shall be, an "Investment" and subject to the limitations set forth in Section 10.5 and (iii) Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any other Guarantor;

(e) any Restricted Subsidiary may liquidate or dissolve if (i) 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 Lenders and (ii) to the extent such Restricted Subsidiary is a Credit Party, any assets or business of such Restricted Subsidiary not otherwise Disposed of or transferred in accordance with Section 10.4 or 10.5, in the case of any such business, discontinued, shall be transferred to, or otherwise owned or conducted by, a Credit Party after giving effect to such liquidation or dissolution; and

(f) to the extent that no Borrowing Base Deficiency, Default or Event of Default would result from consummation of such Disposition, the Restricted Subsidiaries may consummate a merger, dissolution, liquidation, consolidation or Disposition, the purpose of which is to effect a Disposition permitted pursuant to Section 10.4 or an Investment permitted by Section 10.5; and

(g) to the extent no Default or Event of Default than exists, any merger the sole purpose of which is to reincorporate or reorganize a Credit Party in another jurisdiction in the United States shall be permitted so long as (i) the Administrative Agent receives ten (10) Business Day's prior notice, (ii) such merger does not adversely affect the value of the Collateral in any material respect, (iii) the surviving entity assumes all Obligations of the applicable Credit Parties under the Credit Documents, (iv) the surviving entity delivers any requested supplements or amendments to the Security Documents as are necessary to continue the Collateral Agent's perfection in all Collateral affected by such merger and (v) the surviving entity delivers applicable information requested by the Administrative Agent or any Lender under applicable "know your customer" and anti-money laundering rules and regulations including the Patriot Act.

10.4 Limitation on Sale of Assets. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, (x) convey, sell, lease, sell and leaseback, assign, farm-out, transfer, liquidate or otherwise dispose, or otherwise agree to do any of the foregoing (each of the foregoing, including any such agreement to do the foregoing, a "Disposition"), of any of its property, business or assets (including receivables, Hedge Agreements and leasehold interests), whether now owned or hereafter acquired or (y) sell or transfer, or agree to sell or transfer, to any Person (other than the Borrower or a Guarantor) any shares owned by it of any Restricted Subsidiary's Equity Interests, except that:

(a) the Borrower and the Restricted Subsidiaries may Dispose of (i) inventory and other goods held for sale, including the sale of Hydrocarbons and Dispositions of obsolete, worn out, used or surplus equipment, vehicles and other assets (other than accounts receivable) in the ordinary course of business (including equipment that is no longer necessary for the business of the Borrower or its Restricted Subsidiaries or is replaced by equipment of at least comparable value and use), and (ii) Permitted Investments;

(b) the Borrower and the Restricted Subsidiaries may Dispose of any Oil and Gas Properties or any interest therein or the Equity Interests of any Restricted Subsidiary or of any Minority Investment owning Oil and Gas Properties (and including, but without limitation, Dispositions in respect of Production Payments and Reserve Sales and in connection with net profits interests, operating agreements, farm-ins, joint exploration and development agreements and other agreements customary in the oil and gas industry for the purpose of developing such Oil and Gas Properties); *provided* that such Disposition is for Fair Market Value; *provided*, further, that if such Disposition involves Borrowing Base Properties or Equity Interests of any Restricted Subsidiary or Minority Investment owning Borrowing Base Properties, then no later than two Business Days before the date of consummation of any such Disposition, the Borrower shall provide notice to the Administrative Agent of such Disposition and the Borrowing Base shall be adjusted in accordance with the provisions of Section 2.14(f) (if applicable) upon the closing thereof; *provided, further*, 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, upon the consummation of such Disposition(s), the Borrower shall have received net cash proceeds, or shall have cash on hand, sufficient to eliminate any such potential Borrowing Base Deficiency;

(c) the Borrower and the Restricted Subsidiaries may Dispose of property or assets to the Borrower or to a Restricted Subsidiary; *provided* that if the transferor of such property is a Credit Party either (i) the transferee thereof must be a Credit Party or (ii) such transaction is permitted under Section 10.5;

(d) the Borrower and any Restricted Subsidiary may affect any transaction permitted by Section 10.2 or 10.3;

(e) If no Default is then continuing, Dispositions (including like-kind exchanges) of property (other than Borrowing Base Properties) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property having the same reserve classification, where applicable, or (ii) the proceeds of such Disposition are applied to the purchase price of such replacement property having the same reserve classification, where applicable, in each case under Section 1031 of the Code or otherwise;

(f) If no Default is then continuing, Dispositions of Hydrocarbon Interests to which no Proved Reserves are attributable;

(g) transfers of property (i) subject to a Casualty Event or in connection with any condemnation proceeding with respect to Collateral; provided that the net cash proceeds of such Casualty Event or condemnation proceeding, if any, are received by the Borrower or a Guarantor or (ii) in connection with any Casualty Event or any condemnation proceeding, in each case with respect to property that does not constitute Collateral;

(h) Dispositions of accounts receivable (i) in connection with the collection or compromise thereof or (ii) to the extent the proceeds thereof are used to prepay any Loans then outstanding;

(i) the Borrower and the Restricted Subsidiaries may lease, sublease, license or sublicense personal or intellectual property in the ordinary course of business; *provided* that, with respect to intellectual property, the Borrower or any of its Restricted Subsidiaries receives (or retains) a license or other ownership rights to use such intellectual property;

(j) Dispositions (including like-kind exchanges) of property (other than Borrowing Base Properties) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are applied to the purchase price of such replacement property;

(k) Farm-Out Agreements with respect to undeveloped acreage to which no Proved Reserves are attributable and assignments in connection with such Farm-Out Agreements;

(l) the lapse or abandonment in the ordinary course of business of any registrations or applications for registration of any immaterial intellectual property rights.

(m) the Liquidation of any Hedge Agreement (subject to the terms of Section 2.14(f));

(n) Dispositions of Oil and Gas Properties that are not Borrowing Base Properties (excluding Farmout Agreements and assignments in connection with Farmout Agreements); and

(o) If no Default is then continuing, Disposition of any asset between or among the Borrower and/or its Restricted Subsidiaries as a substantially concurrent interim Disposition in connection with an Investment otherwise permitted pursuant to Section 10.5 or a Disposition otherwise permitted pursuant to clauses (a) through (n) above.

To the extent any Collateral is Disposed of as expressly permitted by this Section 10.4 to any Person other than a Credit Party, such Collateral shall be sold free and clear of the Liens created by the Credit Documents, and, if requested by the Administrative Agent, upon the certification by the Borrower that such Disposition is permitted by this Agreement, the Administrative Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing at Borrower's sole cost and expense.

10.5 Limitation on Investments. The Borrower will not, and will not permit any of the Restricted Subsidiaries, to (i) purchase or acquire (including pursuant to any merger, consolidation or amalgamation with a person that is not a Wholly Owned Subsidiary immediately prior to such merger, consolidation or amalgamation) any Equity Interests, evidences of Indebtedness or other securities of any other Person, (ii) make any loans or advances to or guarantees of the Indebtedness of any other person, or (iii) purchase or otherwise acquire (in one transaction or a series of related transactions) (x) all or substantially all of the property and assets or business of another Person or (y) assets constituting a business unit, line of business or division of such Person (each, an "Investment"), except:

(a) extensions of trade credit and purchases of assets and services (including purchases of inventory, supplies and materials) in the ordinary course of business;

(b) Investments in assets that constituted Permitted Investments at the time such Investments were made;

(c) Investments received in connection with the bankruptcy or reorganization of suppliers or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business or upon foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(d) Investments by the Borrower in any Guarantor (including any new Restricted Subsidiary that becomes a Guarantor in compliance herewith substantially contemporaneously with such Investment being made) or by any Guarantor in the Borrower;

(e) other Investments if, after giving effect to the making of any such Investment on a Pro Forma Basis, (i) no Event of Default shall have occurred and be continuing or would result therefrom, (ii) the Consolidated Total Debt to EBITDAX Ratio is not greater than 2.75 to 1.00 on a Pro Forma Basis (provided that for the purposes of this Section 10.5(e), Consolidated Total Debt shall be calculated as of the date of such Investment and EBITDAX shall be calculated as of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b)) and (iii) Liquidity is not less than 15% of the then effective Borrowing Base; *provided* that until (a) Borrower's delivery of the financial statements required to be delivered pursuant to Section 9.1(a) for the fiscal year ending December 31, 2019, (b) Borrower's delivery of the Reserve Report required to be delivered on or before March 1, 2020 pursuant to Section 9.1(a) and (c) the occurrence of the Scheduled Redetermination scheduled to occur on or about April 1, 2020 pursuant to Section 2.14(b) the total amount of Investments permitted pursuant to this Section 10.5(e) and Section 10.5(q) *plus* the total amount of Restricted Payments permitted pursuant to Section 10.6(d) and Section 10.6(e) *plus* the total amount of permitted prepayment, repurchase or redemption of Permitted Additional Debt or Permitted Junior Lien Debt pursuant to Section 10.7(a)(C) *plus* the total amount of payments permitted pursuant to Section 10.12(e) shall not exceed $4,000,000;

(f) Investments constituting non-cash proceeds of Dispositions of assets to the extent permitted by Section 10.4;

(g) guarantee obligations of the Borrower or any Restricted Subsidiary of leases (other than Capital Leases) or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

(h) Investments held by a Person acquired (including by way of merger or consolidation) after the Closing Date otherwise in accordance with this Section 10.5 to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(i) Investments in Industry Investments and in interests in additional Oil and Gas Properties and gas gathering systems related thereto or Investments related to farm-out, farm-in, joint operating, joint venture, joint development or other area of mutual interest agreements, other similar industry investments, gathering systems, pipelines or other similar oil and gas exploration and production business arrangements whether through direct ownership or ownership through a joint venture or similar arrangement;

(j) Investments consisting of Indebtedness, fundamental changes and Dispositions permitted under Sections 10.1, 10.3 and 10.4;

(k) in the case of the Borrower and its Restricted Subsidiaries, Investment consisting of (i) intercompany Indebtedness having a term not exceeding 364 days

(inclusive of any roll-over or extensions of terms) and made in the ordinary course of business and (ii) intercompany current liabilities in connection with the cash management, Tax and accounting operations of the Borrower and the Restricted Subsidiaries;

(l) Investments resulting from pledges and deposits under clauses (c), (d) and (e) of the definition of "Permitted Liens" and clause (i) of Sections 10.2;

(m) advances in the form of a prepayment of third party expenses, so long as such expenses are being paid in accordance with customary trade terms of the Borrower or the relevant Restricted Subsidiary;

(n) Investments by any Restricted Subsidiary that is not a Guarantor in the Borrower or any other Restricted Subsidiary; provided, that Investments by any Restricted Subsidiary that is not a Guarantor in the Borrower or any Guarantor shall be subordinated in right of payment to the Loans;

(o) loans and advances to officers, directors, employees and consultants of the Borrower (or any direct or indirect parent thereof) or any of its Restricted Subsidiaries (i) for reasonable and customary business-related travel, entertainment, relocation and analogous ordinary business purposes (including employee payroll advances) and (ii) in connection with such Person's purchase of Equity Interests of the Borrower (or any direct or indirect parent thereof; *provided* that, to the extent such loans and advances are made in cash, the amount of such loans and advances used to acquire such Equity Interests shall be contributed to the Borrower in cash); *provided* that the aggregate principal amount outstanding pursuant to this clause (o) shall not exceed $1,250,000;

(p) Investments to the extent that payment for such Investments is made with Qualified Equity Interests of the Borrower or a Parent Entity;

(q) Investments made to repurchase or retire any employee or any stock ownership plan or key employee stock ownership plan of the Borrower (or any direct or indirect parent thereof); *provided* that the aggregate amount outstanding pursuant to this clause (q) shall not exceed $1,250,000; *provided further* that until (a) Borrower's delivery of the financial statements required to be delivered pursuant to Section 9.1(a) for the fiscal year ending December 31, 2019, (b) Borrower's delivery of the Reserve Report required to be delivered on or before March 1, 2020 pursuant to Section 9.1(a) and (c) the occurrence of the Scheduled Redetermination scheduled to occur on or about April 1, 2020 pursuant to Section 2.14(b) the total amount of Investments permitted pursuant to Section 10.5(e) and this Section 10.5(q) *plus* the total amount of Restricted Payments permitted pursuant to Section 10.6(d) and Section 10.6(e) *plus* the total amount of permitted prepayment, repurchase or redemption of Permitted Additional Debt or Permitted Junior Lien Debt pursuant to Section 10.7(a)(C) *plus* the total amount of payments permitted pursuant to Section 10.12(e) shall not exceed $4,000,000;

(r) 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 and other credits to suppliers in the ordinary course of business;

(s) Investments in the ordinary course of business consisting of endorsements for collection or deposit and customary trade arrangements with customers consistent with past practices or industry practice;

(t) advances of payroll payments to employees, consultants or independent contractors or other advances of salaries or compensation to employees, consultants or independent contractors, in each case in the ordinary course of business; and

(u) any Investment constituting a Disposition or transfer of any asset between or among the Borrower and/or its Restricted Subsidiaries as a substantially concurrent interim Disposition or transfer in connection with an Investment otherwise permitted pursuant to clauses (a) through (t) above or in connection with a Disposition permitted pursuant to Section 10.4.

10.6 Limitation on Restricted Payments. The Borrower will not directly or indirectly pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Qualified Equity Interests) or redeem, purchase, retire or otherwise acquire for value any of its Equity Interests or set aside any amount for any such purpose (other than through the issuance of additional Qualified Equity Interests), or permit any Restricted Subsidiary to purchase or otherwise acquire for consideration (except in connection with an Investment permitted under Section 10.5) any Equity Interests of the Borrower, now or hereafter outstanding (all of the foregoing, "Restricted Payments"); except that:

(a) the Borrower may redeem in whole or in part any of its Equity Interests in exchange for another class of its Equity Interests (other than Disqualified Stock) or with proceeds from substantially concurrent equity contributions or issuances of new Equity Interests; *provided* that such new Equity Interests contain terms and provisions at least as advantageous to the Lenders in all material respects to their interests as those contained in the Equity Interests redeemed thereby; and the Borrower may pay Restricted Payments payable solely in the Equity Interests (other than Disqualified Stock not otherwise permitted by Section 10.1) of the Borrower;

(b) to the extent constituting Restricted Payments, the Borrower may make Investments permitted by Section 10.5 and may enter into and consummate transactions expressly permitted by Section 10.3;

(c) the Borrower may make and pay Restricted Payments to Parent the proceeds of which will be used to pay (or to make Restricted Payments to allow Parent to pay): (A) with respect to any taxable period for which the Borrower and/or any of its Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar income Tax group for U.S. federal and/or applicable state or local income Tax purposes of which the Parent is the common parent, or for which the Borrower is a partnership or disregarded entity for U.S. federal income Tax purposes that is wholly owned (directly or indirectly) by a C corporation for U.S. federal and/or applicable state or local income Tax purposes, distributions to the Parent in an amount not to exceed the amount of any U.S. federal, state and/or local income Taxes that the Borrower and/or its Subsidiaries, as applicable, would have paid for such taxable period had the Borrower and/or its Subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group located in New York, New York (assuming that the Borrower and/or its Subsidiaries, as applicable, is subject to Tax at the highest combined marginal federal, state, and/or local income Tax rate applicable to any corporation for such taxable period and taking into account the deductibility of state and local income Taxes for U.S. federal income Tax purposes (and any limitations thereon)), and (B) with respect to any taxable period ending after the Closing Date for which the Borrower is a partnership or disregarded entity for U.S. federal income Tax purposes (other than a partnership or disregarded entity described in subclause (A)), distributions to the Parent in an amount necessary to permit the Parent to make a pro rata distribution to its equity holders such that each such equity holder receives an amount from such pro rata distribution sufficient to enable such equity holder to pay its U.S. federal, state and/or local income Taxes (as applicable) attributable to its direct or indirect ownership of the Borrower and its Subsidiaries with respect to such taxable period (assuming that each such equity holder is subject to Tax at the highest combined marginal federal, state, and/or local income Tax rate applicable to an individual or corporate taxpayer resident in New York, New York for such taxable period and taking into account the deductibility of state and local income Taxes for U.S. federal income Tax purposes (and any limitations thereon), the alternative minimum Tax, any cumulative net taxable loss of the Borrower for prior taxable periods ending after the Closing Date to the extent such loss is of a character that would allow such loss to be available to reduce Taxes in the current taxable period (taking into account any limitations on the utilization of such loss to reduce such Taxes and assuming such loss had not already been utilized) and the character (e.g., long- term

or short-term capital gain or ordinary or exempt) of the applicable income, but without regard to any deduction permitted under Section 199A of the Code);

(d) after the occurrence of the Scheduled Redetermination scheduled to occur on or about April 1, 2020 pursuant to Section 2.14(b), other Restricted Payments if, after giving effect to the making of any such Restricted Payment on a Pro Forma Basis, (i) no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing or would result therefrom, (ii) the Consolidated Total Debt to EBITDAX Ratio is not greater than 2.75 to 1.00 on a Pro Forma Basis (provided that for the purposes of this Section 10.6(d), Consolidated Total Debt shall be calculated as of the date of such Restricted Payment and EBITDAX shall be calculated as of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b)) and (iii) Liquidity is not less than 15% of the then effective Borrowing Base;

(e) provided that no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing, the Borrower may repurchase Equity Interests of the Borrower (or any Parent Entity thereof) upon exercise of stock options or warrants if such Equity Interests represents all or a portion of the exercise price of such options or warrants, *provided* that the aggregate amount of all such repurchases in any twelve (12) month period shall not exceed $1,250,000 in the aggregate;*provided further* that until (a) Borrower's delivery of the financial statements required to be delivered pursuant to Section 9.1(a) for the fiscal year ending December 31, 2019, (b) Borrower's delivery of the Reserve Report required to be delivered on or before March 1, 2020 pursuant to Section 9.1(a) and (c) the occurrence of the Scheduled Redetermination scheduled to occur on or about April 1, 2020 pursuant to Section 2.14(b), the total amount of Restricted Payments permitted pursuant to this Section 10.6(e) *plus* the total amount of Investments permitted pursuant to Section 10.5(e) and Section 10.5(r) *plus* the total amount of permitted prepayment, repurchase or redemption of Permitted Additional Debt or Permitted Junior Lien Debt pursuant to Section 10.7(a) (C) *plus* the total amount of payments permitted pursuant to Section 10.12(e) shall not exceed $4,000,000;

(f) the Borrower may consummate the Transactions (and pay fees and expenses in connection therewith on or following the Closing Date) and make payments described in Section 10.12(a) (subject to the conditions set out therein); and

(g) provided that no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing, the Borrower may make additional Restricted Payments until the sixty (60) day anniversary of the Closing Date if, on a pro forma basis, the ratio (expressed as a percentage) of (a) Consolidated Total Debt as of the Closing Date to (b) Capitalization as of the Closing Date, is no greater than 55%.

10.7 Limitations on Debt Payments and Amendments.

(a) The Borrower will not, and will not permit any Restricted Subsidiary to prepay, repurchase or redeem or otherwise defease prior to its scheduled maturity any Permitted Additional Debt or Permitted Junior Lien Debt (it being understood that (i) any Permitted Refinancing Indebtedness in respect of any of the foregoing and (ii) payments of regularly-scheduled cash interest in respect of such Permitted Additional Debt or Permitted Junior Lien Debt shall be permitted); *provided*, however, that the Borrower or any Restricted Subsidiary may prepay, repurchase, redeem or defease any such Permitted Additional Debt or Permitted Junior Lien Debt (A) in exchange for or with the proceeds of any Permitted Refinancing Indebtedness, or (B) by converting or exchanging any such Permitted Additional Debt or Permitted Junior Lien Debt to Qualified Equity Interests of the Borrower or (C) so long as, after giving effect to such prepayment, repurchase, redemption or other defeasance of such Permitted Additional Debt or Permitted Junior Lien Debt on a Pro Forma Basis, (i) no Event of Default shall have occurred and be continuing or would result therefrom, (ii) the Consolidated Total Debt to EBITDAX Ratio is not greater than 2.50 to 1.00 on a Pro Forma Basis (provided that for the purposes of this Section 10.7(a), Consolidated Total Debt shall be calculated as of the date of such Investment and EBITDAX shall be calculated as of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b) and (iii) Liquidity is not less than 15% of the then effective Borrowing Base;*provided* that until (a) Borrower's delivery of the financial statements required to be delivered pursuant to Section 9.1(a) for the fiscal year ending December 31, 2019, (b) Borrower's delivery of the Reserve Report required to be delivered on or before March 1, 2020 pursuant to Section 9.1(a) and 9.1(c) the occurrence of the Scheduled Redetermination scheduled to occur on or about April 1, 2020 pursuant to Section 2.14(b), the total amount of prepayments, repurchases, redemptions or other defeasance of such Permitted Additional Debt or Permitted Junior Lien Debt permitted pursuant to this Section 10.7(a) (C) *plus* the total amount of Investments permitted pursuant to Section 10.5(e) and Section 10.5(r) *plus* the total amount of Restricted Payments permitted pursuant to Section 10.6(d) and Section 10.6(e) *plus* the total amount of payments permitted pursuant to Section 10.12(e) shall not exceed $4,000,000;

(b) The Borrower will not amend or modify the documentation governing any senior subordinated or subordinated Permitted Additional Debt or Permitted Junior Lien Debt that constitutes Material Indebtedness or the terms applicable thereto, other than amendments or modifications that (A) would not be materially adverse to the Lenders (as determined in good faith by the Borrower), taken as a whole, or (B) otherwise would be permitted to be included in the documentation governing any Permitted Additional Debt or Permitted Junior Lien Debt if incurred at such time, or comply with the definition of "Permitted Refinancing Indebtedness" that may be incurred to Refinance any such Indebtedness; and

(c) Notwithstanding the foregoing and for the avoidance of doubt, nothing in this Section 10.7 shall prohibit (i) the repayment of any intercompany subordinated Indebtedness owed among the Borrower and/or the Restricted Subsidiaries, in either case unless an Event of Default has occurred and is continuing and the Borrower has received a notice from the Collateral Agent instructing it not to make or permit the Borrower and/or the Restricted Subsidiaries to make any such repayment or prepayment, (ii) substantially concurrent transfers of credit positions in connection with intercompany debt restructurings so long as such Indebtedness is permitted by Section 10.1 after giving effect to such transfer or (iii) the prepayment, repurchase, redemption or other defeasance of any Permitted Additional Debt or Permitted Junior Lien Debt comprising senior subordinated or subordinated Indebtedness with an aggregate amount not to exceed the Applicable Equity Amount (with the Applicable Equity Amount being re-computed as of the last day of the most recently ended Test Period as if (i) such prepayment, repurchase, redemption or other defeasance had occurred on the first day of such Test Period and (ii) the amount of any Cure Amount made during such Test Period were not made to the extent (A) the amount of the Applicable Equity Amount after making the proposed prepayment, repurchase, redemption or other defeasance is less than or equal to the amount of such Cure Amount and (B) such Cure Amount was necessary for the Borrower to be in compliance on a Pro Forma Basis with the Financial Performance Covenants) at the time of such prepayment, repurchase, redemption or defeasance.

10.8 Negative Pledge Agreements. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into or permit to exist any Contractual Requirement (other than this Agreement or any other Credit Document or any documentation in respect of secured Indebtedness otherwise permitted hereunder) that limits the ability of the Borrower or any Guarantor to create, incur, assume or suffer to exist Liens on property of such Person for the benefit of the Secured Parties with respect to the Obligations or under the Credit Documents or to guarantee the Obligations; provided that the foregoing shall not apply to each of the following Contractual Requirements that:

(a) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary of the Borrower, so long as such Contractual Requirements were not entered into solely in contemplation of such Person becoming a Restricted Subsidiary of the Borrower;

(b) represent Indebtedness permitted under Section 10.1 of a Restricted Subsidiary of the Borrower that is not a Guarantor so long as such Contractual Requirement applies only to such Subsidiary and its Subsidiaries;

(c) arise pursuant to agreements entered into with respect to any sale, transfer, lease or other Disposition permitted by Section 10.4 and applicable solely to assets under such sale, transfer, lease or other Disposition;

(d) are customary provisions in joint venture agreements and other similar agreements permitted by Section 10.5 and applicable to joint ventures or otherwise arise in agreements which restrict the Disposition or distribution of assets or property in oil and gas leases, joint operating agreements, joint exploration and/or development agreements, participation agreements and other similar agreements entered into in the ordinary course of the oil and gas exploration and development business and customary provisions in any agreement of the type described in the definition of "Industry Investments" entered into in the ordinary course of business;

(e) are negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 10.1, but solely to the extent any negative pledge relates to the property financed by or the subject of such Indebtedness;

(f) are customary restrictions on leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions relate to the assets subject thereto;

(g) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 10.1 to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(h) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or any Restricted Subsidiary;

(i) are customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(j) restrict the use of cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;

(k) are imposed by Requirements of Law;

(l) exist under any documentation governing any Permitted Refinancing Indebtedness incurred to Refinance any Indebtedness but only to the extent such Contractual Requirement is not materially more restrictive, taken as a whole, than the Indebtedness being refinanced;

(m) customary net worth provisions contained in real property leases entered into by any Restricted Subsidiary of the Borrower, so long as the Borrower has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of the Borrower and the Restricted Subsidiaries to meet their ongoing obligation;

(n) are customary restrictions and conditions contained in the document relating to any Lien, so long as (i) such Lien is a Permitted Lien and such restrictions or conditions relate only to the specific asset subject to such Lien and (ii) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 10.8;

(o) are restrictions regarding licenses or sublicenses by the Borrower and the Restricted Subsidiaries of intellectual property in the ordinary course of business (in which case such restriction shall relate only to such intellectual property);

(p) are encumbrances or restrictions contained in an agreement or other instrument of a Person acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary, or of an Unrestricted Subsidiary that is designated a Restricted Subsidiary, or that is assumed in connection with the acquisition of assets from such Person, in each case that is in existence at the time of such transaction (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired or designated; and

(q) are encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (o) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower's board of directors, no more restrictive in any material respect with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

10.9 Limitation on Subsidiary Distributions. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to pay dividends or make any other distributions to the Borrower or any Restricted Subsidiary on its Equity Interests or with respect to any other interest or participation in, or measured by, its profits or transfer any property to the Borrower or any Restricted Subsidiary except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Closing Date pursuant to the Credit Documents;

(b) purchase money obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on transferring the property so acquired;

(c) any applicable Requirement of Law;

(d) any agreement or other instrument of a Person acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary, or of an Unrestricted Subsidiary that is designated a Restricted Subsidiary, or that is assumed in connection with the acquisition of assets from such Person, in each case that is in existence at the time of such transaction (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired or designated;

(e) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Borrower pursuant to an agreement that has been

entered into for the sale or disposition of all or substantially all of the Equity Interests or assets of such Subsidiary;

(f) secured Indebtedness otherwise permitted to be incurred pursuant to Section 10.1 and Section 10.2 that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(g) other Indebtedness, Disqualified Stock or preferred stock of (i) Restricted Subsidiaries permitted to be incurred subsequent to the Closing Date pursuant to Section 10.1 so long as either (A) the provisions relating to such encumbrance or restriction contained in such Indebtedness are no less favorable to the Borrower, taken as a whole, as determined by the board of directors of the Borrower in good faith, than the provisions contained in this Agreement as in effect on the Closing Date or (B) any such encumbrance or restriction contained in such Indebtedness does not prohibit (except upon a default or an event of default thereunder) the payment of dividends in an amount sufficient, as determined by the board of directors of the Borrower in good faith, to impair the ability of the Borrower to make scheduled payments of cash interest on the Loans when due or (ii) Foreign Subsidiaries as to such Foreign Subsidiaries and their Subsidiaries;

(h) customary provisions in joint venture agreements or agreements governing property held with a common owner and other similar agreements or arrangements relating solely to such joint venture or property or are otherwise customary encumbrances or restrictions imposed pursuant to any agreement of the type described in the definition of "Industry Investments" entered into in the ordinary course of business;

(i) customary provisions contained in leases, sub-leases, licenses, sub-licenses or similar agreements, in each case, entered into in the ordinary course of business; and

(j) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (i) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower's board of directors, no more restrictive in any material respect with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

10.10 Hedge Agreements.

(a) The Borrower will not, and will not permit any Restricted Subsidiary to, enter into any Hedge Agreements with any Person other than:

(i) Hedge Agreements with a Lender or Affiliate of a Lender in respect of commodities entered into not for speculative purposes the net notional volumes for which (when aggregated with other commodity Hedge Agreements then in effect, other than puts, floors and basis differential swaps on volumes already hedged pursuant to other Hedge Agreements) do not exceed, as of the date the latest hedging transaction is entered into under a Hedge Agreement, 90% of the reasonably anticipated Hydrocarbon production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered pursuant to Section 9.13(a), as applicable) for any month (collectively, the "Ongoing Hedges"). In addition to the Ongoing Hedges, in connection with a proposed Permitted Acquisition (a "Proposed Acquisition"), the Credit Parties may also enter into incremental Hedge Agreements with a Lender or Affiliate of a Lender with respect to the Credit Parties' reasonably anticipated projected production from the total Proved Developed Producing Reserves of the Credit Parties as forecasted based upon the most recent Reserve Report having notional volumes not in excess of 15% of the Credit Parties' existing projected production prior to the consummation of such Proposed Acquisition (such that the aggregate shall not exceed 90% of the reasonably anticipated projected production after giving effect to the consummation of such Proposed Acquisition) for a period not exceeding 36 months from the date such hedging arrangement is created during the period between (i) the date on which such Credit Party signs an enforceable acquisition agreement in connection with a Proposed Acquisition and (ii) the earliest of (A) the date of consummation of such Proposed Acquisition, (B) the date of termination of such Proposed Acquisition and (C) 90 days after the date of execution of such definitive acquisition agreement (or such longer period as to which the Administrative Agent may agree). However, all such incremental hedging contracts entered into with respect to a Proposed Acquisition must be terminated or unwound within 90 days following the date of termination of such Proposed Acquisition. It is understood that commodity Hedge Agreements which may, from time to time, "hedge" the same volumes, but different elements of commodity risk thereof, shall not be aggregated together when calculating the foregoing limitations on notional volumes.

(ii) Hedge Agreements with a Lender or Affiliate of a Lender entered into with the purpose and effect of (i) fixing or limiting interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a variable rate or (ii) obtaining variable interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a fixed rate (in each case including Hedge Agreements entered into to unwind or offset other permitted Hedge Agreements), provided that the aggregate notional amount of such Hedge Agreements does not (on a net basis) exceed the seventy five percent (75.0%) of the outstanding principal balance of the variable or fixed rate, as the case may be, Indebtedness of the Credit Parties at the time such Hedge Agreement is entered into, that such Hedge Agreements are not entered into for speculative purposes and such Hedge Agreements do not, in any case, have a tenor beyond the maturity date of such Indebtedness.

(b) It is understood that for purposes of this Section 10.10, the following Hedge Agreements shall not be deemed speculative or entered into for speculative purposes: (i) any commodity Hedge Agreement intended, at inception of execution, to hedge or manage any of the risks related to existing and/or reasonably anticipated projected Hydrocarbon production from Oil and Gas Properties of the Borrower or its Restricted Subsidiaries (whether or not contracted) and (ii) any Hedge Agreement intended, at inception of execution, to hedge or manage the interest rate exposure associated with any debt securities, debt facilities or leases (existing or reasonably anticipated) of the Borrower or its Restricted Subsidiaries.

(c) For purposes of entering into or maintaining Ongoing Hedges under Section 10.10(a), reasonably anticipated projected Hydrocarbon production from the Credit Parties' Oil and Gas Properties based upon the Initial Reserve Reports or the most recent Reserve Report delivered pursuant to Section 9.13(a), as applicable, shall be revised to account for any increase or decrease therein anticipated because of information obtained by Borrower or any other Credit Party subsequent to the publication of such Reserve Report including the Borrower's or any other Credit Party'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.

(d) Following the occurrence of any Overhedge Trigger, Borrower (or its applicable Subsidiary) shall have until the Overhedge Remedy Deadline in which to (i) increase production to a sufficient level to cause the aggregate notional volumes of all Hedge Agreements of the Credit Parties for any then-current or future month to be less than 90% of reasonably anticipated Hydrocarbon production for each such month and (ii) timely deliver evidence satisfactory to Administrative Agent evidencing its compliance with clause (a)(i) above. If an Overhedge Trigger occurs and is not timely remedied by Borrower (or the applicable Subsidiary) pursuant to the immediately preceding sentence, then within thirty (30) Business Days after any request by Administrative Agent, Borrower shall, or shall cause its Subsidiaries to, Liquidate Hedge Agreements sufficient to eliminate such excess hedging.

10.11 Financial Performance Covenants.

(a) Consolidated Total Debt to EBITDAX Ratio. The Borrower will not, as last day of each fiscal quarter of the Borrower commencing with the fiscal quarter ending December 31, 2019, permit the Consolidated Total Debt to EBITDAX Ratio to be greater than 4.00 to 1.00.

(b) Current Ratio. The Borrower will not, as last day of each fiscal quarter of the Borrower commencing with the fiscal quarter ending December 31, 2019, permit the ratio of Current Assets to Current Liabilities to be less than 1.00 to 1.00.

10.12 Transactions with Affiliates. The Borrower will not, and will not permit any of the Restricted Subsidiaries to conduct, any transactions involving aggregate payments or consideration in excess of $1,250,000 for any one transaction or series of related transactions with any of its Affiliates (other than the Borrower and the Restricted Subsidiaries or any entity that becomes a Restricted Subsidiary as a result of such transaction) unless such transaction is on terms that are substantially as favorable to the Borrower or such Restricted Subsidiary as it would obtain at the time in a comparable arm's-length transaction (which for the avoidance of doubt includes any transaction consummated for Fair Market Value) with a Person that is not an Affiliate; provided that the foregoing restrictions shall not apply to:

(a) the consummation of the Transactions, including the payment of Transaction Expenses;

(b) the payment of indemnities and reasonable expenses incurred by the Co-Investors and their Affiliates in connection with management or monitoring or the provision of other services rendered to the Parent or the Borrower or any of its Subsidiaries;

(c) any employment or consulting agreement, employee benefit plan, stock ownership or stock option plan, officer or director indemnification, compensation or severance agreement or any similar arrangement entered into by the Borrower or any Restricted Subsidiary with their respective directors, officers and employees in the ordinary course of business;

(d) loans, advances and other transactions between or among the Borrower, any Subsidiary or any joint venture (regardless of the form of legal entity) in which the Borrower or any Subsidiary has invested (and which Subsidiary or joint venture would not be an Affiliate of the Borrower or such Subsidiary, but for the Borrower's or such Subsidiary's ownership of Equity Interests in such joint venture or such Subsidiary) to the extent permitted under Section 10;

(e) payments (including reimbursement of fees and expenses) by the Borrower and any of its Restricted Subsidiaries to the Sponsor made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities (including in connection with acquisitions or divestitures, whether or not consummated), which payments are approved by a majority of the disinterested members of the board of directors or managers of the Borrower (or any direct or indirect parent thereof), in good faith; *provided* that the aggregate amount of all such payments in any twelve (12) month period shall not exceed $1,250,000 in the aggregate;*provided further* that until (a) Borrower's delivery of the financial statements required to be delivered pursuant toSection 9.1(a) for the fiscal year ending December 31, 2019, (b) Borrower's delivery of the Reserve Report required to be delivered on or before March 1, 2020 pursuant to Section 9.1(a) and (c) the occurrence of the Scheduled Redetermination scheduled to occur on or about April 1, 2020 pursuant to Section 2.14(b), the total amount of Restricted Payments permitted pursuant to Section 10.6(e) *plus* the total amount of Investments permitted pursuant to Section 10.5(e) and Section 10.5(r) *plus* the total amount of permitted prepayment, repurchase or redemption of Permitted Additional Debt or Permitted Junior Lien Debt pursuant to Section 10.7(a)(C)*plus* the total amount of payments permitted pursuant to this Section 10.12(e) shall not exceed $4,000,000;

(f) any transaction in respect of which the Borrower delivers to the Administrative Agent a letter addressed to the board of directors or managers of the Borrower from an accounting, appraisal or investment banking firm, in each case of nationally-recognized standing that is in the good faith determination of the Borrower qualified to render such letter, which letter states that such transaction is (i) fair, from a financial point of view, to the Borrower or such Restricted Subsidiary or (ii) on terms, taken as a whole, that are no less favorable to the Borrower or such Restricted Subsidiary, as applicable, than would be obtained in a comparable arm's length transaction with a person that is not an Affiliate;

(g) sales or conveyances of net profits interests or other royalty interests for cash at Fair Market Value to the extent permitted under Section 10.4;

(h) payments and distributions by any Parent Entity (and any direct or indirect parent thereof) and the Subsidiaries to the extent such payments are permitted under Sections 10.6;

(i) the payment of customary fees and reasonable out-of-pocket costs to, and indemnities provided on behalf of, future, current or former directors, officers, employees and consultants of the Borrower and its Restricted Subsidiaries or any Parent Entity;

(j) Restricted Payments, redemptions, repurchases and other actions permitted under Section 10.6, and Section 10.7;

(k) the issuance, sale or transfer of Equity Interests of the Borrower to Parent in connection with capital contributions by Parent to the Borrower; and

(l) payments and distributions pursuant to the Management Services Agreement and without giving effect to any waiver or amendment thereto.

10.13 Operation of Properties by Affiliate. The Borrower will not, and will not permit any of the Restricted Subsidiaries to have any of its Oil and Gas Properties operated by any of its Affiliates unless such Affiliate has entered into an Operator Subordination Agreement in form and substance reasonably satisfactory to the Administrative Agent.

10.14 Use of Proceeds. The Borrower will not permit the proceeds of the Loans to be used for any purpose other than those permitted bySection 9.11. 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 Credit Documents to violate Regulations T, Regulation U or Regulation X or any other regulation of the Board or to violate Section 7 of the Exchange Act or any rule or regulation thereunder, in each case as now in effect or as the same may hereinafter be in effect. The Borrower will not request any Borrowing or Letter of Credit, and 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 (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any in a country or territory which is itself the subject or target of any Sanctions, or (c) in any manner that would knowingly or negligently result in the violation of any Sanctions applicable to any party hereto.

10.15 Sale of Notes or Receivables. During the continuance of an Event of Default, except for the sale of defaulted notes or accounts receivable in connection with the compromise or collection thereof and not in connection with any financing transaction, the Borrower will not, and will not permit any Restricted Subsidiary to, sell (with or without recourse) any of its notes receivable or accounts receivable to any Person other than the Borrower or any Guarantor.

10.16 ERISA Compliance. Except for actions that would not reasonably be expected to result in a Material Adverse Effect, the Borrower will not, and will not permit any ERISA Affiliate to, at any time:

(a) engage in, any transaction in connection with which the Borrower or any ERISA Affiliate could be subjected to either a civil penalty assessed pursuant to subsections (c), (i), (l) or (m) of Section 502 of ERISA or a Tax imposed by Chapter 43 of Subtitle D of the Code;

(b) fail to make full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, the Borrower or any ERISA Affiliate is required to pay as contributions thereto;

(c) terminate or take any other action with respect to a Plan;

(d) assume an obligation to contribute to, any Multiemployer Plan; or

(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 (i) any employee welfare benefit plan, as defined in Section 3(1) of ERISA, including any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by such entities in their sole discretion at any time without any material liability, or (ii) any employee pension benefit plan, as defined in Section 3(2) of ERISA, that is subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code.

10.17 Environmental Matters. The Borrower will not, and will not permit any Restricted Subsidiary to (i) knowingly cause or permit any of its property to be in violation of Environmental Law or (ii) knowingly do anything or permit anything to be done which will subject any such property to any remedial obligations under any Environmental Laws that would, in each case, reasonably be expected to have a Material Adverse Effect; it being understood that clause (ii) above will not be deemed as limiting or otherwise restricting any obligation to disclose any relevant facts, conditions and circumstances pertaining to such property to the appropriate Governmental Authority.

10.18 Gas Imbalances; Take-or-Pay or Other Prepayments. The Borrower will not, and will not permit any Restricted Subsidiary to allow gas imbalances, take or pay or other prepayments exceeding 2.0% of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate listed on the most recent Reserve Report, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor.

10.19 Nature of Business; No International Operations. The Borrower will not, and will not permit any Restricted Subsidiary to, allow any material change to be made in the character of its business as an onshore independent oil and gas exploration and production company. 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 not located onshore and within the geographical boundaries of the United States. The Borrower shall at all times remain organized under the laws of the United States of America or any State thereof or the District of Columbia.

10.20 Sanctions.

(a) The Borrower and its Subsidiaries and their respective officers and directors will not directly or indirectly engage in any activity that is prohibited by any Sanctions.

(b) The Borrower and its Subsidiaries shall not, directly or, to the knowledge of the Borrower and its Subsidiaries, indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund or facilitate any activities or business of or with any Person, or in any country, territory or region, that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions or is a Sanctioned Person, (ii) in any other manner that would result in a violation of Sanctions by any Person party hereto or (iii) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any law referred to in Section 8.24(iii).

(c) The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, such continued compliance with Sanctions.

SECTION 11 EVENTS OF DEFAULT.

Upon the occurrence of any of the following specified events (each an "Event of Default"):

11.1 Payments. The Borrower shall (a) default in the payment when due of any principal of the Loans or (b) default, and such default shall continue for three or more Business Days, in the payment when due of any interest on the Loans or any Unpaid Drawings, fees or of any other amounts owing hereunder or under any other Credit Document (other than any amount referred to in clause (a) above).

11.2 Representations, Etc. Any representation, warranty or statement made or deemed made by any Credit Party herein or in any other Credit Document or any certificate delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made or if such representation, warranty or statement contains a materiality qualifier, such statement, representation or warranty shall prove to be untrue in any respect.

11.3 Covenants. Any Credit Party shall:

(a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 9.1(d)(i), 9.5 (solely with respect to the

Borrower), Section 9.17 or Section 10; or

(b) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Section 11.1 or 11.2 or clause (a) of this Section 11.3) contained in this Agreement or any Security Document and such default shall continue unremedied for a period of at least 30 days after receipt of written notice thereof by the Borrower from the Administrative Agent.

11.4 Default Under Other Agreements.

(a) The Borrower or any of the Restricted Subsidiaries shall (i) default in any payment with respect to any Material Indebtedness (other than the Indebtedness described in Section 11.1) beyond the period of grace, if any, provided in the instrument of agreement under which such Indebtedness was created or (ii) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist (other than, (1) with respect to Indebtedness in respect of any Hedge Agreements, termination events or equivalent events pursuant to the terms of such Hedge Agreements and (2) secured Indebtedness that becomes due as a result of a Disposition (including as a result of Casualty Event) of the property or assets securing such Indebtedness permitted under this Agreement), the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, any such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, unless, in the case of each of the foregoing, such holder or holders shall have (or through its or their trustee or agent on its or their behalf) waived such default in a writing to the Borrower, or

(b) Without limiting the provisions of clause (a) above, any such default under any such Material Indebtedness shall cause such Material Indebtedness to be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment or as a mandatory prepayment (and, (i) with respect to Indebtedness consisting of any Hedge Agreements, other than due to a termination event or equivalent event pursuant to the terms of such Hedge Agreements and (ii) other than secured Indebtedness that becomes due as a result of a Disposition (including as a result of Casualty Event) of the property or assets securing such Indebtedness permitted under this Agreement), prior to the stated maturity thereof.

11.5 Bankruptcy, Etc. The Borrower or any Restricted Subsidiary shall commence a voluntary case, proceeding or action concerning itself under Title 11 of the United States Code entitled "Bankruptcy" or any other applicable insolvency, debtor relief, or debt adjustment law (collectively, the "Bankruptcy Code"); or an involuntary case, proceeding or action is commenced against the Borrower or any Restricted Subsidiary and the petition is not dismissed or stayed within 60 days after commencement of the case, proceeding or action, the Borrower or the applicable Restricted Subsidiary consents to the institution of such case, proceeding or action prior to such 60-day period, or any order of relief or other order approving any such case, proceeding or action is entered; or a custodian (as defined in the Bankruptcy Code), receiver, receiver manager, trustee, conservator, liquidator, examiner, rehabilitator, administrator, or similar person is appointed for, or takes charge of, the Borrower or any Restricted Subsidiary or all or any substantial portion of the property or business thereof; or the Borrower or any Restricted Subsidiary suffers any appointment of any custodian, receiver, receiver manager, trustee, conservator, liquidator, examiner, rehabilitator, administrator, or the like for it or any substantial part of its property or business to continue undischarged or unstayed for a period of 60 days; or the Borrower or any Restricted Subsidiary makes a general assignment for the benefit of creditors.

11.6 ERISA.

(a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Code; any Plan or Multiemployer Plan is or shall have been terminated or is the subject of termination proceedings under ERISA (including the giving of written notice thereof); an event shall have occurred or a condition shall exist in either case entitling the PBGC to terminate any Plan or to appoint a trustee to administer any Plan (including the giving of written notice thereof); the Borrower or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan or Multiemployer Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212(c) of ERISA or Section 4971 or 4975 of the Code (including the giving of written notice thereof); and

(b) there results from any event or events set forth in clause (a) of this Section 11.6 the imposition of a lien, the granting of a security interest or a liability; and

(c) such lien, security interest or liability would be reasonably likely to have a Material Adverse Effect.

11.7 Guarantee. The Guarantee or any material provision thereof shall cease to be in full force or effect (other than pursuant to the terms hereof and thereof) or any Guarantor or any other Credit Party shall assert in writing that any such Guarantor's obligations under the Guarantee are not to be in effect or are not to be legal, valid and binding obligations (other than pursuant to the terms hereof or thereof).

11.8 Credit Documents. Any Credit Document after delivery thereof shall cease to be in full force or effect and legal, valid and binding (other than pursuant to the terms hereof or thereof) or any Credit Party shall assert in writing that any obligation of any Credit Party under such Credit Document is not in effect or not legal, valid and binding obligations (other than pursuant to the terms hereof or thereof).

11.9 Judgments. One or more monetary judgments or decrees shall be entered against the Borrower or any of the Restricted Subsidiaries involving a liability of $1,000,000 or more in the aggregate for all such judgments and decrees for the Borrower and the Restricted Subsidiaries (to the extent not paid or covered by insurance provided by a carrier not disputing coverage), which judgments are not discharged or effectively waived or stayed for a period of 30 consecutive days.

11.10 Change of Control. A Change of Control shall have occurred;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent shall, upon the written request of the Majority Lenders, by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrower or any other Credit Party, except as otherwise specifically provided for in this Agreement (*provided* that, if an Event of Default specified in Section 11.5 shall occur with respect to the Borrower, the result that would occur upon the giving of written notice by the Administrative Agent as specified in clauses (a), (b) and (c) below shall occur automatically without the giving of any such notice): (a) declare the Total Commitment terminated, whereupon the Commitment of each Lender shall forthwith terminate immediately and any fees theretofore accrued shall forthwith become due and payable without any other notice of any kind; (b) declare the principal of and any accrued interest and fees in respect of any or all Loans and any or all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and/or (c) demand cash collateral in respect of any outstanding Letter of Credit pursuant to Section 3.8(b) in an amount equal to the aggregate Stated Amount of all Letters of Credit issued and then outstanding. In addition, after the occurrence and during the continuance of an Event of Default, the Administrative Agent and the Lenders will have all other rights and remedies available at law and equity.

11.11 Application of Proceeds. Any amount received by the Administrative Agent or the Collateral Agent from any Credit Party (or from proceeds of any Collateral) following any acceleration of the Obligations under this Agreement or any Event of Default with respect to the Borrower under Section 11.5 shall be applied:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, disbursements and other charges of counsel payable under Section 12.7 and amounts payable under Article II) payable to the Administrative Agent and/or Collateral Agent in such Person's capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the Issuing Banks (including fees, disbursements and other charges of counsel payable under Section 12.7) arising under the Credit Documents and amounts payable under Article II, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans and Unpaid Drawings, ratably among the Lenders and the Issuing Banks in proportion to the respective amounts described in this clause Third payable to them;

Fourth, (i) to payment of that portion of the Obligations constituting unpaid principal of the Loans, the Unpaid Drawings and Obligations then owing under Secured Hedge Agreements and the Secured Cash Management Agreements and (ii) to Cash Collateralize that portion of Letters of Credit Outstanding comprising the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Section 3.8, ratably among the Lenders, the Issuing Banks, the Hedge Banks and the Cash Management Banks in proportion to the respective amounts described in this clause Fourth held by them; provided that (x) any such amounts applied pursuant to the foregoing clause (ii) shall be paid to the Administrative Agent for the ratable account of the applicable Issuing Bank to Cash Collateralize such Letters of Credit Outstanding, (y) subject to Section 3.8, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to this clause Fourth shall be applied to satisfy drawings under such Letters of Credit as they occur and (z) upon the expiration of any Letter of Credit, the pro rata share of Cash Collateral attributable to such expired Letter of Credit shall be distributed in accordance with this clause Fourth;

Fifth, to the payment of all other Obligations of the Credit Parties owing under or in respect of the Credit Documents that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by Requirements of Law.

Subject to Section 3.8, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Notwithstanding the foregoing, amounts received from the Borrower or any Credit Party that is not an "eligible contract participant" under the Commodity Exchange Act shall not be applied to any Excluded Hedging Obligations (it being understood, that in the event that any amount is applied to Obligations other than Excluded Hedging Obligations as a result of this clause, the Administrative Agent shall make such adjustments as it determines are appropriate to distributions pursuant to clause second above from amounts received from "eligible contract participants" under the Commodity Exchange Act to ensure, as nearly as possible, that the proportional aggregate recoveries with respect to Obligations described in clause second above by the holders of any Excluded Hedging Obligations are the same as the proportional aggregate recoveries with respect to other Obligations pursuant to clause second above).

11.12 Equity Cure.

(a) Notwithstanding anything to the contrary contained in this Section 11 or in any Credit Document, in the event that the Borrower fails to comply with the Financial Performance Covenants, then until the expiration of the tenth Business Day subsequent to the date the compliance certificate for calculating such Financial Performance Covenants is required to be delivered pursuant to Section 9.1(c) (the "Cure Deadline"), the Borrower shall have the right to cure such failure (the "Cure Right") by receiving cash proceeds from an issuance of common Equity Interests (other than Disqualified Stock) as a cash capital contribution, and upon receipt by the Borrower of such cash proceeds (such cash amount being referred to as the "Cure Amount") pursuant to the exercise of such Cure Right, the Financial Performance Covenants shall be recalculated, at the Borrower's option, giving effect to the following pro forma adjustments:

(i) EBITDAX and/or Current Assets, as applicable, shall, after giving effect to any annualization thereof for any Test Period, be increased, solely for the purpose of determining the existence of an Event of Default resulting from a breach of the Financial Performance Covenants with respect to any Test Period that includes the fiscal quarter for which the Cure Right was exercised and not for any other purpose under this Agreement; and/or

(ii) Consolidated Total Debt for such Test Period shall be decreased solely to the extent proceeds of the Cure Amount, if any, are actually applied to prepay any Indebtedness (*provided* that any such Indebtedness so prepaid shall be a permanent repayment of such Indebtedness and termination of commitments thereunder) included in the calculation of Consolidated Total Debt;

provided, that the aggregate amount of (x) the increase in EBITDAX and/or Current Assets, as applicable, *plus* (y) the decrease in Consolidated Total Debt shall in no event exceed the Cure Amount.

(b) If, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of the Financial Performance Covenants, the Borrower shall be deemed to have satisfied the requirements of the Financial Performance Covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Performance Covenants that had occurred shall be deemed cured for the purposes of this Agreement; provided that (i) in each period of four consecutive fiscal quarters there shall be at least two fiscal quarters in which no Cure Right is exercised, (ii) Cure Rights shall not be exercised more than five times during the term of this Agreement, (iii) each Cure Amount shall be no greater than the amount required to cause the Borrower to be in compliance with the Financial Performance Covenants, (iv) all Cure Amounts shall be disregarded for the purposes of any financial ratio determination under the Credit Documents other than for determining compliance with the Financial Performance Covenants and (v) no Lender or Issuing Bank shall be required to make any extension of credit hereunder during the 10 Business Day period referred to above, unless the Borrower shall have received the Cure Amount.

SECTION 12 THE AGENTS.

12.1 Appointment.

(a) Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Credit Documents and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. The provisions of this Section 12 (other than Section 12.1(c) with respect to the Lead Arranger and Section 12.9 with respect to the Borrower) are solely for the benefit of the Agents and the Lenders, and the Borrower shall not have rights as third party beneficiary of any such provision. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Administrative Agent. The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Credit Documents. 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 Credit Documents 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 law; 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 12.3, 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 Credit Party 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 Lender, 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 Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or under any other Credit Document 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 Credit Document, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Section 6 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 satisfaction, (vi) the existence, value, perfection or priority of any collateral security or the financial or other condition of the Borrower and the 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 Credit Document 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 Section 6, each Lender and each Issuing 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 Lender or an Issuing Bank unless the Administrative Agent shall have received written notice from such Lender or Issuing Bank prior to the Closing Date specifying its objection thereto.

(b) The Administrative Agent, each Lender and each Issuing Bank hereby irrevocably designate and appoint the Collateral Agent as the agent with respect to the Collateral, and each of the Administrative Agent, each Lender and each Issuing Bank irrevocably authorizes the Collateral Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Collateral Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any of the Administrative Agent, the Lenders or the Issuing Banks, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Collateral Agent.

(c) The Lead Arranger, in its capacity as such, shall not have any obligations, duties or responsibilities under this Agreement but shall be entitled to all benefits of this Section 12.

12.2 Delegation of Duties. The Administrative Agent and the Collateral Agent may each execute any of its duties under this Agreement and the other Credit Documents by or through agents, sub-agents, employees or attorneys-in-fact (each, a "Subagent") and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent, Collateral Agent and any such Subagent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of this Section 12 shall apply to any such Subagent and to the Related Parties of the Administrative Agent, the Collateral Agent and any such Subagent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities of the Administrative Agent or the Collateral Agent. Neither the Administrative Agent nor the Collateral Agent shall be responsible for the negligence or misconduct of any Subagents selected by it except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent or Collateral Agent, as applicable, acted with gross negligence or willful misconduct in the selection of such sub-agents.

12.3 Action by Agents. Neither the Administrative Agent nor the Collateral Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Administrative Agent is required to exercise in writing as directed by the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as expressly provided herein) and in all cases the Administrative Agent and the Collateral Agent shall be fully justified in failing or refusing to act hereunder or under any other Credit Documents unless it shall (a) receive written instructions from the Majority Lenders or the Lenders, as applicable, (or such other number or percentage of the Lenders as shall be necessary under the circumstances as expressly provided herein) specifying the action to be taken and (b) be indemnified to its satisfaction by the Lenders 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 Lenders. If a Default has occurred and is continuing, then the Administrative Agent and the Collateral Agent shall take such action with respect to such Default as shall be directed by the requisite Lenders in the written instructions (with indemnities) described in this Section 12.3, provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent and the Collateral 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 Lenders. In no event, however, shall the Administrative Agent or the Collateral Agent be required to take any action which, in its opinion, or the opinion of its counsel, exposes the Administrative Agent or the Collateral Agent to liability or which is contrary to this Agreement, the Credit Documents or applicable law, including, for the avoidance of doubt, any action that may be in violation of the automatic stay under any debtor relief law or that may effect a forfeiture, modification or termination property of a Defaulting Lender in violation of any debtor relief law. If a Default has occurred and is continuing, no Agent shall have any obligation to perform any act in respect thereof. 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 Lenders or the Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as expressly provided herein), and otherwise neither the Administrative Agent nor the Collateral Agent shall be liable for any action taken or not taken by it hereunder or under any other Credit Document 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 as determined by a court of competent jurisdiction by final non-appealable judgment.

12.4 Reliance by Agents. Each of the Administrative Agent and the Collateral 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 believed by it to be genuine and to have been signed or sent by the proper Person. Each of the Administrative Agent and the Collateral Agent also may rely upon any statement made to it orally or by telephone 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, each Lender and each Issuing Bank 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 as determined by a court of competent jurisdiction by final non-appealable judgment. Each of the Administrative Agent and the Collateral 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.

12.5 Notice of Default. Neither the Administrative Agent nor the Collateral Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent or Collateral Agent, as applicable, has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, it shall give notice thereof to the Lenders and the Collateral Agent. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Lenders; *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 or Event of Default as it shall deem advisable in the best interests of the Lenders except to the extent that this Agreement requires that such action be taken only with the approval of the Majority Lenders, the Required Lenders or each individual lender, as applicable.

12.6 Non-Reliance on Administrative Agent, Collateral Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, Collateral Agent, any other Agent or any other Lender, 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 Credit Document to which it is a party. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, Collateral Agent, any other Lender or any other Lender, 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 Credit Document, any related agreement or any document furnished hereunder or thereunder. The Agents shall not be required to keep themselves informed as to the performance or observance by the Borrower, or any Subsidiary of this Agreement, the Credit Documents or any other document referred to or provided for herein or to inspect the Properties or books of any such Person. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Administrative Agent hereunder, neither any Agent nor Lead Arranger shall have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or business of the Borrower or any Subsidiary (or any of their Affiliates) which may come into the possession of such Agent or any of its Affiliates or Lead Arranger or any of its Affiliates. In this regard, each Lender acknowledges that Winstead PC 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 Credit Document. Each other party hereto will consult with its own legal counsel to the extent that it deems necessary in connection with the Credit Documents and the matters contemplated therein.

12.7 Indemnification. The Lenders severally agree to indemnify the Administrative Agent and the Collateral Agent, each in its capacity as such (to the extent not reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), ratably according to their respective portions of the Commitments or Loans, as applicable, outstanding in effect on the date on which indemnification is sought (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with their respective portions of the Total Exposure in effect immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time occur (including at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent or the Collateral Agent in any way relating to or arising out of the Commitments, this Agreement, any of the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent or the Collateral Agent under or in connection with any of the foregoing; *provided* that no Lender shall be liable to the Administrative Agent or the Collateral Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Administrative Agent's or the Collateral Agent's, as applicable, gross negligence, bad faith or willful misconduct as determined by a final judgment of a court of competent jurisdiction; provided, further, that no action taken in accordance with the directions of the Majority Lenders (or such other number or percentage of the Lenders as shall be required by the Credit Documents) shall be deemed to constitute gross negligence, bad faith or willful misconduct for purposes of this Section 12.7. In the case of any investigation, litigation or proceeding giving rise to any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time occur (including at any time following the payment of the Loans), this Section 12.7 applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent and the Collateral Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorneys' fees) incurred by such Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice rendered in respect of rights or responsibilities under, this Agreement, any other Credit Document, or any document contemplated by or referred to herein, to the extent that such Agent is not reimbursed for such expenses by or on behalf of the Borrower; *provided* that such reimbursement by the Lenders shall not affect the Borrower's continuing reimbursement obligations with respect thereto. If any indemnity furnished to any Agent for any purpose shall, in the opinion of such Agent, be insufficient or become impaired, such Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; *provided*, in no event shall this sentence require any Lender to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Lender's pro rata portion thereof; and *provided further*, this sentence shall not be deemed to require any Lender to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement resulting from such Agent's gross negligence, bad faith or willful misconduct as determined by a final judgment of a court of competent jurisdiction. The agreements in this Section 12.7 shall survive the payment of the Loans and all other amounts payable hereunder.

12.8 Agents in Its Individual Capacities. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and any other Credit Party as though such Agent were not an Agent hereunder and under the other Credit Documents. With respect to the Loans made by it, each Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

12.9 Successor Agents. Each of the Administrative Agent and Collateral Agent may at any time give notice of its resignation to the Lenders, the Issuing Banks and the Borrower. If the Administrative Agent and/or Collateral Agent becomes a Defaulting Lender, then such Administrative Agent or Collateral Agent, may be removed as the Administrative Agent or Collateral Agent, as the case may be, at the reasonable request of the Borrower and the Required Lenders. Upon receipt of any such notice of resignation or removal, as the case may be, the Majority Lenders shall have the right, subject to the consent of the Borrower (not to be unreasonably withheld or delayed) so long as no Default under Section 11.1 or 12.5 is continuing, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If, in the case of a resignation of a retiring Agent, no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders and the Issuing Banks,

appoint a successor Agent meeting the qualifications set forth above. Upon the acceptance of a successor's appointment as the Administrative Agent or Collateral Agent, as the case may be, hereunder, and upon the execution and filing or recording of such financing statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Majority Lenders may request, in order to continue the perfection of the Liens granted or purported to be granted by the Security Documents, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided above in this Section 12.9). The fees payable by the Borrower (following the effectiveness of such appointment) to such Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Credit Documents, the provisions of this Section 12 (including Section 12.7) and Section 13.5 shall continue in effect for the benefit of such retiring Agent, its Subagents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as an Agent.

Any resignation of any Person as Administrative Agent pursuant to this Section 12.9 shall also constitute its resignation as Issuing Bank.

12.10 Withholding Tax. To the extent required by any applicable Requirement of Law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. If the IRS or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by any applicable Credit Party and without limiting the obligation of any applicable Credit Party to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties, additions to Tax and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Credit Document against any amount due to the Administrative Agent under this Section 12.10. For the avoidance of doubt, for purposes of this Section 12.10, the term "Lender" includes any Issuing Bank.

12.11 Security Documents and Collateral Agent under Security Documents and Guarantee. Each Secured Party hereby further authorizes the Administrative Agent or Collateral Agent, as applicable, on behalf of and for the benefit of Secured Parties, to be the agent for and representative of the Secured Parties with respect to the Collateral and the Security Documents. Subject to Section 13.1, without further written consent or authorization from any Secured Party, the Administrative Agent or Collateral Agent, as applicable, may (and the Administrative Agent and Collateral Agent, as applicable, agree that they shall) (a) execute any documents or instruments necessary or desirable in connection with a Disposition of assets permitted by this Agreement, (b) release any Lien encumbering any item of Collateral that is the subject of such Disposition of assets or with respect to which Majority Lenders (or such other Lenders as may be required to give such consent under Section 13.1) have otherwise consented or (c) release any applicable Guarantor from the Guarantee in connection with such Disposition or with respect to which Majority Lenders (or such other Lenders as may be required to give such consent under Section 13.1) have otherwise consented. The Lenders and the Issuing Banks (including in their capacities as potential Cash Management Banks and potential Hedge Banks) irrevocably agree that (x) the Collateral Agent may (and the Collateral Agent agrees that it shall), without any further consent of any Lender, enter into or amend any intercreditor agreement (including any Customary Intercreditor Agreement) with the collateral agent or other representatives of the holders of Indebtedness that is permitted to be secured by a Lien on the Collateral that is permitted under this Agreement, (y) the Collateral Agent may rely exclusively on a certificate of an Authorized Officer as to whether any such other Liens are permitted and (z) any intercreditor agreement referred to in clause (x) above, entered into by the Collateral Agent, shall be binding on the Secured Parties. Furthermore, the Lenders and the Issuing Banks (including in their capacities as potential Cash Management Bank and potential Hedge Banks) hereby authorize the Administrative Agent and the Collateral Agent to (and the Administrative Agent and Collateral Agent, as applicable, agree that they shall)subordinate any Lien on any property granted to or held by the Administrative Agent or Collateral Agent under any Credit Document to the holder of any Lien on such property that is permitted by clause (i) of the definition of "Permitted Liens" and clauses (c), (e) (with respect to Liens securing Indebtedness permitted under Section 10.1), (i), and (j) of Section 10.2 or otherwise permitted to be senior to the Liens of Administrative Agent or Collateral Agent on such property; *provided* that prior to any such request, the Borrower shall have in each case delivered to the Administrative Agent a certificate of an Authorized Officer certifying that such subordination is permitted under this Agreement.

12.12 Right to Realize on Collateral and Enforce Guarantee Anything contained in any of the Credit Documents to the contrary notwithstanding, the Borrower, the Agents and each Secured Party hereby agree that (a) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guarantee, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent, and (b) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Majority Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other disposition.

12.13 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, constituting an Event of Default under Section 11.5, 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 Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel, to the extent due under Section 13.5) 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 Lender 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 Lenders, 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, to the extent due under Section 13.5.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Indebtedness or the rights of any Lender or any Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or any Issuing Bank in any such proceeding.

12.14 Credit Bidding. During the continuance of an Event of Default, the Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Credit Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 13.1 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

12.15 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent 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 Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(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 Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender 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 Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the 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 Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the 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 Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related hereto or thereto).

SECTION 13 MISCELLANEOUS.

13.1 Amendments, Waivers and Releases.

(a) Except as expressly set forth in this Agreement, neither this Agreement nor any other Credit Document, nor any terms hereof or thereof, may be amended, supplemented or modified except in accordance with the provisions of this Section 13.1. The Majority Lenders may, or, with the written consent of the Majority Lenders, the Administrative Agent and/or the Collateral Agent shall, from time to time, (a) enter into with the relevant Credit Party or Credit Parties written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner

the rights of the Lenders or of the Credit Parties hereunder or thereunder or (b) waive in writing, on such terms and conditions as the Majority Lenders or the Administrative Agent and/or Collateral Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; *provided, however*, that each such waiver and each such amendment, supplement or modification shall be effective only in the specific instance and for the specific purpose for which given; *provided, further*, that no such waiver and no such amendment, supplement or modification shall (i) forgive or reduce any portion of any Loan or reduce the stated rate (it being understood that only the consent of the Majority Lenders shall be necessary to waive any obligation of the Borrower to pay interest at the Default Rate or amend Section 2.8(e)), or forgive any portion, or extend the date for the payment, of any interest or fee payable hereunder (other than as a result of waiving the applicability of any post-default increase in interest rates and any change due to a change in the Borrowing Base or Available Commitment), or extend the final expiration date of any Lender's Commitment (provided that (1) any Lender, upon the request of the Borrower, may extend the final expiration date of its Commitment without the consent of any other Lender, including the Majority Lenders and (2) it is being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default shall not constitute an increase of the Commitments of any Lender) or extend the final expiration date of any Letter of Credit beyond the L/C Maturity Date, or increase (other than as set forth in the definition of "Commitment") the amount of the Commitment of any Lender (provided that, any Lender, upon the request of the Borrower, may increase the amount of its Commitment without the consent of any other Lender, including the Majority Lenders), or make any Loan, interest, fee or other amount payable in any currency other than Dollars, in each case without the written consent of each Lender directly and adversely affected thereby, or (ii) amend, modify or waive any provision of this Section 13.1 in a manner that would reduce the voting rights of any Lender, or reduce the percentages specified in the definitions of the terms "Majority Lenders" or "Required Lenders" (it being understood that, with the consent of the Majority Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Majority Lenders and Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date), consent to the assignment or transfer by the Borrower of its rights and obligations under any Credit Document to which it is a party (except as permitted pursuant to Section 10.3), in each case without the written consent of each Lender directly and adversely affected thereby, or (iii) amend the provisions of Section 11.11 or any analogous provision of any Security Document or Section 13.8(a), in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender directly and adversely affected thereby, or (iv) amend, modify or waive any provision of Section 12 without the written consent of the then-current Administrative Agent and Collateral Agent, as applicable, or any other former or current Agent to whom Section 12 then applies in a manner that directly and adversely affects such Person, or (v) amend, modify or waive any provision of Section 3 with respect to any Letter of Credit without the written consent of each Issuing Bank to whom Section 3 then applies in a manner that directly and adversely affects such Person, or (vi) release all or substantially all of the aggregate value of the Guarantees (except as expressly permitted by the Guarantee or this Agreement) without the prior written consent of each Lender, or (vii) release all or substantially all of the Collateral under the Security Documents (except as expressly permitted by the Security Documents or this Agreement) without the prior written consent of each Lender, or (viii) amend Section 2.9 so as to permit Interest Period intervals greater than six months without regard to availability to Lenders, without the written consent of each Lender directly and adversely affected thereby, or (ix) increase the Borrowing Base without the written consent of all of the Lenders (other than Defaulting Lenders), decrease or maintain the Borrowing Base without the written consent of the Required Lenders or otherwise modify Section 2.14(b), 2.14(c), 2.14(d), 2.14(e), or 2.14(f) if such modification would have the effect of increasing the Borrowing Base or providing the ability to increase the Borrowing Base without the written consent of all of the Lenders (other than Defaulting Lenders); provided that a Scheduled Redetermination may be postponed by the Majority Lenders, or (x) affect the rights or duties of, or any fees or other amounts payable to, any Agent under this Agreement or any other Credit Document without the prior written consent of such Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the affected Lenders and shall be binding upon the Borrower, such Lenders, the Administrative Agent and all future holders of the affected Loans. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former positions and rights hereunder and under the other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; it being understood that no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. In connection with the foregoing provisions, the Administrative Agent may, but shall have no obligations to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender whose consent is required hereunder.

(b) Without the consent of any Lender or Issuing Bank, the Credit Parties and the Administrative Agent or Collateral Agent may (in their respective sole discretion, or shall, to the extent required by any Credit Document) enter into any amendment, modification or waiver of any Credit Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or this Agreement or in each case to otherwise enhance the rights or benefits of any Lender under any Credit Document.

(c) Notwithstanding the foregoing, technical and conforming modifications to the Credit Documents may be made with the consent of the Borrower and the Administrative Agent (i) if such modifications are not adverse to the Lenders in any material respect or (ii) to the extent necessary (A) to integrate any Extended Commitment contemplated by Section 2.16 or (B) to cure any ambiguity, omission, defect or inconsistency so long as, in each case with respect to this clause (B), the Lenders shall have received at least five Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Majority Lenders stating that the Majority Lenders object to such amendment.

(d) Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender and no such amendment, waiver or consent shall disproportionately adversely affect such Defaulting Lender without its consent as compared to other Lenders (it being understood that any Commitments or Loans held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders).

13.2 Notices. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder or under any other Credit Document shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(a) if to the Borrower, the Administrative Agent, the Collateral Agent or any Issuing Bank, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 13.2 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(b) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower, the Administrative Agent, the Collateral Agent and the Issuing Banks.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii)(A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail, when delivered; provided that notices and other communications to the Administrative Agent or the Lenders pursuant to Sections 2.3, 2.6, 2.9, 4.2 and 5.1 shall not be effective until received.

13.3 No Waiver; Cumulative Remedies. No failure on the part of the Administrative Agent, any other Agent, Issuing Bank or Lender 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 Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any of the Credit Documents 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 Collateral Agent, each other Agent, the Issuing Bank and the Lenders hereunder and under the other Credit Documents 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 Credit Document or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by Section 13.1, 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 other Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

13.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Credit Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans hereunder. Such representations and warranties shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied (other than Obligations under Secured Hedge Agreements, Secured Cash Management Agreements or contingent indemnification obligations, in any such case, not then due and payable).

13.5 Payment of Expenses; Indemnification.

(a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Agents and their respective Affiliates, including the reasonable and documented fees, charges and disbursements of counsel for the Agents and their respective Affiliates and to the extent necessary as determined by the Administrative Agent, other outside consultants for the Administrative Agent, the reasonable and documented travel, photocopy, mailing, courier, telephone and other similar expenses, and the cost of environmental invasive and non-invasive assessments and 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 and the Collateral Agent as to the rights and duties of the Administrative Agent, the Collateral Agent and the Lenders with respect thereto) of this Agreement and the other Credit Documents 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 Agents in connection with any filing, registration, recording or perfection of any security interest contemplated by this Agreement or any Security Document 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, (iv) all documented out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent, any other Agent, the Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Collateral Agent, any other Agent, the Issuing Bank or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement or any other Credit Document, including its rights under this Section 13.5, or in connection with the Loans made or Letters of Credit issued hereunder, including all such 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 EACH AGENT, THE ARRANGER, THE ISSUING BANK AND EACH LENDER, AND EACH RELATED PARTY OF ANY OF THE FOREGOING PERSONS (EACH SUCH PERSON BEING CALLED AN " INDEMNITEE") AGAINST, AND DEFEND AND HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, LIABILITIES AND RELATED EXPENSES, INCLUDING THE FEES, CHARGES AND DISBURSEMENTS OF ANY OUTSIDE COUNSEL FOR ANY INDEMNITEE, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF (i) THE EXECUTION OR DELIVERY OF THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, (ii) THE PERFORMANCE BY THE PARTIES HERETO OR THE PARTIES TO ANY OTHER CREDIT DOCUMENT OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR BY ANY OTHER CREDIT DOCUMENT, (iii) THE FAILURE OF THE BORROWER OR ANY SUBSIDIARY TO COMPLY WITH THE TERMS OF ANY CREDIT DOCUMENT, INCLUDING THIS AGREEMENT, OR WITH ANY GOVERNMENTAL REQUIREMENT, (iv) ANY INACCURACY OF ANY REPRESENTATION OR ANY BREACH OF ANY WARRANTY OR COVENANT OF THE BORROWER OR ANY SUBSIDIARY SET FORTH IN ANY OF THE CREDIT DOCUMENTS OR ANY INSTRUMENTS, DOCUMENTS OR CERTIFICATIONS DELIVERED IN CONNECTION THEREWITH, (v) ANY LOAN OR LETTER OF CREDIT OR THE USE OF THE PROCEEDS THEREFROM, INCLUDING (A) ANY REFUSAL BY THE 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, (vi) ANY OTHER ASPECT OF THE CREDIT DOCUMENTS, (vii) THE OPERATIONS OF THE BUSINESS OF THE BORROWER OR ANY SUBSIDIARY BY SUCH PERSONS, (viii) ANY ASSERTION THAT THE LENDERS WERE NOT ENTITLED TO RECEIVE THE PROCEEDS RECEIVED PURSUANT TO THE SECURITY INSTRUMENTS, (ix) ANY ENVIRONMENTAL LAW APPLICABLE TO THE BORROWER OR ANY SUBSIDIARY OR ANY OF THEIR PROPERTIES OR OPERATIONS, INCLUDING 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 MATERIALS ON OR AT ANY OF THEIR PROPERTIES, (x) THE BREACH OR NON-COMPLIANCE BY THE BORROWER OR ANY SUBSIDIARY WITH ANY ENVIRONMENTAL LAW APPLICABLE TO THE BORROWER OR ANY SUBSIDIARY, (xi) 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, (xii) 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 MATERIALS 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 SUBSIDIARY, (xiii) ANY ENVIRONMENTAL LIABILITY RELATED IN ANY WAY TO THE BORROWER OR ANY SUBSIDIARY, (xiv) ANY OTHER ENVIRONMENTAL, HEALTH OR SAFETY CONDITION IN CONNECTION WITH THE CREDIT DOCUMENTS, OR (xv) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY, WHETHER BROUGHT BY A THIRD PARTY OR BY ANY CREDIT PARTY, 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; PROVIDED THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO (X) HAVE RESULTED FROM (A) THE GROSS NEGLIGENCE, BAD FAITH OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE, (B) SUCH INDEMNITEE'S MATERIAL BREACH OF ITS OBLIGATIONS UNDER THE CREDIT DOCUMENTS OR (C) ANY DISPUTE NOT INVOLVING AN ACT OR OMISSION ON THE PART OF ANY CREDIT PARTY OR ANY AFFILIATE AND THAT IS SOLELY BETWEEN OR AMONG INDEMNITEES (OTHER THAN DISPUTES INVOLVING CLAIMS AGAINST ANY AGENT ACTING IN ITS CAPACITY AS SUCH) OR (Y) RELATE TO TAXES, WHICH SHALL BE SUBJECT TO INDEMNIFICATION PURSUANT TO SECTION 5.4.

(c) No Indemnitee, the Borrower or its Subsidiaries shall be liable for or 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 Credit Document 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 contained in this Section 13.5(c) shall limit the indemnity and reimbursement obligations otherwise set forth in Section 13.5.

(d) All amounts due under this Section 13.5 shall be payable not later than 10 days after receipt by the Borrower of a written invoice relating thereto setting forth such amounts in reasonable detail and accompanied by reasonable supporting detail.

13.6 Successors and Assigns; Participations and Assignments.

(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) except as expressly permitted by Section 10.3, the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 13.6. 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 clause (c) of this Section 13.6) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Collateral Agent, each Issuing Bank and the Lenders and each other Person entitled to indemnification under Section 13.5) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in clause (b)(ii) below, any Lender may at any time assign to one or more assignees (other than the Parent, any Subsidiary of the Parent, the Borrower, its Subsidiaries or any Affiliates of the foregoing Persons, or any natural person or any Defaulting Lender) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans (including participations in L/C Obligations) at the time owing to it) with the prior written consent of:

(A) the Borrower (not to be unreasonably withheld or delayed); provided that no consent of the Borrower shall be required for an assignment if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund; and

(B) the Administrative Agent and each Issuing Bank (in each case, not to be unreasonably withheld or delayed).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 and increments of $1,000,000 in excess thereof, unless each of the Borrower, each Issuing Bank and the Administrative Agent otherwise consents (which consents shall not be unreasonably withheld or delayed); provided that no such consent of the Borrower shall be required if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing; provided, further, that contemporaneous assignments to a single assignee made by Affiliates of Lenders and related Approved Funds shall be aggregated for purposes of meeting the minimum assignment amount requirements stated above;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee in the amount of $3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and applicable Tax forms (including those described in Sections 5.4(d), 5.4(e), 5.4(h) and 5.4(i), as applicable).

(iii) Subject to acceptance and recording thereof pursuant to clause (b)(iv) of this Section 13.6, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.10, 2.11, 3.5, 5.4 and 13.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 13.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (c) of this Section 13.6.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount (and stated interest amounts) of the Loans and L/C Obligations and any payment made by each Issuing Bank under any applicable Letter of Credit owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Further, the Register shall contain the name and address of the Administrative Agent and the lending office through which each such Person acts under this Agreement. The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Collateral Agent, each Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Collateral Agent, each Issuing Bank and, solely with respect to itself, each other Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) of this Section 13.6 (unless waived) and any written consent to such assignment required by clause (b) of this Section 13.6, the Administrative Agent shall accept such

Assignment and Acceptance and record the information contained therein in the Register.

(c) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent or any Issuing Bank, sell participations to one or more banks, credit insurers, or other entities (other than any Defaulting Lender, the Parent, the Borrower or any Subsidiary of the Parent or the Borrower) (each, a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, each Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement or any other Credit Document; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i) or (ii) of the second proviso of the second sentence of Section 13.1(a) that affects such Participant, provided that the Participant shall have no right to consent to any modification to the percentages specified in the definitions of the terms "Majority Lenders" or "Required Lenders". Subject to clause (c)(ii) of this Section 13.6, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.10, 2.11, 3.5 and 5.4 to the same extent as if it were a Lender (subject to the limitations and requirements of those Sections and Sections 2.12 and 13.7) as though it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 13.6). To the extent permitted by Requirements of Law, each Participant also shall be entitled to the benefits of Section 13.8(b) as though it were a Lender; provided such Participant agrees to be subject to Section 13.8(a) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.10, 2.11, 3.5 or 5.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent expressly acknowledging such entitlement to receive a greater payment (which consent shall not be unreasonably withheld); provided that the Participant shall be subject to the provisions in Section 2.12 as if it were an assignee under clauses (a) and (b) of this Section 13.6. Each Lender that sells a participation shall, acting solely for this purpose as a nonfiduciary agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and related interest amounts) of each participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"). The entries in the Participant Register shall be conclusive, absent manifest error, and each party hereto 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. No Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (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 Credit Document) 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.

(d) Any Lender may, without the consent of the Borrower, any Issuing Bank or the Administrative Agent, 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 Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any central bank having jurisdiction over such Lender, and this Section 13.6 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 Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. In order to facilitate such pledge or assignment or for any other reason, the Borrower hereby agrees that, upon request of any Lender at any time and from time to time after the Borrower has made its initial borrowing hereunder, the Borrower shall provide to such Lender, at the Borrower's own expense, a promissory note, substantially in the form of Exhibit H evidencing the Loans owing to such Lender.

(e) Subject to Section 13.16, the Borrower authorizes each Lender to disclose to any Participant, secured creditor of such Lender or assignee of such Lender (each, a "Transferee") and any prospective Transferee this Agreement and the other Credit Documents, information regarding the Loans and the Letters of Credit, and any and all financial information in such Lender's possession concerning the Borrower and its Affiliates that has been delivered to such Lender by or on behalf of the Borrower and its Affiliates pursuant to this Agreement or that has been delivered to such Lender by or on behalf of the Borrower and its Affiliates in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement.

(f) The words "execution," "signed," "signature," and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures 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 law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the New York State Electronic Signatures and Records Act.

13.7 Replacements of Lenders under Certain Circumstances.

(a) The Borrower shall be permitted to replace any Lender that (i) requests reimbursement for amounts owing pursuant to Section 2.10, 3.5 or 5.4 (other than Section 5.4(b)), (ii) is affected in the manner described in Section 2.10(a)(iii) and as a result thereof any of the actions described in such Section is required to be taken or (iii) becomes a Defaulting Lender, with a replacement bank, lending institution or other financial institution; provided that (A) such replacement does not conflict with any Requirement of Law, (B) no Event of Default under Section 11.1 or 12.5 shall have occurred and be continuing at the time of such replacement, (C) the replacement bank or institution shall purchase, at par, all Loans and the Borrower shall pay all other amounts (other than any disputed amounts), pursuant to Section 2.10, 3.5 or 5.4, as the case may be, owing to such replaced Lender prior to the date of replacement, (D) the replacement bank or institution, if not already a Lender, and the terms and conditions of such replacement, shall be reasonably satisfactory to the Administrative Agent, (E) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 13.6(b) (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein) and (F) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

(b) If any Lender (such Lender, a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver, discharge or termination that pursuant to the terms of Section 13.1 requires the consent of all of the Lenders (or all of the Lenders affected) or the Required Lenders and with respect to which the Majority Lenders shall have granted their consent, then provided no Event of Default then exists, the Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans and its Commitments hereunder to one or more assignees reasonably acceptable to the Administrative Agent; provided that: (i) all Obligations of the Borrower owing to such Non-Consenting Lender being replaced (other than principal and interest) shall be

paid in full to such Non-Consenting Lender concurrently with such assignment, and (ii) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment, the Borrower, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 13.6.

(c) Notwithstanding anything herein to the contrary, each party hereto agrees that any assignment pursuant to the terms of this Section 13.7 may be effected pursuant to an Assignment and Acceptance executed by the Borrower, the Administrative Agent and the assignee and that the Lender making such assignment need not be a party thereto.

13.8 Adjustments; Set-off.

(a) If any Lender (a "Benefited Lender") shall at any time receive any payment in respect of any principal of or interest on all or part of the Loans made by it, or the participations in Letter of Credit Obligations held by it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 11.5, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender entitled thereto, if any, in respect of such other Lender's Loans, or interest thereon, such Benefited Lender shall (i) notify the Administrative Agent of such fact, and (ii) purchase for cash at face value from the other Lenders a participating interest in such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably in accordance with the aggregate principal of and accrued interest on their respective Loans and other amounts owing them; *provided*, *however*, that, (A) if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest and (B) the provisions of this paragraph shall not be construed to apply to (1) any payment made by the Borrower or any other Credit Party pursuant to and in accordance with the terms of this Agreement and the other Credit Documents, (2) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, Commitments or participations in Drawings to any assignee or participant or (3) any disproportionate payment obtained by a Lender as a result of the extension by Lenders of the maturity date or expiration date of some but not all Loans or Commitments or any increase in the Applicable Margin in respect of Loans or Commitments of Lenders that have consented to any such extension. Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under Requirements of Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Credit Party rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Credit Party in the amount of such participation.

(b) After the occurrence and during the continuance of an Event of Default, in addition to any rights and remedies of the Lenders provided by Requirements of Law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable Requirements of Law, to set-off and appropriate and apply against any of and all the obligations owed to such Lender now or hereafter existing hereunder or any other Credit Document any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower (and the Credit Parties, if applicable) and the Administrative Agent after any such set-off and application made by such Lender; *provided* that the failure to give such notice shall not affect the validity of such set-off and application.

13.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic transmission, *i.e.* a "pdf" or a "tif"), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

13.10 Severability. Any provision of this Agreement that 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.

13.11 INTEGRATION. THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT OF THE BORROWER, THE GUARANTORS, THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT AND THE LENDERS WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF, AND THERE ARE NO PROMISES, UNDERTAKINGS, REPRESENTATIONS, WARRANTIES OR UNWRITTEN ORAL AGREEMENTS BY THE BORROWER, THE GUARANTORS, ANY AGENT NOR ANY LENDER RELATIVE TO SUBJECT MATTER HEREOF NOT EXPRESSLY SET FORTH OR REFERRED TO HEREIN OR IN THE OTHER CREDIT DOCUMENTS.

13.12 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER 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 LENDER TO CONTRACT FOR, CHARGE, RECEIVE, RESERVE OR TAKE INTEREST AT THE RATE ALLOWED BY THE LAWS OF THE STATE WHERE SUCH LENDER IS LOCATED.

13.13 Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America for the Southern District of New York, in each case located in New York County, and appellate courts from any thereof; provided that, any suit seeking enforcement against any Collateral or other property may be brought, at the Administrative Agent's option, in the courts of any jurisdiction where such Collateral or other property may be found.

(b) consents that any such action or proceeding shall be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Person at its address set forth on Schedule 13.2 at such other address of which the Administrative Agent shall have been notified pursuant to Section 13.2;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by Requirements of Law or shall limit the right to sue in any other jurisdiction;

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 13.13 any special, exemplary, punitive or consequential damages; and

(f) agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13.14 Acknowledgments. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document) are an arm's-length commercial transaction between the Borrower and the other Credit Parties, on the one hand, and the Administrative Agent, the Lenders and the other Agents on the other hand, and the Borrower and the other Credit Parties are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each of the Administrative Agent, other Agents and the Lenders, is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary for any of the Borrower, any other Credit Parties or any of their respective Affiliates, equity holders, creditors or employees or any other Person; (iii) neither the Administrative Agent, any other Agent, the Lead Arranger, nor any Lender has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower or any other Credit Party with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Credit Document (irrespective of whether the Administrative Agent or any other Agent, the Lead Arranger, or any Lender has advised or is currently advising any of the Borrower, the other Credit Parties or their respective Affiliates on other matters) and none of the Administrative Agent, any Agent, the Lead Arranger or any Lender has any obligation to any of the Borrower, the other Credit Parties or their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Credit Documents; (iv) the Administrative Agent and its Affiliates, each other Agent and each of its Affiliates and each Lender and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its respective Affiliates, and none of the Administrative Agent, any other Agent or any Lender has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) none of the Administrative Agent, any Agent or any Lender has provided and none will provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Credit Document) and the Borrower has consulted its own legal, accounting, regulatory and Tax advisors to the extent it has deemed appropriate. The Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent and each Agent with respect to any breach or alleged breach of agency or fiduciary duty; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower, on the one hand, and any Lender, on the other hand.

13.15 WAIVERS OF JURY TRIAL. THE BORROWER, EACH AGENT, EACH ISSUING BANK AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13.16 Confidentiality. The Administrative Agent, each other Agent, any Issuing Bank and each other Lender shall hold all information not marked as "public information" and furnished by or on behalf of the Borrower or any of its Subsidiaries in connection with such Lender's evaluation of whether to become a Lender hereunder or obtained by such Lender, the Administrative Agent, any Issuing Bank or such other Agent pursuant to the requirements of this Agreement (" Confidential Information"), confidential in accordance with its customary procedure for handling confidential information of this nature and in any event may make disclosure (a) as required or requested by any Governmental Authority, self-regulatory agency or representative thereof or pursuant to legal process or applicable Requirements of Law, (b) to such Lender's or the Administrative Agent's, any Issuing Bank's or such other Agent's attorneys, professional advisors, independent auditors, trustees, agents or Affiliates (and any Affiliate's attorneys, professional advisors, independent auditors, trustees or agents), in each case who need to know such information in connection with the administration of the Credit Documents and are informed of the confidential nature of such information, (c) to an investor or prospective investor in a securitization that agrees its access to information regarding the Credit Parties, the Loans and the Credit Documents is solely for purposes of evaluating an investment in a securitization and who agrees to treat such information as confidential, (d) to a trustee, collateral manager, servicer, backup servicer, noteholder or secured party in connection with the administration, servicing and reporting on the assets serving as collateral for a securitization and who agrees to treat such information as confidential, (e) to a nationally recognized ratings agency that requires access to information regarding the Credit Parties, the Loans and Credit Documents in connection with ratings issued with respect to a securitization, and (f) to the extent such Confidential Information becomes public other than by reason of disclosure by such Person in breach of this Agreement; provided that unless prohibited by applicable Requirements of Law, each Lender, the Administrative Agent, any Issuing Bank and each other Agent shall endeavor to notify the Borrower (without any liability for a failure to so notify the Borrower) of any request made to such Lender, the Administrative Agent, any Issuing Bank or such other Agent, as applicable, by any governmental, regulatory or self-regulatory agency or representative thereof (other than any such request in connection with an examination of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information; provided further that in no event shall any Lender, the Administrative Agent, any Issuing Bank or any other Agent be obligated or required to return any materials furnished by the Borrower or any Subsidiary. In addition, each Lender, the Administrative Agent and each other Agent may provide Confidential Information to prospective Transferees or to any pledgee referred to in Section 13.6 or to prospective direct or indirect contractual counterparties in Hedge Agreements to be entered into in connection with Loans made hereunder as long as such Person is advised of and agrees to be bound by the provisions of this Section 13.16 or confidentiality provisions at least as restrictive as those set forth in theSection 13.16.

13.17 Release of Collateral and Guarantee Obligations.

(a) The Lenders hereby irrevocably agree that the Liens granted to the Collateral Agent by the Credit Parties on any Collateral shall be automatically released (i) in full, as set forth in clause (b) below, (ii) upon the Disposition of such Collateral (including as part of or in connection with any other Disposition permitted hereunder) to any Person other than another Credit Party, to the extent such Disposition is made in compliance with the terms of this Agreement (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Credit Party upon its reasonable request without further inquiry), (iii) upon any Collateral becoming an Excluded Equity Interest, an Excluded Asset or becoming owned by an Excluded Subsidiary or (in the case of Collateral constituting cash) becoming subject to Liens pursuant to clauses (d) and (e) of the definition of "Permitted Liens", (iv) to the extent such Collateral is comprised of property leased to a Credit Party, upon termination or expiration of such lease, (v) if the release of such Lien is approved, authorized or ratified in writing by the Majority Lenders (or such other percentage of the Lenders whose consent may be required in accordance with Section 13.1), (vi) to the extent the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the Guarantee in accordance with the second succeeding sentence and Section 5(h) of the Guarantee) and (vii) as required by the Collateral Agent to effect any Disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Security Documents. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Credit Parties in respect of) all interests retained by the Credit Parties, including the proceeds of any Disposition, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Credit Documents. Additionally, the Lenders hereby irrevocably agree that the Guarantors shall be released from the Guarantees upon consummation of any transaction permitted hereunder resulting in such Subsidiary ceasing to constitute a Restricted Subsidiary or otherwise becoming an

Excluded Subsidiary. The Lenders hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this paragraph, all without the further consent or joinder of any Lender. Any representation, warranty or covenant contained in any Credit Document relating to any such Collateral or Guarantor shall no longer be deemed to be repeated. In connection with any release hereunder, the Administrative Agent and Collateral Agent shall promptly (and the Lenders hereby authorize the Administrative Agent and Collateral Agent to) take such action and execute any such documents as may be reasonably requested by the Borrower and at the Borrower's expense in connection with the release of any Liens created by any Credit Document in respect of such Subsidiary, property or asset.

(b) Notwithstanding anything to the contrary contained herein or any other Credit Document, when all Obligations (other than (i) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (ii) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (iii) any contingent or indemnification obligations not then due) have been paid in full in cash or equivalents thereof, all Commitments have terminated or expired and no Letter of Credit shall be outstanding that is not Cash Collateralized or back- stopped to the reasonable satisfaction of the Administrative Agent and the Issuing Bank, upon request of the Borrower, the Administrative Agent and/or Collateral Agent, as applicable, shall (without notice to, or vote or consent of, any Secured Party) take such actions as shall be required to release its security interest in all Collateral, and to release all obligations under any Credit Document, whether or not on the date of such release there may be any (i) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (ii) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (iii) any contingent or indemnification obligations not then due. Any such release of Obligations shall be deemed subject to the provision that such Obligations shall be reinstated if after such release any portion of any payment in respect of the Obligations guaranteed thereby shall be rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made.

13.18 USA PATRIOT Act . The Agents and each Lender hereby notify 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 "Patriot Act"), it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Agent and such Lender to identify each Credit Party in accordance with the Patriot Act.

13.19 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to any Agent or any Lender, or any Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by any Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect.

13.20 Reinstatement. This Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any substantial part of its property, or otherwise, all as though such payments had not been made.

13.21 Disposition of Proceeds. The Security Documents contain an assignment by the Borrower and/or the Guarantors unto and in favor of the Collateral Agent for the benefit of the Lenders of all of the Borrower's or each Guarantor's interest in and to their as-extracted collateral in the form of production and all proceeds attributable thereto which may be produced from or allocated to the Mortgaged Property. The Security Documents further provide in general for the application of such proceeds to the satisfaction of the Obligations described therein and secured thereby. Notwithstanding the assignment contained in such Security Documents, until the occurrence of an Event of Default, (a) the Administrative Agent and the Lenders 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 Lenders, but the Lenders will instead permit such proceeds to be paid to the Borrower and its Subsidiaries and (b) the Lenders hereby authorize the Administrative Agent to take such actions as may be necessary to cause such proceeds to be paid to the Borrower and/or such Subsidiaries.

13.22 Collateral Matters; Hedge Agreements. The benefit of the Security Documents and of the provisions of this Agreement relating to any Collateral securing the Obligations shall also extend to and be available on a pro rata basis pursuant to terms agreed upon in the Credit Documents to any Person (a) under any Secured Hedge Agreement, in each case, after giving effect to all netting arrangements relating to such Hedge Agreements or (b) under any Secured Cash Management Agreement. No Person shall have any voting rights under any Credit Document solely as a result of the existence of obligations owed to it under any such Secured Hedge Agreement or Secured Cash Management Agreement.

13.23 Agency of the Borrower for the Other Credit Parties. Each of the other Credit Parties hereby appoints the Borrower as its agent for all purposes relevant to this Agreement and the other Credit Documents, including the giving and receipt of notices and the execution and delivery of all documents, instruments and certificates contemplated herein and therein and all modifications hereto and thereto.

13.24 Flood Insurance Provisions. Notwithstanding any provision in this Agreement or any other Credit Document 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) included in the definition of "Mortgaged Property" and no Building or Manufactured (Mobile) Home hereby encumbered by this Agreement or any other Credit Document. As used herein, "Flood Insurance Regulations" means (a) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (b) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statue thereto, (c) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time and (d) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder.

13.25 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA 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 an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA 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 EEA 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 Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

13.26 Acknowledgement Regarding Any Supported QFCs. To the extent that the Credit Documents 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 Federal Deposit Insurance Corporation 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 Credit Documents 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 "CoveredParty") 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 Credit Documents 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 Credit Documents 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 Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BCE-MACH II LLC, as Borrower

By: /s/ Kevin White
Kevin White
Chief Financial Officer

Signature Page to Credit Agreement

EAST WEST BANK, as Administrative Agent and Collateral Agent

By: /s/ Aaron Sizemore
Aaron Sizemore
First Vice President

Signature Page to Credit Agreement

EAST WEST BANK, as an Issuing Bank,
and a Lender

By: /s/ Aaron Sizemore
Aaron Sizemore

First Vice President

MIDWEST BANK,
as a Lender

By: /s/ Chad Dayton
Chad Dayton
First Vice President

COMMERCE BANK,
as a Lender

By: /s/ Chase B. Proctor
Name: Chase B. Proctor
Title: Officer

AMENDMENT NO. 1 TO CREDIT AGREEMENT

dated as of November 14, 2019

among

BCE-MACH II LLC,
as Borrower,

The Several Lenders
from Time to Time Parties Thereto,

EAST WEST BANK,
as Administrative Agent and Collateral Agent,

EAST WEST BANK,
as Issuing Bank

EAST WEST BANK, as
Sole Bookrunner and Lead Arranger

AMENDMENT NO. 1 TO CREDIT AGREEMENT

This AMENDMENT NO. 1 TO CREDIT AGREEMENT (this "Amendment"), dated as of November 14, 2019 (the "Effective Date"), is among **BCE-MACH II LLC**, a Delaware limited liability company (the "Borrower"); each of the undersigned guarantors (the "Guarantors", and together with the Borrower, the "Credit Parties"); each of the Lenders party hereto; and **EAST WEST BANK**, as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

R E C I T A L S:

A. The Borrower, the Administrative Agent and the Lenders are parties to that certain Credit Agreement dated as of September 30, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of the Borrower.

B. The parties hereto desire to enter into this Amendment to amend certain provisions of the Credit Agreement and waive and consent to certain provisions under the Credit Agreement, upon the terms and conditions as set forth herein, to be effective as of the Effective Date upon satisfaction of the conditions set forth in Section 4 of this 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 which is defined in the Credit Agreement, but which is not defined in this Amendment, shall have the meaning ascribed such term in the Credit Agreement, as amended by this Amendment. Unless otherwise indicated, all section references in this Amendment refer to the corresponding section in the Credit Agreement.

Section 2. Amendments to Credit Agreement.

2.1. Amendment to Section 1.1. Section 1.1 of the Credit Agreement is hereby amended to add thereto in alphabetical order the following definitions which shall read in full as follows:

"First Amendment Effective Date" means November 14, 2019.

"Initial Funding Date" means the first date on which the funding of amounts drawn under an Initial Loan occurs.

2.2. Amendment to Section 1.1. Section 1.1 of the Credit Agreement is hereby amended by amending and restating the following definition in its entirety:

"Hedging Condition" shall mean that:

(a) on or before November 15, 2019, the Borrower shall have entered into or be subject to Hedge Agreements in respect of oil and gas commodities (but excluding natural gas liquids) the net notional volumes for which are not less than (i) with respect to crude oil, 37.5% for each month during the period from the First Amendment Effective Date through September 30, 2022 and (ii) with respect to natural gas, 25% for each month during the period from the First Amendment Effective Date through September 30, 2021, in each case, of the reasonably anticipated projected Hydrocarbon production on a forward basis from the Credit Parties' total Proved Developed Producing Reserves as forecasted for such period (based upon the most recently delivered Reserve Reports); and

(b) on or before the date that is the earlier to occur of (x) December 1, 2019 or (y) the Initial Funding Date (such date the Borrower enters), the Borrower shall

have entered into or be subject to Hedge Agreements in respect of oil and gas commodities (but excluding natural gas liquids) the net notional volumes for which are not less than (i) with respect to crude oil, 65% for each month during the period from the First Amendment Effective Date through September 30, 2022 and (ii) with respect to natural gas, 50% for each month during the period from the First Amendment Effective Date through September 30, 2021, in each case, of the reasonably anticipated projected Hydrocarbon production on a forward basis from the Credit Parties' total Proved Developed Producing Reserves as forecasted for such period (based upon the most recently delivered Reserve Reports).

2.3. Amendment to Section 2.14. Section 2.14(h) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(h) Reduction of Borrowing Base upon Failure to Complete Hedging Condition. If at any time the Borrower fails to satisfy the Hedging Condition, the Administrative Agent at the direction of the Required Lenders shall redetermine the Borrowing Base in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time. A redetermination of the Borrowing Base pursuant to this Section 2.14(h) shall not be considered an Interim Redetermination or a Scheduled Redetermination.

2.4. Amendment to Section 9.18. Section 9.18 of the Credit Agreement is hereby amended and restated in its entirety as follows:

9.18 Post-Closing Obligation. On or before the date that is thirty (30) days after the Initial Funding Date (or such later date as may be agreed by the Administrative Agent in its reasonable discretion), Borrower shall deliver to Administrative Agent an executed copy of the Management Services Agreement.

2.5. Amendment to Section 10.6. Section 10.6(g) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(g) provided that no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing, the Borrower may make additional Restricted Payments until the ninety (90) day anniversary of the Closing Date if, on a pro forma basis, the ratio (expressed as a percentage) of (a) Consolidated Total Debt as of the Closing Date to (b) Capitalization as of the Closing Date, is no greater than 55%;

Section 3. Limited Waiver and Consent.

3.1. Limited Waiver and Consent. Borrower has advised the Administrative Agent and the Lenders that Borrower did not comply with the Hedging Condition and Section 9.18(b) in effect prior to giving effect to this Amendment ("Specified Provisions"). Subject to the terms and conditions of this Amendment, Administrative Agent and the Lenders hereby waive and consent to any non-compliance of the Specified Provisions in effect prior to the date hereof.

3.2. No Other Waiver or Consent. Except for the limited waiver and consent set forth inSection 3.1 and except as otherwise provided herein, no provision hereof shall constitute a waiver of any of the terms or conditions of the Credit Agreement or any other Credit Document other than those terms or conditions expressly addressed herein (and even in such instance, only to the extent explicitly addressed herein). Other than as expressly set forth in this Amendment, nothing contained in this Amendment shall be construed as a waiver of any Default or Event of Default or a consent to any action or inaction by Borrower or any other Credit Party, nor shall it be construed as a course of dealing or conduct on the part of any Lender. All rights and remedies now or hereafter available to Administrative Agent or any Lender are hereby reserved. The limited waiver and consent set forth herein shall be effective only in this specific instance and for the specific purpose for which it is given, and this limited waiver shall not entitle Borrower to any other or further waiver or consent in any similar or other circumstance.

Section 4. Conditions Precedent. The effectiveness of this Amendment is subject to the following:

4.1. Counterparts. The Administrative Agent shall have received counterparts of this Amendment from the Credit Parties, each Issuing Bank and each of the Lenders constituting at least the Majority Lenders.

4.2. Fees and Expenses. The Administrative Agent shall have received payment from Borrower of all reasonable and documented out-of-pocket fees and expenses (including reasonable fees and expenses of outside counsel) incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

Section 5. Representations and Warranties. To induce the Lenders and the Administrative Agent to enter into this Amendment, each Credit Party hereby represents and warrants to the Lenders and the Administrative Agent as follows as of the Effective Date (unless otherwise specified below):

5.1. Representations and Warranties. Each representation and warranty of such Credit Party contained in the Credit Agreement and the other Credit Documents is true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty are true and correct) as of the Effective Date and after giving effect to the transactions contemplated hereby, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case such representations and warranties are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty are true and correct) as of such specified earlier date.

5.2. Due Authorization; No Conflict. The execution, delivery and performance by such Credit Party of this Amendment are within such Credit Party's company powers, have been duly authorized by all necessary company action, do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority and do not violate or constitute a default under any provision of applicable law or material agreement binding upon such Credit Party or result in the creation or imposition of any Lien upon any of the assets of such Credit Party except Permitted Liens or Liens created by the Credit Documents.

5.3. Validity and Enforceability. This Amendment constitutes the valid and binding obligation of such Credit Party enforceable in accordance with its terms, except as (a) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights generally, and (b) the application of general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.4. No Default, Event of Default or Borrowing Base Deficiency. No Default or Event of Default has occurred which is continuing and no Borrowing Base Deficiency exists.

Section 6. Miscellaneous.

6.1. Reaffirmation of Credit Documents. Any and all of the terms and provisions of the Credit Agreement and the other Credit Documents shall, except as amended and modified hereby, remain in full force and effect and each Credit Party acknowledges that it has no defense to its obligation to pay the Obligations when due. Each Credit Party hereby agrees that the amendments and modifications herein contained shall not limit or impair any Liens securing the Obligations or such Credit Party's obligation to pay

the Obligations when due, each of which is hereby ratified and affirmed.

6.2. Parties in Interest. All of the terms and provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

6.3. Legal Expenses. The Borrower hereby agrees to pay in accordance with Section 13.5 of the Credit Agreement all reasonable fees and expenses of Winstead PC, counsel to the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

6.4. Counterparts. This Amendment may be executed in counterparts, and all parties need not execute the same counterpart. Delivery of this Amendment by facsimile or other electronic transmission (e.g. .pdf) shall be effective as delivery of a manually executed original counterpart hereof.

6.5. Complete Agreement. THIS AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG THE PARTIES HERETO.

6.6. Headings. The headings, captions and arrangements used in this Amendment are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of this Amendment, nor affect the meaning thereof.

6.7. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

6.8. Credit Document. This Amendment shall constitute a Credit Document (as defined in the Credit Agreement).

[Signature Pages Follow.]

The parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

BORROWER:

BCE-MACH II LLC

By: /s/ Kevin R. White
Name: Kevin R. White
Title: Chief Financial Officer

[SIGNATURE PAGE TO AMENDMENT NO. 1- BCE-MACH II LLC]

ADMINISTRATIVE AGENT, COLLATERAL AGENT, ISSUING BANK AND A LENDER:

EAST WEST BANK

By: /s/ Aaron Sizemore
Name: Aaron Sizemore
Title: First Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1- BCE-MACH II LLC]

LENDERS:

MIDFIRST BANK, as a Lender

By: /s/ Chad Dayton
Name: Chad Dayton
Title: First Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1- BCE-MACH II LLC]

LENDERS:

COMMERCE BANK, as a Lender

By: /s/ Chase B. Proctor

Name: Chase B. Proctor
Title: Assistant Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 1- BCE-MACH II LLC]

AMENDMENT NO. 2 TO CREDIT AGREEMENT

dated as of December 16, 2020

among

BCE-MACH II LLC,
as Borrower,

The Several Lenders
from Time to Time Parties Thereto,

EAST WEST BANK,
as Administrative Agent and Collateral Agent,

EAST WEST BANK,
as Issuing Bank

EAST WEST BANK, as
Sole Bookrunner and Lead Arranger

AMENDMENT NO. 2 TO CREDIT AGREEMENT

This AMENDMENT NO. 2 TO CREDIT AGREEMENT (this "Amendment"), dated as of December 16, 2020 (the "Effective Date"), is among **BCE-MACH II LLC**, a Delaware limited liability company (the "Borrower"); each of the undersigned guarantors (the "Guarantors", and together with the Borrower, the "Credit Parties"); each of the Lenders party hereto; and **EAST WEST BANK**, as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

R E C I T A L S:

A. The Borrower, the Administrative Agent and the Lenders are parties to that certain Credit Agreement dated as of September 30, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of the Borrower.

B. The parties hereto desire to enter into this Amendment to amend certain provisions of the Credit Agreement, upon the terms and conditions as set forth herein, to be effective as of the Effective Date upon satisfaction of the conditions set forth in Section 4 of this 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 which is defined in the Credit Agreement, but which is not defined in this Amendment, shall have the meaning ascribed such term in the Credit Agreement, as amended by this Amendment. Unless otherwise indicated, all section references in this Amendment refer to the corresponding section in the Credit Agreement.

Section 2. Amendments to Credit Agreement.

2.1. Amendment to Section 1.1. Section 1.1 of the Credit Agreement is hereby amended to add thereto in alphabetical order the following definitions which shall read in full as follows:

"Consolidated Cash Balance" means, at any time, (a) the aggregate amount of unrestricted cash (in accordance with GAAP) and Cash Equivalents, in each case, held by the Borrower and its Subsidiaries *minus* (b) the sum, without duplication, of (i) any cash or Cash Equivalents set aside to pay royalty obligations, working interest obligations, suspense payments, severance taxes, payroll, payroll taxes, other taxes, employee wage and benefit payments and trust and fiduciary obligations or other obligations of the Borrower or any Subsidiary to third parties and for which the Borrower or such Subsidiary has issued checks or has initiated wires or ACH transfers (or will issue checks or initiate wires or ACH transfers within seven (7) Business Days) in order to pay and (ii) other amounts for which the Borrower or such Subsidiary has issued checks or has initiated wires or ACH transfers but have not yet been subtracted from the balance in the relevant account of the Borrower or such Subsidiary.

"Excess Cash Threshold" means, at any time, the greater of (a) $5,000,000 and (b) 10% of the then-existing Borrowing Base.

"Second Amendment Effective Date" means December 16, 2020.

2.2. Amendment to Section 5.2. Section 5.2 of the Credit Agreement is hereby amended by (a) re-lettering clauses (c), (d) and (e) as clauses (d), (e) and (f), respectively, and (b) adding a new Section 5.2(c) as follows:

(c) Excess Cash. If on the last day of any fiscal quarter, the Consolidated Cash Balance of the Borrower and its Subsidiaries exceeds the Excess Cash Threshold, then no later than the third Business Day following such last day of such fiscal quarter, the Borrower shall (i) prepay the Loans in an aggregate principal amount equal to such excess and (ii) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8.

2.3. Amendment to Section 7. Section 7 of the Credit Agreement is hereby amended by adding a new Section 7(e) as follows:

(e) After giving effect to the making of any Loan or the issuance of any Letter of Credit, the Consolidated Cash Balance of the Borrower and its Subsidiaries will not exceed the Excess Cash Threshold.

2.4. Amendment to Section 9.1. Section 9.1 of the Credit Agreement is hereby amended by adding a new Section 9.1(l) as follows:

(l) Certificate of Authorized Officer – Excess Cash. No later than the third Business Day following the last day of each fiscal quarter, a certificate of an Authorized Officer, certifying as of such last day of such fiscal quarter, the Consolidated Cash Balance of the Borrower and its Subsidiaries, along with a calculation of the amount required to be prepaid on such date pursuant to Section 5.2(c), if any, together with any supporting documentation that the Administrative Agent may reasonably request.

2.5. Amendment to Section 10.6. Section 10.6(d) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(d) after the Second Amendment Effective Date, other Restricted Payments if, after giving effect to the making of any such Restricted Payment on a Pro Forma Basis, (i) no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing or would result therefrom, (ii) the Consolidated Total Debt to EBITDAX Ratio is not greater than 2.50 to 1.00 on a Pro Forma Basis (provided that for the purposes of this Section 10.6(d), Consolidated Total Debt shall be calculated as of the date of such Restricted Payment and EBITDAX shall be calculated as of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b)) and (iii) Liquidity is not less than 20% of the then effective Borrowing Base;

2.6. Amendment to Schedule 13.2. Schedule 13.2 of the Credit Agreement is hereby amended and restated in its entirety to read as set forth on Schedule 13.2 attached hereto.

Section 3. Borrowing Base. Effective as of the Effective Date, the Borrowing Base is hereby decreased from $30,000,000 to $26,000,000. This adjustment constitutes the Scheduled Redetermination on or about October 1, 2020 as set forth in Section 2.14(b) of the Credit Agreement. The Borrowing Base as modified will remain in effect until next redetermined pursuant to the provisions of Section 2.14 of the Credit Agreement or otherwise in accordance therewith.

Section 4. Conditions Precedent. The effectiveness of this Amendment is subject to the following:

4.1. Counterparts. The Administrative Agent shall have received counterparts of this Amendment from the Credit Parties, each Issuing Bank and each of the Lenders constituting at least the Majority Lenders.

4.2. Prepayment. The Borrower shall have made a prepayment in an amount sufficient to reduce the Total Exposures of all Lenders such that on the Effective Date and after giving effect to the adjustment of the Borrowing Base set forth in Section 3, no Borrowing Base Deficiency shall exist.

4.3. Fees and Expenses. The Administrative Agent shall have received payment from Borrower of all reasonable and documented out-of-pocket fees and expenses (including reasonable fees and expenses of outside counsel) incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

Section 5. Representations and Warranties. To induce the Lenders and the Administrative Agent to enter into this Amendment, each Credit Party hereby represents and warrants to the Lenders and the Administrative Agent as follows as of the Effective Date (unless otherwise specified below):

5.1. Representations and Warranties. Each representation and warranty of such Credit Party contained in the Credit Agreement and the other Credit Documents is true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty are true and correct) as of the Effective Date and after giving effect to the transactions contemplated hereby, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case such representations and warranties are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty are true and correct) as of such specified earlier date.

5.2. Due Authorization; No Conflict. The execution, delivery and performance by such Credit Party of this Amendment are within such Credit Party's company powers, have been duly authorized by all necessary company action, do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority and do not violate or constitute a default under any provision of applicable law or material agreement binding upon such Credit Party or result in the creation or imposition of any Lien upon any of the assets of such Credit Party except Permitted Liens or Liens created by the Credit Documents.

5.3. Validity and Enforceability. This Amendment constitutes the valid and binding obligation of such Credit Party enforceable in accordance with its terms, except as (a) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights generally, and (b) the application of general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.4. No Default, Event of Default or Borrowing Base Deficiency. No Default or Event of Default has occurred which is continuing and no Borrowing Base Deficiency exists.

Section 6. Miscellaneous.

6.1. Reaffirmation of Credit Documents. Any and all of the terms and provisions of the Credit Agreement and the other Credit Documents shall, except as amended and modified hereby, remain in full force and effect and each Credit Party acknowledges that it has no defense to its obligation to pay the Obligations when due. Each Credit Party hereby agrees that the amendments and modifications herein contained shall not limit or impair any Liens securing the Obligations or such Credit Party's obligation to pay the Obligations when due, each of which is hereby ratified and affirmed.

6.2. Parties in Interest. All of the terms and provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

6.3. Legal Expenses. The Borrower hereby agrees to pay in accordance with Section 13.5 of the Credit Agreement all reasonable fees and expenses of Winstead PC, counsel to the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

6.4. Counterparts. This Amendment may be executed in counterparts, and all parties need not execute the same counterpart. Delivery of this Amendment by facsimile or other electronic transmission (e.g. .pdf) shall be effective as delivery of a manually executed original counterpart hereof.

6.5. Complete Agreement. THIS AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG THE PARTIES HERETO.

6.6. Headings. The headings, captions and arrangements used in this Amendment are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of this Amendment, nor affect the meaning thereof.

6.7. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

6.8. Credit Document. This Amendment shall constitute a Credit Document (as defined in the Credit Agreement).

[Signature Pages Follow.]

The parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

BORROWER:

BCE-MACH II LLC

By: /s/ Kevin R. White
Name: Kevin R. White
Title: Chief Financial Officer

[SIGNATURE PAGE TO AMENDMENT NO. 2- BCE-MACH II LLC]

ADMINISTRATIVE AGENT, COLLATERAL AGENT, ISSUING BANK AND A LENDER:

EAST WEST BANK

By: /s/ Aaron Sizemore
Name: Aaron Sizemore
Title: First Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 2- BCE-MACH II LLC]

LENDERS:

MIDFIRST BANK, as a Lender

By: /s/ Chad Dayton
Name: Chad Dayton
Title: First Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 2- BCE-MACH II LLC]

LENDERS:

COMMERCE BANK, as a Lender

By: /s/ David D. Scherer
Name: David D. Scherer
Title: SVP

[SIGNATURE PAGE TO AMENDMENT NO. 2- BCE-MACH II LLC]

AMENDMENT NO. 3 TO CREDIT AGREEMENT

dated as of May 13, 2022

among

BCE-MACH II LLC,
as Borrower,

The Several Lenders
from Time to Time Parties Thereto,

EAST WEST BANK,
as Administrative Agent and Collateral Agent,

EAST WEST BANK,
as Issuing Bank

EAST WEST BANK,
as Sole Bookrunner and Lead Arranger

AMENDMENT NO. 3 TO CREDIT AGREEMENT

This AMENDMENT NO. 3 TO CREDIT AGREEMENT (this "Amendment"), dated as of May 13, 2022 (the "Effective Date"), is among **BCE-MACH II LLC**, a Delaware limited liability company (the "Borrower"); each of the undersigned guarantors (the "Guarantors", and together with the Borrower, the "Credit Parties"); each of the Lenders party hereto; **EAST WEST BANK**, as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent"); and Commerce Bank, as an exiting lender (in such capacity, an "Exiting Lender").

R E C I T A L S:

A. The Borrower, the Administrative Agent and the financial institutions party thereto as Lenders, are parties to that certain Credit Agreement dated as of September 30, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of the Borrower.

B. The parties hereto desire to enter into this Amendment to amend certain provisions of the Credit Agreement, upon the terms and conditions as set forth herein, to be effective as of the Effective Date upon satisfaction of the conditions set forth in Section 4 of this 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 which is defined in the Credit Agreement, but which is not defined in this Amendment, shall have the meaning ascribed such term in the Credit Agreement, as amended by this Amendment. Unless otherwise indicated, all section references in this Amendment refer to the corresponding section in the Credit Agreement.

Section 2. Amendments to Credit Agreement.

2.1. Amendment to Schedule 1.1(a). Schedule 1.1(a) of the Credit Agreement is hereby amended and restated in its entirety to read as set forth on Schedule 1.1(a) attached hereto.

Section 3. Borrowing Base. Effective as of the Effective Date, the Borrowing Base is hereby reaffirmed at $26,000,000. This adjustment constitutes the Scheduled Redetermination on or about April 1, 2022 as set forth in Section 2.14(b) of the Credit Agreement. The Borrowing Base as reaffirmed will remain in effect until next redetermined pursuant to the provisions of Section 2.14 of the Credit Agreement or otherwise in accordance therewith.

Section 4. Conditions Precedent. The effectiveness of this Amendment is subject to the following:

4.1. Counterparts. The Administrative Agent shall have received counterparts of this Amendment from the Credit Parties, each Issuing Bank and each of the Lenders constituting at least the Majority Lenders.

4.2. Fees and Expenses. The Administrative Agent shall have received payment from Borrower of all reasonable and documented out-of-pocket fees and expenses (including reasonable fees and expenses of outside counsel) incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

Section 5. Concerning the Exiting Lender and Reallocation.

5.1. The Lenders have agreed among themselves, in consultation with the Borrower, to reallocate their respective Commitments and Commitment Percentages as set forth on Schedule 1.1(a) to this Amendment, and the Administrative Agent, the Lenders and the Borrower hereby consent to such reallocation. The Administrative Agent, the

Lenders and the Borrower hereby waive (a) any requirement that an Assignment and Acceptance or any other documentation be executed in connection with such reallocation, and (b) the payment of any processing and recordation fee required to be paid to the Administrative Agent in connection with such reallocation. In connection herewith, Exiting Lender irrevocably sells and assigns to each Lender, and each Lender, severally and not jointly, hereby irrevocably purchases and assumes from the Exiting Lender, subject to and in accordance with the Standard Terms and Conditions For Assignment and Acceptance set forth in Annex 1 attached to Exhibit G to the Credit Agreement, as of the Effective Date, so much of such Exiting Lender's Commitment, outstanding Loans and participations in Letters of Credit, and rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto (including without limitation any guaranties and, to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of such Exiting Lender (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity), such that each Lender's Commitment, Commitment Percentage of the outstanding Loans and participations in Letters of Credit, and rights and obligations as a Lender shall be equal to its Commitment and Commitment Percentage set forth on Schedule 1.1(a) to this Amendment. The reallocation of the Commitments and Commitment Percentages among the Lenders shall be deemed to have been consummated pursuant to the terms of an Assignment and Acceptance attached as Exhibit G to the Credit Agreement as if the Lenders had executed an Assignment and Acceptance with respect to such reallocation, and Exiting Lender agrees that the provisions of the form of Assignment and Acceptance attached as Exhibit G to the Credit Agreement shall apply to it as the "Assignor" thereunder. On the Effective Date, the Commitment and Commitment Percentage of each Lender shall be as set forth on Schedule 1.1(a) attached to this Amendment, Exiting Lender is released of its Commitment under the Credit Agreement and Exiting Lender shall have no Commitment or Commitment Percentage.

5.2. Upon the Effective Date, all Loans and participations in Letters of Credit of the Lenders and the Exiting Lender outstanding immediately prior to the Effective Date shall be, and hereby are, restructured, rearranged and continued as provided in this Amendment and shall continue as Loans and participations in Letters of Credit of the Lenders under the Credit Agreement pursuant to this Amendment, and Exiting Lender shall have been repaid the Commitment Percentage of its outstanding Loans immediately prior to the Effective Date, and it shall not have any participations in any Letter of Credit.

Section 6. Representations and Warranties. To induce the Lenders and the Administrative Agent to enter into this Amendment, each Credit Party hereby represents and warrants to the Lenders and the Administrative Agent as follows as of the Effective Date (unless otherwise specified below):

6.1. Representations and Warranties. Each representation and warranty of such Credit Party contained in the Credit Agreement and the other Credit Documents is true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty are true and correct) as of the Effective Date and after giving effect to the transactions contemplated hereby, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case such representations and warranties are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty are true and correct) as of such specified earlier date.

6.2. Due Authorization; No Conflict. The execution, delivery and performance by such Credit Party of this Amendment are within such Credit Party's company powers, have been duly authorized by all necessary company action, do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority and do not violate or constitute a default under any provision of applicable law or material agreement binding upon such Credit Party or result in the creation or imposition of any Lien upon any of the assets of such Credit Party except Permitted Liens or Liens created by the Credit Documents.

6.3. Validity and Enforceability. This Amendment constitutes the valid and binding obligation of such Credit Party enforceable in accordance with its terms, except as (a) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights generally, and (b) the application of general principles of equity, regardless of whether considered in a proceeding in equity or at law.

6.4. No Default, Event of Default or Borrowing Base Deficiency. No Default or Event of Default has occurred which is continuing and no Borrowing Base Deficiency exists.

Section 7. Miscellaneous.

7.1. Reaffirmation of Credit Documents. Any and all of the terms and provisions of the Credit Agreement and the other Credit Documents shall, except as amended and modified hereby, remain in full force and effect and each Credit Party acknowledges that it has no defense to its obligation to pay the Obligations when due. Each Credit Party hereby agrees that the amendments and modifications herein contained shall not limit or impair any Liens securing the Obligations or such Credit Party's obligation to pay the Obligations when due, each of which is hereby ratified and affirmed.

7.2. Parties in Interest. All of the terms and provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

7.3. Legal Expenses. The Borrower hereby agrees to pay in accordance with Section 13.5 of the Credit Agreement all reasonable fees and expenses of Winstead PC, counsel to the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

7.4. Counterparts. This Amendment may be executed in counterparts, and all parties need not execute the same counterpart. Delivery of this Amendment by facsimile or other electronic transmission (e.g. .pdf) shall be effective as delivery of a manually executed original counterpart hereof.

7.5. Complete Agreement. THIS AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG THE PARTIES HERETO.

7.6. Headings. The headings, captions and arrangements used in this Amendment are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of this Amendment, nor affect the meaning thereof.

7.7. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

7.8. Credit Document. This Amendment shall constitute a Credit Document (as defined in the Credit Agreement).

[Signature Pages Follow.]

The parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

BORROWER:

BCE-MACH II LLC

By: /s/ Kevin R. White
Name: Kevin R. White
Title: Chief Financial Officer

[SIGNATURE PAGE TO AMENDMENT NO. 3- BCE-MACH II LLC]

ADMINISTRATIVE AGENT, COLLATERAL AGENT, ISSUING BANK AND A LENDER:

EAST WEST BANK

By: /s/ Andrew Long
Name: Andrew Long
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 3- BCE-MACH II LLC]

LENDERS:

MIDFIRST BANK, as a Lender

By: /s/ Chad Dayton
Name: Chad Dayton
Title: Senior Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 3- BCE-MACH II LLC]

EXITING LENDER:

COMMERCE BANK, as an Exiting Lender

By: /s/ Chase B. Proctor
Name: Chase B. Proctor
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 3- BCE-MACH II LLC]

Amendment No. 4 to Credit Agreement

dated as of December 8, 2022

among

BCE-MACH II LLC,
as Borrower,

The Several Lenders
from Time to Time Parties Thereto,

EAST WEST BANK,
as Administrative Agent and Collateral Agent,

EAST WEST BANK,
as Issuing Bank

EAST WEST BANK,
as Sole Bookrunner and Lead Arranger

Amendment No. 4 to Credit Agreement

This Amendment No. 4 to Credit Agreement (this "Amendment"), dated as of December 8, 2022 (the "Effective Date"), is among **BCE-MACH II LLC**, a Delaware limited liability company (the "Borrower"); each of the Lenders party hereto; **EAST WEST BANK**, as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

R E C I T A L S:

A. The Borrower, the Administrative Agent and the financial institutions party thereto as Lenders, are parties to that certain Credit Agreement dated as of September 30, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of the Borrower.

B. The parties hereto desire to enter into this Amendment to amend certain provisions of the Credit Agreement, upon the terms and conditions as set forth herein, to be effective as of the Effective Date upon satisfaction of the conditions set forth in Section 4 of this 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 which is defined in the Credit Agreement, but which is not defined in this Amendment, shall have the meaning ascribed such term in the Credit Agreement, as amended by this Amendment. Unless otherwise indicated, all section references in this Amendment refer to the corresponding section in the Credit Agreement.

Section 2. Amendments to Credit Agreement. On the Effective Date, subject to satisfaction of the conditions precedent in Section 4 below,

2.1 Annex I. The Credit Agreement is hereby amended in its entirety to read as set forth in the attached Annex I. The schedules and exhibits to the Credit Agreement shall remain unmodified except to the extent amended, modified or added below.

Section 3. Borrowing Base. Effective as of the Effective Date, the Borrowing Base is hereby reaffirmed at $26,000,000. This adjustment constitutes the Scheduled Redetermination on or about October 1, 2022 as set forth in Section 2.14(b) of the Credit Agreement. The Borrowing Base as reaffirmed will remain in effect until next redetermined pursuant to the provisions of Section 2.14 of the Credit Agreement or otherwise in accordance therewith.

Section 4. Conditions Precedent. The effectiveness of this Amendment is subject to the following:

4.1 Counterparts. The Administrative Agent shall have received counterparts of this Amendment from the Credit Parties, each Issuing Bank and each of the Lenders.

4.2 Fees and Expenses. The Administrative Agent shall have received payment from Borrower of all reasonable and documented out-of-pocket fees and expenses (including reasonable fees and expenses of outside counsel) incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

Section 5. Representations and Warranties. To induce the Lenders and the Administrative Agent to enter into this Amendment, each Credit Party hereby represents and warrants to the Lenders and the Administrative Agent as follows as of the Effective Date (unless otherwise specified below):

5.1 Representations and Warranties. Each representation and warranty of such Credit Party contained in the Credit Agreement and the other Credit Documents is true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty are true and correct) as of the Effective Date and after giving effect to the transactions contemplated hereby, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case such representations and warranties are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty are true and correct) as of such specified earlier date.

5.2 Due Authorization; No Conflict. The execution, delivery and performance by such Credit Party of this Amendment are within such Credit Party's company powers, have been duly authorized by all necessary company action, do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority and do not violate or constitute a default under any provision of applicable law or material agreement binding upon such Credit Party or result in the creation or imposition of any Lien upon any of the assets of such Credit Party except Permitted Liens or Liens created by the Credit Documents.

5.3 Validity and Enforceability. This Amendment constitutes the valid and binding obligation of such Credit Party enforceable in accordance with its terms, except as (a) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights generally, and (b) the application of general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.4 No Default, Event of Default or Borrowing Base Deficiency. No Default or Event of Default has occurred which is continuing and no Borrowing Base Deficiency exists.

Section 6. Miscellaneous.

6.1 Reaffirmation of Credit Documents. Any and all of the terms and provisions of the Credit Agreement and the other Credit Documents shall, except as amended and modified hereby, remain in full force and effect and each Credit Party acknowledges that it has no defense to its obligation to pay the Obligations when due. Each Credit Party hereby agrees that the amendments and modifications herein contained shall not limit or impair any Liens securing the Obligations or such Credit Party's obligation to pay the Obligations when due, each of which is hereby ratified and affirmed.

6.2 Parties in Interest. All of the terms and provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

6.3 Legal Expenses. The Borrower hereby agrees to pay in accordance with Section 13.5 of the Credit Agreement all reasonable fees and expenses of Winstead PC, counsel to the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

6.4 Counterparts. This Amendment may be executed in counterparts, and all parties need not execute the same counterpart. Delivery of this Amendment by facsimile or other electronic transmission (e.g. .pdf) shall be effective as delivery of a manually executed original counterpart hereof.

6.5 Complete Agreement. THIS AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG THE PARTIES HERETO.

6.6 Headings. The headings, captions and arrangements used in this Amendment are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of this Amendment, nor affect the meaning thereof.

6.7 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

6.8 Credit Document. This Amendment shall constitute a Credit Document (as defined in the Credit Agreement).

[Signature Pages Follow.]

The parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

BORROWER:

BCE-MACH II LLC

By: /s/ Kevin R. White
Name: Kevin White
Title: CFO

[Signature Page to Amendment No. 4 – BCE-MACH II LLC]

ADMINISTRATIVE AGENT, COLLATERAL AGENT, ISSUING BANK AND A LENDER:

EAST WEST BANK

By: /s/ Andrew Long
Andrew Long
Vice President

[Signature Page to Amendment No. 4 – BCE-MACH II LLC]

LENDERS:

MIDFIRST BANK, as a Lender

By: /s/ Chad Dayton
Name: Chad Dayton
Title: Senior Vice President

[Signature Page to Amendment No. 4 – BCE-MACH II LLC]

Annex I

Amended Credit Agreement

[See attached]

Annex I – Cover Page

Exhibit 10.11

CREDIT AGREEMENT

Dated as of May 19, 2020

among

BCE-MACH III LLC,
as the Borrower,

The Several Lenders
from Time to Time Parties Hereto,

MIDFIRST BANK,
as Administrative Agent and Collateral Agent,

MIDFIRST BANK,
as Issuing Bank,

TABLE OF CONTENTS

EXHIBITS

Exhibit A	Form of Reserve Report Certificate
Exhibit B	Form of Notice of Borrowing
Exhibit C	Form of Guarantee
Exhibit D	Forms of Mortgage/Deed of Trust
Exhibit E	Form of Collateral Agreement
Exhibit F	Form of Compliance Certificate
Exhibit G	Form of Assignment and Acceptance
Exhibit H	Form of Promissory Note
Exhibit I	Form of Intercompany Note
Exhibit J	Form of Solvency Certificate
Exhibit K	Form of Non-Bank Tax Certificate
Exhibit L	Form of Notice of Conversion or Continuation
Exhibit M	Form of Prepayment Notice

SCHEDULES

Schedule 1.1(a)	Commitments
Schedule 1.1(b)	Maximum LC Commitment
Schedule 8.4	Litigation
Schedule 8.13	Subsidiaries
Schedule 8.19	Gas Imbalances, Prepayments
Schedule 8.20	Marketing of Production
Schedule 8.21	Closing Date Hedge Agreements
Schedule 10.11	Affiliate Transactions
Schedule 13.2	Notice Addresses

THIS CREDIT AGREEMENT, dated as of May 19, 2020, among BCE-MACH III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders hereto (each a "Lender" and, collectively, the "Lenders"), MIDFIRST BANK, a federally chartered savings association, as administrative agent and collateral agent for the Lenders, and MIDFIRST BANK, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party hereto and the other Persons from time to time party thereto.

WHEREAS, (a) the Borrower has requested that (i) on the Closing Date, the Lenders provide Loans to the Borrower in an aggregate principal amount of up to $300,000,000, subject to the initial Borrowing Base provided in Section 2.14(a) (the "Closing Date Loans"), and (ii) at any time and from time to time after the Closing Date, the Lenders provide Loans to the Borrower subject to the Available Commitment and (b) the Borrower has requested that each Issuing Bank issue Letters of Credit (subject to the Available Commitment) at any time and from time to time prior to the L/C Maturity Date, in an aggregate Stated Amount at any time outstanding not in excess of the Letter of Credit Commitment;

WHEREAS the Closing Date Loans will be used by the Borrower to refinance certain Indebtedness incurred by Borrower in connection with the acquisition of the Alta Mesa Acquisition Properties and the Kingfisher Acquisition Properties;

WHEREAS, following the Closing Date, the proceeds of the Loans will be used by the Borrower for the acquisition, development and exploration of Oil and Gas Properties and for working capital and other general corporate purposes of the Borrower and its Subsidiaries (including Permitted Acquisitions) and the Letters of Credit will be used by the Borrower and its Subsidiaries for general corporate purposes, including to secure any surety and bonding requirements and to support deposits required under purchase agreements pursuant to which the Borrower or its Subsidiaries may acquire Oil and Gas Properties and other assets;

WHEREAS, the Lenders and the Issuing Banks are willing to make available to the Borrower such revolving credit and letter of credit facilities upon the terms and subject to the conditions set forth herein; and

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

SECTION 1. DEFINITIONS.

1.1. Defined Terms.

As used herein, the following terms shall have the meanings specified below:

"ABR" shall mean for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate plus ½ of 1%, (b) the prime rate as published in The Wall Street Journal's "Money Rates" table for that day and (c) the LIBOR Rate for a one-month Interest Period 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, for purposes of calculating the LIBOR Rate pursuant toclause (c) above, the LIBOR Rate for any day shall be based on the rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time) on such day by reference to the rate appearing on the Reuters Screen LIBOR01 Page (or any successor page or any successor service, or any substitute page or substitute for such service, providing rate quotations comparable to the Reuters Screen LIBOR01 Page, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) for a period equal to one-month; provided further that for purposes of this Agreement in no event shall ABR be less than zero. The "prime rate" is a rate set by the Administrative Agent based upon various factors, including the Administrative Agent's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the ABR due to a change in such rate announced by the Administrative Agent, in the Federal Funds Effective Rate or in the one-month LIBOR Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

"ABR Loan" shall mean each Loan bearing interest based on the ABR.

"Account Control Agreement" shall mean, as to any deposit account, securities account or commodity account of any Credit Party held with a financial institution, an agreement or agreements in form and substance reasonably acceptable to the Administrative Agent and the Borrower, among such Credit Party owning such deposit account, securities account or commodity account, the Collateral Agent and the financial institution at which such deposit account, securities account or commodity account is located, which agreement establishes the Collateral Agent's control (within the meaning of the UCC) with respect to such account.

"Acquired EBITDAX" shall mean, with respect to any Acquired Entity or Business or any Converted Restricted Subsidiary for any period, the amount for such period of EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary (determined as if references to the Borrower and the Restricted Subsidiaries in the definition of EBITDAX were references to such Acquired Entity or Business and its Subsidiaries or to such Converted Restricted Subsidiary and its Subsidiaries), as applicable, all as determined on a consolidated basis for such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable; *provided*, that the Borrower may, to the extent Acquired EBITDAX of an Acquired Entity or Business or Converted Restricted Subsidiary does not include a full four fiscal quarter period and Acquired EBITDAX is to be included in the determination of "EBITDAX" for a full four fiscal quarter period, calculate Acquired EBITDAX with respect to such Acquired Entity or Business or Converted Restricted Subsidiary on a Pro Forma Basis by annualizing the actual EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary as follows: (i) if such Acquired Entity or Business or Converted Restricted Subsidiary has only one full fiscal quarter of actual EBITDAX, by multiplying (A) the actual EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such fiscal quarter by (B) four; (ii) if such Acquired Entity or Business or Converted Restricted Subsidiary has only two full fiscal quarters of actual EBITDAX, by multiplying (A) the actual EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such two fiscal quarter period by (B) two; and (iii) if such Acquired Entity or Business or Converted Restricted Subsidiary has only three full fiscal quarters of actual EBITDAX, by multiplying (A) the actual EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such three fiscal quarter period by (B) 4/3; *provided* that if any calculation of EBITDAX includes Acquired EBITDAX that has been annualized, the Borrower shall, in the certificate setting forth such calculation (which may be the same certificate delivered under Section 9.1(c)) deliver reasonable supporting evidence of such Acquired EBITDAX and, in addition, provide additional detail relating thereto upon the Administrative Agent's reasonable request.

"Acquired Entity or Business" has the meaning set forth in the definition of the term "EBITDAX".

"Acquisition Properties" mean the Alta Mesa Acquisition Properties and the Kingfisher Acquisition Properties.

"Acquisitions" means the Alta Mesa Acquisition and the Kingfisher Acquisition.

"Adjusted Total Commitment" shall mean, at any time, the Total Commitment less the aggregate amount of Commitments of all Defaulting Lenders.

"Administrative Agent" shall mean MidFirst Bank, as the administrative agent for the Lenders under this Agreement and the other Credit Documents, or any successor administrative agent appointed in accordance with the provisions of Section 12.9.

"Administrative Agent's Office" shall mean the Administrative Agent's address and, as appropriate, account as set forth on Schedule 13.2, or such other address or account as the Administrative Agent may from time to time notify in writing to the Borrower and the Lenders.

"Administrative Questionnaire" shall mean, for each Lender, an administrative questionnaire in a form approved by the Administrative Agent.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. "Controlling" ("controlling") and "controlled" shall have meanings correlative thereto.

"Agents" shall mean the Administrative Agent and the Collateral Agent. "Agreement" shall mean this Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"Alta Mesa Acquisition" shall mean the acquisition by the Borrower of the Alta Mesa Acquisition Properties pursuant to the Alta Mesa PSA.

"Alta Mesa Acquisition Properties" shall mean the Oil and Gas Properties to be acquired pursuant to the Alta Mesa Acquisition.

"Alta Mesa PSA" means the Amended & Restated Purchase and Sale Agreement dated January 17, 2020 among the Alta Mesa Sellers and Borrower.

"Alta Mesa Sellers" means, collectively, Alta Mesa Holdings, LP, Alta Mesa Holdings GP, LLC, OEM GP, LLC, Alta Mesa Finance Services Corp., Alta Mesa Services, LP and Oklahoma Energy Acquisitions, LP.

"Anti-Corruption Laws" means all state or federal laws, rules, and regulations applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption, including the Foreign Corrupt Practices Act of 1977, as amended.

"Applicable Margin" shall mean, for any day, with respect to any ABR Loan or LIBOR Loan, as the case may be, the rate per annum set forth in the grid below based upon the Borrowing Base Utilization Percentage in effect on such day:

Borrowing Base Utilization Grid

Borrowing Base Utilization Percentage	< 25%	≥ 25% and < 50%	≥ 50% and < 75%	≥ 75% and < 90%	≥ 90%
LIBOR Loans	3.25%	3.50%	3.75%	4.00%	4.25%
ABR Loans	2.00%	2.25%	2.50%	2.75%	3.00%

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.

"Approved Fund" shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approved Petroleum Engineers" shall mean (a) Netherland, Sewell & Associates, Inc., (b) Ryder Scott Company, L.P., (c) W. D. Van Gonten & Co.

Petroleum Engineering, (d) DeGolyer and MacNaughton, (e) Cawley, Gillespie & Associates, Inc., (f) Miller and Lents, Ltd. and (g) at the Borrower's option, any other independent petroleum engineers selected by the Borrower and reasonably acceptable to the Administrative Agent.

"Assignment and Acceptance" shall mean an assignment and acceptance substantially in the form of Exhibit G or such other form as may be approved by the Administrative Agent.

"Authorized Officer" shall mean as to any Person, the President, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Accounting Officer, the Controller, the Treasurer, the Assistant or Vice Treasurer, the Vice President-Finance, the General Counsel and any manager, managing member or general partner, in each case, of such Person, and any other senior officer designated as such in writing to the Administrative Agent by such Person. Any document delivered hereunder that is signed by an Authorized Officer shall be conclusively presumed to have been authorized by all necessary corporate, limited liability company, partnership and/or other action on the part of the Borrower or any other Credit Party and such Authorized Officer shall be conclusively presumed to have acted on behalf of such Person. Unless the context requires otherwise, references to "Authorized Officer" shall be references to an Authorized Officer of the Borrower.

"Auto-Extension Letter of Credit" shall have the meaning provided in Section 3.2(b).

"Available Commitment" shall mean, at any time, (a) the Loan Limit at such time minus (b) the aggregate Total Exposures of all Lenders at such time.

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" shall mean, 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 for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bank Price Deck" shall mean the Administrative Agent's internal price deck on a forward curve basis for each of oil, natural gas and other Hydrocarbons, as applicable, furnished to the Borrower by the Administrative Agent from time to time in accordance with the terms of this Agreement.

"Bankruptcy Code" shall have the meaning provided in Section 11.5.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as 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 and subject to 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".

"Benefited Lender" shall have the meaning provided in Section 13.8.

"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" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Board of Directors" shall mean, as to any Person, the board of directors or other governing body of such Person, or if such Person is owned or managed by a single entity, the board of directors or other governing body of such entity.

"Borrower" shall have the meaning provided in the introductory paragraph hereto.

"Borrowing" shall mean the incurrence of one Type of Loan on a given date (or resulting from conversions on a given date) having, in the case of LIBOR Loans, the same Interest Period (*provided* that ABR Loans incurred pursuant to Section 2.10(b) shall be considered part of any related Borrowing of LIBOR Loans).

"Borrowing Base" shall mean, at any time, an amount equal to the amount determined in accordance with Section 2.14, as the same may be adjusted from time to time pursuant to the provisions of this Agreement.

"Borrowing Base Deficiency" occurs if, at any time, the aggregate Total Exposures of all Lenders exceeds the Borrowing Base then in effect. The amount of the Borrowing Base Deficiency is the amount by which the sum of the aggregate Total Exposures of all Lenders exceeds the Borrowing Base then in effect.

"Borrowing Base Properties" shall mean the Oil and Gas Properties of the Credit Parties constituting Proved Developed Producing Reserves included in the Initial Reserve Reports and thereafter in the Reserve Report most recently delivered pursuant to Section 9.13.

"Borrowing Base Utilization Percentage" shall mean, as of any day, the fraction expressed as a percentage, the numerator of which is the sum of the aggregate Total Exposures of all Lenders on such day, and the denominator of which is the Borrowing Base in effect on such day.

"Borrowing Base Value" shall mean, with respect to any Oil and Gas Property of a Credit Party or any Hedge Agreement in respect of commodities, the value attributed to such asset by the Administrative Agent in connection with the most recent determination of the Borrowing Base approved by all Lenders or the Required Lenders, as applicable, in accordance with Section 2.14.

"Budget" shall have the meaning provided in Section 9.1(k).

"Business Day" shall mean any day excluding Saturday, Sunday and any other day on which banking institutions in Houston, Texas or New York, New York are authorized by law or other governmental actions to close, and, if such day relates to (a) any interest rate settings as to a LIBOR Loan, (b) any fundings, disbursements, settlements and payments in respect of any such LIBOR Loan, or (c) any other dealings pursuant to this Agreement in respect of any such LIBOR Loan, such day shall be a day on which dealings in deposits in Dollars are conducted by and between banks in the London interbank eurodollar market.

"Capital Lease" shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person; *provided* that for all purposes hereunder the amount of obligations under any Capital Lease shall be the amount thereof accounted for as a liability on the balance sheet of such Person in accordance with GAAP; *provided*, *further*, that for purposes of calculations made pursuant to the terms of this Agreement, GAAP will be deemed to treat leases in a manner consistent with its current treatment under generally accepted accounting principles as of the Closing Date, notwithstanding any modifications or interpretative changes thereto that may occur. For the avoidance of doubt, any lease that would be characterized as an operating lease in accordance with GAAP on the Closing Date (whether or not such operating lease was in effect on such date) shall continue to be accounted for as an operating lease (and not as a Capital Lease) for purposes of this Agreement regardless of any change in GAAP following the Closing Date that would otherwise require such lease to be re- characterized (on a prospective or retroactive basis or otherwise) as a Capital Lease.

"Capitalized Lease Obligations" shall mean, as applied to any Person, all obligations under Capital Leases of such Person or any of its Restricted Subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

"Cash Collateral" shall have the meaning provided in Section 3.8(c).

"Cash Collateralize" shall have the meaning provided in Section 3.8(c).

"Cash Equivalent" shall mean:

(a) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof, in each case maturing within one year from the date of acquisition thereof;

(b) commercial paper maturing within one year from the date of acquisition thereof rated in the highest grade by S&P or Moody's;

(c) demand deposits, and time deposits maturing within one year from the date of creation thereof, with or issued by any Lender or any office located in the United States of any other bank or trust company which is organized under the laws of the United States or any state thereof, has capital, surplus and undivided profits aggregating at least $100,000,000 (as of the date of such bank or trust company's most recent financial reports) and has a short term deposit rating of at least A2 or P2, as such rating is set forth from time to time, by S&P or Moody's, respectively; and

(d) deposits in money market funds at least 95% of whose assets are cash and Investments described in the preceding clauses (a), (b) and (c) or otherwise complying with Rule 2a-7 of the SEC.

"Cash Management Bank" shall mean any Person that either (i) at the time it provides Cash Management Services, (ii) on the Closing Date or (iii) at any time after it has provided any Cash Management Services, is a Lender or an Agent or an Affiliate of a Lender or an Agent.

"Cash Management Obligations" shall mean obligations owed by the Borrower or any Restricted Subsidiary to any Cash Management Bank in connection with, or in respect of, any Cash Management Services.

"Cash Management Services" shall mean (a) commercial credit cards, merchant card services, purchase or debit cards, including non-card e-payables services, (b) treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services) and (c) any other demand deposit or operating account relationships or other cash management services and agreements, including for collections, operating, payroll and trust accounts, automatic clearing house services, controlled disbursement services, electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

"Casualty Event" shall mean, with respect to any Collateral, (a) any damage to, destruction of, or other casualty or loss involving, any property or asset or (b) any seizure, condemnation, confiscation or taking under the power of eminent domain of, or any requisition of title or use of, or relating to, or any similar event in respect of, any property or asset.

"CFC" shall mean a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Change in Law" shall mean (a) the adoption of any law, treaty, order, policy, rule or regulation after the Closing Date, (b) any change in any law, treaty, order, policy, rule or regulation or in the interpretation, implementation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender with any guideline, request, directive or order enacted or promulgated after the Closing Date by any central bank or other governmental or quasi-governmental authority (whether or not having the force of law); *provided* that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority, in each case pursuant to Basel III) and all guidelines, requests, directives, orders, rules and regulations adopted, enacted or promulgated in connection therewith shall be deemed to have gone into effect after the Closing Date regardless of the date adopted, enacted or promulgated and shall be included as a Change in Law but only to the extent a Lender is imposing applicable increased costs or costs in connection with capital adequacy requirements or liquidity requirements similar to those described in clauses (a)(ii) and (c) of Section 2.10 generally on other borrowers of loans under United States reserve-based credit facilities.

"Change of Control" shall mean and be deemed to have occurred if (i) the Permitted Holders shall at any time cease to have, directly or indirectly, the power to vote or direct the voting of at least 51.0% of the Voting Stock of the Parent, (ii) the Parent ceases to own 100% of the Voting Stock of the Borrower or (iii) the Permitted Holders shall at any time cease to have, directly or indirectly, the power to elect a majority of the Board of Directors of the Borrower.

"Closing Date" means the date on which the conditions specified in Section 6 are satisfied (or waived in accordance with Section 13.1).

"Closing Date Loans" shall have the meaning provided in the recitals to this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall have the meaning provided for such term in each of the Security Documents and shall include any and all assets securing any or all of the Obligations; *provided* that with respect to any Mortgages, "Collateral," as defined herein, shall include "Mortgaged Property" as defined therein.

"Collateral Agent" shall mean MidFirst Bank, as collateral agent under the Security Documents, or any successor collateral agent appointed in accordance with the provisions of Section 12.9.

"Collateral Agreement" shall mean the Collateral Agreement of even date herewith by and among the Borrower, the other grantors party thereto and the Collateral Agent, for the benefit of the Secured Parties, substantially in the form of Exhibit E hereto.

"Collateral Coverage Minimum" shall mean that the Mortgaged Properties shall represent from the Closing Date and thereafter, at least 90% of the PV-8 of the Credit Parties' total Proved Developed Producing Reserves that are Borrowing Base Properties and included either in the Initial Reserve Reports or in the most recent Reserve Report delivered pursuant to Section 9.13.

"Commitment" shall mean, (a) with respect to each Lender that is a Lender on the Closing Date, the amount set forth opposite such Lender's name on Schedule 1.1(a) as such Lender's "Commitment", and (b) in the case of any Lender that becomes a Lender after the Closing Date, the amount specified as such Lender's "Commitment" in the Assignment and Acceptance pursuant to which such Lender assumed a portion of the Total Commitment, in each case as the same may be changed from time to time pursuant to the terms of this Agreement.

"Commitment Fee" shall have the meaning provided in Section 4.1(a).

"Commitment Percentage" shall mean, at any time, for each Lender, the percentage obtained by dividing (a) such Lender's Commitment at such time by (b) the amount of the Total Commitment at such time; *provided* that at any time when the Total Commitment shall have been terminated, each Lender's Commitment Percentage shall be the percentage obtained by dividing (i) such Lender's Total Exposure at such time by (ii) the aggregate Total Exposures of all Lenders at such time.

"Commodity Exchange Act" shall mean 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.

"Confidential Information" shall have the meaning provided in Section 13.16.

"Consolidated Cash Balance" shall mean, at any time, (a) the aggregate amount of Unrestricted Cash and Cash Equivalents in each case, held or owned by (whether directly or indirectly), credited to the account of, or otherwise reflected as an asset on the balance sheet of, the Borrower and its Restricted Subsidiaries at such time, minus the following, but only to the extent included in the foregoing calculation of Unrestricted Cash and Cash Equivalents (b) without duplication, the aggregate amount of (i) Unrestricted Cash and Cash Equivalents set aside to pay royalty obligations, working interest obligations, production payments, vendor payments, suspense payments, severance and ad valorem taxes, payroll, payroll taxes, other taxes, employee wage and benefit payments and trust and fiduciary obligations or other obligations of the Borrower or any Restricted Subsidiary to unaffiliated third parties and for which the Borrower or such Restricted Subsidiary either (x) has issued checks or initiated wires or ACH transfers (but which amounts have not, as of such time, been subtracted from the balance in the relevant account of the Borrower or such Restricted Subsidiary) or (y) reasonably anticipates in good faith that it will issue checks or initiate wires or ACH transfers within five (5) Business Days after the date of measurement, (ii) any Unrestricted Cash or Cash Equivalents constituting purchase price deposits held in escrow pursuant to a binding and enforceable purchase and sale agreement with a third party at such time containing customary provisions regarding the payment and refunding of such deposits and (iii) the aggregate amount of cash and Cash Equivalents held in Excluded Accounts at such time.

"Consolidated Cash Balance Excess Period" shall have the meaning provided in Section 5.2(c).

"Consolidated Net Income" shall mean, for any period, for the Borrower and its Restricted Subsidiaries on a consolidated basis, the net income of the Borrower and its Restricted Subsidiaries (excluding extraordinary gains and extraordinary losses and the net income of any Person (other than the Borrower or a Restricted Subsidiary) in which the Borrower or its Restricted Subsidiaries own any Equity Interests for that period, except to the extent of the amount of dividends and distributions actually received by the Borrower or a Restricted Subsidiary), provided that the calculation of Consolidated Net Income shall exclude the following:

(a) any non-cash charges or losses and any non-cash income or gains, in each case, required to be included in net income of the Borrower and its Subsidiaries as a result of the application of FASB Accounting Standards Codifications 718, 815, 410 and 360, but shall expressly include any gains or losses attributable to the termination of any Hedge Agreement other than gains or losses attributable to the termination of any Hedge Agreement solely to the extent such termination occurred in connection with a disposition of the Borrower's or a Restricted Subsidiary's Oil and Gas Properties;

(b) the net income for such period of any Person that is an Unrestricted Subsidiary;*provided* that Consolidated Net Income of any Person shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash or cash equivalents to such Person or a Restricted Subsidiary thereof in respect of such period;

(c) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed (net of any applicable deductibles and costs of collection);

(d) the net income for such period of any Restricted Subsidiary (other than any Guarantor), to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its net income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders (other than restrictions in this Agreement), unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; *provided* that the Consolidated Net Income of the Borrower and its Restricted Subsidiaries will be increased by the amount of dividends or other distributions or other payments actually paid in cash equivalents to the Borrower or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein; and

(e) any impairment charge or asset write-off or write-down in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP, and any impairment charges, asset write-offs or write-down, including ceiling test write-downs, on Oil and Gas Properties under GAAP shall be excluded.

"Consolidated Total Debt" shall mean, as of any date of determination, the sum of (without duplication) the aggregate principal amount of Indebtedness of

the Borrower and its Restricted Subsidiaries outstanding on such date, in an amount that would be reflected on a consolidated balance sheet (excluding the notes thereto) prepared as of such date on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of recapitalization or purchase accounting in connection with the Transactions, any Permitted Acquisition, Investment or any other acquisition permitted hereunder), consisting only of Indebtedness for borrowed money, purchase money indebtedness, Indebtedness in respect of any Capital Lease, and debt obligations evidenced by promissory notes, bonds, debentures, loan agreements or similar instruments; *provided* that Consolidated Total Debt shall not include Indebtedness (i) in respect of Hedging Obligations (but shall include net unpaid termination payments under Hedge Agreements), (ii) except to the extent of unreimbursed amounts thereunder, in respect of letters of credit, bank guarantees and performance or similar bonds and (iii) of Unrestricted Subsidiaries for which no Credit Party is liable.

"Consolidated Total Debt to EBITDAX Ratio" shall mean, as of any date of determination:

(a) an amount equal to (i) Consolidated Total Debt as of the last day of the most recent Test Period *minus* (ii) the lesser of (A) all Unrestricted Cash and Cash Equivalents of the Borrower and its Restricted Subsidiaries as of such date and (B) $10,000,000 *divided by*

(b) EBITDAX for such Test Period; *provided* that the Consolidated Total Debt to EBITDAX Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

"Contractual Requirement" shall have the meaning provided in Section 8.3.

"Converted Restricted Subsidiary" shall have the meaning set forth in the definition of "EBITDAX."

"Converted Unrestricted Subsidiary" shall have the meaning set forth in the definition of "EBITDAX."

"Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning assigned to such term in Section 13.27.

"Credit Documents" shall mean this Agreement, the Guarantee, the Security Documents, each Letter of Credit, any promissory notes issued by the Borrower under this Agreement, and any intercreditor agreement with respect to the Facility entered into on or after the Closing Date to which the Collateral Agent is party. Hedge Agreements are expressly excluded from the definition of Credit Documents.

"Credit Event" shall mean and include the making (but not the conversion or continuation) of a Loan and the issuance of a Letter of Credit (but not the automatic renewal of any Letter of Credit).

"Credit Party" shall mean each of the Borrower and the Guarantors.

"Cure Amount" shall have the meaning provided in Section 11.12(a).

"Cure Deadline" shall have the meaning provided in Section 11.12(a).

"Cure Right" shall have the meaning provided in Section 11.12(a).

"Current Assets" shall mean, at any time, the sum of (a) the consolidated current assets of the Borrower and the Restricted Subsidiaries at such time plus (b) the Available Commitment at such time, but excluding any non-cash assets arising under ASC 815 and ASC 410.

"Current Liabilities" shall mean, at any time, the consolidated current liabilities of the Borrower and the Restricted Subsidiaries at such time, but excluding (a) current maturities of long term debt of the Borrower and the Restricted Subsidiaries under this Agreement and the other Credit Documents and (b) any non-cash liabilities arising under ASC 815 and ASC 410.

"Default" shall mean any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"Default Rate" shall have the meaning provided in Section 2.8(c).

"Default Right" shall have the meaning provided in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" shall mean any Lender whose acts or failures to act, whether directly or indirectly, cause it to meet any part of the definition of "Lender Default."

"Disposed EBITDAX" shall mean, with respect to any Sold Entity or Business or any Converted Unrestricted Subsidiary for any period, the amount for such period of EBITDAX of such Sold Entity or Business (determined as if references to the Borrower and the Restricted Subsidiaries in the definition of EBITDAX (and in the component definitions used therein) were references to such Sold Entity or Business and its Subsidiaries or such Converted Unrestricted Subsidiary and its Subsidiaries) or such Converted Unrestricted Subsidiary, all as determined on a consolidated basis for such Sold Entity or Business or such Converted Unrestricted Subsidiary.

"Disposition" shall have the meaning provided in Section 10.4. "Dispose" or "Disposed of" shall have a correlative meaning.

"Disqualified Stock" shall mean any Equity Interest that, by its terms (or by the terms of any security or other Equity Interests 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 Qualified Equity Interests), pursuant to a sinking fund obligation, scheduled redemption or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Obligations under Secured Hedge Agreements and Secured Cash Management Agreements)) and the termination of the Commitments and (to the extent not cash collateralized or backstopped in a manner reasonably acceptable to the Issuing Bank) outstanding Letters of Credit, (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests and other than as a result of a change of control or asset sale) so long as any

rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Obligations under Secured Hedge Agreements and Secured Cash Management Agreements) and the termination of the Commitments and (to the extent not cash collateralized or backstopped in a manner reasonably acceptable to the Issuing Bank) outstanding Letters of Credit, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in the case of each of clauses (a), (b), (c) and (d), prior to the date that is ninety-one (91) days after the Maturity Date at the time of issuance of such Equity Interests; *provided*, that if such Equity Interests are issued pursuant to any plan for the benefit of future, current or former employees, directors, officers, members of management or consultants of the Borrower (or any direct or indirect parent thereof) or its Subsidiaries or by any such plan to such employees, directors, officers, members of management or consultants, such Equity Interests shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Borrower or its Restricted Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's, officer's, management member's or consultant's termination, death or disability; *provided*, *further*, that any Equity Interests held by any future, current or former employee, director, officer, member of management or consultant of the Borrower, any of its Restricted Subsidiaries, any of its direct or indirect parent companies or any other entity in which the Borrower or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of Directors (or the compensation committee thereof), in each case pursuant to any stock subscription or shareholders' agreement, management equity plan or stock option plan or any other management or employee benefit plan or agreement shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Borrower or its Restricted Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's, officer's, management member's or consultant's termination, death or disability.

"Distressed Person" shall have the meaning provided in the definition of "Lender- Related Distress Event".

"Dollars" and "$" shall mean dollars in lawful currency of the United States of America.

"Domestic Subsidiary" shall mean each Subsidiary of the Borrower that is organized under the laws of the United States or any state thereof, or the District of Columbia.

"Drawing" shall have the meaning provided in Section 3.4(b).

"EBITDAX" shall mean, for any period, for the Borrower and its Restricted Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Interest Expense for such period, (ii) an amount equal to the provision for federal, state, and local income, franchise, sales and use taxes payable or to become payable by the Borrower and its Restricted Subsidiaries for such period, (iii) depletion, depreciation, amortization and exploration expense for such period (including all drilling, completion, geological and geophysical costs), (iv) losses from asset Dispositions (excluding Hydrocarbons Disposed of in the ordinary course of business), (v) all other non-cash items reducing such Consolidated Net Income for such period, (vi) extraordinary or non-recurring losses for such period and (vii) Transaction Expenses and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) federal, state and local income tax credits of the Borrower and its Restricted Subsidiaries for such period (ii) gains from asset Dispositions (excluding Hydrocarbons Disposed of in the ordinary course of business), (iii) all other non-cash items increasing Consolidated Net Income for such period, and (iv) extraordinary or non-recurring gains for such period.

There shall be included in determining EBITDAX for any period, without duplication, the Acquired EBITDAX of any Person, property, business or asset acquired by the Borrower or any Restricted Subsidiary during such period (but not the Acquired EBITDAX of any related Person, property, business or assets to the extent not so acquired), to the extent not subsequently sold, transferred or otherwise disposed by the Borrower or such Restricted Subsidiary during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an "Acquired Entity or Business") and the Acquired EBITDAX of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a "Converted Restricted Subsidiary"), based on the actual Acquired EBITDAX of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition). There shall be excluded in determining EBITDAX for any period the Disposed EBITDAX of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of or, closed or classified as discontinued operations (but if such operations are classified as discontinued due to the fact that they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of) by the Borrower or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a "Sold Entity or Business") and the Disposed EBITDAX of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each a "Converted Unrestricted Subsidiary"), based on the actual Disposed EBITDAX of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer or disposition).

Notwithstanding anything to the contrary contained herein and subject to adjustments permitted hereunder with respect to acquisitions, Dispositions and other transactions occurring following the Closing Date and pursuant to the definition of "Pro Forma Basis", (i) EBITDAX for the Test Period ending on the last day of the fiscal quarter ending June 30, 2020 shall be EBITDAX for such fiscal quarter multiplied times four, (ii) EBITDAX for the Test Period ending on the last day of the fiscal quarter ending September 30, 2020 shall be EBITDAX for two most recently ended fiscal quarters multiplied times two, (iii) EBITDAX for the Test Period ending on December 31, 2020 shall be EBITDAX for the three most recently ended fiscal quarters multiplied times four-thirds and (iv) EBITDAX shall be calculated on a pro forma basis assuming that the Acquisitions were consummated on April 1, 2020.

For the avoidance of doubt, EBITDAX shall be calculated on a Pro Forma Basis.

"EEA Financial Institution" shall mean (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" shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" shall mean 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.

"Engineering Reports" shall have the meaning provided in Section 2.14(c).

"Environmental Claims" shall mean any and all actions, suits, orders, decrees, injunctions, demands, demand letters, claims, liens, notices of noncompliance, restrictions on use, violation or potential responsibility, or proceedings arising under or based upon any Environmental Law or any permit issued, or any approval given, under any such Environmental Law (hereinafter, "Claims"), including, without limitation, (i) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (ii) any and all Claims by any third party seeking damages,

contribution, indemnification, cost recovery, compensation or injunctive relief relating to the presence, release or threatened release of Hazardous Materials or arising from alleged injury or threat of injury to health or safety (to the extent relating to human exposure to Hazardous Materials), or the environment including, without limitation, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands.

"Environmental Law" shall mean any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance and code now or hereafter in effect and in each case as amended, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree or judgment, relating to the protection of the public health or welfare (to the extent relating to human exposure to Hazardous Materials) or the environment, including, without limitation, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands, or human health or safety (to the extent relating to human exposure to Hazardous Materials), or Hazardous Materials.

"Environmental Permit" shall mean any permit, registration, license, approval, identification number, license or other authorization required under any applicable Environmental Law.

"Equity Interests" of any person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing, excluding any debt security that is convertible or exchangeable into any Equity Interests (*provided* that any instrument evidencing Indebtedness convertible or exchangeable into Equity Interests, whether or not such debt securities include any right of participation with Equity Interests, shall not be deemed to be Equity Interests unless and until such instrument is so converted or exchanged, except, solely for purposes of a pledge of Equity Interests in connection with this Agreement, to the extent such instrument could be treated as "stock" of a CFC for purposes of Treasury Regulation Section 1.956-2(c)(2)).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time. Section references to ERISA are to ERISA as in effect on the Closing Date and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) that together with the Borrower would be deemed to be a "single employer" within the meaning of Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(m) or (o) of the Code.

"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" shall have the meaning provided in Section 11.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Accounts" means (a) accounts maintained by the Credit Parties where all or substantially all of the deposits in which consist of amounts utilized (i) for funding payroll, payroll Taxes, withheld income Taxes and other employee wage and benefit obligations of the Credit Parties, (ii) for holding amounts of third parties as a fiduciary or in trust, (iii) as a suspense or distribution account for holding only third party funds to satisfy royalty obligations and working interest obligations owed to third parties, (iv) as a cash collateral account constituting a Permitted Lien under clause (d) or (e) of the definition thereof, and (b) any other accounts so long as the maximum balance in any such other accounts at any time does not exceed $1,000,000 in the aggregate.

"Excluded Assets" shall have the meaning assigned to such term in the Collateral Agreement.

"Excluded Equity Interests" shall mean (a) any Equity Interests with respect to which, in the reasonable judgment of the Administrative Agent, the cost or other consequences of pledging such Equity Interests in favor of the Secured Parties under the Security Documents shall be excessive in view of the benefits to be obtained by the Secured Parties therefrom, (b) solely in the case of any pledge of Equity Interests of any Foreign Subsidiary or FSHCO (in each case, that is owned directly by the Borrower or a Guarantor) to secure the Obligations, any Equity Interest that is Voting Stock of such Foreign Subsidiary or FSHCO in excess of 65% of the Voting Stock of such Subsidiary and (c) the Equity Interests of any Subsidiary of a Foreign Subsidiary or FSHCO.

"Excluded Hedging Obligation" shall mean, with respect to any Credit Party, any Hedging Obligation if, and to the extent that, all or a portion of the liability of such Credit Party with respect to, or the grant by such Credit Party of a security interest to secure, such Hedging Obligation (or any Guarantee thereof or other agreement or undertaking agreeing to guarantee, repay, indemnify or otherwise be liable therefor) 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) (a) by virtue of such Credit Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee obligation or other liability of such Credit Party or the grant of such security interest becomes or would become effective with respect to such Hedging Obligation or (b) in the case of a Hedging Obligation subject to a clearing requirement pursuant to section 2(h) of the Commodity Exchange Act (or any successor provision thereto), because such Credit Party is a "financial entity," as defined in section 2(h)(7)(C)(i) of the Commodity Exchange Act (or any successor provision thereto), at the time the guarantee obligation or other liability of such Credit Party becomes or would become effective with respect to such related Hedging Obligation. If a Hedging Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Hedging Obligation that is attributable to swaps for which such guarantee obligation or other liability or security interest is or becomes illegal.

"Excluded Subsidiary" shall mean (a) any Foreign Subsidiary, (b) any Domestic Subsidiary (i) that owns no material assets (directly or through its Subsidiaries) other than equity interests, or debt and equity interests, of one or more Foreign Subsidiaries that are CFCs (each such Foreign Subsidiary, a "FSHCO") or (ii) that is a direct or indirect Subsidiary of a Foreign Subsidiary, and (c) each Unrestricted Subsidiary.

"Excluded Taxes" shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Credit Party hereunder or under any other Credit Document, (i) Taxes imposed on or measured by net or overall gross income (however denominated, and

including (for the avoidance of doubt) any backup withholding in respect thereof under Section 3406 of the Code or any similar provision of state, local or foreign law), branch profits Taxes and franchise (and similar) Taxes imposed on it, in each case by a jurisdiction (including any political subdivision thereof) as a result of such recipient being organized in, having its principal office in, or in the case of any Lender, having its applicable lending office in, such jurisdiction, or that are Other Connection Taxes, (ii) U.S. federal withholding Taxes imposed on any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document that is required to be imposed on amounts payable to a recipient, in the case of any Lender (other than to the extent such Lender is an assignee pursuant to a request by the Borrower under Section 13.7) pursuant to laws in force at the time such Lender becomes a party hereto (or designates a new lending office), except to the extent that such Lender (or its assignor, if any) was entitled, immediately prior to the designation of a new lending office (or assignment), to receive additional amounts or indemnification payments from any Credit Party with respect to such withholding Tax pursuant to Section 5.4, (iii) any Taxes attributable to the Administrative Agent's, any Lender's or any other recipient's failure to comply with Section 5.4(d), 5.4(e), 5.4(h), or 5.4(i), or (iv) any Tax imposed under FATCA.

"Exit Fee" shall have the meaning provided in Section 4.1(f).

"Facility" shall mean this Agreement and the Commitments and the extensions of credit made hereunder.

"Fair Market Value" shall mean, with respect to any asset or group of assets on any date of determination, the value of the consideration obtainable in a Disposition of such asset at such date of determination assuming a Disposition by a willing seller to a willing purchaser dealing at arm's length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, as determined by the Borrower in good faith.

"Farm-In Agreement" shall mean an agreement whereby a Person agrees, among other things, to pay all or a share of the drilling, completion or other expenses of one or more wells or perform the drilling, completion or other operation on such well or wells as all or a part of the consideration provided in exchange for an ownership interest in an Oil and Gas Property.

"Farm-Out Agreement" shall mean a Farm-In Agreement, viewed from the standpoint of the party that grants to another party the right to earn an ownership interest in an Oil and Gas Property.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations promulgated thereunder or official administrative interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement, treaty or convention between or among Governmental Authorities implementing any of the foregoing, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any of the foregoing.

"Federal Funds Effective Rate" shall mean, for any day, the weighted average of the per annum rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published on the next succeeding Business Day by the Federal Reserve Bank of New York or, if such rate is not so published for any date that is a Business Day, the Federal Funds Effective Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 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. Notwithstanding the foregoing, for purposes of this Agreement, in no event shall the Federal Funds Effective Rate be less than zero.

"Fee Letter" shall mean the engagement letter agreement dated as of May 18, 2020, between MidFirst Bank and the Borrower.

"Financial Officer" of any Person shall mean the Chief Financial Officer, principal accounting officer, Treasurer or Assistant Treasurer of such Person.

"Financial Performance Covenants" shall mean the covenants of the Borrower set forth in Section 10.10.

"Foreign Plan" shall mean any employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Borrower or any of its Restricted Subsidiaries with respect to employees employed outside the United States.

"Foreign Subsidiary" shall mean each Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Fronting Fee" shall have the meaning provided in Section 4.1(c).

"FSHCO" shall have the meaning provided in the definition of "Excluded Subsidiary."

"Fund" shall mean any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

"GAAP" shall mean generally accepted accounting principles in the United States of America, as in effect from time to time; *provided*, *however*, that the accounting for operating leases and capital leases under GAAP as in effect on the date hereof (including, without limitation, Accounting Standards Codification 840) shall apply for the purposes of determining compliance with the provisions of this Agreement, including the definition of Capital Leases and obligations in respect thereof.

"Governmental Authority" shall mean any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange and any supra-national bodies such as the European Union or the European Central Bank.

"Guarantee" shall mean the Guarantee made by any Guarantor in favor of the Collateral Agent for the benefit of the Secured Parties, substantially in the form of Exhibit C.

"Guarantee Obligations" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain financial condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided, however, that the term "Guarantee Obligations" shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted under this Agreement (other

than such obligations with respect to Indebtedness). The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Guarantor" shall mean (a) each Subsidiary that is a party to the Guarantee as of the Closing Date and (b) each Subsidiary that becomes a party to the Guarantee after the Closing Date pursuant to Section 9.10 or otherwise.

"Hazardous Materials" shall mean (a) any petroleum or petroleum products, natural gas or natural gas liquids, radioactive materials, friable asbestos or asbestos containing materials, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas and (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous waste", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", "toxic substances", "toxic pollutants", "contaminants", or "pollutants", or words of similar import, under any applicable Environmental Law.

"Hedge Agreements" shall mean (a) any and all rate swap transactions, basis swaps, commodity swaps, commodity options, forward commodity contracts, future contracts, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, fixed-price physical delivery contracts, whether or not exchange traded, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which 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., any International Foreign Exchange Master Agreement or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement. Notwithstanding the foregoing, agreements or obligations to physically sell any commodity at any index-based price shall not be considered Hedge Agreements.

"Hedge Bank" shall mean (a) any Person (other than the Borrower or any of its Subsidiaries) that (x) at the time it enters into a Hedge Agreement is a Lender or Agent or an Affiliate of a Lender or Agent, or (y) at any time after it enters into a Hedge Agreement it becomes a Lender or Agent or an Affiliate of a Lender or Agent or (b) with respect to any Hedge Agreement that is in effect on the Closing Date, any Person (other than the Borrower or any of its Subsidiaries) that is a Lender or Agent or an Affiliate of a Lender or Agent on the Closing Date.

"Hedging Obligations" shall mean, with respect to any Person, the obligations of such Person under Hedge Agreements, including any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Highest Lawful Rate" means, with respect to each Lender, 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 under laws applicable to such Lender 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" shall mean 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. Unless otherwise indicated herein, each reference to the term "Hydrocarbon Interests" shall mean Hydrocarbon Interests of the Borrower and/or the Restricted Subsidiaries, as the context requires.

"Hydrocarbons" shall mean oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined or separated therefrom.

"Indebtedness" of any Person shall mean, if and to the extent (other than with respect toclause (g) below) the same would constitute indebtedness or a liability in accordance with GAAP, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (c) the deferred purchase price of assets or services that in accordance with GAAP would be required to be shown as a liability on the balance sheet of such Person (other than (i) any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP, (ii) accruals for payroll incurred in the ordinary course of business and (iii) obligations resulting under firm transportation contracts, or take or pay contracts or other similar agreements), (d) the face amount of all letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person and, without duplication, all drafts drawn thereunder, (e) the principal component of all Capitalized Lease Obligations of such Person, (f) net Hedging Obligations of such Person, (g) all indebtedness (excluding prepaid interest thereon) of any other Person secured by any Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (h) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase in respect of Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock), (i) the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment and (j) without duplication, all Guarantee Obligations of such Person; *provided* that Indebtedness shall not include (i) trade and other ordinary -course payables and accrued expenses arising in the ordinary course of business that are not more than 90 days past due (or the date of invoice thereof if no due date is specified), (ii) deferred or prepaid revenues, (iii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller, (iv) in the case of the Borrower and its Restricted Subsidiaries, (A) all intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll- over or extensions of terms) and (B) intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and the Restricted Subsidiaries, (v) in-kind obligations relating to net oil, natural gas liquids or natural gas balancing positions arising in the ordinary course of business, (vi) any obligation 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 and (vii) operating leases or sale and leaseback transactions (except any resulting obligations under any Capital Lease).

For purposes hereof, the amount of any net Hedging Obligations on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (g) above shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the Fair Market Value of the property encumbered thereby as determined by such Person in good faith. Notwithstanding anything in this definition to the contrary, Indebtedness shall be calculated without giving effect to the effects of Financial Accounting Standards Board Accounting Standards Codification 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose hereunder as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

"Indemnified Liabilities" shall have the meaning provided in Section 13.5.

"Indemnified Taxes" shall mean (a) all Taxes imposed on or with respect to any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document other than Excluded Taxes and (b) Other Taxes.

"Industry Investment" shall mean Investments and/or expenditures made in the ordinary course of, and of a nature that is or shall have become customary in, the Oil and Gas Business as a means of actively engaging therein through agreements, transactions, interests or arrangements that permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of Oil and Gas Business jointly with third parties, including: (1) ownership interests (directly or through equity) in Oil and Gas Properties or gathering, transportation, processing, or related systems; and (2) Investments and/or expenditures in the form of or pursuant to operating agreements, processing agreements, Farm-In Agreements, Farm-Out Agreements, development agreements, area of mutual interest agreements, unitization agreements, pooling arrangements, joint bidding agreements, service contracts, joint venture agreements, partnership agreements (whether general or limited), and other similar agreements (including for limited liability companies) with third parties.

"Information" shall have the meaning provided in Section 8.8(a).

"Initial Reserve Reports" shall mean, collectively, the reserve engineers' reports, as of January 1, 2020, prepared by Cawley, Gillespie & Associates, Inc. with respect to the Alta Mesa Acquisition Properties acquired by the Credit Parties.

"Intercreditor Agreement" shall mean an Intercreditor Agreement in form and content acceptable to the Agents among the Agents, Borrower and one or more Persons described in subpart (b) of the definition of "Secured Hedge Counterparty".

"Interest Expense" shall mean, with respect to any Person for any period, the sum of (a) gross interest expense of such Person for such period on a consolidated basis (including (i) the amortization of debt discounts, (ii) the amortization of all fees (including fees with respect to Hedge Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense and (iii) the portion of any payments or accruals with respect to Capitalized Lease Obligations allocable to interest expense) and (b) capitalized interest of such Person.

For purposes of this definition, interest on obligations in respect of Capital Leases shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such obligations in accordance with GAAP.

"Interest Period" shall mean, with respect to any Loan, the interest period applicable thereto, as determined pursuant to Section 2.9.

"Interim Redetermination" shall have the meaning provided in Section 2.14.

"Interim Redetermination Date" shall mean the date on which a Borrowing Base that has been redetermined pursuant to an Interim Redetermination becomes effective as provided in Section 2.14.

"Investment" shall have the meaning provided in Section 10.5. "IRS" means the United States Internal Revenue Service.

"ISP" shall mean, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" shall mean, with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the applicable Issuing Bank and the Borrower (or any Restricted Subsidiary) or in favor of the applicable Issuing Bank and relating to such Letter of Credit.

"Issuing Bank" shall mean MidFirst Bank, and any of its Affiliates or any replacement or successor appointed pursuant to Section 3.6. If the Borrower requests, MidFirst Bank to issue a Letter of Credit, MidFirst Bank may, in its discretion, arrange for such Letter of Credit to be issued by its Affiliates or any Lender, and in each such case the term "Issuing Bank" shall include any such Affiliate or Lender with respect to Letters of Credit issued by such Affiliate or Lender. References herein and in the other Credit Documents to an Issuing Bank shall be deemed to refer to the Issuing Bank in respect of the applicable Letter of Credit or to all Issuing Banks, as the context requires.

"Kingfisher Acquisition" shall mean the acquisition by the Borrower of the Kingfisher Acquisition Properties pursuant to the Kingfisher PSA.

"Kingfisher Acquisition Properties" shall mean the Oil and Gas Properties to be acquired pursuant to the Kingfisher Acquisition.

"Kingfisher PSA" means the Amended & Restated Purchase and Sale Agreement dated January 17, 2020 among the Kingfisher Sellers and Borrower.

"Kingfisher Sellers" means, collectively, Kingfisher Midstream, LLC, Oklahoma Produced Water Solutions, LLC, Kingfisher STACK Oil Pipeline, LLC and Cimarron Express Pipeline, LLC.

"L/C Borrowing" shall mean an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing.

"L/C Maturity Date" shall mean the date that is five Business Days prior to the Maturity Date.

"L/C Obligations" shall mean, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unpaid Drawings, including all L/C Borrowings. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"L/C Participant" shall have the meaning provided in Section 3.3(a).

"L/C Participation" shall have the meaning provided in Section 3.3(a).

"Lender" shall have the meaning provided in the preamble to this Agreement.

"Lender Default" shall mean (i) the refusal (which may be given verbally or in writing and has not been retracted) or failure of any Lender to make available its portion of any incurrence of Loans or participations in Letters of Credit, which refusal or failure is not cured within one Business Day after the date of such refusal or failure; (ii) the failure of any Lender to pay over to the Administrative Agent, any Issuing Bank or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, unless the subject of a good faith dispute; (iii) a Lender has notified the Borrower or the Administrative Agent that it does not intend or expect to comply with any of its funding obligations, or has made a public statement to that effect with respect to its funding obligations under the Facility, (iv) a Lender has failed, within three Business Days after request by the Administrative Agent, to confirm that it will comply with its funding obligations under the Facility or (v) a Distressed Person has admitted in writing that it is insolvent or such Distressed Person becomes subject to a Lender-Related Distress Event or a Bail-In Action. Any determination by the Administrative Agent that a Lender Default has occurred under any one or more of clauses (i) through (v) above shall be conclusive and binding absent manifest error, and the applicable Lender shall be deemed to be a Defaulting Lender upon delivery of written notice of such determination to the Borrower, each Issuing Bank and each Lender.

"Lender-Related Distress Event" shall mean, with respect to any Lender, that such Lender or any Person that directly or indirectly controls such Lender (each, a "Distressed Person"), as the case may be, is or becomes subject to a Bail-in Action or a voluntary or involuntary case with respect to such Distressed Person under any debtor relief law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Person or any substantial part of such Distressed Person's assets, or such Distressed Person or any Person that directly or indirectly controls such Distressed Person is subject to a forced liquidation, or such Distressed Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Person or its assets to be, insolvent or bankrupt; *provided* that a Lender-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interests in any Lender or any Person that directly or indirectly controls such Lender by a Governmental Authority or an instrumentality thereof so long as such ownership interest does not result in or provide such Lender 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 Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

"Letter of Credit" shall have the meaning provided in Section 3.1.

"Letter of Credit Application" shall have the meaning provided in Section 3.2.

"Letter of Credit Commitment" shall mean at any time, 10% of the Borrowing Base then in effect, as the same may be reduced from time to time pursuant to Section 3.1 or, with the consent of the Administrative Agent and the Issuing Banks, increased from time to time.

"Letter of Credit Exposure" shall mean, with respect to any Lender, at any time, the sum of (a) the principal amount of any Unpaid Drawings in respect of which such Lender has made (or is required to have made) payments to the applicable Issuing Bank pursuant to Section 3.4(a) at such time and (b) such Lender's Commitment Percentage of the Letters of Credit Outstanding at such time (excluding the portion thereof consisting of Unpaid Drawings in respect of which the Lenders have made (or are required to have made) payments to the applicable Issuing Bank pursuant to Section 3.4(a)) minus the amount of cash or deposit account balances held by the Administrative Agent to Cash Collateralize outstanding Letters of Credit and Unpaid Drawings under Section 3.8.

"Letter of Credit Fee" shall have the meaning provided in Section 4.1(b).

"Letters of Credit Outstanding" shall mean, at any time, the sum of, without duplication, (a) the aggregate Stated Amount of all outstanding Letters of Credit and (b) the aggregate principal amount of all Unpaid Drawings in respect of all Letters of Credit.

"LIBOR Loan" shall mean any Loan bearing interest at a rate determined by reference to the LIBOR Rate (other than an ABR Loan bearing interest by reference to the LIBOR Rate by virtue of clause (c) of the definition of ABR).

"LIBOR Rate" shall mean, for any Interest Period with respect to any Borrowing of a LIBOR Loan, the interest rate per annum equal to the offered rate (and not the bid rate) as published by the ICE Benchmark Administration or its successor as the administrator for LIBOR two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBOR Rate" with respect to such Borrowing of such LIBOR Loan for such Interest Period shall be determined by the Administrative Agent by reference to such other comparable publicly available service for displaying the offered rate for dollar deposits in the London interbank market as may be selected by the Administrative Agent and, in the absence of availability, then such rate shall be the rate at which dollar deposits of an amount comparable to the Borrowing of such LIBOR Loan and for a maturity comparable to such Interest Period are offered by the principal office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period. Notwithstanding the foregoing, for purposes of this Agreement, in no event shall the LIBOR Rate be less than zero.

"Lien" shall mean, with respect to any asset, (a) any mortgage, preferred mortgage, deed of trust, lien, notice of claim of lien, hypothecation, pledge, charge, security interest or similar encumbrance in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset or (c) Production Payments and Reserve Sales and the like payable out of Oil and Gas Properties; *provided* that in no event shall an operating lease be deemed to be a Lien.

"Liquidate" means, with respect to any Hedge Agreement, the sale, assignment, novation, unwind, monetization or termination of all or any part of such Hedge Agreement or the creation of an offsetting position against all or any part of such Hedge Agreement, except for any such assignment or novation to an Affiliate or successor of the Secured Hedge Counterparty party thereto which Affiliate or successor itself meets the requirements of the definition of "Secured Hedge Counterparty". The term "Liquidated" has a correlative meaning thereto.

"Liquidity" shall mean, as of any date of determination, the sum of (a) the Available Commitment on such date and (b) the aggregate amount of Unrestricted Cash of the Borrower and the Restricted Subsidiaries at such date, less the amount of any Borrowing Base Deficiency existing on such date of determination.

"Loan" shall have the meaning provided in Section 2.1(a).

"Loan Limit" shall mean, at any time, the lesser of (a) the Total Commitment at such time and (b) the Borrowing Base at such time (including as it may be

reduced pursuant to Section 2.14(f)).

"Majority Lenders" shall mean, at any date, (a) if there are less than three unaffiliated Lenders at such time, all Non-Defaulting Lenders, (b) if there are three or more unaffiliated Lenders and two or more Non-Defaulting Lenders, either (i) two or more Non- Defaulting Lenders having or holding at least a majority of the Adjusted Total Commitment at such date, or (ii) if the Total Commitment has been terminated, two or more Non-Defaulting Lenders having or holding at least a majority of the outstanding principal amount of the Loans and Letter of Credit Exposure (excluding the Loans and Letter of Credit Exposure of Defaulting Lenders) in the aggregate at such date, and (c) if there are three or more unaffiliated Lenders and only one Non-Defaulting Lender, such Non-Defaulting Lender.

"Management Services Agreement" shall mean that certain Management Services Agreement, dated as of April 9, 2020, by and between the Borrower and the Manager.

"Manager" shall mean Mach Resources LLC, a Delaware limited liability company.

"Material Adverse Effect" shall mean a circumstance or condition affecting the business, assets, operations, properties or financial condition of the Borrower and the Subsidiaries, taken as a whole, that would, individually or in the aggregate, materially adversely affect (a) the ability of the Borrower and the other Credit Parties, taken as a whole, to perform their obligations under this Agreement or any of the other Credit Documents or (b) the rights and remedies of the Agents and the Lenders under this Agreement or under any of the other Credit Documents.

"Material Indebtedness" shall mean Indebtedness (other than Loans and Letters of Credit) of any one or more of the Borrower or any Restricted Subsidiary in an aggregate principal amount exceeding $2,500,000.

"Maturity Date" shall mean May 19, 2023.

"Maximum LC Commitment" means with respect to each Issuing Bank, the amount set forth opposite such Issuing Bank's name in Schedule 1.1(b) hereto, as such Schedule 1.1(b) may be amended or modified from time to time by the Borrower, each Issuing Bank affected by such amendment or modification thereto and by the Administrative Agent.

"Minimum Borrowing Amount" shall mean, with respect to any Borrowing of Loans, $500,000 (or, if less, the entire remaining Commitments at the time of such Borrowing).

"Minority Investment" shall mean any Person (other than a Subsidiary) in which the Borrower or any Restricted Subsidiary owns Equity Interests.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor by merger or consolidation to its business.

"Mortgage" shall mean a mortgage or a deed of trust, deed to secure debt, trust deed, assignment of as-extracted collateral, fixture filing or other security document entered into by the owner of a Mortgaged Property and the Collateral Agent for the benefit of the Secured Parties in respect of that Mortgaged Property, substantially in the form of Exhibit D (with such changes thereto as may be necessary to account for local law matters) or otherwise in such form as agreed between the Borrower and the Collateral Agent.

"Mortgaged Property" shall mean, at any time, all Borrowing Base Properties, and related Property, with respect to which a Mortgage has been granted.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or an ERISA Affiliate is, or within any of the preceding six plan years has been, obligated to contribute.

"New Borrowing Base Notice" shall have the meaning provided in Section 2.14(d).

"Non-Consenting Lender" shall have the meaning provided in Section 13.7(b).

"Non-Defaulting Lender" shall mean and include each Lender other than a Defaulting Lender.

"Non-Extension Notice Date" shall have the meaning provided in Section 3.2(b).

"Non-U.S. Lender" shall mean any Lender (a) that is not disregarded as separate from its owner for U.S. federal income Tax purposes and that is not a "United States person" as defined by Section 7701(a)(30) of the Code or (b) that is disregarded as separate from its owner for U.S. federal income Tax purposes and whose regarded owner is not a "United States person" as defined by Section 7701(a)(30) of the Code.

"Notice of Borrowing" shall mean a request of the Borrower in accordance with the terms of Section 2.3(a) and substantially in the form of Exhibit B or such other form as shall be approved by the Administrative Agent (acting reasonably).

"Notice of Conversion or Continuation" shall have the meaning provided in Section 2.6(a).

"Obligations" shall mean all advances to, and debts, liabilities, obligations, covenants and duties of, any Credit Party arising under any Credit Document or otherwise with respect to any Loan or Letter of Credit or under any Secured Cash Management Agreement or Secured Hedge Agreement, including Hedging Obligations, in each case, entered into with the Borrower or any other Credit Party, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof in any proceeding under any bankruptcy or insolvency law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Obligations of the Credit Parties under the Credit Documents (and any of their Restricted Subsidiaries to the extent they have obligations under the Credit Documents) include the obligation (including Guarantee Obligations) to pay principal, interest, charges, expenses, fees, attorney costs, indemnities and other amounts payable by any Credit Party under any Credit Document. Notwithstanding the foregoing, (a) the obligations of the Borrower or any Restricted Subsidiary under any Secured Hedge Agreement and under any Secured Cash Management Agreement that have been secured and guaranteed pursuant to the Security Documents and the Guarantee shall be secured and guaranteed pursuant to such Security Documents and Guarantee only to the extent that, and for so long as, the other Obligations are so secured and guaranteed and (b) any release of Collateral or Guarantors effected in the manner permitted by this Agreement and the other Credit Documents shall not require the consent of the applicable Secured Hedge Counterparty or Cash Management Bank. Solely with respect to any Credit Party that is not an "eligible contract participant" under the Commodity Exchange Act, Excluded Hedging Obligations of such Credit Party shall in any event be excluded from "Obligations" owing by such Credit Party.

"Oil and Gas Business" shall mean the business of:

(a) acquiring, exploring, exploiting, developing, producing, operating and disposing of interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and mineral properties or products produced in association with any of the foregoing; and

(b) the business of gathering, marketing, distributing, treating, processing, storing, refining, selling and transporting of any production from interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and mineral properties or products produced in association therewith; and the marketing of oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbons and minerals obtained from unrelated Persons; and

(c) any business or activity relating to, arising from, or necessary, appropriate, incidental or ancillary to the activities described in the foregoingclauses (a) and (b) of this definition.

"Oil and Gas Properties" shall mean (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 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 hereafter 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, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, gas processing plants and pipeline systems and any related infrastructure to any thereof, 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 indicated herein, each reference to the term "Oil and Gas Properties" shall mean Oil and Gas Properties of the Borrower and/or the Restricted Subsidiaries, as the context requires.

"Ongoing Hedges" shall have the meaning provided in Section 10.9(a).

"Other Connection Taxes" means, with respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising solely from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

"Other Taxes" shall mean any and all present or future stamp, registration, documentary, intangible, recording, filing or any other similar Taxes arising from any payment made hereunder or made under any other Credit Document or from the execution or delivery of, registration or enforcement of, consummation or administration of, or otherwise with respect to, this Agreement or any other Credit Document; *provided* that such term shall not include (i) any of the foregoing Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment pursuant to a request by the Borrower under Section 13.7) or (ii) Excluded Taxes.

"Overnight Rate" shall mean, for any day, the greater of (a) the Federal Funds Effective Rate and (b) an overnight rate determined by the Administrative Agent or the applicable Issuing Bank, as the case may be, in accordance with banking industry rules on interbank compensation.

"Parent" shall mean BCE-Mach Intermediate Holdings III LLC, a Delaware limited liability company.

"Parent Entity" shall mean any Person that is a direct or indirect parent company (which may be organized as a partnership) of the Borrower.

"Participant" shall have the meaning provided in Section 13.6(c).

"Participant Register" shall have the meaning provided in Section 13.6(c).

"Patriot Act" shall have the meaning provided in Section 13.18.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Permitted Acquisition" shall mean the acquisition, by merger or otherwise, by the Borrower or any of the Restricted Subsidiaries of assets (including any assets constituting a business unit, line of business or division) or Equity Interests, so long as (a) such acquisition and all transactions related thereto shall be consummated in all material respects in accordance with Requirements of Law; (b) if such acquisition involves the acquisition of Equity Interests of a Person that upon such acquisition would become a Subsidiary, such acquisition shall result in the issuer of such Equity Interests becoming a Restricted Subsidiary and, to the extent required by Section 9.10, a Guarantor; (c) such acquisition shall result in the Collateral Agent, for the benefit of the Secured Parties, being granted a security interest in any Equity Interests or any assets so acquired to the extent required by Section 9.10; (d) after giving effect to such acquisition, no Event of Default shall have occurred and be continuing; (e) after giving effect to such acquisition, the Borrower and its Restricted Subsidiaries shall be in compliance with Section 10.18; and (f) the Borrower shall be in Pro Forma Compliance after giving effect to such acquisition.

"Permitted Holders" shall mean any of (i) the Sponsor and (ii) officers, directors, employees and other members of management of the Borrower (or any of its Parent Entities) or any of its Restricted Subsidiaries who are or become holders of Equity Interests of the Borrower (or any Parent Entity); *provided* that for purposes of the definition of "Change of Control" the Persons described in clause (ii) above shall not constitute Permitted Holders at any time they hold voting power equal to or more than 50% of all Equity Interests collectively and beneficially held by the Persons described in clauses (i) and (ii) above.

"Permitted Investments" shall mean:

(a) securities issued or unconditionally guaranteed by the United States government or any agency or instrumentality thereof, in each case having maturities and/or reset dates of not more than 24 months from the date of acquisition thereof;

(b) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally-recognized rating service);

(c) time deposits with, or domestic and LIBOR certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof issued by, any Lender or any other bank or trust company having combined capital, surplus and undivided profits of not less than $500,000,000 in the case of domestic banks and $100,000,000 (or the Dollar equivalent thereof) in the case of foreign banks;

(d) repurchase agreements with a term of not more than 180 days for underlying securities of the type described in clauses (a), and (c) above entered into with any bank meeting the qualifications specified in clause (c) above or securities dealers of recognized national standing;

(e) marketable short-term money market and similar funds (i) either having assets in excess of $500,000,000 or (ii) having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally-recognized rating service); and

(f) shares of investment companies that are registered under the Investment Company Act of 1940 and substantially all the investments of which are one or more of the types of securities described in clauses (a) through (g) above.

"Permitted Liens" shall mean:

(a) Liens for Taxes, assessments or governmental charges or claims not yet overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established to the extent required by and in accordance with GAAP, or for property Taxes on property that the Borrower or one of its Subsidiaries has determined to abandon in compliance with the terms of this Agreement if the sole recourse for such Tax, assessment, charge or claim is to such property;

(b) Liens in respect of property or assets of the Borrower or any of the Restricted Subsidiaries imposed by law, such as landlords', vendors', suppliers', carriers', warehousemen's, repairmen's, construction contractors', workers' and mechanics' Liens and other similar Liens arising in the ordinary course of business or incident to the exploration, development, operation or maintenance of Oil and Gas Properties, in each case so long as such Liens arise in the ordinary course of business and (i) do not individually or in the aggregate have a Material Adverse Effect; and (ii) each of which is in respect of obligations that are not delinquent for a period of 90 or more days or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 11.9;

(d) Liens incurred or pledges or deposits made in connection with workers' compensation, unemployment insurance and other types of social security, old age pension, public liability obligations or similar legislation, and deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements in respect of such obligations, or to secure (or secure the Liens securing) liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Borrower or any Subsidiary;

(e) deposits and other Liens securing (or securing the bonds or similar instruments securing) the performance of tenders, statutory obligations, plugging and abandonment or decommissioning obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (including cash, Cash Equivalents and letters of credit issued in lieu of such bonds or to support the issuance thereof) incurred in the ordinary course of business or in a manner consistent with industry practice, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or to secure any surety and bonding requirements;

(f) ground leases, subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by the Borrower or any of its Restricted Subsidiaries are located;

(g) easements, rights-of-way, restrictive covenants, licenses, restrictions (including zoning restrictions), title defects, exceptions, deficiencies or irregularities in title, encroachments, protrusions, servitudes, permits, conditions and covenants and other similar charges or encumbrances (including in any rights-of-way or other property of the Borrower or its Restricted Subsidiaries for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines for the removal of gas, oil or other minerals or timber, and other like purposes, or for joint or common use of real estate, rights of way, facilities and equipment) not interfering in any material respect with the business of the Borrower and its Restricted Subsidiaries, taken as a whole;

(h) (i) any interest or title of a lessor, sublessor, licensor or sublicensor under any lease, liens reserved in oil, gas or other Hydrocarbons, minerals, leases for bonus, royalty or rental payments and for compliance with the terms of such lease, (ii) any interest or title of a lessor, sublessor, licensor or sublicensor or secured by a lessor's, sublessor's, licensor's or sublicensor's interest under any lease, sublease, license or sublicense entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business or otherwise permitted by this Agreement and not securing Indebtedness and (iii) and any preferential purchase rights, in each case of the foregoing, to the extent that the aggregate effects thereof do not reduce the net revenue interest of the Credit Parties with respect to any Oil and Gas Properties below that set forth in the most recently delivered Reserve Report;

(i) Liens on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit or bankers' acceptance issued for the account of the Borrower or any of its Restricted Subsidiaries; *provided* that such Lien secures only the obligations of the Borrower or such Restricted Subsidiaries in respect of such letter of credit or bankers' acceptance to the extent permitted under Section 10.1;

(j) Liens arising from precautionary Uniform Commercial Code financing statement or similar filings made in respect of operating leases entered into by the Borrower or any of its Restricted Subsidiaries;

(k) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts of the Borrower and the Restricted Subsidiaries held at such banks or financial institutions, as the case may be, in the ordinary course of business;

(l) Liens which 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, Farm-In 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, royalty agreements, overriding royalty agreements, marketing agreements, processing agreements, net profits agreements, development agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or other geophysical permits or agreements, and other agreements that do not evidence or govern Indebtedness for borrowed money and that are usual or customary in the Oil and Gas Business and are for claims which are not delinquent or that are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established to the extent required by and in accordance with GAAP; *provided* that any such Lien referred to in this clause does not materially impair the use of the property covered by such Lien for the purposes for which such property is held by the Borrower or any Restricted Subsidiary and does not reduce the net revenue interest of any Credit Party with respect to any Oil and Gas Properties below that set forth in the most recently delivered Reserve Report;

(m) Liens on pipelines and pipeline facilities that arise by operation of law in the ordinary course of business and incident to the exploration, development, operation and maintenance of Oil and Gas Properties, each of which is in respect of obligations that do not constitute Indebtedness for borrowed money and are not yet overdue for a period of more than 30 days or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(n) leases, licenses, subleases or sublicenses granted to others not (i) interfering in any material respect with the business of the Borrower and its Restricted Subsidiaries, taken as a whole, (ii) securing any indebtedness or (iii) relating to or encumbering Oil and Gas Properties;

(o) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business; and

(p) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrower and its Restricted Subsidiaries, taken as a whole.

"Permitted Refinancing Indebtedness" shall mean, with respect to any Indebtedness (the "Refinanced Indebtedness"), any Indebtedness issued or incurred in exchange for, or the net proceeds of which are used to modify, extend, refinance, renew, replace or refund (collectively to " Refinance" or a "Refinancing" or "Refinanced"), such Refinanced Indebtedness (or previous refinancing thereof constituting Permitted Refinancing Indebtedness); provided that (A) the principal amount (or accreted value, if applicable) of any such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Refinanced Indebtedness outstanding immediately prior to such Refinancing except by an amount equal to the unpaid accrued interest and premium thereon plus other amounts paid and fees and expenses incurred in connection with such Refinancing plus an amount equal to any existing commitment unutilized and letters of credit undrawn thereunder, (B) if the Indebtedness being Refinanced is Indebtedness permitted by Section 10.1(f), the direct and contingent obligors with respect to such Permitted Refinancing Indebtedness immediately prior to such Refinancing are not changed as a result of such Refinancing (except that a Credit Party may be added as an additional obligor), and (C) such Permitted Refinancing Indebtedness shall have a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Refinanced Indebtedness; provided that a certificate of an Authorized Officer delivered to the Administrative Agent at least three Business Days prior to the incurrence or issuance of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or 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.

"Person" shall mean any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise or any Governmental Authority.

"Petroleum Industry Standards" shall mean the Definitions for Oil and Gas Reserves promulgated by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question.

"Plan" shall mean any single-employer plan, as defined in Section 4001 of ERISA and subject to Title IV of ERISA, that is or was within any of the preceding six plan years maintained or contributed to (or to which there is or was an obligation to contribute or to make payments to) by the Borrower or an ERISA Affiliate.

"Pro Forma Basis" shall mean, as to any Person, for any events as described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the four consecutive fiscal quarter period ended on or before the occurrence of such event (the "Reference Period"): (i) in making any determination of EBITDAX, effect shall be given to any Disposition, any acquisition, any designation of any Restricted Subsidiary as an Unrestricted Subsidiary and any Subsidiary Redesignation (the foregoing, together with any transactions related thereto or in connection therewith, the "relevant transactions"), in each case that occurred during the Reference Period (or, in the case of determinations made pursuant to the definition of the term "Pro Forma Compliance" or pursuant to Section 10.1, 10.2, 10.5 and 10.6, occurring during the Reference Period or thereafter and through and including the date upon which the respective Permitted Acquisition or relevant transaction is consummated), (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness issued, incurred or assumed as a result of, or to finance, any relevant transactions and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise) issued, incurred, assumed or permanently repaid during the Reference Period (or, in the case of determination made pursuant to the definition of the term "Pro Forma Compliance" or pursuant to Section 10.1, 10.2, 10.5 and 10.6, occurring during the Reference Period or thereafter and through and including the date upon which the respective Permitted Acquisition or relevant transaction is consummated) shall be deemed to have been issued, incurred, assumed or permanently repaid at the beginning of such period, and (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis as if the rates that would have been in effect during the period for which pro forma effect is being given had been actually in effect during such periods, and (iii) (A) any Subsidiary Redesignation then being designated, effect shall be given to such Subsidiary Redesignation and all other Subsidiary Redesignations after the first day of the relevant Reference Period and on or prior to the date of the respective Subsidiary Redesignation then being designated, collectively, and (B) any designation of a Restricted Subsidiary as an Unrestricted Subsidiary, effect shall be given to such designation and all other designations of Restricted Subsidiaries as Unrestricted Subsidiaries after the first day of the relevant Reference Period and on or prior to the date of the then applicable designation of a Restricted Subsidiary as an Unrestricted Subsidiary, collectively.

"Pro Forma Compliance" shall mean, at any date of determination, that the Borrower and the Restricted Subsidiaries shall be in compliance, on a Pro Forma Basis after giving effect on a Pro Forma Basis to the relevant transactions (including the assumption, the issuance, incurrence and permanent repayment of Indebtedness), with the Financial Performance Covenants recomputed as at the last day of the most recently ended fiscal quarter of the Borrower and the Restricted Subsidiaries for which the financial statements and certificates required pursuant to Section 9.1(a) or Section 9.1(b) have been or were required to have been delivered.

"Production Payments and Reserve Sales" shall mean the grant or transfer by the Borrower or any of its Restricted Subsidiaries to any Person of the right to receive all or a portion of the production or the proceeds from the sale of production attributable to Hydrocarbon Interests where the holder of such interest bears production risk and has recourse solely to such production or proceeds of production the subject of such grant or transfer.

"Proposed Acquisition" shall have the meaning provided in Section 10.9(a).

"Proposed Borrowing Base" shall have the meaning provided in Section 2.14(c)(i).

"Proposed Borrowing Base Notice" shall have the meaning provided in Section 2.14(c)(ii).

"Proved Developed Producing Reserves" shall mean oil and gas reserves that, in accordance with Petroleum Industry Standards, are classified as both "Proved Reserves" and "Developed Producing Reserves."

"Proved Developed Reserves" shall mean 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" or (b) "Developed Non-Producing Reserves."

"Proved Reserves" shall mean 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" shall mean 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-8" shall mean, with respect to any Proved Developed Producing Reserves expected to be produced from any Borrowing Base Properties, the net present value, discounted at 8% per annum, of the future net revenues expected to accrue to the Borrower's and the 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 provided to the Borrower by the Administrative Agent.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning assigned to such term in Section 13.27.

"Qualified Equity Interests" means any Equity Interests of the Borrower other than Disqualified Stock.

"Refinance" shall have the meaning provided in the definition of "Permitted Refinancing Indebtedness."

"Register" shall have the meaning provided in Section 13.6(b)(iv).

"Regulation T" shall mean Regulation T of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Reimbursement Date" shall have the meaning provided in Section 3.4(a).

"Related Parties" shall mean, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents and members of such Person or such Person's Affiliates and any Person that possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"Release" shall mean any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

"Reportable Event" shall mean an event described in Section 4043(c) of ERISA and the regulations thereunder, other than any event as to which the 30-day notice period has been waived.

"Required Cash Collateral Amount" shall have the meaning provided in Section 3.8(c).

"Required Lenders" shall mean, at any date, (a) if there are less than three unaffiliated Lenders at such time, all Non-Defaulting Lenders, (b) if there are three or more unaffiliated Lenders and two or more Non-Defaulting Lenders, either (i) two or more Non- Defaulting Lenders having or holding at least 66-⅔% of the Adjusted Total Commitment at such date, or (ii) if the Total Commitment has been terminated, two or more Non-Defaulting Lenders having or holding at least 66-⅔% of the outstanding principal amount of the Loans and Letter of Credit Exposure (excluding the Loans and Letter of Credit Exposure of Defaulting Lenders) in the aggregate at such date, and (c) if there are three or more unaffiliated Lenders and only one Non- Defaulting Lender, such Non-Defaulting Lender.

"Requirement of Law" shall mean, as to any Person, any law, treaty, rule, regulation, statute, order, ordinance, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case

applicable to or binding upon such Person or any of its property or assets or to which such Person or any of its property or assets is subject.

"Reserve Report" shall mean the Initial Reserve Reports and any other subsequent report, in form and substance reasonably satisfactory to the Administrative Agent, setting forth, as of each July 1st or January 1st (or such other date in the event of certain Interim Redeterminations) the Proved Reserves and the Proved Developed Reserves attributable to the Borrowing Base Properties of the Borrower and the Credit Parties, together with a projection of the rate of production and future net revenues, operating expenses (including production Taxes and ad valorem expenses) and capital expenditures with respect thereto as of such date; *provided* that in connection with any Interim Redeterminations of the Borrowing Base pursuant to the last sentence of Section 2.14(b), (i.e., as a result of the Borrower concurrently having acquired Oil and Gas Properties with Proved Developed Producing Reserves which are to be Borrowing Base Properties having a PV-8 (calculated by the Administrative Agent at the time of acquisition) in excess of 5% of the Borrowing Base in effect immediately prior to such acquisition) the Borrower shall be required, for purposes of updating the Reserve Report, to set forth only such additional Proved Reserves and related information as are the subject of such acquisition.

"Reserve Report Certificate" shall mean a certificate of an Authorized Officer in substantially the form of Exhibit A certifying as to the matters set forth in Section 9.13(c) (or such other form reasonably acceptable to the Administrative Agent).

"Restricted Payments" shall have the meaning provided in Section 10.6.

"Restricted Subsidiary" shall mean any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions- related list of designated Persons maintained by any Sanctions Authority, (b) any Person operating, organized or resident in a country or territory which is itself the subject or target of any Sanctions or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

"Sanctions" means economic or financial sanctions, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority (including all such applicable laws currently in effect, all such new applicable laws in effect in the future or each as amended from time to time) and including without limitation, any restriction on any Lender's or its Affiliates' ability to conduct business with any Person in any country, territory or region relevant to the transaction.

"Sanctions Authority" means (a) Canada, (b) the United Nations Security Council, (c) the United States, (d) the European Union or any European Union member state, (e) Her Majesty's Treasury of the United Kingdom, or the respective governmental institutions, agencies and subdivisions of any of the foregoing.

"S&P" shall mean Standard & Poor's Global Ratings or any successor by merger or consolidation to its business.

"Scheduled Redetermination" shall have the meaning provided in Section 2.14(b).

"Scheduled Redetermination Date" shall mean the date on which a Borrowing Base that has been redetermined pursuant to a Scheduled Redetermination becomes effective as provided in Section 2.14.

"Scheduled Unavailability Date" shall have the meaning set forth in Section 1.9.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Section 9.1 Financials" shall mean the financial statements delivered, or required to be delivered, pursuant to Section 9.1(a) or (b), together with the accompanying Authorized Officer's certificate delivered, or required to be delivered, pursuant to Section 9.1(c).

"Secured Cash Management Agreement" shall mean any agreement related to Cash Management Services by and between the Borrower or any other Credit Party and any Cash Management Bank; provided that, for the avoidance of doubt, the term "Secured Cash Management Agreement" shall not include any transactions entered into after the time that such Cash Management Bank ceases to be a Lender or an Affiliate of a Lender.

"Secured Hedge Agreement" shall mean any Hedge Agreement by and between the Borrower or any other Credit Party and any Secured Hedge Counterparty; provided that, for the avoidance of doubt, the term "Secured Hedge Agreement" shall not include any transactions entered into after the time that (a) with respect to any Secured Hedge Counterparty that is a Hedge Bank, such Hedge Bank ceases to be a Lender or an Affiliate of a Lender, or (b) with respect to any Secured Hedge Counterparty that is a party to an Intercreditor Agreement, such Person ceases to be a party to an Intercreditor Agreement.

"Secured Hedge Counterparty" shall mean (a) any Hedge Bank, and (b) subject to executing and delivering an Intercreditor Agreement, any other Person approved from time to time by the Administrative Agent.

"Secured Parties" shall mean, collectively, the Administrative Agent, the Collateral Agent, each Issuing Bank, each Lender, each Secured Hedge Counterparty that is party to any Secured Hedge Agreement, each Cash Management Bank that is a party to any Secured Cash Management Agreement and each sub-agent pursuant to Section 12.2 appointed by the Administrative Agent with respect to matters relating to the Credit Documents or by the Collateral Agent with respect to matters relating to any Security Document.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Documents" shall mean, collectively, (a) the Collateral Agreement, (b) the Mortgages and (c) each other security agreement or other instrument or document executed and delivered pursuant to Section 9.10 or Section 9.12 or pursuant to any other such Security Documents or otherwise to secure or perfect the security interest in any or all of the Obligations.

"Sold Entity or Business" shall have the meaning provided in the definition of "EBITDAX."

"Solvent" shall mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the assets of such Person and its Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise, (b) the present fair saleable value of the property of such Person and its Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (c) such Person and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured and (d) such

Person and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

"Sponsor" shall mean Bayou City Energy, L.P., each of its Affiliates and funds managed by it or any of its Affiliates, but not including their respective portfolio companies.

"Stated Amount" of any Letter of Credit shall mean the maximum amount from time to time available to be drawn thereunder, determined without regard to whether any conditions to drawing could then be met.

"Subagent" shall have the meaning provided in Section 12.2.

"Subsidiary" of any Person shall mean and include (a) any corporation more than 50% of whose Equity Interests of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time Equity Interests of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any limited liability company, partnership, association, joint venture or other entity of which such Person directly or indirectly through Subsidiaries has more than a 50% Equity Interest at the time. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Subsidiary Redesignation" shall have the meaning provided in the definition of "Unrestricted Subsidiary" contained in this Section 1.1(a).

"Supported QFC" has the meaning assigned to such term in Section 13.27.

"Suspension Notice" shall the notice from the Administrative Agent to Borrower setting forth the Administrative Agent's good faith determination that (a) the LIBOR Rate is not reported, (b) (as a result of changes to any Requirement of Law) it has become unlawful or discouraged for Lenders to make or maintain the Loans at the LIBOR Rate, or (c) the LIBOR Rate (i) is unreliable or impractical to use for loans tied to any LIBOR Rate or for the Administrative Agent's risk management or hedging related to any such loans, (ii) is no longer the predominant index for variable rate loans made by the Administrative Agent or its competitors, or (iii) no longer permits the Administrative Agent, in its capacity as Lender, to achieve (in all material respects) the return on the Loans as the Administrative Agent modeled at the time it approved the Loan.

"Swap Termination Value" shall mean, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender).

"Taxes" shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any Governmental Authority, including any interest, fines, penalties or additions to tax with respect to the foregoing.

"Termination Date" shall mean the earlier to occur of (a) the Maturity Date and (b) the date on which the Total Commitment shall have terminated.

"Test Period" shall mean, as of any date of determination, the four consecutive fiscal quarters of the Borrower then last ended and for which Section 9.1 Financials have been delivered to the Administrative Agent.

"Total Commitment" shall mean the sum of the Commitments of the Lenders.

"Total Exposure" shall mean, with respect to any Lender at any time, the sum of (a) the aggregate principal amount of the Loans of such Lender then outstanding and (b) such Lender's Letter of Credit Exposure at such time.

"Transaction Expenses" shall mean any fees or expenses incurred or paid by the Borrower or any of its Subsidiaries (or by the Sponsor or any direct or indirect parent entity of the Borrower and reimbursed by the Borrower) in connection with the Acquisitions, the Transactions, this Agreement and the other Credit Documents and the transactions contemplated hereby and thereby, not to exceed $5,000,000 in the aggregate.

"Transactions" shall mean, collectively, this Agreement, the payment of Transaction Expenses and the other transactions contemplated by this Agreement and the Credit Documents.

"Transferee" shall have the meaning provided in Section 13.6(e).

"Type" shall mean, as to any Loan, its nature as an ABR Loan or a LIBOR Loan.

"UCC" shall mean the Uniform Commercial Code of the State of Texas or of any other state the laws of which are required to be applied in connection with the perfection of security interests in any Collateral.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the Accumulated Benefit Obligation (as defined under FASB Accounting Standards Codification 715 ("ASC 715")) under the Plan as of the close of its most recent plan year, determined in accordance with ASC 715 as in effect on the date hereof, exceeds the Fair Market Value of the assets allocable thereto.

"Uniform Customs" shall mean, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits as approved by the International Chamber of Commerce, commencing on July 1, 2007 (or such later version thereof as may be in effect at the time of issuance).

"Unpaid Drawing" shall have the meaning provided in Section 3.4(a).

"Unrestricted Cash" shall mean cash and Cash Equivalents that are (i) held in an account that is subject to an Account Control Agreement in favor of the Administrative Agent, (ii) not subject to any Lien in priority to the Liens of the Secured Parties (other than Liens permitted by Section 10.2(e)(i)) and (iii) not held in a restricted account, a payroll account, tax account, trust account, pension account, royalty account or similar type of account (other than an account that is restricted as required under this

Agreement or any other Credit Document).

"Unrestricted Subsidiary" shall mean (a) any Subsidiary of the Borrower that is formed or acquired after the Closing Date if, at such time or promptly thereafter, the Borrower designates such Subsidiary as an "Unrestricted Subsidiary" in a written notice to the Administrative Agent, (b) any Restricted Subsidiary designated as an Unrestricted Subsidiary by the Borrower in a written notice to the Administrative Agent; provided that in the case of each of (a) and (b), (i) such designation shall be deemed to be an Investment (or reduction in an outstanding Investment, in the case of a designation of an Unrestricted Subsidiary as a Restricted Subsidiary) on the date of such designation in an amount equal to the Fair Market Value of the Borrower's investment therein on such date and such designation shall be permitted only to the extent such Investment is permitted under Section 10.5 on the date of such designation, (ii) in the case of clause (b), such designation shall be deemed to be a Disposition pursuant to which the provisions of Section 10.4 and Section 2.14(e) will apply to the extent applicable and (iii) no Default or Event of Default would result from such designation immediately after giving effect thereto, and (c) each Subsidiary of an Unrestricted Subsidiary. The Borrower may, by written notice to the Administrative Agent, re-designate any Unrestricted Subsidiary as a Restricted Subsidiary (each, a "Subsidiary Redesignation"), and thereafter, such Subsidiary shall no longer constitute an Unrestricted Subsidiary, but only if (A) to the extent such Subsidiary has outstanding Indebtedness on the date of such designation, immediately after giving effect to such designation, the Borrower shall be in Pro Forma Compliance and (B) no Default or Event of Default would result from such Subsidiary Redesignation.

"U.S. Lender" shall mean any Lender other than a Non-U.S. Lender.

"U.S. Special Resolution Regimes" has the meaning assigned to such term in Section 13.27.

"Voting Stock" shall mean, with respect to any Person, such Person's Equity Interests having the right to vote for the election of directors of such Person under ordinary circumstances.

"Weighted Average Life to Maturity" shall mean, when applied to any Indebtedness 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 scheduled installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final scheduled 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 Indebtedness.

"Wholly Owned Subsidiary" of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

"Write-Down and Conversion Powers" means, 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.

1.2. Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "herein", "hereto", "hereof" and "hereunder" and words of similar import when used in any Credit Document shall refer to such Credit Document as a whole and not to any particular provision thereof.

(c) Article, Section, Exhibit and Schedule references are to the Credit Document in which such reference appears.

(d) The term "including" is by way of example and not limitation.

(e) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(f) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including".

(g) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(h) Any reference to any Person shall be constructed to include such Person's successors or assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all of the functions thereof.

(i) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(j) The word "will" shall be construed to have the same meaning as the word "shall".

(k) The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.3. Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, except as otherwise specifically prescribed herein; *provided, however*, that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar

result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein, and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. Unless otherwise specified herein, all defined financial terms (and all other definitions used to determine such terms) shall be determined and computed in respect of the Borrower and its Restricted Subsidiaries on a consolidated basis.

1.4. Rounding. Any financial ratios required to be maintained or complied with by the Borrower pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding- up if there is no nearest number).

1.5. References to Agreements, Laws, Etc. Unless otherwise expressly provided herein, (a) references to organizational documents, agreements (including the Credit Documents) and other Contractual Requirements shall be deemed to include all subsequent amendments, restatements, amendment and restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, amendment and restatements, extensions, supplements and other modifications are permitted by any Credit Document and (b) references to any Requirement of Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Requirement of Law.

1.6. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Texas (daylight saving or standard, as applicable).

1.7. Timing of Payment or Performance. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as described in Section 2.9) or performance shall extend to the immediately succeeding Business Day.

1.8. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a "LIBOR Loan").

1.9. LIBOR Successor Rate. Immediately after the Administrative Agent gives a Suspension Notice to Borrower and the Lenders, (a) each Lender's obligation to make or maintain LIBOR Loans will be suspended, (b) the LIBOR Rate component shall no longer be utilized in determining ABR, and (c) all interest payable on LIBOR Loans will automatically convert to a rate of interest determined by the Administrative Agent based on an index and spread that is reasonably equivalent to the most recent, reliable LIBOR Rate, as determined in good faith by Administrative Agent, prior to the date of the Suspension Notice. Upon receipt of Suspension Notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of LIBOR Loans (to the extent of the affected LIBOR Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of ABR Loans. The Administrative Agent may only issue a Suspension Notice to Borrower under clause (c) of the definition of Suspension Notice if the Administrative Agent issues a similar notice to its other borrowers with loans of similar maturities which are tied to a LIBOR Rate and for which the Administrative Agent has the right to issue such a Suspension Notice. If circumstances further change and nullify the basis on which the Suspension Notice was given, then the Administrative Agent will advise Borrower and the other Lenders of the change and thereafter and any Loans bearing interest at the rate determined by the Administrative Agent under Section 1.9(c) will automatically bear interest at the LIBOR Rate plus the Applicable Margin.

1.10. Divisions. For all purposes under the Credit Documents, 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, 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 2. AMOUNT AND TERMS OF CREDIT

2.1. Commitments.

(a) Subject to and upon the terms and conditions herein set forth, each Lender severally, but not jointly, agrees to make a loan or loans denominated in Dollars (each a "Loan" and, collectively, the "Loans") to the Borrower, which Loans (i) shall be made at any time and from time to time on and after the Closing Date and prior to the Termination Date, (ii) may, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or LIBOR Loans; *provided* that all Loans made by each of the Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Loans of the same Type, (iii) may be repaid and reborrowed in accordance with the provisions hereof, (iv) shall not, for any Lender at any time, after giving effect thereto and to the application of the proceeds thereof, result in such Lender's Total Exposure at such time exceeding such Lender's Commitment Percentage at such time of the Loan Limit and (v) shall not, after giving effect thereto and to the application of the proceeds thereof, result in the aggregate amount of all Lenders' Total Exposures at such time exceeding the Loan Limit then in effect.

(b) Each Lender may at its option make any LIBOR Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan, *provided* that (i) any exercise of such option shall not affect the obligation of the Borrower to repay such Loan and (ii) in exercising such option, such Lender shall use its reasonable efforts to minimize any increased costs to the Borrower resulting therefrom (which obligation of the Lender shall not require it to take, or refrain from taking, actions that it determines would result in increased costs for which it will not be compensated hereunder or that it determines would be otherwise disadvantageous to it and in the event of such request for costs for which compensation is provided under this Agreement, the provisions of Section 2.10 shall apply).

2.2. Minimum Amount of Each Borrowing; Maximum Number of Borrowings. The aggregate principal amount of each Borrowing shall be in a minimum amount of at least the Minimum Borrowing Amount for such Type of Loans and in a multiple of $100,000 in excess thereof (except that Loans to reimburse the applicable Issuing Bank with respect to any Unpaid Drawing shall be made in the amounts required by Section 3.3 or Section 3.4, as applicable). More than one Borrowing may be incurred on any date; *provided*, that at no time shall there be outstanding more than ten Borrowings of LIBOR Loans under this Agreement.

2.3. Notice of Borrowing.

(a) Whenever the Borrower desires to incur Loans (other than borrowings to repay Unpaid Drawings), the Borrower shall give the Administrative Agent at the Administrative Agent's Office, (i) prior to 12:00 p.m. (Houston, Texas time) at least three Business Days' (or with respect to the initial Borrowing on the Closing Date, at least

one Business Day's) prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Loans if such Loans are to be initially LIBOR Loans and (ii) prior to 12:00 p.m. (Houston, Texas time) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Loans that are to be ABR Loans. Such notice (a "Notice of Borrowing") shall specify (A) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (B) the date of the Borrowing (which shall be a Business Day), (C) whether the respective Borrowing shall consist of ABR Loans and/or LIBOR Loans and, if LIBOR Loans, the Interest Period to be initially applicable thereto (if no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration), and (D) the Consolidated Cash Balance (without regard to the requested Borrowing) and the pro forma Consolidated Cash Balance (giving effect to the requested Borrowing and the application of the proceeds thereof) as of the end of the fifth Business Day after such requested Borrowing will be funded. The Administrative Agent shall promptly give each Lender written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Loans, of such Lender's Commitment Percentage thereof and of the other matters covered by the related Notice of Borrowing.

(b) Borrowings to reimburse Unpaid Drawings shall be made upon the notice specified in Section 3.4(a).

(c) Without in any way limiting the obligation of the Borrower to confirm in writing any notice it may give hereunder by telephone, the Administrative Agent may act prior to receipt of written confirmation without liability upon the basis of such telephonic notice believed by the Administrative Agent in good faith to be from an Authorized Officer.

(d) The making of each Notice of Borrowing shall be deemed to be a representation and warranty by the Borrower that as of the end of the fifth Business Day after such requested Borrowing will be funded, after giving pro forma effect to the requested Borrowing and the application of the proceeds thereof, the Consolidated Cash Balance shall not exceed $20,000,000.

2.4. Disbursement of Funds.

(a) No later than 1:00 p.m. (Houston, Texas time) on the date specified in each Notice of Borrowing, each Lender will make available its pro rata portion of each Borrowing requested to be made on such date in the manner provided below.

(b) Each Lender shall make available all amounts it is to fund to the Borrower under any Borrowing in immediately available funds to the Administrative Agent at the Administrative Agent's Office in Dollars, and the Administrative Agent will (except in the case of Borrowings to repay Unpaid Drawings) make available to the Borrower, by depositing or wiring to an account as designated by the Borrower in the Notice of Borrowing to the Administrative Agent the aggregate of the amounts so made available in Dollars. Unless the Administrative Agent shall have been notified by any Lender prior to the date of any such Borrowing (or, with respect to an ABR Loan, the date of such Borrowing prior to 1:00 p.m. (Houston, Texas time)) that such Lender does not intend to make available to the Administrative Agent its portion of the Borrowing or Borrowings to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing, and the Administrative Agent, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender and the Administrative Agent has made available such amount to the Borrower, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent in Dollars. The Administrative Agent shall also be entitled to recover from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if paid by such Lender, the Overnight Rate or (ii) if paid by the Borrower, the then- applicable rate of interest or fees, calculated in accordance with Section 2.8, for the respective Loans.

(c) Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that the Borrower may have against any Lender as a result of any default by such Lender hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to fulfill its commitments hereunder).

2.5. Repayment of Loans; Evidence of Debt

(a) The Borrower agrees to repay to the Administrative Agent, for the benefit of the applicable Lenders, on the Maturity Date, the then outstanding Loans.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the appropriate lending office of such Lender resulting from each Loan made by such lending office from time to time, including the amounts of principal and interest payable and paid to such lending office from time to time under this Agreement.

(c) The Administrative Agent, on behalf of the Borrower, shall maintain the Register pursuant to Section 13.6(b), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder, (ii) the Type of each Loan made and the Interest Period applicable thereto, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(d) The entries made in the Register and accounts and subaccounts maintained pursuant to clauses (b) and (c) of this Section 2.5 shall, to the extent permitted by applicable Requirements of Law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; *provided, however*, that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

2.6. Conversions and Continuations.

(a) Subject to the penultimate sentence of this clause (a), (i) the Borrower shall have the option on any Business Day to convert all (or a portion equal to at least the Minimum Borrowing Amount and in multiples of $100,000 in excess thereof) of the outstanding principal amount of Loans of one Type into a Borrowing or Borrowings of another Type and (ii) the Borrower shall have the option on any Business Day to continue the outstanding principal amount of any LIBOR Loans as LIBOR Loans for an additional Interest Period; *provided* that (A) no partial conversion of LIBOR Loans shall reduce the outstanding principal amount of LIBOR Loans made pursuant to a single Borrowing to less than the Minimum Borrowing Amount, (B) ABR Loans may not be converted into LIBOR Loans if an Event of Default is in existence on the date of the conversion and the Administrative Agent has or the Majority Lenders have determined in its or their sole discretion not to permit such conversion, (C) LIBOR Loans may not be continued as LIBOR Loans for an additional Interest Period if an Event of Default is in existence on the date of the proposed continuation and the Administrative Agent has or the Majority Lenders have determined in its or their sole discretion not to permit such continuation, and (D) Borrowings resulting from conversions pursuant to this Section 2.6 shall be limited in number as provided in Section 2.2. Each such conversion or continuation shall be effected by the Borrower by giving the Administrative Agent at

the Administrative Agent's Office prior to 12:00 p.m. (Houston, Texas time) at least (1) three Business Days', in the case of a continuation of or conversion to LIBOR Loans or (2) one Business Days', in the case of a conversion into ABR Loans, prior written notice (or telephonic notice promptly confirmed in writing) substantially in the form attached hereto as Exhibit L (each, a "Notice of Conversion or Continuation") specifying the Loans to be so converted or continued, the Type of Loans to be converted into or continued and, if such Loans are to be converted into or continued as LIBOR Loans, the Interest Period to be initially applicable thereto (if no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration). The Administrative Agent shall give each applicable Lender notice as promptly as practicable of any such proposed conversion or continuation affecting any of its Loans.

(b) If any Event of Default is in existence at the time of any proposed continuation of any LIBOR Loans and the Administrative Agent has or the Majority Lenders have determined in its or their sole discretion not to permit such continuation, such LIBOR Loans shall be automatically converted on the last day of the current Interest Period into ABR Loans. If upon the expiration of any Interest Period in respect of LIBOR Loans, the Borrower has failed to elect a new Interest Period to be applicable thereto as provided in clause (a) above, the Borrower shall be deemed to have elected to convert such Borrowing of LIBOR Loans into a Borrowing of ABR Loans, effective as of the expiration date of such current Interest Period.

(c) Notwithstanding anything to the contrary herein, the Borrower may deliver a Notice of Conversion or Continuation pursuant to which the Borrower elects to irrevocably continue the outstanding principal amount of any Loan subject to an interest rate Hedge Agreement as LIBOR Loans for each Interest Period until the expiration of the term of such applicable Hedge Agreement; *provided* that any Notice of Conversion or Continuation delivered pursuant to this Section 2.6(c) shall include a schedule attaching the relevant interest rate Hedge Agreement or related trade confirmation.

2.7. Pro Rata Borrowings. Each Borrowing of Loans under this Agreement shall be made by the Lenders pro rata on the basis of their then applicable Commitment Percentages. It is understood that (a) no Lender shall be responsible for any default by any other Lender in its obligation to make Loans hereunder and that each Lender severally but not jointly shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to fulfill its commitments hereunder and (b) failure by a Lender to perform any of its obligations under any of the Credit Documents shall not release any Person from performance of its obligation under any Credit Document.

2.8. Interest.

(a) The unpaid principal amount of each ABR Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum that shall at all times be the Applicable Margin plus the ABR, in each case, in effect from time to time.

(b) The unpaid principal amount of each LIBOR Loan shall bear interest from the date of the Borrowing thereof until maturity thereof (whether by acceleration or otherwise) at a rate per annum that shall at all times be the Applicable Margin plus the relevant LIBOR Rate, in each case, in effect from time to time.

(c) If an (i) Event of Default exists and the Administrative Agent at the direction of the Required Lenders so elects or (ii) an Event of Default exists pursuant to Section 11.1 or Section 11.5, the Obligations shall bear interest at a rate per annum that is (the "Default Rate") (A) in the case of overdue principal, the rate applicable to such Loans plus 2% or (B) in the case of any overdue interest, fees or other obligations other than principal, to the extent permitted by applicable Requirements of Law, the Applicable Margin plus the ABR then in effect plus 2% from the date such Event of Default arose to the date on which such amount is paid in full (after as well as before judgment).

(d) Interest on each Loan shall accrue from and including the date of any Borrowing to but excluding the date of any repayment thereof and shall be payable in Dollars; *provided* that any Loan that is repaid on the same date on which it is made shall bear interest for one day. Except as provided below, interest shall be payable (i) in respect of each ABR Loan, quarterly in arrears on the last Business Day of each March, June, September and December, (ii) in respect of each LIBOR Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three-month intervals after the first day of such Interest Period, (iii) in respect of each Loan, (A) on any prepayment (on the amount prepaid), (B) at maturity (whether by acceleration or otherwise) and (C) after such maturity, on demand.

(e) All computations of interest hereunder shall be made in accordance with Section 5.5.

(f) The Administrative Agent, upon determining the interest rate for any Borrowing of LIBOR Loans, shall promptly notify the Borrower and the relevant Lenders thereof. Each such determination shall, absent clearly demonstrable error, be final and conclusive and binding on all parties hereto.

2.9. Interest Periods. At the time the Borrower gives a Notice of Borrowing or Notice of Conversion or Continuation in respect of the making of, or conversion into or continuation as, a Borrowing of LIBOR Loans in accordance with Section 2.6(a), the Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of the Interest Period applicable to such Borrowing, which Interest Period shall, at the option of the Borrower be (i) a one-, two-, three- or six-month period or (ii) twelve months (if approved by all Lenders) as requested by the Borrower.

Notwithstanding anything to the contrary contained above:

(a) the initial Interest Period for any Borrowing of LIBOR Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of ABR Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(b) if any Interest Period relating to a Borrowing of LIBOR Loans begins on the last Business Day of a calendar month or begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period;

(c) 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 in respect of a LIBOR Loan 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 next preceding Business Day; and

(d) the Borrower shall not be entitled to elect any Interest Period in respect of any LIBOR Loan if such Interest Period would extend beyond the Maturity Date.

2.10. Increased Costs, Illegality, Etc.

(a) In the event that (x) in the case of clause (i) below, the Majority Lenders or (y) in the case of clauses (ii) and (iii) below, any Lender, shall have reasonably determined (which determination shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the LIBOR Rate for any Interest Period that (A) deposits in the principal amounts of the Loans comprising such LIBOR Borrowing are not generally available in the relevant market or (B) by reason of any changes arising on or after the Closing Date affecting the interbank LIBOR market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of LIBOR Rate; or

(ii) that, due to a Change in Law occurring at any time after the Closing Date, which Change in Law shall (A) 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 credit extended by, any Lender, (B) subject any Lender to any Tax (other than (i) Taxes indemnifiable under Section 5.4, or (ii) 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 (C) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or LIBOR Loans made by such Lender, which results in the cost to such Lender of making, converting into, continuing or maintaining LIBOR Loans or participating in Letters of Credit (in each case hereunder) increasing by an amount which such Lender reasonably deems material or the amounts received or receivable by such Lender hereunder with respect to the foregoing shall be reduced; or

(iii) at any time, that the making or continuance of any LIBOR Loan has become unlawful as a result of compliance by such Lender in good faith with any Requirement of Law (or would conflict with any such Requirement of Law not having the force of law even though the failure to comply therewith would not be unlawful);

then, and in any such event, such Lenders (or the Administrative Agent, in the case of clause (i) above) shall within a reasonable time thereafter give notice (if by telephone, confirmed in writing) to the Borrower and to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, LIBOR Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist (which notice the Administrative Agent agrees to give at such time when such circumstances no longer exist), and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to LIBOR Loans that have not yet been incurred shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Lender, promptly (but no later than fifteen days) after receipt of written demand therefor such additional amounts as shall be required to compensate such Lender for such increased costs or reductions in amounts receivable hereunder (it being agreed that a written notice as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Lender shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 2.10(b) as promptly as possible and, in any event, within the time period required by applicable Requirements of Law. The agreements in this Section 2.10(a) shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) At any time that any LIBOR Loan is affected by the circumstances described in Section 2.10(a)(ii) or 2.10(a)(iii), the Borrower may (and in the case of a LIBOR Loan affected pursuant to Section 2.10(a)(iii) shall) either if the affected LIBOR Loan is then being made pursuant to a Borrowing, cancel such Borrowing by giving the Administrative Agent telephonic notice (confirmed promptly in writing) thereof on the same date that the Borrower was notified by a Lender pursuant to Section 2.10(a)(ii) or 2.10(a)(iii) or if the affected LIBOR Loan is then outstanding, upon at least three Business Days' notice to the Administrative Agent, require the affected Lender to convert each such LIBOR Loan into an ABR Loan; *provided* that if more than one Lender are affected at any time, then all affected Lenders must be treated in the same manner pursuant to this Section 2.10(b).

(c) If, after the Closing Date, any Change in Law relating to capital adequacy or liquidity requirements of any Lender or compliance by any Lender or its parent with any Change in Law relating to capital adequacy or liquidity requirements occurring after the Closing Date, has or would have the effect of reducing the rate of return on such Lender's or its parent's capital or assets as a consequence of such Lender's commitments or obligations hereunder to a level below that which such Lender or its parent could have achieved but for such Change in Law (taking into consideration such Lender's or its parent's policies with respect to capital adequacy or liquidity requirements), then from time to time, promptly (but in any event no later than fifteen days) after written demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or its parent for such reduction, it being understood and agreed, however, that a Lender shall not be entitled to such compensation as a result of such Lender's compliance with, or pursuant to any request or directive to comply with, any applicable Requirement of Law as in effect on the Closing Date. Each Lender, upon determining in good faith that any additional amounts will be payable pursuant to this Section 2.10(c), will give prompt written notice thereof to the Borrower, which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts, although the failure to give any such notice shall not, subject to Section 2.13, release or diminish the Borrower's obligations to pay additional amounts pursuant to this Section 2.10(c) upon receipt of such notice.

2.11. Compensation. If (a) any payment of principal of any LIBOR Loan is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such LIBOR Loan as a result of a payment or conversion pursuant to Sections 2.5, 2.6, 2.10, 5.1, 5.2 or 12.7, as a result of acceleration of the maturity of the Loans pursuant to Section 11 or for any other reason, (b) any Borrowing of LIBOR Loans is not made on the date specified in a Notice of Borrowing, (c) any ABR Loan is not converted into a LIBOR Loan on the date specified in a Notice of Conversion or Continuation, (d) any LIBOR Loan is not continued as a LIBOR Loan on the date specified in a Notice of Conversion or Continuation or (e) any prepayment of principal of any LIBOR Loan is not made as a result of a withdrawn notice of prepayment pursuant to Section 5.1 or 5.2, the Borrower shall after the Borrower's receipt of a written request by such Lender (which request shall set forth in reasonable detail the basis for requesting such amount), pay to the Administrative Agent (within fifteen days after such request) for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that such Lender may reasonably incur as a result of such payment, failure to convert, failure to continue or failure to prepay, including any loss, cost or expense (excluding loss of anticipated profits) actually incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such LIBOR Loan. The agreements in this Section 2.11 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.12. Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Sections 2.10(a)(ii), 2.10(a)(iii), 2.10(c), 3.5 or 5.4 with respect to such Lender, it will, if requested by the Borrower use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event; *provided* that such designation does not cause such Lender or its lending office to suffer any material economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Nothing in this Section 2.12 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Sections 2.10, 3.5 or 5.4.

2.13. Notice of Certain Costs. Notwithstanding anything in this Agreement to the contrary, to the extent any notice required by Sections 2.10, 2.11, 3.5 or 5.4 is given by any Lender more than 180 days after such Lender has knowledge (or should have had knowledge) of the occurrence of the event giving rise to the additional cost, reduction in amounts, loss, Tax or other additional amounts described in such Sections, such Lender shall not be entitled to compensation under Sections 2.10, 2.11, 3.5 or 5.4, as the case may be, for any such amounts incurred or accruing prior to the 181st day prior to the giving of such notice to the Borrower; *provided* that if the circumstance giving rise to such claim is retroactive, then such 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

2.14. Borrowing Base.

(a) Initial Borrowing Base. For the period from and including the Closing Date to but excluding the first Scheduled Redetermination Date or Interim Redetermination Date, the amount of the Borrowing Base shall be $75,000,000. Notwithstanding the foregoing, the Borrowing Base amount may be subject to further adjustments from time to time pursuant to Sections 2.14(e), 2.14(f), and 2.14(g).

(b) Scheduled and Interim Redeterminations. The Borrowing Base shall be redetermined semi-annually in accordance with this Section 2.14 (a "Scheduled Redetermination"), and, subject to Section 2.14(d), such redetermined Borrowing Base shall become effective and applicable to the Borrower, the Administrative Agent, the Issuing Banks and the Lenders on or about May 1 and November 1 of each year (or as promptly as possible thereafter), beginning no earlier than November 1, 2020. In addition, the Borrower may at any time, by notifying the Administrative Agent thereof not more than once during any period between consecutive Scheduled Redeterminations (or not more than once during the period between the Closing Date and the November 1, 2020 Scheduled Redetermination), and the Administrative Agent may at any time, at the direction of the Required Lenders, by notifying the Borrower thereof, one time during any period between consecutive Scheduled Redeterminations (or not more than once during the period between the Closing Date and the November 1, 2020 Scheduled Redetermination), in each case elect to cause the Borrowing Base to be redetermined between Scheduled Redeterminations (an "Interim Redetermination") in accordance with this Section 2.14. In addition to, and not including and/or limited by the Interim Redeterminations allowed 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 concurrently acquires Oil and Gas Properties with Proved Developed Producing Reserves which are to be Borrowing Base Properties having a PV-8 (calculated by the Administrative Agent) in excess of 5% of the Borrowing Base in effect immediately prior to such acquisition (and for purposes of the foregoing, the designation of an Unrestricted Subsidiary owning Oil and Gas Properties with Proved Reserves as a Restricted Subsidiary shall be deemed to constitute an acquisition by a Credit Party of Oil and Gas Properties with Proved Reserves).

(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 Reserve Report Certificate, and (B) such other reports, data and supplemental information, including the information provided pursuant to Section 9.13(c), as may, from time to time, be reasonably requested by the Administrative Agent or the Required Lenders (the Reserve Report, such Reserve Report 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 (the "Proposed Borrowing Base") based upon such information and such other information (including the status of title information with respect to the Borrowing Base Properties as described in the Engineering Reports and the existence of any Hedge Agreements or any other Indebtedness) as the Administrative Agent deems appropriate in good faith in accordance with its usual and customary oil and gas lending criteria as they exist at the particular time.

(ii) The Administrative Agent shall notify the Borrower and the Lenders of the Proposed Borrowing Base (the "Proposed Borrowing Base Notice"):

(A) in the case of a Scheduled Redetermination, (1) if the Administrative Agent shall have received the Engineering Reports required to be delivered by the Borrower pursuant to Sections 9.13(a) and 9.13(c) in a timely manner, then on or around May 1 and November 1 of such year following the date of delivery or (2) if the Administrative Agent shall not have received the Engineering Reports required to be delivered by the Borrower pursuant to Sections 9.13(a) and 9.13(c) in a timely manner, then promptly after the Administrative Agent has received complete Engineering Reports from the Borrower and has had a reasonable opportunity to determine the Proposed Borrowing Base in accordance with Section 2.14(c)(i) (which reasonable opportunity may be more than 15 days);

(B) in the case of an Interim Redetermination, promptly, and in any event, within 15 days after the Administrative Agent has received the required Engineering Reports; and

(C) if the Borrower has failed to timely deliver the Engineering Reports due in connection with a Scheduled Redetermination pursuant to Section 9.13, then at any time in the Administrative Agent's sole discretion after such failure.

(iii) Any Proposed Borrowing Base that would increase the Borrowing Base then in effect must be approved or deemed to have been approved by all of the Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time and any Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect must be approved or deemed to have been approved by Lenders constituting at least the Required Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time. Upon receipt of the Proposed Borrowing Base Notice, each Lender shall have 15 days to agree with the Proposed Borrowing Base or disagree with the Proposed Borrowing Base by proposing an alternate Borrowing Base. If at the end of such 15-day period, any Lender has not communicated its approval or disapproval in writing to the Administrative Agent or proposed in writing an alternate Borrowing Base, such silence shall be deemed to be an approval of the Proposed Borrowing Base. If, at the end of such 15-day period, all of the Lenders, in the case of a Proposed Borrowing Base that would increase the Borrowing Base then in effect, or the Required Lenders, in the case of a Proposed Borrowing Base that would decrease or maintain the Borrowing Base then in effect, have approved, then the Proposed Borrowing Base shall become the new Borrowing Base, effective on the date specified in Section 2.14(d). If, however, at the end of such 15-day period, all of the Lenders or the Required Lenders, as applicable, have not approved, then the Administrative Agent shall promptly thereafter poll the Lenders to ascertain the highest Borrowing Base then acceptable to all of the Lenders (in the case of any increase to the Borrowing Base) or a number of Lenders sufficient to constitute the Required Lenders (in any other case) and such amount shall become the new Borrowing Base, effective on the date specified in Section 2.14(d). For the avoidance of doubt, a Lender that has agreed to a Proposed Borrowing Base at a higher level shall be deemed to have agreed to a Proposed Borrowing Base at a lower level.

(iv) Notwithstanding anything herein to the contrary, in the event that the Borrower does not furnish to the Administrative Agent and the Lenders the Engineering Reports specified in Section 2.14(c)(ii)(A) above in a timely and complete manner, the Administrative Agent and the Lenders 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 Lenders receive the relevant Engineering Reports, whereupon the Administrative Agent and the Lenders shall redetermine the Borrowing Base as otherwise specified in this Section 2.14(c).

(d) Effectiveness of a Redetermined Borrowing Base. Subject to Section 2.14(f), after a redetermined Borrowing Base is approved by all of the Lenders or the Required Lenders, as applicable, pursuant to Section 2.14(c)(iii), the Administrative Agent shall promptly thereafter notify the Borrower and the Lenders 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 Lenders:

(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 Sections 9.13(a) and 9.13(c) in a timely and complete manner, on or around May 1 or November 1, 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 Sections 9.13(a) and 9.13(c) in a timely and complete manner, then on the Business Day next succeeding delivery of such New Borrowing Base Notice; and

(ii) in the case of an Interim Redetermination, on the Business Day next succeeding delivery of such New Borrowing Base Notice.

Subject to Section 2.14(f), 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 2.14(e), 2.14(f), or 2.14(g), 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) Reduction of Borrowing Base Upon Asset Dispositions or Hedge Liquidations. If the Borrower or one of the other Credit Parties (i) Disposes of Borrowing Base Properties or Disposes of any Equity Interests in any Restricted Subsidiary owning Borrowing Base Properties or (ii) Liquidates any Hedge Agreement, and the aggregate Borrowing Base Value of all such Dispositions and Liquidations since the later of (A) the last Scheduled Redetermination Date and (B) the last adjustment of the Borrowing Base made pursuant to this Section 2.14(e) or, if prior to the first Scheduled Redetermination, the Closing Date, exceeds the difference of (x) 5% of the then-effective Borrowing Base and (y) (1) the PV-8 of Proved Developed Producing Reserves acquired by the Borrower or any other Credit Party during such period (calculated by the Administrative Agent as though any such Oil and Gas Properties were Borrowing Base Properties) that are then subject to a Mortgage plus (2) the value of any Hedge Agreements in respect of commodities entered into during such period by the Borrower or any other Credit Party (as determined by the Administrative Agent in a manner consistent with its calculation of the Borrowing Base Value of Hedge Agreements), then, after the Administrative Agent has received the notice required to be delivered by the Borrower pursuant to Section 10.4(b), the Required Lenders shall have the right to adjust the Borrowing Base in an amount equal to the Borrowing Base Value, if any, attributable to such Disposition or Liquidation in the calculation of the then- effective Borrowing Base and, if the Required Lenders in fact make any such adjustment, the Administrative Agent shall promptly notify the Borrower in writing of the Borrowing Base Value, if any, attributable to such Disposition or Liquidation in the calculation of the then-effective Borrowing Base and upon receipt of such notice, the Borrowing Base shall be simultaneously reduced by such amount; provided, that notwithstanding the foregoing, any Liquidation of (i) incremental Hedge Agreements in connection with a proposed Permitted Acquisition pursuant to the penultimate sentence of Section 10.9(a) as a result of the termination of a Proposed Acquisition or (ii) Hedge Agreements entered into with the purpose and effect of (A) fixing or limiting interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a variable rate or (B) obtaining variable interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a fixed rate shall not be included in any calculation of such 5% threshold.

(f) Borrower's Right to Elect Reduced Borrowing Base. Within three Business Days of its receipt of a New Borrowing Base Notice, the Borrower may provide written notice to the Administrative Agent and the Lenders that specifies for the period from the effective date of the New Borrowing Base Notice until the next succeeding Scheduled Redetermination Date, the Borrowing Base will be a lesser amount than the amount set forth in such New Borrowing Base Notice, whereupon such specified lesser amount will become the new Borrowing Base. The Borrower's notice under this Section 2.14(f) shall be irrevocable, but without prejudice to its rights to initiate Interim Redeterminations.

(g) Reduction of Borrowing Base upon Failure to Complete Hedging Condition. Without limiting any other provision of this Agreement, if the Borrower is not in compliance with Section 9.18 on or before the thirtieth (30th) day following the Closing Date, the Administrative Agent at the direction of the Required Lenders shall redetermine the Borrowing Base in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time. A redetermination of the Borrowing Base pursuant to this Section 2.14(g) shall not be considered an Interim Redetermination or a Scheduled Redetermination.

2.15. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Commitment Fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 4.1(a);

(b) The Commitment and Total Exposure of such Defaulting Lender shall not be included in determining whether all Lenders, the Majority Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 13.1); *provided* that (i) any waiver, amendment or modification requiring the consent of all Lenders pursuant to Section 13.1 (other than Section 13.1(a)(ix)) or requiring the consent of each affected Lender pursuant to Section 13.1(a)(i) or 13.1(a)(viii) shall require the consent of such Defaulting Lender (which for the avoidance of doubt would include any change to the Maturity Date applicable to such Defaulting Lender, decreasing or forgiving any principal or interest due to such Defaulting Lender, any decrease of any interest rate applicable to Loans made by such Defaulting Lender (other than the waiving of post-default interest rates) and any increase in such Defaulting Lender's Commitment) and (ii) any redetermination, whether an increase, decrease or affirmation, of the Borrowing Base shall occur without the participation of a Defaulting Lender, but the Commitment (i.e., the Commitment Percentage of the Borrowing Base) of a Defaulting Lender may not be increased without the consent of such Defaulting Lender;

(c) If any Letter of Credit Exposure exists at the time a Lender becomes a Defaulting Lender, then (i) all or any part of such Letter of Credit Exposure of such Defaulting Lender will, subject to the limitation in the first proviso below, automatically be reallocated (effective on the day such Lender becomes a Defaulting Lender) among the Non-Defaulting Lenders pro rata in accordance with their respective Commitment Percentages; *provided* that (A) each Non-Defaulting Lender's Total Exposure may not in any event exceed the Commitment Percentage of the Loan Limit of such Non-Defaulting Lender as in effect at the time of such reallocation and (B) neither such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto will constitute a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Banks or any other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender, (ii) to the extent that all or any portion (the "unreallocated portion") of the Defaulting Lender's Letter of Credit Exposure cannot, or can only partially, be so reallocated to Non-Defaulting Lenders, whether by reason of the first proviso in Section 2.15(c)(i) or otherwise, the Borrower shall within two Business Days following notice by the Administrative Agent Cash Collateralize for the benefit

of the applicable Issuing Bank only the Borrower's obligations corresponding to such Defaulting Lender's Letter of Credit Exposure (after giving effect to any partial reallocation pursuant to clause (i) above), in accordance with the procedures set forth inSection 3.8 for so long as such Letter of Credit Exposure is outstanding, (iii) if the Borrower Cash Collateralizes any portion of such Defaulting Lender's Letter of Credit Exposure pursuant to this Section 2.15(c), the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure during the period such Defaulting Lender's Letter of Credit Exposure is Cash Collateralized, (iv) if the Letter of Credit Exposure of the Non-Defaulting Lenders is reallocated pursuant to this Section 2.15(c), then the Letter of Credit Fees payable for the account of the Lenders pursuant to Section 4.1(b) shall be adjusted in accordance with such Non-Defaulting Lenders' Commitment Percentages and the Borrower shall not be required to pay any Letter of Credit Fees to the Defaulting Lender pursuant to Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure during the period that such Defaulting Lender's Letter of Credit Exposure is reallocated, or if any Defaulting Lender's Letter of Credit Exposure is neither Cash Collateralized nor reallocated pursuant to this Section 2.15(c), then, without prejudice to any rights or remedies of any Issuing Bank or any Lender hereunder, all Letter of Credit Fees payable under Section 4.1(b) with respect to such Defaulting Lender's Letter of Credit Exposure shall be payable to such Issuing Bank until such Letter of Credit Exposure is Cash Collateralized and/or reallocated;

(d) So long as any Lender is a Defaulting Lender, no Issuing Bank will be required to issue any new Letter of Credit or amend any outstanding Letter of Credit to increase the Stated Amount thereof, alter the drawing terms thereunder or extend the expiry date thereof, unless each Issuing Bank is reasonably satisfied that any exposure that would result from the exposure to such Defaulting Lender is eliminated or fully covered by the Commitments of the Non-Defaulting Lenders or by Cash Collateralization or a combination thereof in accordance with clause (c) above or otherwise in a manner reasonably satisfactory to such Issuing Bank, and participating interests in any such newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.15(c)(i) (and Defaulting Lenders shall not participate therein); and

(e) If the Borrower, the Administrative Agent and each Issuing Bank agree in writing in their discretion that a Lender that is a Defaulting Lender should no longer be deemed to be a Defaulting Lender, 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, such Lender will cease to be a Defaulting Lender and will be a Non- Defaulting Lender and any applicable Cash Collateral shall be promptly returned to the Borrower and any Letter of Credit Exposure of such Lender reallocated pursuant to Section 2.15(c) shall be reallocated back to such Lender;*provided* that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(f) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 11 or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 13.8), 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 that Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to each Issuing Bank hereunder; third, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fourth, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; fifth, to the payment of any amounts owing to the Lenders, each Issuing Bank as a result of any judgment of a court of competent jurisdiction obtained by any Lender, such Issuing Bank against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; sixth, so long as no Default or Event of 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 that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and seventh, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if such payment is a payment of the principal amount of any Loans or Unpaid Drawings, such payment shall be applied solely to pay the relevant Loans of, and Unpaid Drawings owed to, the relevant Non-Defaulting Lenders on a pro rata basis prior to being applied in the manner set forth in this Section 2.15(f). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to Section 3.8 shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

SECTION 3. LETTERS OF CREDIT.

3.1. Letters of Credit.

(a) Subject to and upon the terms and conditions herein set forth, at any time and from time to time on and after the Closing Date and prior to the L/C Maturity Date, each Issuing Bank agrees, in reliance upon the agreements of the Lenders set forth in this Section 3, to issue upon the request of the Borrower and for the direct or indirect benefit of the Borrower and the Restricted Subsidiaries, a letter of credit or letters of credit (the "Letters of Credit" and each, a "Letter of Credit") in such form and with such Issuer Documents as may be approved by the applicable Issuing Bank in its reasonable discretion; *provided* that the Borrower shall be a co- applicant of, and jointly and severally liable with respect to, each Letter of Credit issued for the account of a Restricted Subsidiary.

(b) Notwithstanding the foregoing, (i) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letters of Credit Outstanding at such time, would exceed the Letter of Credit Commitment then in effect, (ii) no Letter of Credit shall be issued the Stated Amount of which would cause the aggregate amount of all Lenders' Total Exposures at such time to exceed the Loan Limit then in effect, (iii) each Letter of Credit shall have an expiration date occurring no later than one year after the date of issuance or such longer period of time as may be agreed by the applicable Issuing Bank, unless otherwise agreed upon by the Administrative Agent and the applicable Issuing Bank or as provided under Section 3.2(b); *provided* that any Letter of Credit may provide for automatic renewal thereof for additional periods of up to 12 months or such longer period of time as may be agreed upon by the applicable Issuing Bank, subject to the provisions of Section 3.2(b); *provided, further*, that in no event shall such expiration date occur later than the L/C Maturity Date unless arrangements which are reasonably satisfactory to the applicable Issuing Bank to Cash Collateralize (or backstop) such Letter of Credit have been made, (iv) no Letter of Credit shall be issued if it would be illegal under any applicable Requirement of Law for the beneficiary of the Letter of Credit to have a Letter of Credit issued in its favor, (v) no Letter of Credit shall be issued by an Issuing Bank after it has received a written notice from any Credit Party or the Administrative Agent or the Majority Lenders stating that a Default or Event of Default has occurred and is continuing until such time as such Issuing Bank shall have received a written notice (A) of rescission of such notice from the party or parties originally delivering such notice, (B) of the waiver of such Default or Event of Default in accordance with the provisions of Section 13.1 or (C) that such Default or Event of Default is no longer continuing and (vi) no Issuing Bank shall have an obligation to issue a Letter of Credit in a Stated Amount which, when added to the Letters of Credit Outstandings attributable to Letters of Credit issued by such Issuing Bank, would exceed such Issuing Bank's Maximum LC Commitment.

(c) Upon at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent and the applicable Issuing Bank (which notice the Administrative Agent shall promptly transmit to each of the applicable Lenders), the Borrower shall have the right, on any day, permanently to terminate or reduce the Letter of Credit Commitment in whole or in part; *provided* that, after giving effect to such termination or reduction, the Letters of Credit Outstanding shall not exceed the Letter of Credit Commitment.

3.2. Letter of Credit Applications.

(a) Whenever the Borrower desires that a Letter of Credit be issued, amended or renewed for its account on its own behalf, or on behalf of its Restricted Subsidiaries, the Borrower shall hand deliver or telecopy (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 a Letter of Credit application, amendment request or any such document as may be approved by the applicable Issuing Bank (each, a "Letter of Credit Application"). Upon receipt of any Letter of Credit Application or amendment request, (A) the applicable Issuing Bank will use its reasonable commercial efforts to process such Letter of Credit Application within three (3) Business Days of the Business Day on which such Letter of Credit Application is received, *provided* that such Letter of Credit Application is received no later than 12:00 p.m. (Houston, Texas time) on such Business Day, or (B) otherwise, the fifth Business Day next succeeding receipt of such Letter of Credit Application.

(b) If the Borrower so requests in any applicable Letter of Credit Application, the applicable Issuing Bank may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); *provided* that any such Auto-Extension Letter of Credit must permit such Issuing Bank to prevent any such extension at least once in each 12-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such 12-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the applicable Issuing Bank, the Borrower shall not be required to make a specific request to such Issuing Bank for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the applicable Issuing Bank to permit the extension of such Letter of Credit at any time to an expiry date not later than the L/C Maturity Date; *provided, however*, that such Issuing Bank shall not permit any such extension if (i) such Issuing Bank has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (b) of Section 3.1 or otherwise), or (ii) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non- Extension Notice Date (A) from the Administrative Agent that the Majority Lenders have elected not to permit such extension or (B) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 7 are not then satisfied, and in each such case directing such Issuing Bank not to permit such extension.

(c) Each Issuing Bank (other than the Administrative Agent or any of its Affiliates) shall, at least once each week, provide the Administrative Agent with a list of all Letters of Credit issued by it that are outstanding at such time; *provided* that, upon written request from the Administrative Agent, such Issuing Bank shall thereafter notify the Administrative Agent in writing on each Business Day of all Letters of Credit issued on the prior Business Day by such Issuing Bank.

(d) The making of each Letter of Credit Request shall be deemed to be a representation and warranty by the Borrower that the Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 3.1(b).

3.3. Letter of Credit Participations.

(a) Immediately upon the issuance by an Issuing Bank of any Letter of Credit, such Issuing Bank shall be deemed to have sold and transferred to each Lender (each such Lender, in its capacity under this Section 3.3, an "L/C Participant"), and each such L/C Participant shall be deemed irrevocably and unconditionally to have purchased and received from such Issuing Bank, without recourse or warranty, an undivided interest and participation (each an "L/C Participation"), to the extent of such L/C Participant's Commitment Percentage, in each Letter of Credit, each substitute therefor, each drawing made thereunder and the obligations of the Borrower under this Agreement with respect thereto, and any security therefor or guaranty pertaining thereto.

(b) In determining whether to pay under any Letter of Credit, the relevant Issuing Bank shall have no obligation relative to the L/C Participants other than to confirm that (i) any documents required to be delivered under such Letter of Credit have been delivered, (ii) such Issuing Bank has examined the documents with reasonable care and (iii) the documents appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the relevant Issuing Bank under or in connection with any Letter of Credit issued by it, if taken or omitted in the absence of gross negligence or willful misconduct (as determined by a court of competent jurisdiction by final, non-appealable judgment), shall not create for such Issuing Bank any resulting liability.

(c) In the event that an Issuing Bank makes any payment under any Letter of Credit issued by it and the Borrower shall not have repaid such amount in full to such Issuing Bank pursuant to Section 3.4(a), such Issuing Bank shall promptly notify the Administrative Agent and each L/C Participant of such failure, and each such L/C Participant shall promptly and unconditionally pay to the Administrative Agent for the account of such Issuing Bank, the amount of such L/C Participant's Commitment Percentage of such unreimbursed payment in Dollars and in immediately available funds; provided, however, that no L/C Participant shall be obligated to pay to the Administrative Agent for the account of such Issuing Bank its Commitment Percentage of such unreimbursed amount arising from any wrongful payment made by such Issuing Bank under any such Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Issuing Bank, as determined by a final judgment of a court of competent jurisdiction. Each L/C Participant shall make available to the Administrative Agent for the account of the relevant Issuing Bank such L/C Participant's Commitment Percentage of the amount of such payment no later than 1:00 p.m. (Houston, Texas time) on the first Business Day after the date notified by such Issuing Bank in immediately available funds. If and to the extent such L/C Participant shall not have so made its Commitment Percentage of the amount of such payment available to the Administrative Agent for the account of the relevant Issuing Bank, such L/C Participant agrees to pay to the Administrative Agent for the account of such Issuing Bank, forthwith on demand, such amount, together with interest thereon for each day from such date until the date such amount is paid to the Administrative Agent for the account of such Issuing Bank at a rate per annum equal to the Overnight Rate from time to time then in effect, plus any administrative, processing or similar fees customarily charged by such Issuing Bank in connection with the foregoing. The failure of any L/C Participant to make available to the Administrative Agent for the account of any Issuing Bank its Commitment Percentage of any payment under any Letter of Credit shall not relieve any other L/C Participant of its obligation hereunder to make available to the Administrative Agent for the account of such Issuing Bank its Commitment Percentage of any payment under such Letter of Credit on the date required, as specified above, but no L/C Participant shall be responsible for the failure of any other L/C Participant to make available to the Administrative Agent such other L/C Participant's Commitment Percentage of any such payment.

(d) Whenever an Issuing Bank receives a payment in respect of an unpaid reimbursement obligation as to which the Administrative Agent has received for the account of such Issuing Bank any payments from the L/C Participants pursuant to clause (c) above, such Issuing Bank shall pay to the Administrative Agent and the Administrative Agent shall promptly pay to each L/C Participant that has paid its Commitment Percentage of such reimbursement obligation, in Dollars and in immediately available funds, an amount equal to such L/C Participant's share (based upon the proportionate aggregate amount originally funded by such L/C Participant to the aggregate amount funded by all L/C Participants) of the principal amount so paid in respect of such reimbursement obligation and interest thereon accruing after the purchase of the respective L/C Participations at the Overnight Rate.

(e) The obligations of the L/C Participants to make payments to the Administrative Agent for the account of an Issuing Bank with respect to Letters of Credit shall be irrevocable and not subject to counterclaim, set-off or other defense or any other qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including under any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any Issuing Bank, any Lender or other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default, Event of Default or Borrowing Base Deficiency;

provided, however, that no L/C Participant shall be obligated to pay to the Administrative Agent for the account of any Issuing Bank its Commitment Percentage of any unreimbursed amount arising from any wrongful payment made by such Issuing Bank under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Issuing Bank, as determined by a final judgment of a court of competent jurisdiction.

3.4. Agreement to Repay Letter of Credit Drawings.

(a) The Borrower hereby agrees to reimburse the relevant Issuing Bank by making payment in Dollars to such Issuing Bank or to the Administrative Agent for the account of such Issuing Bank (whether with its own funds or with proceeds of the Loans) in immediately available funds, for any payment or disbursement made by such Issuing Bank under any Letter of Credit issued by it (each such amount so paid until reimbursed, an "Unpaid Drawing") (i) within one Business Day of the date of such payment or disbursement if such Issuing Bank provides notice to the Borrower of such payment or disbursement prior to 11:00 a.m. (Houston, Texas time) on or prior to such next succeeding Business Day (from the date of such payment or disbursement) or (ii) if such notice is received after such time, on the next Business Day following the date of receipt of such notice (such required date for reimbursement under clause (i) or (ii), as applicable, on such Business Day (the "Reimbursement Date")), with interest on the amount so paid or disbursed by such Issuing Bank, from and including the date of such payment or disbursement to but excluding the Reimbursement Date, at the per annum rate for each day equal to the rate described in Section 2.8(a); *provided* that, notwithstanding anything contained in this Agreement to the contrary, with respect to any Letter of Credit, (i) unless the Borrower shall have notified the Administrative Agent and such Issuing Bank prior to 11:00 a.m. (Houston, Texas time) on the Reimbursement Date that the Borrower intends to reimburse such Issuing Bank for the amount of such drawing with funds other than the proceeds of Loans, the Borrower shall be deemed to have given a Notice of Borrowing requesting that the Lenders make Loans (which shall be ABR Loans) on the Reimbursement Date in an amount equal to the amount at such drawing, and (ii) the Administrative Agent shall promptly notify each L/C Participant of such drawing and the amount of its Loan to be made in respect thereof, and each L/C Participant shall be irrevocably obligated to make a Loan to the Borrower in the manner deemed to have been requested in the amount of its Commitment Percentage of the applicable Unpaid Drawing by 12:00 noon (Houston, Texas time) on such Reimbursement Date by making the amount of such Loan available to the Administrative Agent. Such Loans made in respect of such Unpaid Drawing on such Reimbursement Date shall be made without regard to the Minimum Borrowing Amount and without regard to the satisfaction of the conditions set forth in Section 7. The Administrative Agent shall use the proceeds of such Loans solely for purpose of reimbursing the relevant Issuing Bank for the related Unpaid Drawing. In the event that the Borrower fails to Cash Collateralize any Letter of Credit that is outstanding on the L/C Maturity Date, the full amount of the Letters of Credit Outstanding in respect of such Letter of Credit shall be deemed to be an Unpaid Drawing subject to the provisions of this Section 3.4 except that such Issuing Bank shall hold the proceeds received from the Lenders as contemplated above as cash collateral for such Letter of Credit to reimburse any Drawing under such Letter of Credit and shall use such proceeds first, to reimburse itself for any Drawings made in respect of such Letter of Credit following the L/C Maturity Date, second, to the extent such Letter of Credit expires or is returned undrawn while any such cash collateral remains, to the repayment of obligations in respect of any Loans that have not paid at such time and third, to the Borrower or as otherwise directed by a court of competent jurisdiction. Nothing in this Section 3.4(a) shall affect the Borrower's obligation to repay all outstanding Loans when due in accordance with the terms of this Agreement.

(b) The obligations of the Borrower under this Section 3.4 to reimburse the relevant Issuing Bank with respect to Unpaid Drawings (including, in each case, interest thereon) shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment that the Borrower or any other Person may have or have had against such Issuing Bank, the Administrative Agent or any Lender (including in its capacity as an L/C Participant), including any defense based upon (i) the failure of any drawing under a Letter of Credit (each a "Drawing") to conform to the terms of the Letter of Credit, (ii) any non-application or misapplication by the beneficiary of the proceeds of such Drawing, (iii) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (iv) 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 or (v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder; *provided* that the foregoing shall not be construed to excuse the relevant Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) 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 Borrower agrees that any action taken or omitted to be taken by an Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, as determined by a final judgment of a court of competent jurisdiction, shall be binding on the Borrower and shall not result in any liability of such Issuing Bank to the Borrower; *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 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 as determined by a final and non-appealable judgment of a court of competent jurisdiction. In furtherance of the foregoing, the parties hereto agree that, with respect to documents presented which appear on their face to be in compliance with the terms of a Letter of Credit, the Issuing Bank that issued such Letter of Credit may in its sole discretion, either accept or 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 (unless the Borrower shall consent to payment thereon not withstanding such lack of strict compliance).

3.5. Increased Costs. If, after the Closing Date, the adoption of any Change in Law shall either (a) impose, modify or make applicable any reserve, deposit, capital adequacy, liquidity or similar requirement against Letters of Credit issued by any Issuing Bank, or any L/C Participant's L/C Participation therein, or (b) impose on any Issuing Bank or any L/C Participant any other conditions, costs or expenses affecting its obligations under this Agreement in respect of Letters of Credit or L/C Participations therein or

any Letter of Credit or such L/C Participant's L/C Participation therein, and the result of any of the foregoing is to increase the cost to such Issuing Bank or such L/C Participant of issuing, maintaining or participating in any Letter of Credit, or to reduce the amount of any sum received or receivable by such Issuing Bank or such L/C Participant hereunder (other than (i) Taxes indemnifiable under Section 5.4, or (ii) Excluded Taxes) in respect of Letters of Credit or L/C Participations therein, then, promptly (and in any event no later than 15 days) after receipt of written demand to the Borrower by such Issuing Bank or such L/C Participant, as the case may be (a copy of which notice shall be sent by such Issuing Bank or such L/C Participant to the Administrative Agent), the Borrower shall pay to such Issuing Bank or such L/C Participant such additional amount or amounts as will compensate such Issuing Bank or such L/C Participant for such increased cost or reduction, it being understood and agreed, however, that no Issuing Bank or L/C Participant shall be entitled to such compensation as a result of such Person's compliance with, or pursuant to any request or directive to comply with, any such Requirement of Law as in effect on the Closing Date. A certificate submitted to the Borrower by the relevant Issuing Bank or an L/C Participant, as the case may be (a copy of which certificate shall be sent by such Issuing Bank or such L/C Participant to the Administrative Agent), setting forth in reasonable detail the basis for the determination of such additional amount or amounts necessary to compensate such Issuing Bank or such L/C Participant as aforesaid shall be conclusive and binding on the Borrower absent clearly demonstrable error.

3.6. New or Successor Issuing Bank.

(a) Any Issuing Bank may resign as an Issuing Bank upon 30 days' prior written notice to the Administrative Agent, the Lenders and the Borrower;*provided* that no Issuing Bank may resign without the prior consent of the Borrower so long as it (or one of its Affiliates) is also a Lender hereunder. The Borrower may replace any Issuing Bank for any reason upon written notice to such Issuing Bank and the Administrative Agent and may add Issuing Banks at any time upon notice by the Borrower to the Administrative Agent. If an Issuing Bank shall resign or be replaced, or if the Borrower shall decide to add a new Issuing Bank under this Agreement, then the Borrower may appoint from among the Lenders a successor issuer of Letters of Credit or a new Issuing Bank, as the case may be, or, with the consent of the Administrative Agent (such consent not to be unreasonably withheld) and such new Issuing Bank, another successor or new issuer of Letters of Credit, whereupon such successor issuer shall succeed to the rights, powers and duties of the replaced or resigning Issuing Bank under this Agreement and the other Credit Documents, or such new issuer of Letters of Credit shall be granted the rights, powers and duties of an Issuing Bank hereunder, and the term "Issuing Bank" shall mean such successor or such new issuer of Letters of Credit effective upon such appointment. The acceptance of any appointment as an Issuing Bank hereunder whether as a successor issuer or new issuer of Letters of Credit in accordance with this Agreement, shall be evidenced by an agreement entered into by such new or successor issuer of Letters of Credit, in a form reasonably satisfactory to the Borrower and the Administrative Agent and, from and after the effective date of such agreement, such new or successor issuer of Letters of Credit shall become an "Issuing Bank" hereunder. After the resignation or replacement of an Issuing Bank hereunder, the resigning or 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 and the other Credit Documents with respect to Letters of Credit issued by it prior to such resignation or replacement, but shall not be required to issue additional Letters of Credit. In connection with any resignation or replacement pursuant to this clause (a) (but, in case of any such resignation, only to the extent that a successor issuer of Letters of Credit shall have been appointed), either (i) the Borrower, the resigning or replaced Issuing Bank and the successor issuer of Letters of Credit shall arrange to have any outstanding Letters of Credit issued by the resigning or replaced Issuing Bank replaced with Letters of Credit issued by the successor issuer of Letters of Credit or (ii) the Borrower shall cause the successor issuer of Letters of Credit, if such successor issuer is reasonably satisfactory to the replaced or resigning Issuing Bank, to issue "back-stop" Letters of Credit naming the resigning or replaced Issuing Bank as beneficiary for each outstanding Letter of Credit issued by the resigning or replaced Issuing Bank, which new Letters of Credit shall have a Stated Amount equal to the Letters of Credit being back-stopped and the sole requirement for drawing on such new Letters of Credit shall be a drawing on the corresponding back-stopped Letters of Credit. After any resigning or replaced Issuing Bank's resignation or replacement as Issuing Bank, the provisions of this Agreement relating to an Issuing Bank shall inure to its benefit as to any actions taken or omitted to be taken by it (A) while it was an Issuing Bank under this Agreement or (B) at any time with respect to Letters of Credit issued by such Issuing Bank.

(b) To the extent that there are, at the time of any resignation or replacement as set forth in clause (a) above, any outstanding Letters of Credit, nothing herein shall be deemed to impact or impair any rights and obligations of any of the parties hereto with respect to such outstanding Letters of Credit (including any obligations related to the payment of fees or the reimbursement or funding of amounts drawn), except that the Borrower, the resigning or replaced Issuing Bank and the successor issuer of Letters of Credit shall have the obligations regarding outstanding Letters of Credit described in clause (a) above.

3.7. Role of Issuing Bank. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, no Issuing Bank shall have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Banks, the Administrative Agent, any of their respective affiliates nor any correspondent, participant or assignee of any Issuing Bank shall be liable to any Lender for (a) any action taken or omitted in connection herewith at the request or with the approval of the Majority Lenders, (b) any action taken or omitted in the absence of gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction or (c) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided* that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Issuing Banks, the Administrative Agent, any of their respective affiliates nor any correspondent, participant or assignee of any Issuing Bank shall be liable or responsible for any of the matters described in Section 3.3(e); *provided* that anything in such Section to the contrary notwithstanding, the Borrower may have a claim against an Issuing Bank, and such Issuing Bank may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by such Issuing Bank's willful misconduct or gross negligence, as determined by a court of competent jurisdiction by final non-appealable judgment, or such Issuing Bank's unlawful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, any Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and no Issuing Bank shall be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.8. Cash Collateral.

(a) If, as of the L/C Maturity Date, there are any Letters of Credit Outstanding, the Borrower shall immediately Cash Collateralize the then Letters of Credit Outstanding.

(b) If any Event of Default shall occur and be continuing, the Majority Lenders may require that the L/C Obligations be Cash Collateralized*provided* that, upon the occurrence of an Event of Default referred to in Section 11.5 with respect to the Borrower, the Borrower shall immediately Cash Collateralize the Letters of Credit then

outstanding and no notice or request by or consent from the Majority Lenders shall be required.

(c) For purposes of this Agreement, "Cash Collateralize" shall mean to (i) pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Banks and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances in an amount equal to the amount of the Letters of Credit Outstanding required to be Cash Collateralized (the "Required Cash Collateral Amount") or (ii) if the relevant Issuing Bank benefiting from such collateral shall agree in its reasonable discretion, other forms of credit support (including any backstop letter of credit) in a face amount equal to 105% of the Required Cash Collateral Amount from an issuer reasonably satisfactory to such Issuing Bank, in each case under clause (i) and (ii) above pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the relevant Issuing Bank (which documents are hereby consented to by the Lenders). Derivatives of such term, including "Cash Collateral", have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Banks and the L/C Participants, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Such cash Collateral shall be maintained in blocked, interest bearing deposit accounts established by and in the name of the Borrower, but under the "control" (as defined in Section 8-104 of the UCC) of the Administrative Agent.

3.9. Applicability of ISP and UCP. Unless otherwise expressly agreed to by the relevant Issuing Bank and the Borrower when a Letter of Credit is issued, (a) the rules of the ISP or the Uniform Customs and Practice for Documentary Credits shall apply to each standby Letter of Credit and (b) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance, shall apply to each commercial Letter of Credit.

3.10. Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

3.11. Letters of Credit Issued for Restricted Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Restricted Subsidiary, the Borrower shall be obligated to reimburse the relevant Issuing Bank hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Restricted Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Restricted Subsidiaries.

SECTION 4. FEES; COMMITMENTS.

4.1. Fees.

(a) The Borrower agrees to pay to the Administrative Agent in Dollars, for the account of each Lender (in each case pro rata according to the respective Commitment Percentages of the Lenders), a commitment fee (the "Commitment Fee") for each day from the Closing Date until but excluding the Termination Date. Each Commitment Fee shall be payable by the Borrower quarterly in arrears on the last Business Day of each March, June, September and December (for the three-month period (or portion thereof) ended on such day for which no payment has been received) and on the Termination Date (for the period ended on such date for which no payment has been received pursuant to clause (i) above), and shall be computed for each day during such period at a rate per annum equal to 0.50% of the Available Commitment in effect on such day.

(b) The Borrower agrees to pay to the Administrative Agent in Dollars for the account of the Lenders pro rata on the basis of their respective Letter of Credit Exposure, a fee in respect of each Letter of Credit (the "Letter of Credit Fee"), for the period from the date of issuance of such Letter of Credit until the termination or expiration date of such Letter of Credit computed at the per annum rate for each day equal to 1.00% per annum on the average daily Stated Amount of such Letter of Credit. Such Letter of Credit Fees shall be due and payable (i) quarterly in arrears on the last Business Day of each March, June, September and December and (ii) on the Termination Date (for the period for which no payment has been received pursuant to clause (i) above).

(c) The Borrower agrees to pay directly to each Issuing Bank a fee in respect of each Letter of Credit issued by it (the "Fronting Fee"), for the period from the date of issuance of such Letter of Credit to the termination or expiration date of such Letter of Credit, computed at the rate for each day equal to 0.125% per annum (or such other amount as may be agreed in a separate writing between the Borrower and the relevant Issuing Bank) on the average daily Stated Amount of such Letter of Credit (or at such other rate per annum as agreed in writing between the Borrower and the relevant Issuing Bank). Such Fronting Fees shall be due and payable by the Borrower (i) quarterly in arrears on the last Business Day of each March, June, September and December and (ii) on the Termination Date (for the period for which no payment has been received pursuant to clause (i) above).

(d) The Borrower agrees to pay directly to each Issuing Bank upon each issuance of, drawing under, and/or amendment of, a Letter of Credit issued by it such amount as the relevant Issuing Bank and the Borrower shall have agreed upon for issuances of, drawings under or amendments of, letters of credit issued by it.

(e) The Borrower agrees to pay to the Administrative Agent the administrative agent fees in the amounts and on the dates as set forth in writing from time to time between the Administrative Agent and the Borrower, including without limitation as set forth in the Fee Letter.

(f) Upon termination or reduction of the Commitments as a result of a Refinancing of the Loans or Letter of Credit Exposure with a lender other than the Lenders, the Borrower agrees to pay to the Administrative Agent in Dollars, for the account of each Lender (in each case pro rata according to the respective Commitment Percentages of the Lenders), an exit fee (the "Exit Fee") equal to 0.5% of the Borrowing Base in effect at the time of such termination or reduction. The Borrower acknowledges and agrees that the Exit Fee (i) is additional consideration for providing the Commitments, (ii) constitutes reasonable liquidated damages to compensate the Lenders for (and is a proportionate quantification of) the actual loss of the anticipated stream of interest payments upon an early reduction or termination of the Commitments (such damages being otherwise impossible to ascertain or even estimate for various reasons, including, without limitation, because such damages would depend on, among other things, (x) when the Commitments might otherwise be terminated and (y) future changes in interest rates which are not readily ascertainable on the Closing Date), and (iii) is not a penalty to punish the Borrower for its early termination or reduction of the Commitments.

4.2. Voluntary Reduction of Commitments.

(a) Upon at least two Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent at the Administrative Agent's Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right, without premium or penalty, on any day, permanently to terminate or reduce the Commitments, as determined by the Borrower, in whole or in part; *provided* that (a) with respect to the Commitments, any such termination or reduction shall apply proportionately and permanently to reduce the Commitments of each of the Lenders (*provided* that (x) after giving effect to any such reduction and to the repayment of any Loans made on such date, the Total Exposure of any such Lender does not exceed the Commitment of such Lender and (y) for the avoidance of doubt, any such repayment of Loans contemplated by the preceding clause shall be made in compliance with the requirements of Section 5.3(a) with respect to the ratable allocation of payments hereunder), (b) any partial reduction pursuant to this Section 4.2 shall be in the amount of at least $500,000 and in multiples of $100,000 in excess thereof and (c) after giving effect to such termination or reduction and to any prepayments of Loans or cancellation or Cash Collateralization of Letters of Credit made on the date thereof in accordance with this Agreement, the aggregate amount of the Lenders' Total Exposures shall not exceed the Loan Limit.

(b) The Borrower may terminate the unused amount of the Commitment of a Defaulting Lender upon not less than two (2) Business Days' prior notice to the Administrative Agent (which will promptly notify the Lenders thereof), and in such event the provisions of Section 2.15(f) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts), *provided* that such termination will not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, any Issuing Bank or any Lender may have against such Defaulting Lender.

(c) Notwithstanding anything to the contrary contained in this Agreement, any such notice of commitment termination pursuant to Section 4.2 may state that it is conditioned upon the occurrence or non-occurrence of any event specified therein (including the effectiveness of other credit facilities), in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

4.3. Mandatory Termination of Commitment. The Total Commitment shall terminate at 2:00 p.m. (Houston, Texas time) on the Termination Date.

SECTION 5. PAYMENTS.

5.1. Voluntary Prepayments. The Borrower shall have the right to prepay Loans without premium or penalty, in whole or in part from time to time on the following terms and conditions:

(a) the Borrower shall give the Administrative Agent at the Administrative Agent's Office written notice substantially in the form of Exhibit M hereto (or telephonic notice promptly confirmed in writing in such form) of its intent to make such prepayment, the amount of such prepayment and (in the case of LIBOR Loans) the specific Borrowing(s) being prepaid, which notice shall be given by the Borrower no later than 12:00 p.m. (Houston, Texas time) (i) in the case of LIBOR Loans, three Business Days prior to and (ii) in the case of ABR Loans on the date of such prepayment and shall promptly be transmitted by the Administrative Agent to each of the Lenders;

(b) each partial prepayment of (i) LIBOR Loans shall be in a minimum amount of $500,000 and in multiples of $100,000 in excess thereof or a lesser amount to the extent such lesser amount represents the entire aggregate outstanding LIBOR Loans at such time, and (ii) any ABR Loans shall be in a minimum amount of $500,000 and in multiples of $100,000 in excess thereof or a lesser amount to the extent such lesser amount represents the entire aggregate outstanding ABR Loans at such time; *provided* that no partial prepayment of LIBOR Loans made pursuant to a single Borrowing shall reduce the outstanding LIBOR Loans made pursuant to such Borrowing to an amount less than the applicable Minimum Borrowing Amount for such LIBOR Loans; and

(c) any prepayment of LIBOR Loans pursuant to this Section 5.1 on any day other than the last day of an Interest Period applicable thereto shall be subject to compliance by the Borrower with the applicable provisions of Section 2.11.

Each such notice shall specify the date and amount of such prepayment and the Type of Loans to be prepaid. At the Borrower's election in connection with any prepayment pursuant to this Section 5.1, such prepayment shall not be applied to any Loans of a Defaulting Lender.

5.2. Mandatory Prepayments.

(a) Repayment following Optional Reduction of Commitments. If, after giving effect to any termination or reduction of the Commitments pursuant to Section 4.2(a), the aggregate Total Exposures of all Lenders exceeds the Loan Limit (as reduced), then the Borrower shall on the same Business Day (i) prepay the Loans on the date of such termination or reduction in an aggregate principal amount equal to such excess and (ii) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, pay to the Administrative Agent on behalf of the Issuing Banks and the L/C Participants an amount in cash or otherwise Cash Collateralize an amount equal to such excess as provided in Section 3.8.

(b) Repayment of Loans Following Redetermination or Adjustment of Borrowing Base.

(i) Upon any redetermination of the Borrowing Base in accordance with Section 2.14(b), if the aggregate Total Exposures of all Lenders exceeds the redetermined Borrowing Base, then the Borrower shall, within 10 Business Days after its receipt of a New Borrowing Base Notice indicating such Borrowing Base Deficiency, inform the Administrative Agent of the Borrower's election to, and shall: (A) within 30 days following such election prepay the Loans in an aggregate principal amount equal to such excess, (B) prepay the Loans in five equal monthly installments, commencing on the 30th day following such election with each payment being equal to 1/5th of the aggregate principal amount of such excess, (C) within 30 days following such election, provide additional Collateral in the form of additional Oil and Gas Properties not evaluated in the most recently delivered Reserve Report or other Collateral reasonably acceptable to the Administrative Agent having a Borrowing Base Value (as proposed by the Administrative Agent and approved by the Lenders in accordance with their respective usual and customary oil and gas lending criteria as they exist at the particular time) sufficient, after giving effect to any other actions taken pursuant to this Section 5.2(b)(i) to eliminate any such excess or (D) undertake a combination of clauses (A), (B) and (C); *provided* that if, because of Letter of Credit Exposure, a Borrowing Base Deficiency remains after prepaying all of the Loans, the Borrower shall Cash Collateralize such remaining Borrowing Base Deficiency as provided in Section 3.8; *provided further*, that all payments required to be made pursuant to this Section 5.2(b)(i) must be made on or prior to the Termination Date; *provided*, *further*, that if the Borrower fails to inform the Administrative Agent of the Borrower's election within 10 Business Days after its receipt of a New Borrowing Base Notice indicating such Borrowing Base Deficiency, for purposes of this Agreement, the Borrower shall be deemed to have elected clause (A) above.

(ii) Upon any adjustment to the Borrowing Base pursuant to Section 2.14(f), if the aggregate Total Exposures of all Lenders exceeds the Borrowing Base, as adjusted, then the Borrower shall (A) prepay the Loans in an aggregate principal amount equal to such excess and (B) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8. The Borrower shall be obligated to make such prepayment and/or deposit of cash collateral no later than fifteen Business Days following the date it receives written notice from the Administrative Agent of the adjustment of the Borrowing Base and the resulting Borrowing Base Deficiency; *provided* that all payments required to be made pursuant to this clause must be made on or prior to the Termination Date.

(iii) Upon any adjustment to the Borrowing Base pursuant to this Agreement, if the aggregate Total Exposures of all Lenders exceeds the Borrowing Base, as adjusted, then the Borrower shall (A) prepay the Loans in an aggregate principal amount equal to such excess and (B) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8. The Borrower shall be obligated to make such prepayment and/or deposit of cash collateral upon the date it receives written notice from the Administrative Agent of the adjustment of the Borrowing Base and the resulting Borrowing Base Deficiency, or if received after 2:00 p.m. (Houston, Texas time), on the next Business Day; *provided* that all payments required to be made pursuant to this clause must be made on or prior to the Termination Date.

(c) Repayment of Loans During Consolidated Cash Balance Excess Period. If, at any time, (i) there are outstanding Loans or Letter of Credit Exposure and (ii) the Consolidated Cash Balance exceeds $20,000,000 as of the end of any five consecutive Business Days (such five Business Day period, the "Consolidated Cash Balance Excess Period"), then the Borrower shall, on or before the end of such Consolidated Cash Balance Excess Period, (x) prepay the Loans in an aggregate principal amount equal to such excess and (y) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8.

(d) Application to Loans. With respect to each prepayment of Loans elected under Section 5.1 or required by Section 5.2, the Borrower may designate (i) the Types of Loans that are to be prepaid and the specific Borrowing(s) being repaid and (ii) the Loans to be prepaid; *provided* that (A) each prepayment of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans, and (B) notwithstanding the provisions of the preceding clause (A), no prepayment of Loans shall be applied to the Loans of any Defaulting Lender unless otherwise agreed to in writing by the Borrower. In the absence of a designation by the Borrower as described in the preceding sentence or if a Default has occurred and is continuing, the Administrative Agent shall make such designation in its reasonable discretion with a view, but no obligation, to minimize breakage costs owing under Section 2.11.

(e) LIBOR Interest Periods. In lieu of making any payment pursuant to this Section 5.2 in respect of any LIBOR Loan, other than on the last day of the Interest Period therefor so long as no Event of Default shall have occurred and be continuing, the Borrower at its option may deposit, on behalf of the Borrower, with the Administrative Agent an amount equal to the amount of the LIBOR Loan to be prepaid and such LIBOR Loan shall be repaid on the last day of the Interest Period therefor in the required amount. Such deposit shall be held by the Administrative Agent in a corporate time deposit account established on terms reasonably satisfactory to the Administrative Agent, earning interest at the then customary rate for accounts of such type. The Borrower hereby grants to the Administrative Agent, for the benefit of the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Such deposit shall constitute cash collateral for the LIBOR Loans to be so prepaid; *provided* that the Borrower may at any time direct that such deposit be applied to make the applicable payment required pursuant to this Section 5.2.

(f) Application of Proceeds. The application of proceeds pursuant to this Section 5.2 shall not reduce the aggregate amount of Commitments under the Facility and amounts prepaid may be reborrowed subject to the Available Commitment and the terms of this Agreement.

5.3. Method and Place of Payment.

(a) Except as otherwise specifically provided herein, all payments under this Agreement shall be made by the Borrower without set-off, counterclaim or deduction of any kind, to the Administrative Agent for the ratable account of the Lenders entitled thereto or the Issuing Banks entitled thereto, as the case may be, not later than 1:00 p.m. (Houston, Texas time), in each case, on the date when due and shall be made in immediately available funds at the Administrative Agent's Office or at such other office as the Administrative Agent shall specify for such purpose by notice to the Borrower, it being understood that written or facsimile notice by the Borrower to the Administrative Agent to make a payment from the funds in the Borrower's account at the Administrative Agent's Office shall constitute the making of such payment to the extent of such funds held in such account. All repayments or prepayments of any Loans (whether of principal, interest or otherwise) hereunder and all other payments under each Credit Document shall be made in Dollars. The Administrative Agent will thereafter cause to be distributed on the same day (if payment was actually received by the Administrative Agent prior to 1:00 p.m. (Houston, Texas time) or, otherwise, on the next Business Day in the sole discretion of the Administrative Agent) like funds relating to the payment of principal or interest or fees ratably to the Lenders or the Issuing Banks, as applicable, entitled thereto.

(b) For purposes of computing interest or fees, any payments under this Agreement that are made later than 1:00 p.m. (Houston, Texas time) shall be deemed to have been made on the next succeeding Business Day in the sole discretion of the Administrative Agent. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

5.4. Net Payments.

(a) Any and all payments made by or on behalf of the Borrower or any Guarantor under this Agreement or any other Credit Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes; *provided* that if the Borrower, any Guarantor, the Administrative Agent or any other applicable withholding agent shall be required by applicable Requirements of Law to deduct or withhold any Taxes from such payments, then (i) the applicable withholding agent shall make such deductions or withholdings as are reasonably determined by the applicable withholding agent to be required by any applicable Requirement of Law, (ii) the applicable withholding agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority and in accordance with applicable Requirements of Law, and (iii) to the extent withholding or deduction is required to be made on account of Indemnified Taxes, the sum payable by the Borrower or such Guarantor shall be increased as necessary so that after all required deductions and withholdings have been made (including deductions or withholdings applicable to additional sums payable under this Section 5.4) the Administrative Agent, the Collateral Agent, or the applicable Issuing Bank or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made. After any payment of Taxes by any Credit Party or the Administrative Agent to a Governmental Authority as provided in this Section 5.4, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, a copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(b) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Requirements of Law, or at the option of the Administrative Agent timely reimburse it for, and in each case hold Administrative Agent, Collateral Agent and each Lender harmless from, any Other Taxes (whether or not such Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority).

(c) The Borrower shall indemnify and hold harmless the Administrative Agent, the Collateral Agent and each Lender within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes imposed on the Administrative Agent, the Collateral Agent or such Lender, as the case may be (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 5.4), and any 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 setting forth in reasonable detail the basis and calculation of the amount of such payment or liability under this Section 5.4 delivered to the Borrower by a Lender, the Administrative Agent or the Collateral Agent (as applicable) on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(d) Each Lender shall deliver to the Borrower and the Administrative Agent, at such time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not any payments made hereunder or under any other Credit Document are subject to Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of any payments to be made to such Lender by any Credit Party pursuant to any Credit Document or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(e) Without limiting the generality of Section 5.4(d), each Non-U.S. Lender with respect to any Loan made to the Borrower shall, to the extent it is legally eligible to do so:

(i) deliver to the Borrower and the Administrative Agent, prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement, two copies of (A) in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding Tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", IRS Form W-8BEN or Form W-8BEN-E, as applicable (or any applicable successor form) (together with a certificate (substantially in the form of Exhibit K hereto) representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a "10-percent shareholder" (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower, is not a CFC related to the Borrower (within the meaning of Section 864(d)(4) of the Code)), (B) IRS Form W-8BEN or Form W-8BEN-E, as applicable, or Form W-8ECI (or any applicable successor form), in each case properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. federal withholding Tax on payments by the Borrower under this Agreement, (C) IRS Form W-8IMY (or any applicable successor form) and all necessary attachments (including the forms described in clauses (A) and (B) above, *provided* that if the Non-U.S. Lender is a partnership, and one or more of the partners is claiming portfolio interest treatment, a certificate substantially in the form of Exhibit K hereto may be provided by such Non-U.S. Lender on behalf of such partners) or (D) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made; and

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification (or any applicable successor form) on or before the date that any such form or certification expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

Any Non-U.S. Lender that becomes legally ineligible to update any form or certification previously delivered shall promptly notify the Borrower and the Administrative Agent in writing of such Non-U.S. Lender's inability to do so.

Each Person that shall become a Participant pursuant toSection 13.6 or a Lender pursuant to Section 13.6 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 5.4(e); *provided* that in the case of a Participant such Participant shall furnish all such required forms and statements to the Person from which the related participation shall have been purchased.

In addition, to the extent it is legally eligible to do so, each Agent shall deliver to the Borrower (x)(I) prior to the date on which the first payment by the Borrower is due hereunder or (II) prior to the first date on or after the date on which such Agent becomes a successor Agent pursuant to Section 12.9 on which payment by the Borrower is due hereunder, as applicable, two copies of a properly completed and executed IRS Form W-9 certifying its exemption from U.S. Federal backup withholding or (1) an executed IRS Form W-8ECI with respect to payments to be received by it as a beneficial owner and (2) an executed IRS Form W-8IMY (together with required documentation) with respect to payments to be received by it on behalf of a Lender evidencing its agreement with the Borrower to be treated as a "United States Person" as defined in Section 7701(a)(30) of the Code (with respect to such payments) so that all payments hereunder made by the Borrower to the Administrative Agent may be made free of any U.S. withholding tax, and (y) on or before the date on which any such previously delivered documentation expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent documentation previously delivered by it to the Borrower, and from time to time if reasonably requested by the Borrower, two further copies of such documentation.

(f) If any Lender, any Issuing Bank, the Administrative Agent or the Collateral Agent, as applicable, determines, in its sole discretion exercised in good faith, that it had received a refund of an Indemnified Tax for which a payment has been made by the Borrower or any Guarantor pursuant to this Agreement or any other Credit Document, then the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, shall reimburse the Borrower or such Guarantor for such amount (net of all reasonable out-of-pocket expenses of such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, and without interest other than any interest received thereon from the relevant Governmental Authority with respect to such refund) as the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, determines in its sole discretion exercised in good faith to be the proportion of the refund as will leave it, after such reimbursement, in no better or worse net after-Tax position (taking into account expenses or any Taxes imposed on the refund) than it would have been in if the payment had not been required; *provided* that the Borrower or such Guarantor, upon the request of the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent, agrees to repay the amount paid over to the Borrower or such Guarantor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent in the event the Lender, the Issuing Bank, the Administrative Agent or the Collateral Agent is required to repay such refund to such Governmental Authority. In such event, such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent, as the case may be, shall, at the Borrower's request, provide the Borrower with a copy of any notice of assessment or other evidence of the requirement to repay such refund received from the relevant Governmental Authority (*provided* that such Lender, such Issuing Bank, the Administrative Agent or the Collateral Agent may delete any information therein that it deems confidential). No Lender nor any Issuing Bank nor the Administrative Agent nor the Collateral Agent shall be obliged to make available its Tax returns (or any other information relating to its taxes that it deems confidential) to any Credit Party in connection with this clause (f) or any other provision of this Section 5.4.

(g) If the Borrower determines that a reasonable basis exists for contesting an Indemnified Tax for which a Credit Party has paid additional amounts or indemnification payments, each Lender or Agent, as the case may be, shall use reasonable efforts to cooperate with the Borrower as the Borrower may reasonably request in challenging such Tax. The Borrower shall indemnify and hold each Lender and Agent harmless against any out-of- pocket expenses incurred by such Person in connection with any request made by the Borrower pursuant to this Section 5.4(g). Nothing in this Section 5.4(g) shall obligate any Lender or Agent to take any action that such Person, in its sole judgment, determines may result in a material detriment to such Person.

(h) Each U.S. Lender shall deliver to the Borrower and the Administrative Agent two IRS Forms W-9 (or substitute or successor form), properly completed and duly executed, certifying that such U.S. Lender is exempt from United States federal backup withholding (i) on or prior to the Closing Date (or on or prior to the date it becomes a party to this Agreement), (ii) on or before the date that such form expires or becomes obsolete or invalid, (iii) after the occurrence of a change in the U.S. Lender's

circumstances requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and (iv) from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

(i) If a payment made to any Lender or any Agent under this Agreement or any other Credit Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender or such Agent 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 Lender or such Agent 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 law (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, to determine whether such Lender has or has not complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 5.4(i), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(j) For the avoidance of doubt, for purposes of this Section 5.4, the term "Lender" includes any Issuing Bank.

(k) The agreements in this Section 5.4 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

5.5. Computations of Interest and Fees.

(a) Interest on LIBOR Loans and ABR Loans with respect to clause "(a)" and clause "(c)" of the definition of "ABR" shall be calculated on the basis of a 360-day year for the actual days elapsed. Interest on ABR Loans with respect to clause "(b)" of the definition of "ABR" shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed.

(b) Fees and the average daily Stated Amount of Letters of Credit shall be calculated on the basis of a 360-day year for the actual days elapsed.

5.6. Limit on Rate of Interest.

(a) No Payment Shall Exceed Lawful Rate. Notwithstanding any other term of this Agreement, the Borrower shall not be obligated to pay any interest or other amounts under or in connection with this Agreement or otherwise in respect to any of the Obligations in excess of the amount or rate permitted under or consistent with any applicable law, rule or regulation.

(b) Payment at Highest Lawful Rate. If the Borrower is not obliged to make a payment that it would otherwise be required to make, as a result of Section 5.6(a), the Borrower shall make such payment to the maximum extent permitted by or consistent with applicable laws, rules and regulations.

(c) Adjustment if Any Payment Exceeds Lawful Rate. If any provision of this Agreement or any of the other Credit Documents would obligate the Borrower or any other Credit Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate that would be prohibited by any applicable Requirement of Law, then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable Requirements of Law, such adjustment to be effected, to the extent necessary, by reducing the amount or rate of interest required to be paid by the Borrower to the affected Lender under Section 2.8.

(d) Rebate of Excess Interest. Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received from the Borrower an amount in excess of the maximum permitted by any applicable Requirement of Law, then the Borrower shall be entitled, by notice in writing to the Administrative Agent to obtain reimbursement from that Lender in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by that Lender to the Borrower.

SECTION 6. CONDITIONS PRECEDENT TO CLOSING DATE.

The occurrence of the Closing Date and the obligations of the Lenders to make the Closing Date Loans and of the Issuing Banks to issue Letters of Credit hereunder is subject to the satisfaction of the following conditions precedent, except as otherwise agreed or waived pursuant to Section 13.1.

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received on the Closing Date, written opinions of (i) Kirkland & Ellis LLP, counsel to the Credit Parties, and (ii) McAfee & Taft, local Oklahoma counsel to the Credit Parties, in each case (A) dated the Closing Date, (B) addressed to the Administrative Agent, the Collateral Agent, the Lenders, each Issuing Bank and the other Secured Parties and (C) in form and substance reasonably satisfactory to the Administrative Agent. The Borrower, the other Credit Parties and the Administrative Agent hereby instruct such counsels to deliver such legal opinions.

(c) The Administrative Agent shall have received, in the case of each Credit Party, each of the items referred to in subclauses (i), (ii) and (iii) below:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership or certificate of formation, including all amendments thereto, of each Credit Party, in each case, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Credit Party as of a recent date from such Secretary of State (or other similar official);

(ii) a certificate of the Secretary or Assistant Secretary or similar officer of each Credit Party dated the Closing Date and certifying:

(A) that attached thereto is a true and complete copy of the bylaws (or partnership agreement, limited liability company agreement or other equivalent governing documents) of such Credit Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or managing general partner, managing member or equivalent) of such Credit Party authorizing the execution, delivery and performance of the Credit Documents to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(C) that the certificate or articles of incorporation, certificate of limited partnership, articles of incorporation or certificate of formation of such Credit Party has not been amended since the date of the last amendment thereto disclosed pursuant to subclause (i) above, and

(D) as to the incumbency and specimen signature of each officer executing any Credit Document or any other document delivered in connection herewith on behalf of such Credit Party.

(iii) a certificate of a director or an officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate pursuant to subclause (ii) above.

(d) The Administrative Agent (or its counsel) shall have received executed copies of the Guarantee and of the Collateral Agreement, each executed by each Person which will be a Guarantor on the Closing Date.

(e) The Collateral Agent (or its counsel) shall have received:

(i) All documents and instruments, including Uniform Commercial Code or other applicable personal property and financing statements, reasonably requested by the Collateral Agent to create the Liens intended to be created by any Security Document and perfect such Liens to the extent required by, and with the priority required by, such Security Document shall have been delivered to the Collateral Agent for filing, registration or recording and none of the Collateral shall be subject to any other pledges, security interests or mortgages, except for Liens permitted under Section 10.2.

(ii) all certificates, if any, representing such securities pledged under the Collateral Agreement, accompanied by instruments of transfer and/or undated powers endorsed in blank for all Equity Interests of each Subsidiary directly owned by any Credit Party, in each case as of the Closing Date.

(f) On the Closing Date, the Administrative Agent shall have received a solvency certificate substantially in the form of Exhibit J hereto and signed by an Authorized Officer of the Borrower.

(g) The Administrative Agent shall have received at least three (3) Business Days prior to the Closing Date all documentation and other information required by regulatory authorities under applicable "know your customer" and anti- money laundering rules and regulations, including without limitation, the Patriot Act that has been requested not less than five (5) Business Days prior to the Closing Date.

(h) The Administrative Agent shall have received the Initial Reserve Reports in a form reasonably acceptable to the Administrative Agent along with a certificate from an Authorized Officer dated as of the Closing Date, certifying (i) the Initial Reserve Reports as being true and accurate in all material respects based upon the best information reasonably available as of the date of the report and (ii) the aggregate PV-8 of the Proved Developed Producing Reserves included in the Initial Reserve Reports (and identifying the aggregate PV-8 of the Proved Developed Producing Reserves included in the Initial Reserve Reports that were not acquired in the Acquisitions).

(i) The Administrative Agent shall have received (i) pro forma consolidated financial statements (to the extent available), lease operating statements, production volume (prepared on a monthly basis) and revenue information (prepared on a monthly basis) for the Borrower and its Subsidiaries for the fiscal quarter ended December 31, 2019 giving pro forma effect to the Transactions and a pro forma balance sheet of the Borrower and its subsidiaries as of the Closing Date giving pro forma effect to the Transactions (in each case, which need not be prepared in accordance with Regulation S-X under the Securities Act of 1933, as amended, and including other adjustments reasonably acceptable to the Administrative Agent) and (ii) projections prepared by management of balance sheets, income statements and cash flow statements of the Borrower and its subsidiaries, reflecting information on a quarterly basis for the first year after the Closing Date and annually thereafter for a period of five years in the aggregate (and which will not be materially inconsistent with information provided to the Administrative Agent or its Affiliates prior to May 19, 2020).

(j) The Administrative Agent shall have received appropriate UCC search certificates and other lien searches reflecting no prior Liens encumbering the properties of the Borrower and its Restricted Subsidiaries for each jurisdiction requested by the Administrative Agent (other than those being assigned or released on or prior to the Closing Date or Liens permitted by Section 10.2).

(k) The Administrative Agent shall have received promissory notes duly completed and executed for each Lender that has requested a promissory note at least one Business Day prior to the Closing Date.

(l) The Administrative Agent shall have received a Guarantee duly executed by each Subsidiary of Borrower in existence as of the Closing Date.

(m) The Administrative Agent shall have received Mortgages covering the Collateral Coverage Minimum duly executed and acknowledged by the applicable Credit Party, which shall include all of the Acquisition Properties. The Administrative Agent shall have received from the Borrower title opinions or other information in form and substance reasonably acceptable to the Administrative Agent demonstrating satisfactory title to at least 90% of the PV- 8 of the Credit Parties' total Proved Developed Producing Reserves, including all of the Acquisition Properties; *provided* that Borrower shall be deemed to have not provided information demonstrating satisfactory title for any Proved Developed Producing Reserves that are not Mortgaged Properties.

(n) The Administrative Agent shall have received a Notice of Borrowing as required by Section 2.3(a)(i).

(o) The Lenders and the Administrative Agent shall have received all fees required to be paid hereunder, to the extent invoiced in reasonable detail at least one (1) Business Day prior to the Closing Date (except as otherwise reasonably agreed by the Borrower), and all expenses for which invoices have been presented, on or before the Closing Date.

(p) The Lenders and the Administrative Agent shall have received all fees required to be paid as of the Closing Date under the Fee Letter or this Agreement

on or before the Closing Date.

(q) The Administrative Agent shall have received copies of insurance certificates evidencing the insurance required to be maintained by the Borrower and the Restricted Subsidiaries pursuant to Section 9.3.

(r) The Administrative Agent shall have received copies of all UCC-3s, mortgage releases, and other lien release documentation that will be delivered or filed in connection with the Acquisitions.

(s) The counterparty to all Hedge Agreements to which the Borrower is a party shall enter into an Intercreditor Agreement and become a Secured Hedge Counterparty.

(t) The Administrative Agent shall have received satisfactory pay-off letters for all existing Indebtedness required to be repaid which confirm that all Liens upon any of the property of the Credit Parties constituting Collateral will be terminated concurrently with such payment and all letters of credit issued or guaranteed as part of such Indebtedness shall have been cash-collateralized or supported by a Letter of Credit.

(u) After giving effect to the proposed Loan on the Closing Date, on a Pro Forma Basis, the sum of (i) Available Commitment *plus* (ii) the sum of the Unrestricted Cash of the Borrower and the Guarantors shall be greater than or equal to 15.00% of the initial Borrowing Base.

(v) To the extent that Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Administrative Agent shall have received a Beneficial Ownership Certification in relation to Borrower.

SECTION 7. CONDITIONS PRECEDENT TO ALL CREDIT EVENTS.

The agreement of each Lender to make any Loan requested to be made by it on any date (excluding Loans required to be made by the Lenders in respect of Unpaid Drawings pursuant to Sections 3.3 and 3.4), and the obligation of any Issuing Bank to issue Letters of Credit on any date, is subject to the satisfaction of the following conditions precedent:

(a) At the time of each such Credit Event and also after giving effect thereto, (a) no Default, Event of Default or Borrowing Base Deficiency shall have occurred and be continuing and (b) all representations and warranties made by any Credit Party contained herein or in the other Credit Documents shall be true and correct in all material respects (unless such representation or warranty contains a materiality qualifier in which case such representation or warranty shall be true and correct in all respects) with the same effect as though such representations and warranties had been made on and as of the date of such Credit Event (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (unless such representation or warranty contains a materiality qualifier in which case such representation or warranty shall be true and correct in all respects) as of such earlier date).

(b) (i) The Consolidated Cash Balance as of the day of the Notice of Borrowing and (ii) the pro forma Consolidated Cash Balance as of the end of the fifth Business Day after giving effect to such Credit Event and the application of the proceeds thereof may not exceed $20,000,000.

(c) Prior to the making of each Loan (other than any Loan made pursuant to Section 3.4(a)), the Administrative Agent shall have received a Notice of Borrowing (whether in writing or by telephone) meeting the requirements of Section 2.3(a).

(d) Prior to the issuance of each Letter of Credit, the Administrative Agent and the applicable Issuing Bank shall have received a Letter of Credit Application meeting the requirements of Section 3.2(a).

The acceptance of the benefits of each Credit Event after the Closing Date shall constitute a representation and warranty by each Credit Party to each of the Lenders that all the applicable conditions specified in Section 7 above have been satisfied as of that time.

SECTION 8. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Lenders to enter into this Agreement, to make the Loans and issue or participate in Letters of Credit as provided for herein, the Borrower makes, on the date of each Credit Event, the following representations and warranties to, and agreements with, the Lenders, all of which shall survive the execution and delivery of this Agreement and the making of the Loans and the issuance of the Letters of Credit:

8.1. Status. Each of the Borrower and each Restricted Subsidiary of the Borrower (a) is a duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact its business as now conducted and (b) has duly qualified and is authorized to do business and is in good standing (if applicable) in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

8.2. Power and Authority; Enforceability. Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each Credit Party has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

8.3. No Violation. None of the execution, delivery or performance by any Credit Party of the Credit Documents to which it is a party or the compliance with the terms and provisions thereof will contravene any Requirement of Law except to the extent such contravention would not reasonably be expected to result in a Material Adverse Effect, result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Credit Party or any of the Restricted Subsidiaries (other than Liens created under the Credit Documents and Liens permitted hereunder) pursuant to the terms of any indenture, loan agreement, lease agreement, mortgage, deed of trust, agreement or other instrument to which such Credit Party or any of the Restricted Subsidiaries is a party or by which it or any of its property or assets is bound (any such term, covenant, condition or provision, a "Contractual Requirement") except to the extent such breach, default or Lien that would not reasonably be expected to result in a Material Adverse Effect or violate any provision of the certificate of incorporation, by-laws or other organizational documents of such Credit Party or any of the Restricted Subsidiaries.

8.4. Litigation. Except as set forth on Schedule 8.4, there are no actions, suits or proceedings, pending or, to the knowledge of the Borrower, threatened in writing, with respect to the Borrower or any of its Restricted Subsidiaries or against any of their respective or revenues that either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

8.5. Margin Regulations. Neither the making of any Loan hereunder nor the use of the proceeds thereof will violate the provisions of Regulation T, Regulation U or Regulation X of the Board.

8.6. Governmental Approvals. The execution, delivery and performance of each Credit Document do not require any consent or approval of, registration or filing with, or other action by, any Governmental Authority, except for (a) such as have been obtained or made and are in full force and effect, (b) filings and recordings in respect of the Liens created pursuant to the Security Documents and (c) such consents, approvals, registrations, filings or actions the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect.

8.7. Investment Company Act. No Credit Party is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

8.8. True and Complete Disclosure.

(a) All written information (other than the Budget, estimates and information of a general economic nature or general industry nature) (the "Information") concerning the Borrower, the Subsidiaries, the Transactions and any other transactions contemplated hereby (as modified or supplemented by other information so furnished) or otherwise prepared by or on behalf of the foregoing or their representatives and made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby, when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made.

(b) Any financial statements that constitute Information were prepared in accordance with GAAP and fairly present the financial condition of the Borrower and its Subsidiaries for the applicable time periods.

(c) The Budget and estimates and information of a general economic nature or general industry nature prepared by or on behalf of the Borrower or any of its representatives and that have been made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date thereof (it being understood that actual results may vary materially from the Budget), as of the date such Budget and estimates were furnished to the Lenders and (with respect to any such Budget provided prior to the Closing Date) as of the Closing Date.

8.9. Tax Matters. Except as would not reasonably be expected to result in a Material Adverse Effect, (a) each of the Borrower and the Subsidiaries has filed all Tax returns, domestic and foreign, required to be filed by it (including in its capacity as withholding agent) and has paid all Taxes payable by it that have become due, other than those (i) not yet delinquent or (ii) being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided to the extent required by and in accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) and (b) the Borrower and each of the Subsidiaries have provided adequate reserves in accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) for all Taxes of the Borrower and the Subsidiaries not yet due and payable.

8.10. Compliance with Laws and Agreements; No Defaults. Each of the Borrower and its Restricted Subsidiaries are in compliance with Section 9.6. No Default has occurred and is continuing.

8.11. Restriction on Liens. The Borrower and its Restricted Subsidiaries are in compliance with Section 10.8.

8.12. Compliance with ERISA.

(a) Except to the extent that a breach of any of the representations or warranties in this Section 8.12(a) would not result, individually or in the aggregate, in an amount of liability that would be reasonably likely to have a Material Adverse Effect: (i) Each Plan is in compliance with ERISA, the Code and any applicable Requirement of Law; (ii) no Reportable Event has occurred (or is reasonably likely to occur) with respect to any Plan; (iii) no written notice has been given to the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate that a Multiemployer Plan is in insolvency pursuant to Section 4245 of ERISA or that it is in endangered, critical or critical and endangered status pursuant to Section 305 of ERISA; (iv) each Plan has satisfied the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, and there has been no determination that any such Plan is, or is expected to be, in "at risk" status (within the meaning of Section 303(i)(4) of ERISA); (v) none of the Borrower or any ERISA Affiliate has incurred (or is reasonably likely to incur) any liability to or on account of a Plan or Multiemployer Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204, or 4212(c) of ERISA or Section 4971 or 4975 of the Code nor has the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate, been notified in writing that it will incur any liability under any of the foregoing Sections with respect to any Plan or Multiemployer Plan; (vi) no proceedings have been instituted to terminate or to reorganize any Plan or Multiemployer Plan or to appoint a trustee to administer any Plan or Multiemployer Plan, and no written notice of any such proceedings has been given to the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate; (vii) neither the Borrower nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (viii) and no lien imposed under the Code or ERISA on the assets of the Borrower or any ERISA Affiliate exists (or is reasonably likely to exist) nor has the Borrower or, to the knowledge of the Borrower, any ERISA Affiliate been notified in writing that such a lien will be imposed on the assets of the Borrower or any ERISA Affiliate on account of any Plan or Multiemployer Plan. No Plan has an Unfunded Current Liability that would, individually or when taken together with any other liabilities referenced in this Section 8.12(a), be reasonably likely to have a Material Adverse Effect. With respect to Multiemployer Plans, the representations and warranties in this Section 8.12(a), other than any made with respect to liability under Section 4201 or 4204 of ERISA, are made to the knowledge of the Borrower.

(b) Based upon GAAP existing as of the date of this Agreement and current factual circumstances, Borrower has no reason to believe that the annual cost during the term of this Agreement to Borrower for post-retirement benefits to be provided to the current and former employees of Borrower under any welfare benefit plan, as defined in Section 3(1) of ERISA, could, in the aggregate, reasonably be expected to likely to result in a Material Adverse Effect.

(c) All Foreign Plans are in compliance with, and have been established, administered and operated in accordance with, the terms of such Foreign Plans and applicable law, except for any failure to so comply, establish, administer or operate the Foreign Plans as would not reasonably be expected to have a Material Adverse Effect. All contributions or other payments which are due with respect to each Foreign Plan have been made in full and there are no funding deficiencies thereunder, except to the extent any such events would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

8.13. Subsidiaries. There are no Subsidiaries of the Borrower existing on the Closing Date other than those set forth on Schedule 8.13.

8.14. Intellectual Property. The Borrower and each of the Restricted Subsidiaries own or have obtained valid rights to use all intellectual property, free from any burdensome restrictions, that is necessary for the operation of their respective businesses as currently conducted and as proposed to be conducted, except where the failure to obtain any such rights would not reasonably be expected to have a Material Adverse Effect. The operation of the respective businesses of the Borrower and each of the Restricted Subsidiaries, as currently conducted and as proposed to be conducted, do not infringe, misappropriate, violate or otherwise conflict with the proprietary rights of any third party have obtained all intellectual property, except as would not reasonably be expected to have a Material Adverse Effect.

8.15. Environmental Laws. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) (i) the Borrower and each of the Subsidiaries and all Oil and Gas Properties are in compliance with all Environmental Laws; (ii) neither the Borrower nor any Subsidiary has received written notice of any Environmental Claim or any other liability under any Environmental Law; (iii) neither the Borrower nor any Subsidiary is conducting any investigation, removal, remedial or other corrective action that is required pursuant to any Environmental Law at any location; and (iv) there are no Environmental Claims pending or, to the knowledge of the Borrower, threatened with respect to the Borrower or any of its Restricted Subsidiaries.

(b) Neither the Borrower nor any of the Subsidiaries has treated, stored, transported, released or disposed or arranged for disposal or transport for disposal of Hazardous Materials at, on, under or from any currently or formerly owned or leased Oil and Gas Properties or facility in a manner that would reasonably be expected to give rise to liability of the Borrower or any Subsidiary under Environmental Law.

8.16. Properties.

(a) Each Credit Party has good and defensible title to the Borrowing Base Properties evaluated in the most recently delivered Reserve Report (other than those (i) disposed of in compliance with Section 10.4 since delivery of such Reserve Report, (ii) leases that have expired in accordance with their terms following the date of the delivery of such Reserve Report and (iii) with title defects disclosed in writing to the Administrative Agent prior to the delivery of such Reserve Report), and valid title to all its material personal properties, in each case, free and clear of all Liens other than Liens permitted by Section 10.2. After giving full effect to the Liens permitted by Section 10.2, the Borrower or the Restricted Subsidiary specified as the owner owns the working interests and net revenue interests attributable to the Hydrocarbon Interests as reflected in the most recently delivered Reserve Report, and the ownership of such properties shall not in any material respect obligate the Borrower or such Restricted Subsidiary 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 the Borrower's or such Restricted Subsidiary's net revenue interest in such property.

(b) All material leases and agreements necessary for the conduct of the business of the Borrower and the Restricted Subsidiaries are valid and subsisting, in full force and effect, except to the extent that any such failure to be valid or subsisting would not 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 respective businesses as currently conducted, except to the extent any failure to have any such rights or properties would not reasonably be expected to have a Material Adverse Effect.

(d) All of the properties of the Borrower and the Restricted Subsidiaries that are reasonably necessary for the operation of their businesses are in good working condition and are maintained in accordance with prudent business standards, except to the extent any failure to satisfy the foregoing would reasonably be expected to have a Material Adverse Effect.

8.17. Solvency. After giving pro forma effect to the consummation of each Transaction (including the execution and delivery of this Agreement, the expected making of each Loan and the use of proceeds of each Loan), the Borrower and its Restricted Subsidiaries are, on a consolidated basis, Solvent.

8.18. Insurance. The properties of the Borrower and the Restricted Subsidiaries are insured in the manner contemplated by Section 9.3.

8.19. Gas Imbalances, Prepayments. Except as set forth on Schedule 8.19, on a net basis, there are no gas imbalances, take or pay or other prepayments (including Production Payments and Reserve Sales) exceeding 1.0 Bcfe of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or promptly thereafter receiving full payment therefor.

8.20. Marketing of Production. On the Closing Date, except as set forth on Schedule 8.20, no material agreements exist (which are not cancelable on 60 days' notice or less without penalty or detriment) for the sale of production of the Credit Parties' Hydrocarbons at a fixed non- index price (including calls on, or other rights to purchase, production, whether or not the same are currently being exercised) that (a) represent in respect of such agreements 2.5% or more of the Borrower's average monthly production of Hydrocarbon volumes and (b) have a maturity or expiry date of longer than six months from the Closing Date.

8.21. Hedge Agreements. Schedule 8.21 sets forth, as of the Closing Date (or as the same may be updated on or prior to the Closing Date), a true and complete list of all material commodity Hedge Agreements of each Credit Party, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark to market value thereof (as of the last Business Day of the most recent fiscal quarter preceding the Closing Date and for which a mark to market value is reasonably available), all credit support agreements relating thereto (including any margin required or supplied) and the counterparty to each such agreement.

8.22. Sanctions.

(a) Each Credit Party is in compliance in all material respects with the material provisions of the Patriot Act, and the Borrower has provided to the Administrative Agent all information related to the Credit Parties (including but not limited to names, addresses and tax identification numbers (if applicable)) reasonably requested in writing by the Administrative Agent and mutually agreed to be required by the Patriot Act to be obtained by the Administrative Agent or any Lender.

(b) None of the Borrower or any of its Subsidiaries nor, to the knowledge of Borrower, any director, officer, agent, employee or Affiliate of the Borrower or any of the Restricted Subsidiaries (i) is engaged, directly or indirectly, in any activity which is prohibited by any Sanctions, including any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department or (ii) is a Sanctioned Person or currently the subject or target of any Sanctions.

8.23. No Material Adverse Effect. There has been no event or circumstance that has had or would reasonably be expected to have a Material Adverse Effect since the date of the Borrower's pro forma financial statements delivered to Administrative Agent prior to the Closing Date.

8.24. Foreign Corrupt Practices Act. None of the Borrower or any of the Restricted Subsidiaries, nor, to the knowledge of the Borrower or any of the Restricted Subsidiaries, or any of their directors, officers, agents or employees has (i) used any corporate funds or proceeds of any Loan for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) made any direct or indirect unlawful payment to any government official or employee from corporate funds or proceeds of any Loan, (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977 or the Bribery Act 2010 of the United Kingdom or similar law of the European Union or any European Union Member State or similar law of a jurisdiction in which the Borrower or any of the Restricted Subsidiaries conduct their business and to which they are lawfully subject, or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

8.25. EEA Financial Institutions. No Credit Party is an EEA Financial Institution.

SECTION 9. AFFIRMATIVE COVENANTS

The Borrower hereby covenants and agrees that on the Closing Date and thereafter, until the Total Commitment and each Letter of Credit have terminated (unless such Letters of Credit have been collateralized on terms and conditions reasonably satisfactory to each applicable Issuing Bank following the termination of the Total Commitment) and the Loans and Unpaid Drawings, together with interest, fees and all other Obligations incurred hereunder (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable), are paid in full:

9.1. Information Covenants. The Borrower will furnish (or in the case of Section 9.1(k), use commercially reasonable efforts to prepare and furnish) to the Administrative Agent (which shall promptly make such information available to the Lenders in accordance with its customary practice):

(a) Annual Financial Statements. Within 120 days after the end of each such fiscal year, beginning with the fiscal year ending December 31, 2020, 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 the related consolidated statements of income, operations, shareholders' equity and cash flows for such fiscal year, setting forth comparative consolidated figures for the preceding fiscal years prepared in accordance with GAAP, and, except with respect to such reconciliation, certified by independent certified public accountants of recognized national standing whose opinion shall not be materially qualified with a "going concern" or like qualification or exception (other than with respect to, or resulting from, (x) the occurrence of the Maturity Date within one year from the date such opinion is delivered or (y) any potential inability to satisfy the Financial Performance Covenants on a future date or in a future period).

Notwithstanding the foregoing, the obligations in this Section 9.1(a) may be satisfied with respect to financial information of the Borrower and its consolidated Subsidiaries by furnishing (A) the applicable financial statements of the Parent or any other direct or indirect parent of the Borrower or (B) the Parent's or Borrower's (or any direct or indirect parent thereof), as applicable, Form 10- K filed with the SEC; provided that, with respect to each of clauses (A) and (B), (i) to the extent such information relates to the Parent or another parent of the Borrower, such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent and its consolidated Subsidiaries, on the one hand, and the information relating to the Borrower and its consolidated Subsidiaries and the Borrower and its consolidated Restricted Subsidiaries on a standalone basis, on the other hand and (ii) to the extent such information is in lieu of information required to be provided under the first sentence of this Section 9.1(a), such materials are accompanied by an opinion of an independent registered public accounting firm of recognized national standing, which opinion shall not be materially qualified with a "going concern" or like qualification or exception (other than with respect to, or resulting from, (x) the occurrence of the Maturity Date within one year from the date such opinion is delivered or (y) any potential inability to satisfy the Financial Performance Covenants on a future date or in a future period).

(b) Quarterly Financial Statements. Within 60 days after the end of each of the first three quarterly accounting periods in each fiscal year of the Borrower, the 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 quarterly period and the related consolidated statements of income, operations, shareholders' equity and cash flows for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and setting forth comparative consolidated figures for the related periods in the prior fiscal year or, in the case of such consolidated balance sheet, for the last day of the prior fiscal year (or, in lieu of such unaudited financial statements of the Borrower and the Restricted Subsidiaries, a reconciliation reflecting such financial information for the Borrower and the Restricted Subsidiaries, on the one hand, and the Borrower and the Subsidiaries, on the other hand, reflecting adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements), all of which shall be certified by a Financial Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows, of the Borrower and its consolidated Subsidiaries in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments and the absence of footnotes.

Notwithstanding the foregoing, the obligations in this Section9.1(b) may be satisfied with respect to financial information of the Borrower and its consolidated Subsidiaries by furnishing (A) the applicable financial statements of the Parent or any other direct or indirect parent of the Borrower or (B) the Parent's or the Borrower's (or any direct or indirect parent thereof), as applicable, Form 10-Q filed with the SEC; *provided* that, with respect to each of clauses (A) and (B), to the extent such information relates to the Parent or another parent of the Borrower, such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent and its consolidated Subsidiaries, on the one hand, and the information relating to the Borrower and its consolidated Subsidiaries and the Borrower and its consolidated Restricted Subsidiaries on a standalone basis, on the other.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of a Financial Officer of the Borrower substantially in the form of Exhibit F to the effect that no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof, which certificate shall set forth (i) the calculations required to establish whether the Borrower and its Restricted Subsidiaries were in compliance with the Financial Performance Covenants as at the end of such fiscal year or period, as the case may be, and (ii) a specification of any change in the identity of the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries as at the end of such fiscal year or period, as the case may be, from the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries, respectively, provided to the Lenders on the Closing Date or the most recent fiscal year or period, as the case may be.

(d) Notice of Default; Litigation. Promptly after an Authorized Officer of the Borrower, the Parent, the Borrower or any of the Restricted Subsidiaries obtains actual knowledge thereof, notice of (i) the occurrence of any Default or Event of Default, which notice shall specify the nature thereof, the period of existence thereof

and what action the Borrower proposes to take with respect thereto, (ii) any litigation or governmental proceeding pending against the Borrower or any of the Subsidiaries that if determined adversely and, if so determined, would reasonably be expected to result in a Material Adverse Effect and (iii) the occurrence of any event that has occurred and resulted in a Material Adverse Effect.

(e) Environmental Matters. Promptly after obtaining actual knowledge of any one or more of the following environmental matters, unless such environmental matters would not, individually, or when aggregated with all other such environmental matters, be reasonably expected to result in a Material Adverse Effect, notice of:

(i) any pending or threatened (in writing) Environmental Claim against any Credit Party or any Oil and Gas Properties;

(ii) any condition or occurrence on any Oil and Gas Properties that (A) would reasonably be expected to result in noncompliance by any Credit Party with any applicable Environmental Law or (B) would reasonably be anticipated to form the basis of an Environmental Claim against any Credit Party or any Oil and Gas Properties;

(iii) any condition or occurrence on any Oil and Gas Properties that would reasonably be anticipated to cause such Oil and Gas Properties to be subject to any restrictions on the ownership, occupancy, use or transferability of such Oil and Gas Properties under any Environmental Law; and

(iv) the conduct of any investigation, or any removal, remedial or other corrective action in response to the actual or alleged presence, release or threatened release of any Hazardous Material on, at, under or from any Oil and Gas Properties.

All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and the response thereto.

(f) Other Information. (i) Promptly upon filing thereof, copies of any filings (including on Form 10-K, 10-Q or 8-K) or registration statements with, and reports to, the SEC or any analogous Governmental Authority in any relevant jurisdiction by the Borrower or any of the Subsidiaries (other than amendments to any registration statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Administrative Agent), exhibits to any registration statement and, if applicable, any registration statements on Form S-8), (ii) copies of all financial statements, proxy statements, notices and reports that the Borrower or any of the Subsidiaries shall send to the holders of any publicly issued debt of the Borrower and/or any of the Subsidiaries, in each case in their capacity as such holders, lenders or agents (in each case to the extent not theretofore delivered to the Administrative Agent pursuant to this Agreement) (iii) promptly after the furnishing thereof, copies of any financial statement, report or notice furnished by or on behalf of any of the Credit Parties to the Board of Directors by any of the Credit Parties, (iv) promptly after the furnishing thereof, copies of any financial statement, report or notice furnished to or by any Person pursuant to the terms of any organizational documents as well as preferred stock designation, indenture, loan or credit or other similar agreement with respect to Material Indebtedness, other than this Agreement and (v) with reasonable promptness, but subject to the limitations set forth in the last sentences of Section 9.2(a) and Section 13.16, such other information regarding the operations, business affairs and the financial condition of the Borrower or the Restricted Subsidiaries as the Administrative Agent on its own behalf or on behalf of any Lender (acting through the Administrative Agent) may reasonably request in writing from time to time.

(g) Certificate of Authorized Officer – Hedge Agreements. Concurrently with any delivery of (i) each Reserve Report and (ii) the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of an Authorized Officer, setting forth as of the date of such Reserve Report or last Business Day of such fiscal year or period, as applicable, a true and complete list of all Hedge Agreements of the Borrower and each Credit Party, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes by month), the net mark-to-market value thereof (as of the last Business Day of such fiscal year or period, as applicable and for which a mark-to- market value is reasonably available), the Borrower's compliance with Section 10.9, a statement of forecasted production for the sixty month period beginning with the first day of the month in which such certificate is delivered any new credit support agreements relating thereto not listed on Schedule 8.21 or on any previously delivered certificate delivered pursuant to this clause (g), any margin required or supplied under any credit support document and the counterparty to each such agreement.

(h) Certificate of Authorized Officer – Gas Imbalances. Concurrently with any delivery of each Reserve Report, a certificate of an Authorized Officer, certifying that as of the last Business Day of the most recently ended fiscal year or period, as applicable, except as specified in such certificate, on a net basis, there are no gas imbalances, take or pay or other prepayments exceeding 1.0 Bcfe of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor.

(i) Certificate of Authorized Officer – Production Report and Lease Operating Statement. Concurrently with any delivery of (i) each Reserve Report and (ii) the financial statements provided for in Section 9.1(a) and Section 9.1(b), a certificate of an Authorized Officer, setting forth, for each calendar month during the then current fiscal year to date, the volume of production of Hydrocarbons and sales attributable to production of Hydrocarbons (and the prices at which such sales were made and the revenues derived from such sales) for each such calendar month from the Borrowing Base Properties, and setting forth the related ad valorem, severance and production Taxes and lease operating expenses attributable thereto for each such calendar month.

(j) Lists of Purchasers. At the time of the delivery of the financial statements provided for in Section 9.1(a), a certificate of an Authorized Officer setting forth a list of Persons purchasing Hydrocarbons from the Borrower or any other Credit Party who collectively account for at least 80% of the revenues resulting from the sale of all Hydrocarbons from the Borrower and such other Credit Parties during the fiscal year for which such financial statements relate.

(k) Budget. Within 60 days after the end of each fiscal year (beginning with the fiscal year ending on or about December 31, 2020) of the Borrower or, if not delivered by the Borrower and requested in writing by the Administrative Agent and any Lender, as soon thereafter as is commercially reasonable, a reasonably detailed consolidated budget for the fiscal year following the fiscal year that has most recently ended as customarily prepared by management of the Borrower (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected cash flow and projected income and a summary of the material underlying assumptions applicable thereto) (collectively, the "Budget"), which Budget shall in each case be accompanied by a certificate of an Authorized Officer stating that such Budget has been prepared in good faith on the basis of the assumptions stated therein, which assumptions were believed to be reasonable at the time of preparation of such Budget, it being understood that actual results may vary from such Budget.

It is understood that documents required to be delivered pursuant to Section 9.1(a), Section 9.1(b) and Section 9.1(f) may be delivered electronically and if so delivered, 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 listed on Schedule 13.2 (if any) or (ii) on which such documents are transmitted by electronic mail to the Administrative Agent; provided that: (i) upon written request by the Administrative Agent, the Borrower shall deliver paper copies of such documents delivered pursuant to Sections 9.1(a), 9.1(b), 9.1(c) and 9.1(f) to the Administrative Agent until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents.

9.2. Books, Records and Inspections.

(a) The Borrower will, and will cause each Restricted Subsidiary to, permit officers and designated representatives of the Administrative Agent or officers and designated representatives of the Majority Lenders (as accompanied by the Administrative Agent), to visit and inspect any of its properties and to examine the financial or operating records of the Borrower and any such Restricted Subsidiary and discuss the affairs, finances, accounts and condition of the Borrower or any such Restricted Subsidiary with its and their officers and independent accountants therefor, in each case of the foregoing upon reasonable advance notice to the Borrower, all at such reasonable times and intervals during normal business hours and to such reasonable extent as the Administrative Agent or the Majority Lenders may desire (and subject, in the case of any such meetings or advice from such independent accountants, to such accountants' customary policies and procedures); provided that, excluding any such visits and inspections during the continuation of an Event of Default (i) only the Administrative Agent on behalf of the Majority Lenders may exercise rights of the Administrative Agent and the Lenders under this Section 9.2, and (ii) only one such visit per fiscal year shall be at the Borrower's expense;*provided*, *further*, that when an Event of Default exists, the Administrative Agent (or any of its representatives or independent contractors) or any representative of the Majority Lenders may do any of the foregoing at the expense of the Borrower at any time during normal business hours and upon reasonable advance notice. The Administrative Agent and the Majority Lenders shall give the Borrower the opportunity to participate in any discussions with the Borrower's independent public accountants. Notwithstanding anything to the contrary in Section 9.1(f)(iii) or this Section 9.2, neither the Borrower nor any Restricted Subsidiary will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by any Requirement of Law or any binding agreement or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product.

(b) The Borrower will, and will cause each of the Restricted Subsidiaries to, maintain financial records in accordance with GAAP.

9.3. Maintenance of Insurance. The Borrower will, and will cause each Restricted Subsidiary to, at all times maintain in full force and effect, with insurance companies that the Borrower believes (in the good faith judgment of the management of the Borrower) are financially sound and reputable at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as the Borrower believes (in the good faith judgment of management of the Borrower) is reasonable and prudent in light of the size and nature of its business; and will furnish to the Administrative Agent, upon written request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried. The Secured Parties shall be the additional insureds on any such liability insurance as their interests may appear, the Collateral Agent shall be the loss payee under any property insurance; *provided* that, so long as no Event of Default has occurred and is then continuing, the Secured Parties will provide any proceeds of such property insurance received by them to the Borrower.

9.4. Payment of Taxes. The Borrower shall, and shall cause each Restricted Subsidiary to, pay, discharge or otherwise satisfy its obligations in respect of all material obligations and all material Tax liabilities, assessments and governmental charges, before the same shall become delinquent or in default, except where (a) the amount or validity thereof is being contested in good faith by appropriate proceedings and the Borrower or a Subsidiary thereof has set aside on its books adequate reserves therefor in accordance with GAAP (or in the case of a Foreign Subsidiary, the comparable accounting principles in the relevant jurisdiction) or (b) the failure to make payment could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

9.5. Consolidated Corporate Franchises. The Borrower will do, and will cause each Restricted Subsidiary to do, or cause to be done, all things necessary to preserve and keep in full force and effect its existence, corporate rights and authority, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect; *provided*, however, that the Borrower and its Restricted Subsidiaries may consummate any transaction permitted under Sections 10.3, 10.4 or 10.5.

9.6. Compliance with Statutes, Regulations, Etc. The Borrower will, and will cause each Restricted Subsidiary to, comply with (a) all Requirements of Law, including all governmental approvals or authorizations required to conduct its business, and to maintain all such governmental approvals or authorizations in full force and effect and (b) all agreements to which Borrower or any Restricted Subsidiary is a party, in each case except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

9.7. ERISA

(a) Promptly, and in any event within 10 business days, after the Borrower knows of the occurrence of any of the following events that, individually or in the aggregate (including in the aggregate such events previously disclosed or exempt from disclosure hereunder, to the extent the liability therefor remains outstanding), would be reasonably likely to have a Material Adverse Effect, the Borrower will deliver to the Administrative Agent a certificate of an Authorized Officer setting forth details as to such occurrence and the action, if any, that the Borrower or the applicable ERISA Affiliate is required or proposes to take, together with any notices (required, proposed or otherwise) given to or filed with or by the Borrower, such ERISA Affiliate, the PBGC, a Plan participant (other than notices relating to an individual participant's benefits) or the Plan administrator with respect thereto: (i) that a Reportable Event has occurred with respect to any Plan; that a failure to meet the minimum funding standard of Section 412 of the Code with respect to any Plan has occurred; (ii) that a Plan having an Unfunded Current Liability has been or is to be terminated, or a Multiemployer Plan is to be partitioned or declared insolvent, under Title IV of ERISA (including the giving of written notice thereof); (iii) that a Plan has an Unfunded Current Liability that has or will result in a lien under ERISA or the Code; that proceedings will be or have been instituted to terminate a Plan having an Unfunded Current Liability (including the giving of written notice thereof); (iv) that a proceeding has been instituted against the Borrower or an ERISA Affiliate pursuant to Section 515 of ERISA to collect a delinquent contribution to a Multiemployer Plan; (v) that the PBGC has notified the Borrower or any ERISA Affiliate of its intention to appoint a trustee to administer any Plan or Multiemployer Plan; (vi) that a Plan has been amended such that, pursuant to Section 401(a)(29) of the Code or Section 436 of the Code, the amendment would result in the loss of tax-exempt status of the trust of which such Plan is a part if Borrower or an ERISA Affiliate fails to timely provide security to the Plan in accordance with the provisions of such sections of the Code; (vii) that the Borrower or any ERISA Affiliate has failed to make a required installment or other payment pursuant to Section 412 of the Code with respect to a Plan; or (viii) that the Borrower or any ERISA Affiliate has incurred or will incur (or has been notified in writing that it will incur) any liability (including any contingent or secondary liability) to or on account of a Plan or Multiemployer Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204, or 4212(c) of ERISA or Section 4971 or 4975 of the Code.

(b) Promptly following any request therefor by the Administrative Agent, the Borrower will deliver to the Administrative Agent copies of (i) any documents described in Section 101(k) of ERISA that the Borrower or an ERISA Affiliate may request with respect to any Multiemployer Plan to which the Borrower or an ERISA Affiliate is obligated to contribute and (ii) any notices described in Section 101(l) of ERISA that the Borrower may request with respect to any Multiemployer Plan to which the Borrower or an ERISA Affiliate is obligated to contribute; *provided* that if the Borrower or an ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, the Borrower shall promptly, following a request from the Administrative Agent, make a request or require that the applicable ERISA Affiliate make such request, for such documents or notices from such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof.

9.8. Maintenance of Properties. The Borrower will, and will cause each of the Restricted Subsidiaries to, except in each case, where the failure to so comply would not reasonably be expected to result in a Material Adverse Effect (it being understood that this Section 9.8 shall not restrict any transaction otherwise permitted by Section 10.3, 10.4 or 10.5):

(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 compliance with all applicable Contractual Requirements and all applicable Requirements of Law, including applicable proration requirements and Environmental Laws;

(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, working order and efficiency (ordinary wear and tear excepted) all of its material Oil and Gas Properties and other material properties, including all equipment, machinery and facilities;

(c) 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 the Borrowing Base Properties and do all other things necessary to keep unimpaired its rights with respect thereto and prevent any forfeiture thereof or default thereunder; and

(d) to the extent a Credit Party is not the operator of any property, the Borrower shall use commercially reasonable efforts to cause the operator to comply with this Section 9.8.

9.9. End of Fiscal Years; Fiscal Quarters; Pro Forma Financial Information. The Borrower will, for financial reporting purposes, cause each of its, and each of its Restricted Subsidiaries', fiscal years and fiscal quarters to end on dates consistent with past practice; provided, however, that the Borrower may, upon written notice to the Administrative Agent change the financial reporting convention specified above to any other financial reporting convention reasonably acceptable to the Administrative Agent, in which case the Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary in order to reflect such change in financial reporting. "Pro forma" calculations made pursuant to the definition of the term "Pro Forma Basis" shall be determined in good faith and certified by a Financial Officer of the Borrower.

9.10. Additional Guarantors, Grantors and Collateral.

(a) Subject to any applicable limitations set forth in the Guarantee or the Security Documents, the Borrower will cause (i) any direct or indirect Domestic Subsidiary (other than any Excluded Subsidiary) formed or otherwise purchased or acquired after the Closing Date (including pursuant to a Permitted Acquisition) and (ii) any Domestic Subsidiary of the Borrower that ceases to be an Excluded Subsidiary, in each case within 30 days from the date of such formation, acquisition or cessation, as applicable (or such longer period as the Administrative Agent may agree in its reasonable discretion) to execute (A) a supplement to the Guarantee, substantially in the form of Exhibit A thereto, in order to become a Guarantor, and (B) a supplement to the Collateral Agreement, substantially in the form ofExhibit A thereto, in order to become a grantor and a pledgor thereunder.

(b) Subject to any applicable limitations set forth in the Collateral Agreement, the Borrower will pledge, and, if applicable, will cause each Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)) to pledge, to the Collateral Agent, for the benefit of the Secured Parties, (i) all of the Equity Interests (other than any Excluded Equity Interests) of each Subsidiary directly owned by the Borrower or any Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)), in each case, formed or otherwise purchased or acquired after the Closing Date, pursuant to supplements to the Collateral Agreement substantially in the form of Exhibit A thereto and, (ii) except with respect to intercompany Indebtedness, all evidences of Indebtedness for borrowed money in a principal amount in excess of $5,000,000 (individually) that is owing to the Borrower or any Guarantor (or Person required to become a Guarantor pursuant to Section 9.10(a)) (which shall be evidenced by a promissory note), in each case pursuant to supplements to the Collateral Agreement substantially in the form of Exhibit A thereto.

(c) In connection with each redetermination (but not any adjustment) of the Borrowing Base, the Borrower shall review the applicable Reserve Report, if any, and the list of current Mortgaged Properties (as described in Section 9.10(c)), to ascertain whether the PV-8 of the Mortgaged Properties (calculated at the time of redetermination) meets the Collateral Coverage Minimum after giving effect to exploration and production activities, acquisitions, Dispositions and production. In the event that the PV-8 of the Mortgaged Properties (calculated at the time of redetermination) does not meet the Collateral Coverage Minimum, then the Borrower shall, and shall cause its Credit Parties to, grant, within 30 days of delivery of the certificate required under Section 9.13(c) (or such longer period as the Administrative Agent may agree in its reasonable discretion), to the Collateral Agent as security for the Obligations a first-priority Lien interest (subject to Liens permitted by Section 10.2(a) and 10.2(b)) on additional Oil and Gas Properties not already subject to a Lien of the Security Documents such that, after giving effect thereto, the PV-8 of the Mortgaged Properties (calculated at the time of redetermination) meets the Collateral Coverage Minimum. All such Liens will be created and perfected by and in accordance with the provisions of the Security Documents, including, if applicable, any additional Mortgages. In order to comply with the foregoing, if any Restricted Subsidiary places a Lien on its property and such Subsidiary is not a Guarantor, then it shall become a Guarantor and comply with the provisions of Sections 9.10(a) and 9.10(b).

9.11. Use of Proceeds. The Borrower will use the proceeds of the Closing Date Loans on the Closing Date to consummate the Transactions and the payment of Transaction Expenses. Following the Closing Date, the Borrower will use the proceeds of Loans for the acquisition, development and exploration of Oil and Gas Properties and for working capital and other general corporate purposes of the Borrower and its Subsidiaries (including Permitted Acquisitions).

9.12. Further Assurances.

(a) Subject to the applicable limitations set forth in the Security Documents, unless otherwise provided hereunder, the Borrower will, and will cause each other Credit Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture, filings,assignments of as-extracted collateral arising from the Borrowing Base Properties, mortgages, deeds of trust and other documents) that the Collateral Agent or the Required Lenders may reasonably request, in order to grant, preserve, protect and perfect the validity and priority of the security interests created or intended to be created by the applicable Security Documents, all at the expense of the Borrower and the Restricted Subsidiaries.

(b) Notwithstanding anything herein to the contrary, if the Collateral Agent and the Borrower reasonably determine in writing that the cost of creating or perfecting any Lien on any property is excessive in relation to the benefits afforded to the Lenders thereby, then such property may be excluded from the Collateral for all purposes of the Credit Documents. In addition, notwithstanding anything to the contrary in this Agreement, the Collateral Agreement, or any other Credit Document, (i) the Administrative Agent may grant extensions of time for or waivers of the requirements of the creation or perfection of security interests in or the obtaining of title information or legal opinions with respect to particular assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Credit Parties on such date) where it reasonably determines, in consultation with the Borrower, that perfection or obtaining of such items is not required by law or cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the other Credit Documents, (ii) Liens required to be granted from time to time pursuant to this Agreement and the Security Documents shall be subject to exceptions and limitations set forth in the Security Documents and, to the extent appropriate in any applicable jurisdiction, as otherwise agreed between the Administrative Agent and the Borrower and (iii) the Administrative Agent and the Borrower may make such modifications to the Security Documents, and execute and/or consent to such easements, covenants, rights of way or similar instruments (and Administrative Agent may agree to subordinate the lien of any mortgage to any such easement, covenant, right of way or similar instrument or record or may agree to recognize any tenant pursuant to an agreement in a form and substance reasonably acceptable to the Administrative Agent), as are reasonable or necessary and otherwise permitted by this Agreement and the other Credit Documents.

Notwithstanding the foregoing provisions of this Section 9.12 or anything in this Agreement or any other Credit Document to the contrary: (A) Liens required to be granted from time to time shall be subject to exceptions and limitations set forth in the Collateral Agreement and the other Credit Documents and, to the extent appropriate in any applicable jurisdictions, as agreed between the Administrative Agent and the Borrower and (B) the Collateral shall not include any Excluded Assets.

9.13. Reserve Reports.

(a) On or before March 1 and September 1 of each year, commencing September 1, 2020, the Borrower shall furnish to the Administrative Agent a Reserve Report evaluating, as of the immediately preceding January 1st and July 1st, the Proved Reserves and Proved Developed Reserves of the Borrower and the Credit Parties located within the geographic boundaries of the United States of America that the Borrower desires to have included in any calculation of the Borrowing Base. Each Reserve Report (i) as of January 1 shall be prepared by one or more Approved Petroleum Engineers and (ii) as of July 1 shall be prepared, at the sole election of the Borrower, (x) by one or more Approved Petroleum Engineers or (y) by or under the supervision of the engineers of the Borrower or a Restricted Subsidiary.

(b) In the event of an Interim Redetermination, the Borrower shall furnish to the Administrative Agent a Reserve Report prepared by one or more Approved Petroleum Engineers or prepared under the supervision of the engineers of the Borrower or a Restricted Subsidiary. For any Interim Redetermination pursuant to Section 2.14(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 30 days, in the case of any Interim Redetermination requested by the Borrower or 45 days, in the case of any Interim Redetermination requested by the Administrative Agent or the Lenders, following the receipt of such request.

(c) With the delivery of each Reserve Report, the Borrower shall provide to the Administrative Agent a Reserve Report Certificate from an Authorized Officer certifying that in all material respects:

(i) in the case of Reserve Reports prepared by or under the supervision of the engineers of the Borrower or a Restricted Subsidiary, such Reserve Report has been prepared, except as otherwise specified therein, in accordance with the procedures used in the immediately preceding January 1 Reserve Report or the Initial Reserve Reports, if no January 1 Reserve Report has been delivered;

(ii) the information contained in the Reserve Report and any other information delivered in connection therewith is true and correct in all material respects;

(iii) assuming that (which exception shall cease to apply upon the expiration of ten (10) Business Days following the Closing Date) any assignments made in connection with the Acquisitions have been recorded in the applicable County's recording offices, except as set forth in an exhibit to such certificate, the Borrower or another Credit Party has good and defensible title to the Borrowing Base Properties evaluated in such Reserve Report (other than those (x) Disposed of in compliance with Section 10.4 since delivery of such Reserve Report, and (y) with title defects disclosed in writing to the Administrative Agent on or prior to the delivery date thereof) and such Borrowing Base Properties are free of all Liens except for Liens permitted by Section 10.2;

(iv) except as set forth on an exhibit to such certificate, on a net basis there are no gas imbalances, take or pay or other prepayments in excess of the volume specified in Section 8.17 with respect to the Credit Parties' Oil and Gas Property evaluated in such Reserve Report that would require the Borrower or any other 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;

(v) none of the Borrowing Base Properties have been Disposed of since the date of the last Borrowing Base determination except those Borrowing Base Properties listed on such certificate as having been Disposed of; and

(vi) the certificate shall also attach, as schedules thereto, (A) a list of all Borrowing Base Properties evaluated by such Reserve Report that are Collateral and demonstrating that the PV-8 of the Collateral (calculated at the time of delivery of such Reserve Report) meets the Collateral Coverage Minimum and (B) a description of any minimum volume commitments or deficiency payment obligations estimated (calculated at the time of delivery of such Reserve Report and based upon the production forecasts therein) to be payable by any Credit Party pursuant to any gathering, processing or transportation agreement.

9.14. Title Information.

(a) In connection with the certificate required under Section 9.13, the Borrower will deliver, if reasonably requested by the Administrative Agent, title information, that is consistent with usual and customary standards for the geographic regions in which the Borrowing Base Properties are located and that is reasonably acceptable to the Administrative Agent covering Mortgaged Properties with a value of at least 90% of the PV-8 value of the total Proved Developed Producing Reserves included in such Reserve Report, it being understood that title information provided with respect to Proved Developed Producing Reserves that are not Mortgaged Properties shall not be considered "reasonably satisfactory."

(b) If the Borrower has provided title information for additional Proved Developed Reserves under Section 9.14(a) the Borrower shall, within sixty (60) days after notice from the Administrative Agent that title defects exist with respect to such additional Proved Developed Reserves, either (i) cure any such title defects raised by such information, (ii) substitute acceptable Mortgaged Properties with satisfactory title information having an equivalent value or (iii) deliver title information in form and substance 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 90% of the PV-8 value of the total Proved Developed Producing Reserves included in such Reserve Report

(c) If the Borrower fails to cure any title defect requested by the Administrative Agent to be cured within the 60-day period pursuant to Section 9.14(b) or the Borrower fails to comply with the requirements to provide acceptable title information covering at least 90% of the PV-8 value of the total Proved Developed Producing Reserves included in such Reserve Report, such failure shall not be a Default or an Event of Default, but instead the Administrative Agent and/or the Required Lenders 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 Lenders. Such remedy is to have the Administrative Agent declare that such unacceptable Mortgaged Property shall not count towards the 90% requirement, as the case may be, and the Administrative Agent may send a notice to the Borrower and the Lenders that the then outstanding Borrowing Base shall be reduced by an amount as determined by the Required Lenders to cause the Borrower to be in compliance with the requirement to provide acceptable title information as provided in Section 9.14(a). This new Borrowing Base shall become effective immediately after the Borrower's receipt of such notice and such redetermination shall not constitute an Interim Redetermination.

9.15. Environmental Matters.

(a) The Borrower will at its sole expense: (i) comply, and cause its properties and operations and each Subsidiary and each Subsidiary's properties and operations to comply, with all applicable Environmental Laws, to the extent the breach thereof could be reasonably expected to result in a Material Adverse Effect; (ii) not Release or threaten to Release, and cause each Subsidiary not to Release or threaten to Release, any Hazardous Material on, under, about or from any of the Borrower's or its Subsidiaries' properties or any other property offsite the property to the extent caused by the Borrower's or its Subsidiaries' operations except in compliance with applicable Environmental Laws, to the extent such Release or threatened Release could reasonably be expected to result in a Material Adverse Effect; (iii) obtain or file, and cause each Subsidiary to obtain or file, all Environmental Permits, if any, required under applicable Environmental Laws to be obtained or filed in connection with the Borrower's or its Subsidiaries' operation of their properties, to the extent such failure to obtain or file could reasonably be expected to result in a Material Adverse Effect; and (iv) commence and prosecute to completion, and cause each Subsidiary to commence and 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 to be completed by Borrower or any Subsidiary under applicable Environmental Laws because of or in connection with the actual or suspected past, present or future Release or threatened Release of any Hazardous Material on, under, about or from any of the Borrower's or its Subsidiaries' Properties, to the extent failure to do so could reasonably be expected to result in a Material Adverse Effect, in each such case in clauses (i) through (iv) above after giving effect to any insurance with respect thereto.

(b) In connection with any acquisition by any Credit Party of any Oil and Gas Property, other than an acquisition of additional interests in Oil and Gas Properties in which such Credit Party previously held an interest, to the extent any Credit Party obtains or is provided with same, the Borrower will, and will cause each other Credit Party to, promptly following any 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 as are reasonably requested by the Administrative Agent, the delivery of which will not violate any applicable confidentiality agreement entered into in good faith with an unaffiliated third party.

9.16. Commodity Exchange Act Keepwell Provisions. The Borrower hereby guarantees the payment and performance of all Obligations of each Credit Party (other than Borrower) and absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each Credit Party (other than the Borrower) in order for such Credit Party to honor its obligations under the Guarantee including obligations with respect to Hedge Agreements (provided, however, that the Borrower shall only be liable under this Section 9.16 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 9.16, or otherwise under this Agreement or any Credit Document, as it relates to such other Credit Parties, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of the Borrower under this Section 9.16 shall remain in full force and effect until all Obligations are paid in full to the Lenders, the Administrative Agent and all other Secured Parties, and all of the Commitments are terminated. The Borrower intends that this Section 9.16 constitute, and this Section 9.16 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.

9.17. Post-Closing Account Control Agreements. Beginning with the date that is thirty (30) days after the Closing Date (or such later date as may be agreed by the Administrative Agent), (a) each Credit Party shall maintain each deposit account of each Credit Party with a Lender or an Affiliate of a Lender and (b) each deposit account, securities account and commodity account of each Credit Party, shall be subject to an Account Control Agreement; provided, however, that no control agreement shall be required with respect to any Excluded Accounts and no Excluded Accounts shall be required to be maintained with a Lender or an Affiliate of a Lender.

9.18. Required Hedging. On or before the date that is (I) thirty (30) days after the Closing Date (or such later date as may be agreed by the Administrative Agent) and (II) the date that each Reserve Report is delivered pursuant to Section 9.13(a) (each such date, a "Hedging Test Date"), Borrower or other Credit Parties shall enter into Hedge Agreements with a Secured Hedge Counterparty the net notional volumes for which (when aggregated with other commodity Hedge Agreements then in effect, other than puts, floors and basis differential swaps on volumes already hedged pursuant to other Hedge Agreements) are at least, as of each Hedging Test Date, (a) 75% of the reasonably anticipated crude oil production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered pursuant to Section 9.13(a), as applicable) for any month during the 24-month period from the applicable Hedging Test Date, and (b) 50% of the reasonably anticipated natural gas production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered pursuant to Section 9.13(a), as applicable) for any month during the 24- month period from the applicable Hedging Test Date; provided that notwithstanding the foregoing the Borrower or other Credit Parties shall not be required to enter into Hedge Agreements pursuant to this Section 9.18 for any month after the Maturity Date.

SECTION 10. NEGATIVE COVENANTS.

The Borrower hereby covenants and agrees that on the Closing Date and thereafter, until the Total Commitment and each Letter of Credit have terminated (unless such Letters of Credit have been collateralized on terms and conditions reasonably satisfactory to the relevant Issuing Banks following the termination of the Total Commitment) and the Loans and Unpaid Drawings, together with interest, fees and all other Obligations incurred hereunder (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable), are paid in full:

10.1. Limitation on Indebtedness. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any

Indebtedness other than the following:

(a) Indebtedness arising under the Credit Documents;

(b) Indebtedness of (i) the Borrower or any Guarantor owing to the Borrower or any Subsidiary;*provided* that any such Indebtedness owing by a Credit Party to a Subsidiary that is not a Guarantor shall be evidenced by an intercompany note substantially in the form of Exhibit I or otherwise subject to subordination terms substantially identical to the subordination terms set forth in Exhibit I, in each case, to the extent permitted by Requirements of Law and not giving rise to material adverse Tax consequences, (ii) any Subsidiary that is not a Guarantor owing to any other Subsidiary that is not a Guarantor and (iii) to the extent permitted by Section 10.5, any Subsidiary that is not a Guarantor owing to the Borrower or any Guarantor;

(c) Indebtedness in respect of any bankers' acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business or consistent with past practice or industry practice (including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims);

(d) subject to compliance with Section 10.5, Guarantee Obligations incurred by (i) Restricted Subsidiaries in respect of Indebtedness of the Borrower or other Restricted Subsidiaries that is permitted to be incurred under this Agreement (except that a Restricted Subsidiary that is not a Credit Party may not, by virtue of this Section 10.1(d) guarantee Indebtedness that such Restricted Subsidiary could not otherwise incur under this Section 10.1) and (ii) the Borrower in respect of Indebtedness of Restricted Subsidiaries that is permitted to be incurred under this Agreement; provided that if the Indebtedness being guaranteed under this Section 10.1(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 Lenders as those contained in the subordination of such Indebtedness;

(e) (i) Indebtedness (including Indebtedness arising under Capital Leases) incurred prior to or within 270 days following the acquisition, construction, lease, repair, replacement, expansion or improvement of assets (real or personal, and whether through the direct purchase of property or the Equity Interests of a Person owning such property) to finance the acquisition, construction, lease, repair, replacement expansion, or improvement of such assets; (ii) Indebtedness arising under Capital Leases, other than (A) Capital Leases in effect on the Closing Date and (B) Capital Leases entered into pursuant to subclause (i) above; *provided* that, in the case of each of the foregoing subclauses (i) and (ii), the aggregate principal amount of such Indebtedness shall not exceed, at the time of incurrence thereof, the greater of (x) $5,000,000 and (y) 3.75% of the then-effective Borrowing Base; *provided* further that, in the case of Indebtedness incurred in reliance on the foregoingsubclause (y), the Borrower shall be in Pro Forma Compliance immediately after giving effect to the incurrence of such Indebtedness (and the use of proceeds thereof); and (iii) any Permitted Refinancing Indebtedness issued or incurred to Refinance any such Indebtedness;

(f) Indebtedness in respect of Hedge Agreements, subject to the limitations set forth inSection 10.9;

(g) Indebtedness of a Domestic Subsidiary that is not a Guarantor; provided that no Credit Party's assets are used to secure any such Indebtedness, in principal amount, when aggregated with the outstanding principal amount of Indebtedness incurred pursuant to this clause (g), not to exceed, at the time of incurrence thereof, the greater of (x) $5,000,000 and (y) 3.75% of the then-effective Borrowing Base;

(h) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, and obligations in respect of letters of credit, bank guaranties or instruments related thereto not in connection with money borrowed, in each case provided in the ordinary course of business or consistent with past practice or industry practice, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or consistent with past practice or industry practice;

(i) (i) other Indebtedness; provided that the aggregate principal amount of outstanding Indebtedness incurred pursuant to thisSection 10.1(i) shall not at the time of incurrence thereof and immediately after giving effect thereto and the use of proceeds thereof on a Pro Forma Basis, exceed the greater of (x) $5,000,000 and (y) 3.75% of the then-effective Borrowing Base and (ii) any Permitted Refinancing Indebtedness issued or incurred to Refinance such Indebtedness;

(j) Cash Management Obligations, Cash Management Services and other Indebtedness in respect of netting services, automatic clearing house arrangements, employees' credit or purchase cards, overdraft protections and similar arrangements in each case incurred in the ordinary course of business;

(k) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations (including earn-outs), in each case assumed or entered into in connection with the Transactions, any Permitted Acquisitions, other Investments and the Disposition of any business, assets or Equity Interests not prohibited hereunder;

(l) Indebtedness consisting of obligations of the Borrower and the Restricted Subsidiaries under deferred compensation or other similar arrangements incurred by such Person in connection with the Transactions, Permitted Acquisitions or any other Investment permitted hereunder;

(m) Indebtedness associated with bonds or surety obligations required by Requirements of Law or by Governmental Authorities in connection with the Transactions and the operation of Oil and Gas Properties in the ordinary course of business;

(n) Indebtedness of the Borrower or any Restricted Subsidiary consisting of obligations to pay insurance premiums;

(o) Indebtedness not in excess in the aggregate of $2,500,000 at any time outstanding representing deferred compensation to employees, consultants or independent contractors of the Borrower or, to the extent attributable to the ownership or operation of the Borrower and its Subsidiaries any direct or indirect parent thereof and the Restricted Subsidiaries incurred in the ordinary course of business or consistent with past practice or industry practice; and

(p) Indebtedness not in excess in the aggregate of $2,500,000 at any time outstanding consisting of promissory notes issued by the Borrower or any Guarantor to current or former officers, managers, consultants, directors and employees to finance the purchase or redemption of Equity Interests of the Borrower (or any direct or indirect parent thereof) permitted by Section 10.6.

10.2. Limitation on Liens. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of the Borrower or any Restricted Subsidiary, whether now owned or hereafter acquired, except:

(a) Liens arising under the Credit Documents to secure the Obligations (including Liens contemplated by Section 3.8) or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage;

(b) Permitted Liens, provided, that no intention to subordinate the Liens granted under the Credit Documents is to be hereby implied or expressed by the permitted existence of such Permitted Liens;

(c) Liens (including liens arising under Capital Leases to secure Capitalized Lease Obligations) securing Indebtedness permitted pursuant to Section 10.1(e); *provided* that such Liens do not at any time extend to or cover any assets (except for accessions and additions to such assets, replacements and products thereof and customary security deposits) other than the assets subject to such Capital Leases; *provided* that in each case individual financings provided by one lender may be cross collateralized to other financings provided by such lender (and its Affiliates);

(d) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien permitted by Section 10.2(c), (g) and (i); *provided, however*, that (x) such new Lien shall be limited to all or part of the same type of property that secured the original Lien (plus improvements on and accessions to such property), (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the applicable Indebtedness at the time the original Lien became a Lien permitted hereunder, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement and (z) on the date of the incurrence of the Indebtedness secured by such Liens, the grantors of any such Liens shall comprise only the same Persons or a subset of such Persons that were the grantors of the Liens securing the debt being refinanced, refunded, extended, renewed or replaced;

(e) Liens (i) of a collecting bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off);

(f) Liens consisting of an agreement to Dispose of any property in a transaction permitted under Section 10.4, in each case, solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(g) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale or purchase of goods entered into by the Borrower or any of the Restricted Subsidiaries in the ordinary course of business permitted by this Agreement;

(h) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance or incurrence of Indebtedness or (ii) relating to purchase orders and other agreements entered into with customers of the Borrower or any Restricted Subsidiary in the ordinary course of business;

(i) Liens solely on any cash earnest money deposits made by the Borrower or any of the Restricted Subsidiaries in connection with any letter of intent or purchase agreement where the Borrower or any of its Restricted Subsidiaries is the purchaser;

(j) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(k) Liens in respect of Production Payments and Reserve Sales, subject to any adjustments to the Borrowing Base under Section 2.14(e); provided that such Liens attach at all times only to Hydrocarbon Interests from which the Production Payments and Reserve Sales have been conveyed and do not reduce the net revenue interest of the Credit Parties with respect to any Oil and Gas Properties then owned by the Credit Parties below that set forth in the most recently delivered Reserve Report;

(l) Liens arising pursuant to Section 107(l) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9607(l), or other Environmental Law, unless such Lien (i) by action of the lienholder, or by operation of law, takes priority over any Liens arising under the Credit Documents on the property upon which it is a Lien, or (ii) materially impairs the use of the property covered by such Lien for the purposes for which such property is held; and

(m) Liens on property not constituting Borrowing Base Properties, not in excess in the aggregate for all such Indebtedness of the greater of (i) $6,000,000 and (ii) 2.50% of the then effective Borrowing Base.

10.3. Limitation on Fundamental Changes. Except as permitted by Section 10.4 (other than Section 10.4(d)) or Section 10.5, the Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of, all or substantially all its business units, assets or other properties, except that:

(a) any Subsidiary of the Borrower or any other Person may be merged, amalgamated or consolidated with or into the Borrower; *provided* that the Borrower shall be the continuing or surviving Person;

(b) any Subsidiary of the Borrower or any other Person may be merged, amalgamated or consolidated with or into any one or more Subsidiaries of the Borrower; *provided* that in the case of any merger, amalgamation or consolidation involving one or more Restricted Subsidiaries, a Restricted Subsidiary shall be the continuing or surviving Person;

(c) any Restricted Subsidiary that is not a Guarantor may (i) merge, amalgamate or consolidate with or into any other Restricted Subsidiary and (ii) Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower, a Guarantor or any other Restricted Subsidiary of the Borrower;

(d) any Guarantor may (i) merge, amalgamate or consolidate with or into any other Guarantor, (ii) merge, amalgamate or consolidate with or into any other Subsidiary which is not a Guarantor or Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to any other Subsidiary that is not a Guarantor; provided that if such Guarantor is not the surviving entity, such merger, amalgamation or consolidation shall be deemed to be, and any such Disposition shall be, an "Investment" and subject to the limitations set forth in Section 10.5 and (iii) Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any other Guarantor;

(e) any Restricted Subsidiary may liquidate or dissolve if (i) 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 Lenders and (ii) to the extent such Restricted Subsidiary is a Credit Party, any assets or business of such Restricted Subsidiary not otherwise Disposed of or transferred in accordance with Section 10.4 or 10.5, in the case of any such business, discontinued, shall be transferred to, or otherwise owned or conducted by, a Credit Party after giving effect to such liquidation or dissolution; and

(f) to the extent that no Borrowing Base Deficiency, Default or Event of Default would result from consummation of such Disposition, the Restricted Subsidiaries may consummate a merger, dissolution, liquidation, consolidation or Disposition, the purpose of which is to effect a Disposition permitted pursuant to Section 10.4 or an Investment permitted by Section 10.5; and

(g) to the extent no Default or Event of Default than exists, any merger the sole purpose of which is to reincorporate or reorganize a Credit Party in another jurisdiction in the United States shall be permitted so long as (i) the Administrative Agent receives ten (10) Business Day's prior notice, (ii) such merger does not adversely affect the value of the Collateral in any material respect, (iii) the surviving entity assumes all Obligations of the applicable Credit Parties under the Credit Documents, (iv) the surviving entity delivers any requested supplements or amendments to the Security Documents as are necessary to continue the Collateral Agent's perfection in all Collateral affected by such merger and (v) the surviving entity delivers applicable information requested by the Administrative Agent or any Lender under applicable "know your customer" and anti-money laundering rules and regulations including the Patriot Act.

10.4. Limitation on Sale of Assets. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, (x) convey, sell, lease, sell and leaseback, assign, farm-out, transfer, liquidate or otherwise dispose, or otherwise agree to do any of the foregoing (each of the foregoing, including any such agreement to do the foregoing, a "Disposition"), of any of its property, business or assets (including receivables, Hedge Agreements and leasehold interests), whether now owned or hereafter acquired or (y) sell or transfer, or agree to sell or transfer, to any Person (other than the Borrower or a Guarantor) any shares owned by it of any Restricted Subsidiary's Equity Interests, except that:

(a) the Borrower and the Restricted Subsidiaries may Dispose of (i) inventory and other goods held for sale, including the sale of Hydrocarbons and Dispositions of obsolete, worn out, used or surplus equipment, vehicles and other assets (other than accounts receivable) in the ordinary course of business (including equipment that is no longer necessary for the business of the Borrower or its Restricted Subsidiaries or is replaced by equipment of at least comparable value and use), and (ii) Permitted Investments;

(b) the Borrower and the Restricted Subsidiaries may Dispose of any Oil and Gas Properties or any interest therein or the Equity Interests of any Restricted Subsidiary or of any Minority Investment owning Oil and Gas Properties (and including, but without limitation, Dispositions in respect of Production Payments and Reserve Sales and in connection with net profits interests, operating agreements, farm-ins, joint exploration and development agreements and other agreements customary in the oil and gas industry for the purpose of developing such Oil and Gas Properties); *provided* that such Disposition is for Fair Market Value; *provided*, further, that if such Disposition involves Borrowing Base Properties or Equity Interests of any Restricted Subsidiary or Minority Investment owning Borrowing Base Properties, then no later than two Business Days before the date of consummation of any such Disposition, the Borrower shall provide notice to the Administrative Agent of such Disposition and the Borrowing Base shall be adjusted in accordance with the provisions of Section 2.14(e) (if applicable) upon the closing thereof; *provided, further*, 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, upon the consummation of such Disposition(s), the Borrower shall have received net cash proceeds, or shall have cash on hand, sufficient to eliminate any such potential Borrowing Base Deficiency;

(c) the Borrower and the Restricted Subsidiaries may Dispose of property or assets to the Borrower or to a Restricted Subsidiary; *provided* that if the transferor of such property is a Credit Party, either (i) the transferee thereof must either be a Credit Party or (ii) such transaction is permitted under Section 10.5;

(d) the Borrower and any Restricted Subsidiary may affect any transaction permitted by Section 10.2 or 10.3;

(e) If no Default is then continuing, Dispositions (including like-kind exchanges) of property (other than Borrowing Base Properties) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property having the same reserve classification, where applicable, or (ii) the proceeds of such Disposition are applied to the purchase price of such replacement property having the same reserve classification, where applicable, in each case under Section 1031 of the Code or otherwise;

(f) If no Default is then continuing, Dispositions of Hydrocarbon Interests to which no Proved Reserves are attributable;

(g) transfers of property (i) subject to a Casualty Event or in connection with any condemnation proceeding with respect to Collateral; provided that the net cash proceeds of such Casualty Event or condemnation proceeding, if any, are received by the Borrower or a Guarantor or (ii) in connection with any Casualty Event or any condemnation proceeding, in each case with respect to property that does not constitute Collateral;

(h) Dispositions of accounts receivable (i) in connection with the collection or compromise thereof or (ii) to the extent the proceeds thereof are used to prepay any Loans then outstanding;

(i) the Borrower and the Restricted Subsidiaries may lease, sublease, license or sublicense personal or intellectual property in the ordinary course of business; *provided* that, with respect to intellectual property, the Borrower or any of its Restricted Subsidiaries receives (or retains) a license or other ownership rights to use such intellectual property;

(j) Dispositions (including like-kind exchanges) of property (other than Borrowing Base Properties) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are applied to the purchase price of such replacement property;

(k) Farm-Out Agreements with respect to undeveloped acreage to which no Proved Reserves are attributable and assignments in connection with such Farm-Out Agreements;

(l) the lapse or abandonment in the ordinary course of business of any registrations or applications for registration of any immaterial intellectual property rights.

(m) the Liquidation of any Hedge Agreement (subject to the terms of Section 2.14(e));

(n) Dispositions of Oil and Gas Properties that are not Borrowing Base Properties (excluding Farmout Agreements and assignments in connection with Farmout Agreements); and

(o) If no Default is then continuing, Disposition of any asset between or among the Borrower and/or its Restricted Subsidiaries as a substantially concurrent

interim Disposition in connection with an Investment otherwise permitted pursuant to Section 10.5 or a Disposition otherwise permitted pursuant to clauses (a) through (n) above.

To the extent any Collateral is Disposed of as expressly permitted by this Section 10.4 to any Person other than a Credit Party, such Collateral shall be sold free and clear of the Liens created by the Credit Documents, and, if requested by the Administrative Agent, upon the certification by the Borrower that such Disposition is permitted by this Agreement, the Administrative Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing at Borrower's sole cost and expense.

10.5. Limitation on Investments. The Borrower will not, and will not permit any of the Restricted Subsidiaries, to (i) purchase or acquire (including pursuant to any merger, consolidation or amalgamation with a person that is not a Wholly Owned Subsidiary immediately prior to such merger, consolidation or amalgamation) any Equity Interests, evidences of Indebtedness or other securities of any other Person, (ii) make any loans or advances to or guarantees of the Indebtedness of any other person, or (iii) purchase or otherwise acquire (in one transaction or a series of related transactions) (x) all or substantially all of the property and assets or business of another Person or (y) assets constituting a business unit, line of business or division of such Person (each, an "Investment"), except:

(a) extensions of trade credit and purchases of assets and services (including purchases of inventory, supplies and materials) in the ordinary course of business;

(b) Investments in assets that constituted Permitted Investments at the time such Investments were made;

(c) Investments received in connection with the bankruptcy or reorganization of suppliers or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business or upon foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(d) Investments by the Borrower in any Guarantor (including any new Restricted Subsidiary that becomes a Guarantor in compliance herewith substantially contemporaneously with such Investment being made) or by any Guarantor in the Borrower;

(e) other Investments if, after giving effect to the making of any such Investment on a Pro Forma Basis, (i) no Event of Default shall have occurred and be continuing or would result therefrom, (ii) the Consolidated Total Debt to EBITDAX Ratio is not greater than 2.50 to 1.00 on a Pro Forma Basis (provided that for the purposes of this Section 10.5(e), Consolidated Total Debt shall be calculated as of the date of such Investment and EBITDAX shall be calculated as of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b)), (iii) the Borrowing Base Utilization Percentage is less than or equal to 80%, (iv) the total amount of Investments in Unrestricted Subsidiaries permitted pursuant to this Section 10.5(e) shall not exceed $2,500,000, and (v) the total amount of Investments permitted pursuant to this Section 10.5(e) shall not exceed $10,000,000; *provided* that until the one-year anniversary of the Closing Date, the total amount of Investments permitted pursuant to this Section 10.5(e) and Section 10.5(q) *plus* the total amount of Restricted Payments permitted pursuant to Section 10.6(f) *plus* the total amount of payments permitted pursuant to Section 10.11(e) shall not exceed $5,000,000;

(f) Investments constituting non-cash proceeds of Dispositions of assets to the extent permitted by Section 10.4;

(g) guarantee obligations of the Borrower or any Restricted Subsidiary of leases (other than Capital Leases) or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

(h) Investments held by a Person acquired (including by way of merger or consolidation) after the Closing Date otherwise in accordance with this Section 10.5 to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(i) Investments in Industry Investments and in interests in additional Oil and Gas Properties and gas gathering systems related thereto or Investments related to farm-out, farm- in, joint operating, joint venture, joint development or other area of mutual interest agreements, other similar industry investments, gathering systems, pipelines or other similar oil and gas exploration and production business arrangements whether through direct ownership or ownership through a joint venture or similar arrangement;

(j) Investments consisting of Indebtedness, fundamental changes and Dispositions permitted under Sections 10.1, 10.3 and 10.4;

(k) in the case of the Borrower and its Restricted Subsidiaries, Investment consisting of (i) intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business and (ii) intercompany current liabilities in connection with the cash management, Tax and accounting operations of the Borrower and the Restricted Subsidiaries;

(l) Investments resulting from pledges and deposits under clauses (c), (d) and (e) of the definition of "Permitted Liens" and clause (i) of Sections 10.2;

(m) advances in the form of a prepayment of third party expenses, so long as such expenses are being paid in accordance with customary trade terms of the Borrower or the relevant Restricted Subsidiary;

(n) Investments by any Restricted Subsidiary that is not a Guarantor in the Borrower or any other Restricted Subsidiary; provided, that Investments by any Restricted Subsidiary that is not a Guarantor in the Borrower or any Guarantor shall be subordinated in right of payment to the Loans;

(o) loans and advances to officers, directors, employees and consultants of the Borrower (or any direct or indirect parent thereof) or any of its Restricted Subsidiaries (i) for reasonable and customary business-related travel, entertainment, relocation and analogous ordinary business purposes (including employee payroll advances) and (ii) in connection with such Person's purchase of Equity Interests of the Borrower (or any direct or indirect parent thereof; *provided* that, to the extent such loans and advances are made in cash, the amount of such loans and advances used to acquire such Equity Interests shall be contributed to the Borrower in cash); *provided* that the aggregate principal amount outstanding pursuant to this clause (o) shall not exceed $2,500,000;

(p) Investments to the extent that payment for such Investments is made with Qualified Equity Interests of the Borrower or a Parent Entity;

(q) Investments made to repurchase or retire any employee or any stock ownership plan or key employee stock ownership plan of the Borrower (or any direct or indirect parent thereof); *provided* that the aggregate amount outstanding pursuant to this clause (q) shall not exceed $2,500,000; *provided further* that until the one-year anniversary of the Closing Date, the total amount of Investments permitted pursuant to Section 10.5(e) and this Section 10.5(q) *plus* the total amount of Restricted Payments permitted pursuant to Section 10.6(f) *plus* the total amount of payments permitted pursuant to Section 10.11(e) shall not exceed $5,000,000;

(r) 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 and other credits to suppliers in the ordinary course of business;

(s) Investments in the ordinary course of business consisting of endorsements for collection or deposit and customary trade arrangements with customers consistent with past practices or industry practice;

(t) advances of payroll payments to employees, consultants or independent contractors or other advances of salaries or compensation to employees, consultants or independent contractors, in each case in the ordinary course of business; and

(u) any Investment constituting a Disposition or transfer of any asset between or among the Borrower and/or its Restricted Subsidiaries as a substantially concurrent interim Disposition or transfer in connection with an Investment otherwise permitted pursuant to clauses(a) through (t) above or in connection with a Disposition permitted pursuant to Section 10.4.

10.6. Limitation on Restricted Payments. The Borrower will not directly or indirectly pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Qualified Equity Interests) or redeem, purchase, retire or otherwise acquire for value any of its Equity Interests or set aside any amount for any such purpose (other than through the issuance of additional Qualified Equity Interests), or permit any Restricted Subsidiary to purchase or otherwise acquire for consideration (except in connection with an Investment permitted under Section 10.5) any Equity Interests of the Borrower, now or hereafter outstanding (all of the foregoing, "Restricted Payments"); except that:

(a) the Borrower may redeem in whole or in part any of its Equity Interests in exchange for another class of its Equity Interests (other than Disqualified Stock) or with proceeds from substantially concurrent equity contributions or issuances of new Equity Interests; *provided* that such new Equity Interests contain terms and provisions at least as advantageous to the Lenders in all material respects to their interests as those contained in the Equity Interests redeemed thereby; and the Borrower may pay Restricted Payments payable solely in the Equity Interests (other than Disqualified Stock not otherwise permitted by Section 10.1) of the Borrower;

(b) to the extent constituting Restricted Payments, the Borrower may make Investments permitted by Section 10.5 and may enter into and consummate transactions expressly permitted by Section 10.3;

(c) the Borrower may make and pay (A) with respect to any taxable period for which the Borrower and/or any of its subsidiaries are members of a consolidated, combined, affiliated, unitary or similar income Tax group for U.S. federal income Tax purposes of which the Parent is the common parent, or for which the Borrower is a partnership or disregarded entity for U.S. federal income Tax purposes that is wholly owned (directly or indirectly) by one or more C corporations for U.S. federal income Tax purposes, distributions to the Parent to allow the Parent to timely pay its U.S. federal, state and local income Taxes (including estimated Taxes) attributable to the Borrower and its subsidiaries in an amount not to exceed the amount of any U.S. federal, state and/or local income Taxes that the Borrower and/or its subsidiaries, as applicable, would have paid for such taxable period had the Borrower and/or its subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group located in New York, New York (assuming that the Borrower and/or its subsidiaries, as applicable, is subject to Tax at the highest combined marginal federal, state, and/or local income Tax rate applicable to any corporation for such taxable period and taking into account the deductibility of state and local income Taxes for U.S. federal income Tax purposes (and any limitations thereon)), and (B) with respect to any taxable period for which the Borrower is a partnership or disregarded entity for U.S. federal income Tax purposes (other than a partnership or disregarded entity described in subclause (A)), distributions to the Parent in an amount necessary to permit the Parent to make a pro rata distribution to its equity holders such that each such equity holder receives an amount from such pro rata distribution sufficient to enable such equity holder to timely pay its U.S. federal, state and local income Taxes (including estimated Taxes) attributable to its direct or indirect ownership of the Borrower and its subsidiaries with respect to such taxable period (assuming that each such equity holder is subject to Tax at the highest combined marginal federal, state, and local income Tax rate applicable to an individual or corporate taxpayer resident (whichever is higher) in New York, New York for such taxable period and taking into account the deductibility of state and local income Taxes for U.S. federal income Tax purposes (and any limitations thereon), the alternative minimum Tax, any cumulative net taxable loss of the Borrower for prior taxable periods ending after the Closing Date to the extent such loss is of a character that would allow such loss to be available to reduce Taxes in the current taxable period (taking into account any limitations on the utilization of such loss to reduce such Taxes and whether such loss has already been utilized in calculating distributions pursuant to this Section 10.6) and the character (e.g., long-term or short- term capital gain or ordinary or exempt) of the applicable income, but without regard to any deduction permitted under Section 199A of the Code);

(d) the Borrower may reimburse Parent or any direct or indirect equity holder therein for state franchise tax paid by Parent or such equity holder on behalf of Borrower as required in connection with filing a state franchise tax combined group report for each taxable period; provided that any such amount shall not exceed the amount of any state franchise tax that the Borrower and its subsidiaries would have paid for such taxable period had the Borrower and its subsidiaries been a stand-alone taxpayer;

(e) other Restricted Payments if, after giving effect to the making of any such Restricted Payment on a Pro Forma Basis, (i) no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing or would result therefrom, (ii) the Consolidated Total Debt to EBITDAX Ratio is not greater than 2.00 to 1.00 on a Pro Forma Basis (provided that for the purposes of this Section 10.6(e), Consolidated Total Debt shall be calculated as of the date of such Restricted Payment and EBITDAX shall be calculated as of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b)), and (iii) the Borrowing Base Utilization Percentage is less than or equal to 70%; *provided* that until the one year anniversary of the Closing Date, no Restricted Payments are permitted pursuant to this Section 10.6(e);

(f) provided that no Event of Default or Borrowing Base Deficiency shall have occurred and be continuing, the Borrower may repurchase Equity Interests of the Borrower (or any Parent Entity thereof) upon exercise of stock options or warrants if such Equity Interests represents all or a portion of the exercise price of such options or warrants, *provided* that the aggregate amount of all such repurchases in any twelve (12) month period shall not exceed $1,250,000 in the aggregate;*provided further* that until (a) Borrower's delivery of the financial statements required to be delivered pursuant to Section 9.1(a) for the fiscal year ending December 31, 2020, (b) Borrower's delivery of the Reserve Report required to be delivered on or before September 1, 2020 pursuant to Section 9.1(a), and (c) the occurrence of the Scheduled Redetermination scheduled to

occur on or about November 1, 2020 pursuant to Section 2.14(b), the total amount of Restricted Payments permitted pursuant to this Section 10.6(f) *plus* the total amount of Investments permitted pursuant to Section 10.5(e) and Section 10.5(r) *plus* the total amount of payments permitted pursuant to Section 10.11(e) shall not exceed $5,000,000; and

(g) the Borrower may consummate the Transactions (and pay fees and expenses in connection therewith on or following the Closing Date) and make payments described in Section 10.11(a) (subject to the conditions set out therein).

10.7. Negative Pledge Agreements. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into or permit to exist any Contractual Requirement (other than this Agreement or any other Credit Document or any documentation in respect of secured Indebtedness otherwise permitted hereunder) that limits the ability of the Borrower or any Guarantor to create, incur, assume or suffer to exist Liens on property of such Person for the benefit of the Secured Parties with respect to the Obligations or under the Credit Documents or to guarantee the Obligations; provided that the foregoing shall not apply to each of the following Contractual Requirements that:

(a) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary of the Borrower, so long as such Contractual Requirements were not entered into solely in contemplation of such Person becoming a Restricted Subsidiary of the Borrower;

(b) represent Indebtedness permitted under Section 10.1 of a Restricted Subsidiary of the Borrower that is not a Guarantor so long as such Contractual Requirement applies only to such Subsidiary and its Subsidiaries;

(c) arise pursuant to agreements entered into with respect to any sale, transfer, lease or other Disposition permitted by Section 10.4 and applicable solely to assets under such sale, transfer, lease or other Disposition;

(d) are customary provisions in joint venture agreements and other similar agreements permitted by Section 10.5 and applicable to joint ventures or otherwise arise in agreements which restrict the Disposition or distribution of assets or property in oil and gas leases, joint operating agreements, joint exploration and/or development agreements, participation agreements and other similar agreements entered into in the ordinary course of the oil and gas exploration and development business and customary provisions in any agreement of the type described in the definition of "Industry Investments" entered into in the ordinary course of business;

(e) are negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 10.1, but solely to the extent any negative pledge relates to the property financed by or the subject of such Indebtedness;

(f) are customary restrictions on leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions relate to the assets subject thereto;

(g) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 10.1 to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(h) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or any Restricted Subsidiary;

(i) are customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(j) restrict the use of cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;

(k) are imposed by Requirements of Law;

(l) exist under any documentation governing any Permitted Refinancing Indebtedness incurred to Refinance any Indebtedness but only to the extent such Contractual Requirement is not materially more restrictive, taken as a whole, than the Indebtedness being refinanced;

(m)customary net worth provisions contained in real property leases entered into by any Restricted Subsidiary of the Borrower, so long as the Borrower has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of the Borrower and the Restricted Subsidiaries to meet their ongoing obligation;

(n) are customary restrictions and conditions contained in the document relating to any Lien, so long as (i) such Lien is a Permitted Lien and such restrictions or conditions relate only to the specific asset subject to such Lien and (ii) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 10.7;

(o) are restrictions regarding licenses or sublicenses by the Borrower and the Restricted Subsidiaries of intellectual property in the ordinary course of business (in which case such restriction shall relate only to such intellectual property);

(p) are encumbrances or restrictions contained in an agreement or other instrument of a Person acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary, or of an Unrestricted Subsidiary that is designated a Restricted Subsidiary, or that is assumed in connection with the acquisition of assets from such Person, in each case that is in existence at the time of such transaction (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired or designated; and

(q) are encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (o) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower's board of directors, no more restrictive in any material respect with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

10.8. Limitation on Subsidiary Distributions. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to pay dividends or make any other distributions to the Borrower or any Restricted Subsidiary on its Equity Interests or with respect to any other interest or participation in, or measured by, its profits or transfer any property to the Borrower or any Restricted Subsidiary except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Closing Date pursuant to the Credit Documents;

(b) purchase money obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on transferring the property so acquired;

(c) any applicable Requirement of Law;

(d) any agreement or other instrument of a Person acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary, or of an Unrestricted Subsidiary that is designated a Restricted Subsidiary, or that is assumed in connection with the acquisition of assets from such Person, in each case that is in existence at the time of such transaction (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired or designated;

(e) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Borrower pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Equity Interests or assets of such Subsidiary;

(f) secured Indebtedness otherwise permitted to be incurred pursuant to Section 10.1 and Section 10.2 that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(g) other Indebtedness, Disqualified Stock or preferred stock of (i) Restricted Subsidiaries permitted to be incurred subsequent to the Closing Date pursuant to Section 10.1 so long as either (A) the provisions relating to such encumbrance or restriction contained in such Indebtedness are no less favorable to the Borrower, taken as a whole, as determined by the board of directors of the Borrower in good faith, than the provisions contained in this Agreement as in effect on the Closing Date or (B) any such encumbrance or restriction contained in such Indebtedness does not prohibit (except upon a default or an event of default thereunder) the payment of dividends in an amount sufficient, as determined by the board of directors of the Borrower in good faith, to impair the ability of the Borrower to make scheduled payments of cash interest on the Loans when due or (ii) Foreign Subsidiaries as to such Foreign Subsidiaries and their Subsidiaries;

(h) customary provisions in joint venture agreements or agreements governing property held with a common owner and other similar agreements or arrangements relating solely to such joint venture or property or are otherwise customary encumbrances or restrictions imposed pursuant to any agreement of the type described in the definition of "Industry Investments" entered into in the ordinary course of business;

(i) customary provisions contained in leases, sub-leases, licenses, sub- licenses or similar agreements, in each case, entered into in the ordinary course of business; and

(j) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (i) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower's board of directors, no more restrictive in any material respect with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

10.9. Hedge Agreements.

(a) Subject to Section 10.9, the Borrower will not, and will not permit any Restricted Subsidiary to, enter into any Hedge Agreements with any Person other than:

(i) Hedge Agreements with Secured Hedge Counterparties in respect of commodities entered into not for speculative purposes the net notional volumes for which (when aggregated with other commodity Hedge Agreements then in effect, other than puts, floors and basis differential swaps on volumes already hedged pursuant to other Hedge Agreements) do not exceed, as of the date the latest hedging transaction is entered into under a Hedge Agreement, 90% of the reasonably anticipated Hydrocarbon production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered pursuant to Section 9.13(a), as applicable) for any month (collectively, the "Ongoing Hedges"). In addition to the Ongoing Hedges, in connection with a proposed Permitted Acquisition (a "Proposed Acquisition"), the Credit Parties may also enter into incremental Hedge Agreements with Secured Hedge Counterparties with respect to the Credit Parties' reasonably anticipated projected production from the total Proved Developed Producing Reserves of the Credit Parties as forecasted based upon the most recent Reserve Report having notional volumes not in excess of 15% of the Credit Parties' existing projected production prior to the consummation of such Proposed Acquisition (such that the aggregate shall not exceed 90% of the reasonably anticipated projected production after giving effect to the consummation of such Proposed Acquisition) for a period not exceeding 36 months from the date such hedging arrangement is created during the period between (i) the date on which such Credit Party signs an enforceable acquisition agreement in connection with a Proposed Acquisition and (ii) the earliest of (A) the date of consummation of such Proposed Acquisition, (B) the date of termination of such Proposed Acquisition and (C) 90 days after the date of execution of such definitive acquisition agreement (or such longer period as to which the Administrative Agent may agree). However, all such incremental hedging contracts entered into with respect to a Proposed Acquisition must be terminated or unwound within 90 days following the date of termination of such Proposed Acquisition. It is understood that commodity Hedge Agreements which may, from time to time, "hedge" the same volumes, but different elements of commodity risk thereof, shall not be aggregated together when calculating the foregoing limitations on notional volumes.

(ii) Hedge Agreements with a Secured Hedge Counterparty entered into with the purpose and effect of (i) fixing or limiting interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a variable rate or (ii) obtaining variable interest rates on a principal amount of indebtedness of any Credit Party that is accruing interest at a fixed rate (in each case including Hedge Agreements entered into to unwind or offset other permitted Hedge Agreements), provided that the aggregate notional amount of such Hedge Agreements does not (on a net basis) exceed the seventy five percent (75.0%) of the outstanding principal balance of the variable or fixed rate, as the case may be, Indebtedness of the Credit Parties at the time such Hedge Agreement is entered into, that such Hedge Agreements are not entered into for speculative purposes and such Hedge Agreements do not, in any case, have a tenor beyond the maturity date of such Indebtedness.

(b) It is understood that for purposes of this Section 10.9, the following Hedge Agreements shall not be deemed speculative or entered into for speculative purposes: (i) any commodity Hedge Agreement intended, at inception of execution, to hedge or manage any of the risks related to existing and/or reasonably anticipated projected Hydrocarbon production from Oil and Gas Properties of the Borrower or its Restricted Subsidiaries (whether or not contracted) and (ii) any Hedge Agreement intended, at inception of execution, to hedge or manage the interest rate exposure associated with any debt securities, debt facilities or leases (existing or reasonably anticipated) of the Borrower or its Restricted Subsidiaries.

(c) For purposes of entering into or maintaining Ongoing Hedges under Section 10.9(a), reasonably anticipated projected Hydrocarbon production from the Credit Parties' Oil and Gas Properties based upon the Initial Reserve Reports or the most recent Reserve Report delivered pursuant to Section 9.13(a), as applicable, shall be revised to account for any increase or decrease therein anticipated because of information obtained by Borrower or any other Credit Party subsequent to the publication of such Reserve Report including the Borrower's or any other Credit Party'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.

10.10. Financial Performance Covenants.

(a) Consolidated Total Debt to EBITDAX Ratio. The Borrower will not, as last day of each fiscal quarter of the Borrower commencing with the fiscal quarter ending June 30, 2020, permit the Consolidated Total Debt to EBITDAX Ratio to be greater than 3.25 to 1.00.

(b) Current Ratio. The Borrower will not, as last day of each fiscal quarter of the Borrower commencing with the fiscal quarter ending June 30, 2020, permit the ratio of Current Assets to Current Liabilities to be less than 1.00 to 1.00.

10.11. Transactions with Affiliates. The Borrower will not, and will not permit any of the Restricted Subsidiaries to conduct, any transactions involving aggregate payments or consideration in excess of $2,500,000 for any one transaction or series of related transactions with any of its Affiliates (other than the Borrower and the Restricted Subsidiaries or any entity that becomes a Restricted Subsidiary as a result of such transaction) unless such transaction is on terms that are substantially as favorable to the Borrower or such Restricted Subsidiary as it would obtain at the time in a comparable arm's-length transaction (which for the avoidance of doubt includes any transaction consummated for Fair Market Value) with a Person that is not an Affiliate; provided that the foregoing restrictions shall not apply to:

(a) the consummation of the Transactions, including the payment of Transaction Expenses;

(b) the payment of indemnities and reasonable expenses incurred by the Co- Investors and their Affiliates in connection with management or monitoring or the provision of other services rendered to the Parent or the Borrower or any of its Subsidiaries;

(c) any employment or consulting agreement, employee benefit plan, stock ownership or stock option plan, officer or director indemnification, compensation or severance agreement or any similar arrangement entered into by the Borrower or any Restricted Subsidiary with their respective directors, officers and employees in the ordinary course of business;

(d) loans, advances and other transactions between or among the Borrower, any Subsidiary or any joint venture (regardless of the form of legal entity) in which the Borrower or any Subsidiary has invested (and which Subsidiary or joint venture would not be an Affiliate of the Borrower or such Subsidiary, but for the Borrower's or such Subsidiary's ownership of Equity Interests in such joint venture or such Subsidiary) to the extent permitted under Section 10;

(e) without duplication of any other payments made under this Section 10.11, customary and reasonable payments (including reimbursement of fees and expenses) by the Borrower and any of its Restricted Subsidiaries to the Sponsor made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities (including in connection with acquisitions or divestitures, whether or not consummated), which payments are approved by a majority of the disinterested members of the board of directors or managers of the Borrower (or any direct or indirect parent thereof), in good faith; *provided* that the aggregate amount of all such payments in any twelve (12) month period shall not exceed $1,250,000 in the aggregate; *provided further* that until the one-year anniversary of the Closing Date, the total amount of Restricted Payments permitted pursuant to Section 10.6(f) *plus* the total amount of Investments permitted pursuant to Section 10.5(e) and Section 10.5(q) *plus* the total amount of payments permitted pursuant to this Section 10.11(e) shall not exceed $5,000,000;

(f) any transaction in respect of which the Borrower delivers to the Administrative Agent a letter addressed to the board of directors or managers of the Borrower from an accounting, appraisal or investment banking firm, in each case of nationally-recognized standing that is in the good faith determination of the Borrower qualified to render such letter, which letter states that such transaction is (i) fair, from a financial point of view, to the Borrower or such Restricted Subsidiary or (ii) on terms, taken as a whole, that are no less favorable to the Borrower or such Restricted Subsidiary, as applicable, than would be obtained in a comparable arm's length transaction with a person that is not an Affiliate;

(g) sales or conveyances of net profits interests or other royalty interests for cash at Fair Market Value to the extent permitted under Section 10.4;

(h) payments and distributions by any Parent Entity (and any direct or indirect parent thereof) and the Subsidiaries to the extent such payments are permitted under Sections 10.6;

(i) the payment of customary fees and reasonable out-of-pocket costs to, and indemnities provided on behalf of, future, current or former directors, officers, employees and consultants of the Borrower and its Restricted Subsidiaries or any Parent Entity;

(j) Restricted Payments, redemptions, repurchases and other actions permitted under Section 10.6;

(k) any obligations under any agreement in existence on the Closing Date and set forth on Schedule 10.11, as the same may be amended, supplemented or otherwise modified from time to time with the consent of the Majority Lenders (provided that the Majority Lenders' consent shall not be required to the extent such amendment, supplement or other modification is not materially adverse to the Lenders);

(l) the issuance, sale or transfer of Equity Interests of the Borrower to Parent in connection with capital contributions by Parent to the Borrower; and

(m) payments and distributions pursuant to the Management Services Agreement as in effect on the Closing Date and without giving effect to any waiver or amendment thereto unless such waiver or amendment is reasonably acceptable to the Administrative Agent (it being understood and agreed that the Administrative Agent finds the proposed amendment terms conveyed to the Administrative Agent prior to the Closing Date to be reasonably acceptable).

10.12. Operation of Properties by Affiliate. The Borrower will not, and will not permit any of the Restricted Subsidiaries to have any of its Oil and Gas Properties operated by any of its Affiliates unless such Affiliate has entered into an Operator Subordination Agreement in form and substance reasonably satisfactory to the Administrative Agent.

10.13. Use of Proceeds. The Borrower will not permit the proceeds of the Loans to be used for any purpose other than those permitted by Section 9.11. 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 Credit Documents to violate Regulations T, Regulation U or Regulation X or any other regulation of the Board or to violate Section 7 of the Exchange Act or any rule or regulation thereunder, in each case as now in effect or as the same may hereinafter be in effect. The Borrower will not request any Borrowing or Letter of Credit, and 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 (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any in a country or territory which is itself the subject or target of any Sanctions, or (c) in any manner that would knowingly or negligently result in the violation of any Sanctions applicable to any party hereto.

10.14. Sale of Notes or Receivables. During the continuance of an Event of Default, except for the sale of defaulted notes or accounts receivable in connection with the compromise or collection thereof and not in connection with any financing transaction, the Borrower will not, and will not permit any Restricted Subsidiary to, sell (with or without recourse) any of its notes receivable or accounts receivable to any Person other than the Borrower or any Guarantor.

10.15. ERISA Compliance. Except for actions that would not reasonably be expected to result in a Material Adverse Effect, the Borrower will not, and will not permit any ERISA Affiliate to, at any time:

(a) engage in, any transaction in connection with which the Borrower or any ERISA Affiliate could be subjected to either a civil penalty assessed pursuant to subsections (c), (i), (l) or (m) of Section 502 of ERISA or a Tax imposed by Chapter 43 of Subtitle D of the Code;

(b) fail to make full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, the Borrower or any ERISA Affiliate is required to pay as contributions thereto;

(c) terminate or take any other action with respect to a Plan;

(d) assume an obligation to contribute to, any Multiemployer Plan; or

(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 (i) any employee welfare benefit plan, as defined in Section 3(1) of ERISA, including any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by such entities in their sole discretion at any time without any material liability, or (ii) any employee pension benefit plan, as defined in Section 3(2) of ERISA, that is subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code.

10.16. Environmental Matters. The Borrower will not, and will not permit any Restricted Subsidiary to (i) knowingly cause or permit any of its property to be in violation of Environmental Law or (ii) knowingly do anything or permit anything to be done which will subject any such property to any remedial obligations under any Environmental Laws that would, in each case, reasonably be expected to have a Material Adverse Effect; it being understood that clause (ii) above will not be deemed as limiting or otherwise restricting any obligation to disclose any relevant facts, conditions and circumstances pertaining to such property to the appropriate Governmental Authority.

10.17. Gas Imbalances; Take-or-Pay or Other Prepayments. The Borrower will not, and will not permit any Restricted Subsidiary to allow gas imbalances, take or pay or other prepayments exceeding 1.0 Bcfe of Hydrocarbon volumes (stated on a gas equivalent basis) in the aggregate, with respect to the Credit Parties' Oil and Gas Properties that would require any Credit Party to deliver Hydrocarbons either generally or produced from their Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor.

10.18. Nature of Business; No International Operations. The Borrower will not, and will not permit any Restricted Subsidiary to, allow any material change to be made in the character of its business as an onshore independent oil and gas exploration and production company. 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 not located onshore and within the geographical boundaries of the United States. The Borrower shall at all times remain organized under the laws of the United States of America or any State thereof or the District of Columbia.

10.19. Sanctions.

(a) The Borrower and its Subsidiaries and their respective officers and directors will not directly or indirectly engage in any activity that is prohibited by any Sanctions.

(b) The Borrower and its Subsidiaries shall not, directly or, to the knowledge of the Borrower and its Subsidiaries, indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund or facilitate any activities or business of or with any Person, or in any country, territory or region, that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions or is a Sanctioned Person, (ii) in any other manner that would result in a violation of Sanctions by any Person party hereto or (iii) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any law referred to in Section 8.24(iii).

(c) The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, such continued compliance with Sanctions.

SECTION 11. EVENTS OF DEFAULT.

Upon the occurrence of any of the following specified events (each an "Event of Default"):

11.1. Payments. The Borrower shall (a) default in the payment when due of any principal of the Loans or (b) default, and such default shall continue for three or more Business Days, in the payment when due of any interest on the Loans or any Unpaid Drawings, fees or of any other amounts owing hereunder or under any other Credit

Document (other than any amount referred to in clause (a) above).

11.2. Representations, Etc. Any representation, warranty or statement made or deemed made by any Credit Party herein or in any other Credit Document or any certificate delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made or if such representation, warranty or statement contains a materiality qualifier, such statement, representation or warranty shall prove to be untrue in any respect.

11.3. Covenants. Any Credit Party shall:

(a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 9.1(d)(i), 9.5 (solely with respect to the Borrower) or Section 10; or

(b) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Section 11.1, 11.2 or Section 11.3(a)) contained in this Agreement or any Security Document and such default shall continue unremedied for a period of at least 30 days after receipt of written notice thereof by the Borrower from the Administrative Agent.

11.4. Default Under Other Agreements.

(a) The Borrower or any of the Restricted Subsidiaries shall (i) default in any payment with respect to any Material Indebtedness (other than the Indebtedness described in Section 11.1) beyond the period of grace, if any, provided in the instrument of agreement under which such Indebtedness was created, (ii) experience the occurrence of a Triggering Event as such term is defined in the Intercreditor Agreement, or (iii) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist (other than, (1) with respect to Indebtedness in respect of any Hedge Agreements, termination events or equivalent events pursuant to the terms of such Hedge Agreements and (2) secured Indebtedness that becomes due as a result of a Disposition (including as a result of Casualty Event) of the property or assets securing such Indebtedness permitted under this Agreement), the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, any such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, unless, in the case of each of the foregoing, such holder or holders shall have (or through its or their trustee or agent on its or their behalf) waived such default in a writing to the Borrower, or

(b) Without limiting the provisions of clause (a) above, any such default under any such Material Indebtedness shall cause such Material Indebtedness to be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment or as a mandatory prepayment (other than, (1) with respect to Indebtedness in respect of any Hedge Agreements, termination events or equivalent events pursuant to the terms of such Hedge Agreements and (2) secured Indebtedness that becomes due as a result of a Disposition (including as a result of Casualty Event) of the property or assets securing such Indebtedness permitted under this Agreement), prior to the stated maturity thereof.

11.5. Bankruptcy, Etc. The Borrower or any Restricted Subsidiary shall commence a voluntary case, proceeding or action concerning itself under Title 11 of the United States Code entitled "Bankruptcy" or any other applicable insolvency, debtor relief, or debt adjustment law (collectively, the "Bankruptcy Code"); or an involuntary case, proceeding or action is commenced against the Borrower or any Restricted Subsidiary and the petition is not dismissed or stayed within 60 days after commencement of the case, proceeding or action, the Borrower or the applicable Restricted Subsidiary consents to the institution of such case, proceeding or action prior to such 60- day period, or any order of relief or other order approving any such case, proceeding or action is entered; or a custodian (as defined in the Bankruptcy Code), receiver, receiver manager, trustee, conservator, liquidator, examiner, rehabilitator, administrator, or similar person is appointed for, or takes charge of, the Borrower or any Restricted Subsidiary or all or any substantial portion of the property or business thereof; or the Borrower or any Restricted Subsidiary suffers any appointment of any custodian, receiver, receiver manager, trustee, conservator, liquidator, examiner, rehabilitator, administrator, or the like for it or any substantial part of its property or business to continue undischarged or unstayed for a period of 60 days; or the Borrower or any Restricted Subsidiary makes a general assignment for the benefit of creditors.

11.6. ERISA.

(a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Code; any Plan or Multiemployer Plan is or shall have been terminated or is the subject of termination proceedings under ERISA (including the giving of written notice thereof); an event shall have occurred or a condition shall exist in either case entitling the PBGC to terminate any Plan or to appoint a trustee to administer any Plan (including the giving of written notice thereof); the Borrower or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan or Multiemployer Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212(c) of ERISA or Section 4971 or 4975 of the Code (including the giving of written notice thereof); and

(b) there results from any event or events set forth in clause (a) of this Section 11.6 the imposition of a lien, the granting of a security interest or a liability; and

(c) such lien, security interest or liability would be reasonably likely to have a Material Adverse Effect.

11.7. Guarantee. The Guarantee or any material provision thereof shall cease to be in full force or effect (other than pursuant to the terms hereof and thereof) or any Guarantor or any other Credit Party shall assert in writing that any such Guarantor's obligations under the Guarantee are not to be in effect or are not to be legal, valid and binding obligations (other than pursuant to the terms hereof or thereof).

11.8. Credit Documents. Any Credit Document after delivery thereof shall cease to be in full force or effect and legal, valid and binding (other than pursuant to the terms hereof or thereof) or any Credit Party shall assert in writing that any obligation of any Credit Party under such Credit Document is not in effect or not legal, valid and binding obligations (other than pursuant to the terms hereof or thereof).

11.9. Judgments. One or more monetary judgments or decrees shall be entered against the Borrower or any of the Restricted Subsidiaries involving a liability of $5,000,000 or more in the aggregate for all such judgments and decrees for the Borrower and the Restricted Subsidiaries (to the extent not paid or covered by insurance provided by a carrier not disputing coverage), which judgments are not discharged or effectively waived or stayed for a period of 30 consecutive days.

11.10. Change of Control. A Change of Control shall have occurred; then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent shall, upon the written request of the Majority Lenders, by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrower or any other Credit Party, except as otherwise specifically provided for in this Agreement (*provided* that, if an Event of Default specified in Section 11.5 shall occur with respect to the Borrower, the result that would occur upon the giving of

written notice by the Administrative Agent as specified in clauses (a), (b) and (c) below shall occur automatically without the giving of any such notice): (a) declare the Total Commitment terminated, whereupon the Commitment of each Lender shall forthwith terminate immediately and any fees theretofore accrued shall forthwith become due and payable without any other notice of any kind; (b) declare the principal of and any accrued interest and fees in respect of any or all Loans and any or all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and/or (c) demand cash collateral in respect of any outstanding Letter of Credit pursuant to Section 3.8(b) in an amount equal to the aggregate Stated Amount of all Letters of Credit issued and then outstanding. In addition, after the occurrence and during the continuance of an Event of Default, the Administrative Agent and the Lenders will have all other rights and remedies available at law and equity.

11.11. Application of Proceeds. Any amount received by the Administrative Agent or the Collateral Agent from any Credit Party (or from proceeds of any Collateral) following any acceleration of the Obligations under this Agreement or any Event of Default with respect to the Borrower under Section 11.5 shall be applied:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, disbursements and other charges of counsel payable under Section 12.7 and amounts payable under Article II) payable to the Administrative Agent and/or Collateral Agent in such Person's capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the Issuing Banks (including fees, disbursements and other charges of counsel payable under Section 12.7) arising under the Credit Documents and amounts payable under Article II, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans and Unpaid Drawings, ratably among the Lenders and the Issuing Banks in proportion to the respective amounts described in this clause Third payable to them;

Fourth, (i) to payment of that portion of the Obligations constituting unpaid principal of the Loans, the Unpaid Drawings and Obligations then owing under Secured Hedge Agreements and the Secured Cash Management Agreements and (ii) to Cash Collateralize that portion of Letters of Credit Outstanding comprising the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Section 3.8, ratably among the Lenders, the Issuing Banks, the Secured Hedge Counterparties and the Cash Management Banks in proportion to the respective amounts described in this clause Fourth held by them; provided that (x) any such amounts applied pursuant to the foregoing clause (ii) shall be paid to the Administrative Agent for the ratable account of the applicable Issuing Bank to Cash Collateralize such Letters of Credit Outstanding, (y) subject to Section 3.8, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to this clause Fourth shall be applied to satisfy drawings under such Letters of Credit as they occur and (z) upon the expiration of any Letter of Credit, the pro rata share of Cash Collateral attributable to such expired Letter of Credit shall be distributed in accordance with this clause Fourth;

Fifth, to the payment of all other Obligations of the Credit Parties owing under or in respect of the Credit Documents that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by Requirements of Law.

Subject to Section 3.8, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Notwithstanding the foregoing, amounts received from the Borrower or any Credit Party that is not an "eligible contract participant" under the Commodity Exchange Act shall not be applied to any Excluded Hedging Obligations (it being understood, that in the event that any amount is applied to Obligations other than Excluded Hedging Obligations as a result of this clause, the Administrative Agent shall make such adjustments as it determines are appropriate to distributions pursuant to clause second above from amounts received from "eligible contract participants" under the Commodity Exchange Act to ensure, as nearly as possible, that the proportional aggregate recoveries with respect to Obligations described in clause second above by the holders of any Excluded Hedging Obligations are the same as the proportional aggregate recoveries with respect to other Obligations pursuant to clause second above).

11.12. Equity Cure.

(a) Notwithstanding anything to the contrary contained in this Section 11 or in any Credit Document, in the event that the Borrower fails to comply with the Financial Performance Covenants, then until the expiration of the tenth Business Day subsequent to the date the compliance certificate for calculating such Financial Performance Covenants is required to be delivered pursuant to Section 9.1(c) (the "Cure Deadline"), the Borrower shall have the right to cure such failure (the "Cure Right") by receiving cash proceeds from an issuance of common Equity Interests (other than Disqualified Stock) as a cash capital contribution, and upon receipt by the Borrower of such cash proceeds (such cash amount being referred to as the "Cure Amount") pursuant to the exercise of such Cure Right, the Financial Performance Covenants shall be recalculated, at the Borrower's option, giving effect to the following pro forma adjustments:

(i) EBITDAX and/or Current Assets, as applicable, shall, after giving effect to any annualization thereof for any Test Period, be increased, solely for the purpose of determining the existence of an Event of Default resulting from a breach of the Financial Performance Covenants with respect to any Test Period that includes the fiscal quarter for which the Cure Right was exercised and not for any other purpose under this Agreement; and/or

(ii) Consolidated Total Debt for such Test Period shall be decreased solely to the extent proceeds of the Cure Amount, if any, are actually applied to prepay any Indebtedness (*provided* that any such Indebtedness so prepaid shall be a permanent repayment of such Indebtedness and termination of commitments thereunder) included in the calculation of Consolidated Total Debt;

provided, that the aggregate amount of (x) the increase in EBITDAX and/or Current Assets, as applicable, *plus* (y) the decrease in Consolidated Total Debt shall in no event exceed the Cure Amount.

(b) If, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of the Financial Performance Covenants, the Borrower shall be deemed to have satisfied the requirements of the Financial Performance Covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Performance Covenants that had occurred shall be deemed cured for the purposes of this Agreement; provided that (i) in each period of four consecutive fiscal quarters there shall be at least two fiscal quarters in which no Cure Right is exercised, (ii) Cure Rights shall not be exercised more than five times during the term of this Agreement, (iii) each Cure Amount shall be no greater than the amount required to cause the Borrower to be in compliance with the Financial Performance Covenants, (iv) all Cure Amounts shall be disregarded for the purposes of any financial ratio determination under the Credit Documents other than for determining compliance with the Financial Performance Covenants and (v) no Lender or Issuing Bank shall be required to make any extension of credit hereunder during the 10 Business Day period referred to above, unless the Borrower shall have received the Cure Amount.

SECTION 12. THE AGENTS.

12.1. Appointment.

(a) Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Credit Documents and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. The provisions of this Section 12 (other Section 12.9 with respect to the Borrower) are solely for the benefit of the Agents and the Lenders, and the Borrower shall not have rights as third party beneficiary of any such provision. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Administrative Agent.

(b) The Administrative Agent, each Lender and each Issuing Bank hereby irrevocably designate and appoint the Collateral Agent as the agent with respect to the Collateral, and each of the Administrative Agent, each Lender and each Issuing Bank irrevocably authorizes the Collateral Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Collateral Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any of the Administrative Agent, the Lenders or the Issuing Banks, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Collateral Agent.

12.2. Delegation of Duties. The Administrative Agent and the Collateral Agent may each execute any of its duties under this Agreement and the other Credit Documents by or through agents, sub-agents, employees or attorneys-in-fact (each, a "Subagent") and shall be entitled to advice of counsel concerning all matters pertaining to such duties; *provided, however*, that no such Subagent shall be authorized to take any action with respect to any Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent. If any Subagent, or successor thereto, shall die, become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Subagent, to the extent permitted by law, shall automatically vest in and be exercised by the Administrative Agent until the appointment of a new Subagent. Neither the Administrative Agent nor the Collateral Agent shall be responsible for the negligence or misconduct of any Subagents selected by it except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent or Collateral Agent, as applicable, acted with gross negligence or willful misconduct in the selection of such sub-agents.

12.3. Exculpatory Provisions. No Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by any of them under or in connection with this Agreement or any other Credit Document (except for its or such Person's own gross negligence or willful misconduct, as determined in the final judgment of a court of competent jurisdiction, in connection with its duties expressly set forth herein) or (b) responsible in any manner to any of the Lenders or any participant for any recitals, statements, representations or warranties made by any of the Borrower, any other Credit Party or any officer thereof contained in this Agreement or any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by such Agent under or in connection with, this Agreement or any other Credit Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document, or, except with respect to any physical certificate or instrument representing Pledged Securities (as defined in the Collateral Agreement) in the possession of the Agent, the perfection or priority of any Lien or security interest created or purported to be created under the Security Documents or for any failure of the Borrower or any other Credit Party to perform its obligations hereunder or thereunder. No Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of any Credit Party or any Affiliate thereof. The Collateral Agent shall not be under any obligation to the Administrative Agent, any Lender or any Issuing Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of any Credit Party.

12.4. Reliance by Agents. The Administrative Agent and the Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or instruction believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent or the Collateral Agent. The Administrative Agent may deem and treat the Lender specified in the Register with respect to any amount owing hereunder as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent and the Collateral Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Majority Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent and the Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of or at the direction of the Majority Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans; provided that the Administrative Agent and Collateral Agent shall not be required to take any action that, in its opinion or in the opinion of its counsel, may expose it to liability or that is contrary to any Credit Document or applicable Requirements of Law. For purposes of determining compliance with the conditions specified in Section 6 on the Closing Date, each Lender 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 thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date or Closing Date, as applicable, specifying its objection thereto.

12.5. Notice of Default. Neither the Administrative Agent nor the Collateral Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent or Collateral Agent, as applicable, has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, it shall give

notice thereof to the Lenders and the Collateral Agent. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Lenders; *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 or Event of Default as it shall deem advisable in the best interests of the Lenders except to the extent that this Agreement requires that such action be taken only with the approval of the Majority Lenders, the Required Lenders or each individual lender, as applicable.

12.6. Non-Reliance on Administrative Agent, Collateral Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor the Collateral Agent nor any of their respective officers, directors, employees, agents, attorneys-in- fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent or Collateral Agent hereinafter taken, including any review of the affairs of the Borrower or any other Credit Party, shall be deemed to constitute any representation or warranty by the Administrative Agent or Collateral Agent to any Lender or any Issuing Bank. Each Lender and each Issuing Bank represents to the Administrative Agent and the Collateral Agent that it has, independently and without reliance upon the Administrative Agent, Collateral Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and each other Credit Party and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent, Collateral Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and any other Credit Party. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, neither the Administrative Agent nor the Collateral Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, assets, operations, properties, financial condition, prospects or creditworthiness of the Borrower or any other Credit Party that may come into the possession of the Administrative Agent or Collateral Agent any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates.

12.7. Indemnification. The Lenders severally agree to indemnify the Administrative Agent and the Collateral Agent, each in its capacity as such (to the extent not reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), ratably according to their respective portions of the Commitments or Loans, as applicable, outstanding in effect on the date on which indemnification is sought (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with their respective portions of the Total Exposure in effect immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time occur (including at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent or the Collateral Agent in any way relating to or arising out of the Commitments, this Agreement, any of the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent or the Collateral Agent under or in connection with any of the foregoing; *provided* that no Lender shall be liable to the Administrative Agent or the Collateral Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Administrative Agent's or the Collateral Agent's, as applicable, gross negligence, bad faith or willful misconduct as determined by a final judgment of a court of competent jurisdiction; provided, further, that no action taken in accordance with the directions of the Majority Lenders (or such other number or percentage of the Lenders as shall be required by the Credit Documents) shall be deemed to constitute gross negligence, bad faith or willful misconduct for purposes of this Section 12.7. In the case of any investigation, litigation or proceeding giving rise to any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time occur (including at any time following the payment of the Loans), this Section 12.7 applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent and the Collateral Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorneys' fees) incurred by such Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice rendered in respect of rights or responsibilities under, this Agreement, any other Credit Document, or any document contemplated by or referred to herein, to the extent that such Agent is not reimbursed for such expenses by or on behalf of the Borrower; *provided* that such reimbursement by the Lenders shall not affect the Borrower's continuing reimbursement obligations with respect thereto. If any indemnity furnished to any Agent for any purpose shall, in the opinion of such Agent, be insufficient or become impaired, such Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; *provided*, in no event shall this sentence require any Lender to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Lender's pro rata portion thereof; and *provided further*, this sentence shall not be deemed to require any Lender to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement resulting from such Agent's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction. The agreements in this Section 12.7 shall survive the payment of the Loans and all other amounts payable hereunder.

12.8. Agents in Its Individual Capacities. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and any other Credit Party as though such Agent were not an Agent hereunder and under the other Credit Documents. With respect to the Loans made by it, each Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

12.9. Successor Agents. Each of the Administrative Agent and Collateral Agent may at any time give notice of its resignation to the Lenders, the Issuing Banks and the Borrower. If the Administrative Agent and/or Collateral Agent becomes a Defaulting Lender, then such Administrative Agent or Collateral Agent, may be removed as the Administrative Agent or Collateral Agent, as the case may be, at the reasonable request of the Borrower and the Required Lenders. Upon receipt of any such notice of resignation or removal, as the case may be, the Majority Lenders shall have the right, subject to the consent of the Borrower (not to be unreasonably withheld or delayed) so long as no Default under Section 11.1 or 11.5 is continuing, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If, in the case of a resignation of a retiring Agent, no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders and the Issuing Banks, appoint a successor Agent meeting the qualifications set forth above. Upon the acceptance of a successor's appointment as the Administrative Agent or Collateral Agent, as the case may be, hereunder, and upon the execution and filing or recording of such financing statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Majority Lenders may request, in order to continue the perfection of the Liens granted or purported to be granted by the Security Documents, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided above in this Section 12.9). The fees payable by the Borrower (following the effectiveness of such appointment) to such Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Credit Documents, the provisions of this Section 12 (including Section 12.7) and Section 13.5 shall continue in effect for the benefit of such retiring Agent, its Subagents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as an Agent.

Any resignation of any Person as Administrative Agent pursuant to this Section 12.9 shall also constitute its resignation as Issuing Bank.

12.10. Withholding Tax. To the extent required by any applicable Requirement of Law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. If the IRS or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by any applicable Credit Party and without limiting the obligation of any applicable Credit Party to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties, additions to Tax and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Credit Document against any amount due to the Administrative Agent under this Section 12.10. For the avoidance of doubt, for purposes of this Section 12.10, the term "Lender" includes any Issuing Bank.

12.11. Security Documents and Collateral Agent under Security Documents and Guarantee. Each Secured Party hereby further authorizes the Administrative Agent or Collateral Agent, as applicable, on behalf of and for the benefit of Secured Parties, to be the agent for and representative of the Secured Parties with respect to the Collateral and the Security Documents. Subject to Section 13.1, without further written consent or authorization from any Secured Party, the Administrative Agent or Collateral Agent, as applicable, may (and the Administrative Agent and Collateral Agent, as applicable, agree that they shall) (a) execute any documents or instruments necessary or desirable in connection with a Disposition of assets permitted by this Agreement, (b) release any Lien encumbering any item of Collateral that is the subject of such Disposition of assets or with respect to which Majority Lenders (or such other Lenders as may be required to give such consent under Section 13.1) have otherwise consented or (c) release any applicable Guarantor from the Guarantee in connection with such Disposition or with respect to which Majority Lenders (or such other Lenders as may be required to give such consent under Section 13.1) have otherwise consented. The Lenders and the Issuing Banks (including in their capacities as potential Cash Management Banks and potential Hedge Banks) irrevocably agree that (x) the Collateral Agent may (and the Collateral Agent agrees that it shall), without any further consent of any Lender, enter into or amend any intercreditor agreement with the collateral agent or other representatives of the holders of Indebtedness that is permitted to be secured by a Lien on the Collateral that is permitted under this Agreement, (y) the Collateral Agent may rely exclusively on a certificate of an Authorized Officer as to whether any such other Liens are permitted and (z) any intercreditor agreement referred to in clause (x) above, entered into by the Collateral Agent, shall be binding on the Secured Parties. Furthermore, the Lenders and the Issuing Banks (including in their capacities as potential Cash Management Bank and potential Hedge Banks) hereby authorize the Administrative Agent and the Collateral Agent to (and the Administrative Agent and Collateral Agent, as applicable, agree that they shall)subordinate any Lien on any property granted to or held by the Administrative Agent or Collateral Agent under any Credit Document to the holder of any Lien on such property that is permitted by clause (i) of the definition of "Permitted Liens" and clauses (c), (e) (with respect to Liens securing Indebtedness permitted under Section 10.1), (i), and (j) of Section 10.2 or otherwise permitted to be senior to the Liens of Administrative Agent or Collateral Agent on such property; *provided* that prior to any such request, the Borrower shall have in each case delivered to the Administrative Agent a certificate of an Authorized Officer certifying that such subordination is permitted under this Agreement.

12.12. Right to Realize on Collateral and Enforce Guarantee. Anything contained in any of the Credit Documents to the contrary notwithstanding, the Borrower, the Agents and each Secured Party hereby agree that (a) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guarantee, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent, and (b) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Majority Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other disposition.

12.13. 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, constituting an Event of Default under Section 11.5, 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 Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel, to the extent due under Section 13.5) 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 Lender 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 Lenders, 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, to the extent due under Section 13.5.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Indebtedness or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

12.14. Credit Bidding. During the continuance of an Event of Default, the Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Credit Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the

liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 13.1 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

12.15. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent 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 Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(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 Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender 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 Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the 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 Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the 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 Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related hereto or thereto).

SECTION 13. MISCELLANEOUS.

13.1. Amendments, Waivers and Releases.

(a) Except as expressly set forth in this Agreement, neither this Agreement nor any other Credit Document, nor any terms hereof or thereof, may be amended, supplemented or modified except in accordance with the provisions of this Section 13.1. The Majority Lenders may, or, with the written consent of the Majority Lenders, the Administrative Agent and/or the Collateral Agent shall, from time to time, (a) enter into with the relevant Credit Party or Credit Parties written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or of the Credit Parties hereunder or thereunder or (b) waive in writing, on such terms and conditions as the Majority Lenders or the Administrative Agent and/or Collateral Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; *provided, however*, that each such waiver and each such amendment, supplement or modification shall be effective only in the specific instance and for the specific purpose for which given; *provided*, *further*, that no such waiver and no such amendment, supplement or modification shall (i) forgive or reduce any portion of any Loan or reduce the stated rate (it being understood that only the consent of the Majority Lenders shall be necessary to waive any obligation of the Borrower to pay interest at the Default Rate or amend Section 2.8(e)), or forgive any portion, or extend the date for the payment, of any interest or fee payable hereunder (other than as a result of waiving the applicability of any post-default increase in interest rates and any change due to a change in the Borrowing Base or Available Commitment), or extend the final expiration date of any Lender's Commitment (provided that (1) any Lender, upon the request of the Borrower, may extend the final expiration date of its Commitment without the consent of any other Lender, including the Majority Lenders and (2) it is being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default shall not constitute an increase of the Commitments of any Lender) or extend the final expiration date of any Letter of Credit beyond the L/C Maturity Date, or increase (other than as set forth in the definition of "Commitment") the amount of the Commitment of any Lender (provided that, any Lender, upon the

request of the Borrower, may increase the amount of its Commitment without the consent of any other Lender, including the Majority Lenders), or make any Loan, interest, fee or other amount payable in any currency other than Dollars, in each case without the written consent of each Lender directly and adversely affected thereby, or (ii) amend, modify or waive any provision of this Section 13.1 in a manner that would reduce the voting rights of any Lender, or reduce the percentages specified in the definitions of the terms "Majority Lenders" or "Required Lenders" (it being understood that, with the consent of the Majority Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Majority Lenders and Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date), consent to the assignment or transfer by the Borrower of its rights and obligations under any Credit Document to which it is a party (except as permitted pursuant to Section 10.3), in each case without the written consent of each Lender directly and adversely affected thereby, or (iii) amend the provisions of Section 11.11 or any analogous provision of any Security Document or Section 13.8(a), in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender directly and adversely affected thereby, or (iv) amend, modify or waive any provision of Section 12 without the written consent of the then-current Administrative Agent and Collateral Agent, as applicable, or any other former or current Agent to whom Section 12 then applies in a manner that directly and adversely affects such Person, or (v) amend, modify or waive any provision of Section 3 with respect to any Letter of Credit without the written consent of each Issuing Bank to whom Section 3 then applies in a manner that directly and adversely affects such Person, or (vi) release all or substantially all of the aggregate value of the Guarantees (except as expressly permitted by the Guarantee or this Agreement) without the prior written consent of each Lender, or (vii) release all or substantially all of the Collateral under the Security Documents (except as expressly permitted by the Security Documents or this Agreement) without the prior written consent of each Lender, or (viii) amend Section 2.9 so as to permit Interest Period intervals greater than six months without regard to availability to Lenders, without the written consent of each Lender directly and adversely affected thereby, or (ix) increase the Borrowing Base without the written consent of all of the Lenders (other than Defaulting Lenders), decrease or maintain the Borrowing Base without the written consent of the Required Lenders or otherwise modify Section 2.14(b), 2.14(c), 2.14(d), or 2.14(e) if such modification would have the effect of increasing the Borrowing Base or providing the ability to increase the Borrowing Base without the written consent of all of the Lenders (other than Defaulting Lenders); provided that a Scheduled Redetermination may be postponed by the Majority Lenders, or (x) affect the rights or duties of, or any fees or other amounts payable to, any Agent under this Agreement or any other Credit Document without the prior written consent of such Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the affected Lenders and shall be binding upon the Borrower, such Lenders, the Administrative Agent and all future holders of the affected Loans. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former positions and rights hereunder and under the other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; it being understood that no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. In connection with the foregoing provisions, the Administrative Agent may, but shall have no obligations to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender whose consent is required hereunder.

(b) Without the consent of any Lender or Issuing Bank, the Credit Parties and the Administrative Agent or Collateral Agent may (in their respective sole discretion, or shall, to the extent required by any Credit Document) enter into any amendment, modification or waiver of any Credit Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or this Agreement or in each case to otherwise enhance the rights or benefits of any Lender under any Credit Document.

(c) Notwithstanding the foregoing, technical and conforming modifications to the Credit Documents may be made with the consent of the Borrower and the Administrative Agent if such modifications are not adverse to the Lenders in any material respect or (ii) to the extent necessary to cure any ambiguity, omission, defect or inconsistency so long as, in each case with respect to this clause (ii), the Lenders shall have received at least five Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Majority Lenders stating that the Majority Lenders object to such amendment.

(d) Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender and no such amendment, waiver or consent shall disproportionately adversely affect such Defaulting Lender without its consent as compared to other Lenders (it being understood that any Commitments or Loans held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders).

13.2. Notices. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder or under any other Credit Document shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(a) if to the Borrower, the Administrative Agent, the Collateral Agent or any Issuing Bank, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 13.2 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(b) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower, the Administrative Agent, the Collateral Agent and the Issuing Banks.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii)(A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail, when delivered; provided that notices and other communications to the Administrative Agent or the Lenders pursuant to Sections 2.3, 2.6, 2.9, 4.2 and 5.1 shall not be effective until received.

13.3. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, the Collateral Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Requirements of Law.

13.4. Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Credit Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans hereunder. Such representations and warranties shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied (other than Obligations under Secured Hedge Agreements, Secured Cash Management Agreements or contingent indemnification obligations, in any such case, not then due and payable).

13.5. Payment of Expenses; Indemnification. The Borrower agrees (a) to pay or reimburse the Agents for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and execution and delivery of, and any amendment, waiver, supplement or modification to, this Agreement and the other Credit Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of GableGotwals, in its capacity as counsel to the Administrative Agent, and one counsel in each appropriate local jurisdiction (excluding any allocated costs of in- house counsel), (b) to pay or reimburse each Lender, Issuing Bank and Agent for all its reasonable and documented out- of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Credit Documents and any such other documents, including the reasonable fees, disbursements and other charges of one counsel to the Administrative Agent, Collateral Agent and the other Agents (unless there is an actual or perceived conflict of interest in which case each such Person may, with the Borrower's consent (not to be unreasonably withheld or delayed), retain its own counsel), (c) to pay, indemnify, and hold harmless each Lender, Issuing Bank and Agent from, any and all recording and filing fees and (d) to pay, indemnify, and hold harmless each Lender, Issuing Bank and Agent and their respective Related Parties from and against any and all other liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, whether or not such proceedings are brought by the Borrower, any of its Related Parties or any other Person, including reasonable and documented fees, disbursements and other charges of one primary counsel for all such Persons, taken as a whole, and, if necessary, by a single firm of local counsel in each appropriate jurisdiction for all such Persons, taken as a whole (unless there is an actual or perceived conflict of interest in which case each such Person may, with the consent of the Borrower (not to be unreasonably withheld or delayed), retain its own counsel), with respect (i) the execution, delivery, enforcement, performance and administration of this Agreement, the other Credit Documents and any such other documents and (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including 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), including, without limitation, any of the foregoing relating to the violation of, noncompliance with or liability under, any Environmental Law (other than by such indemnified person or any of its Related Parties (other than any trustee or advisor)) or to any actual or alleged presence, release or threatened release of Hazardous Materials involving or attributable to the Borrower, any of its Subsidiaries or any of the Oil and Gas Properties (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"); provided that the Borrower shall have no obligation hereunder to any Agent or any Lender or any of their respective Related Parties with respect to Indemnified Liabilities to the extent to have resulted from (i) the gross negligence, bad faith or willful misconduct of the party to be indemnified or any of its Related Parties as determined by a final non-appealable judgment of a court of competent jurisdiction, (ii) any material breach of any Credit Document by the party to be indemnified or (iii) disputes, claims, demands, actions, judgments or suits not involving any act or omission by the Borrower or its Affiliates, brought by an indemnified Person against any other indemnified Person (other than disputes, claims, demands, actions, judgments or suits involving claims against any Agent in its capacity as such). No Person entitled to indemnification under clause (d) of this Section 13.5 shall be liable for any damages arising from the use by others of any information or other materials obtained through internet, electronic, telecommunications or other information transmission systems (including IntraLinks or SyndTrak Online) in connection with this Agreement, except to the extent that such damages have resulted from the willful misconduct, bad faith or gross negligence of the party to be indemnified or any of its Related Parties (as determined by a court of competent jurisdiction in a final and non-appealable decision), nor (except solely for indemnification for any special, punitive, indirect or consequential damages as a result of the indemnification obligations of the Borrower or any of its Subsidiaries set forth above) shall any such Person, the Borrower or any of its Subsidiaries have any liability for any special, punitive, indirect or consequential damages (including, without limitation, any loss of profits, business or anticipated savings) relating to this Agreement or any other Credit Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date). All amounts payable under this Section 13.5 shall be paid within 10 Business Days of receipt by the Borrower of an invoice relating thereto setting forth such expense in reasonable detail, accompanied, if requested by the Borrower, by reasonable supporting documentation. The agreements in this Section 13.5 shall survive repayment of the Loans and all other amounts payable hereunder. This Section 13.5 shall not apply with respect to any Taxes other than Taxes that represent liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever resulting from a non-Tax claim, which shall be governed exclusively by Section 5.4 and, to the extent set forth therein,Sections 2.10 and 3.5.

13.6. Successors and Assigns; Participations and Assignments.

(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) except as expressly permitted by Section 10.3, the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 13.6. 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 clause (c) of this Section 13.6) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Collateral Agent, each Issuing Bank and the Lenders and each other Person entitled to indemnification under Section 13.5) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth inclause (b)(ii) below, any Lender may at any time assign to one or more assignees (other than the Parent, any Subsidiary of the Parent, the Borrower, its Subsidiaries or any Affiliates of the foregoing Persons, or any natural person or any Defaulting Lender) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans (including participations in L/C Obligations) at the time owing to it) with the prior written consent of:

(A) the Borrower (not to be unreasonably withheld or delayed); provided that no consent of the Borrower shall be required for an assignment if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund; and

(B) the Administrative Agent and each Issuing Bank (in each case, not to be unreasonably withheld or delayed).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 and increments of $1,000,000 in excess thereof, unless each of the Borrower, each Issuing Bank and the Administrative Agent otherwise consents (which consents shall not be unreasonably withheld or delayed); provided that no such consent of the Borrower shall be required if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing; provided, further, that contemporaneous assignments to a single assignee made by Affiliates of Lenders and related Approved Funds shall be aggregated for purposes of meeting the minimum

assignment amount requirements stated above;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee in the amount of $3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and applicable Tax forms (including those described in Sections 5.4(d), 5.4(e), 5.4(h) and 5.4(i), as applicable).

(iii) Subject to acceptance and recording thereof pursuant to clause (b)(iv) of this Section 13.6, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.10, 2.11, 3.5, 5.4 and 13.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 13.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (c) of this Section 13.6.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount (and stated interest amounts) of the Loans and L/C Obligations and any payment made by each Issuing Bank under any applicable Letter of Credit owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Further, the Register shall contain the name and address of the Administrative Agent and the lending office through which each such Person acts under this Agreement. The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Collateral Agent, each Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Collateral Agent, each Issuing Bank and, solely with respect to itself, each other Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) of this Section 13.6 (unless waived) and any written consent to such assignment required by clause (b) of this Section 13.6, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register.

(c) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent or any Issuing Bank, sell participations to one or more banks, credit insurers, or other entities (other than any Defaulting Lender, the Parent, the Borrower or any Subsidiary of the Parent or the Borrower) (each, a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, each Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement or any other Credit Document; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i) or (ii) of the second proviso of the second sentence of Section 13.1(a) that affects such Participant, provided that the Participant shall have no right to consent to any modification to the percentages specified in the definitions of the terms "Majority Lenders" or "Required Lenders". Subject to clause (c)(ii) of this Section 13.6, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.10, 2.11, 3.5 and 5.4 to the same extent as if it were a Lender (subject to the limitations and requirements of those Sections and Sections 2.12 and 13.7) as though it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 13.6). To the extent permitted by Requirements of Law, each Participant also shall be entitled to the benefits of Section 13.8(b) as though it were a Lender; provided such Participant agrees to be subject to Section 13.8(a) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.10, 2.11, 3.5 or 5.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent expressly acknowledging such entitlement to receive a greater payment (which consent shall not be unreasonably withheld); provided that the Participant shall be subject to the provisions in Section 2.12 as if it were an assignee under clauses (a) and (b) of this Section 13.6. Each Lender that sells a participation shall, acting solely for this purpose as a nonfiduciary agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and related interest amounts) of each participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"). The entries in the Participant Register shall be conclusive, absent manifest error, and each party hereto 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. No Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (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 Credit Document) 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.

(d) Any Lender may, without the consent of the Borrower, any Issuing Bank or the Administrative Agent, 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 Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any central bank having jurisdiction over such Lender, and this Section 13.6 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 Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. In order to facilitate such pledge or assignment or for any other reason, the Borrower hereby agrees that, upon request of any Lender at any time and from time to time after the Borrower has made its initial borrowing hereunder, the Borrower shall provide to such Lender, at the Borrower's own expense, a promissory note, substantially in the form of Exhibit H evidencing the Loans owing to such Lender.

(e) Subject to Section 13.16, the Borrower authorizes each Lender to disclose to any Participant, secured creditor of such Lender or assignee of such Lender (each, a "Transferee") and any prospective Transferee this Agreement and the other Credit Documents, information regarding the Loans and the Letters of Credit, and any and all financial information in such Lender's possession concerning the Borrower and its Affiliates that has been delivered to such Lender by or on behalf of the Borrower and its Affiliates pursuant to this Agreement or that has been delivered to such Lender by or on behalf of the Borrower and its Affiliates in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement.

(f) The words "execution," "signed," "signature," and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures 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 law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

13.7. Replacements of Lenders under Certain Circumstances.

(a) The Borrower shall be permitted to replace any Lender that (i) requests reimbursement for amounts owing pursuant to Section 2.10, 3.5 or 5.4 (other than Section 5.4(b)), (ii) is affected in the manner described in Section 2.10(a)(iii) and as a result thereof any of the actions described in such Section is required to be taken or (iii) becomes a Defaulting Lender, with a replacement bank, lending institution or other financial institution; provided that (A) such replacement does not conflict with any Requirement of Law, (B) no Event of Default under Section 11.1 or 11.5 shall have occurred and be continuing at the time of such replacement, (C) the replacement bank or institution shall purchase, at par, all Loans and the Borrower shall pay all other amounts (other than any disputed amounts), pursuant to Section 2.10, 3.5 or 5.4, as the case may be, owing to such replaced Lender prior to the date of replacement, (D) the replacement bank or institution, if not already a Lender, and the terms and conditions of such replacement, shall be reasonably satisfactory to the Administrative Agent, (E) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 13.6(b) (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein) and (F) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

(b) If any Lender (such Lender, a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver, discharge or termination that pursuant to the terms of Section 13.1 requires the consent of all of the Lenders (or all of the Lenders affected) or the Required Lenders and with respect to which the Majority Lenders shall have granted their consent, then provided no Event of Default then exists, the Borrower shall have the right (unless such Non- Consenting Lender grants such consent) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans and its Commitments hereunder to one or more assignees reasonably acceptable to the Administrative Agent; provided that: (i) all Obligations of the Borrower owing to such Non-Consenting Lender being replaced (other than principal and interest) shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (ii) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment, the Borrower, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 13.6.

(c) Notwithstanding anything herein to the contrary, each party hereto agrees that any assignment pursuant to the terms of this Section 13.7 may be effected pursuant to an Assignment and Acceptance executed by the Borrower, the Administrative Agent and the assignee and that the Lender making such assignment need not be a party thereto.

13.8. Adjustments; Set-off.

(a) If any Lender (a "Benefited Lender") shall at any time receive any payment in respect of any principal of or interest on all or part of the Loans made by it, or the participations in Letter of Credit Obligations held by it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 11.5, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender entitled thereto, if any, in respect of such other Lender's Loans, or interest thereon, such Benefited Lender shall (i) notify the Administrative Agent of such fact, and (ii) purchase for cash at face value from the other Lenders a participating interest in such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably in accordance with the aggregate principal of and accrued interest on their respective Loans and other amounts owing them; *provided*, *however*, that, (A) if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest and (B) the provisions of this paragraph shall not be construed to apply to (1) any payment made by the Borrower or any other Credit Party pursuant to and in accordance with the terms of this Agreement and the other Credit Documents, (2) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, Commitments or participations in Drawings to any assignee or participant or (3) any disproportionate payment obtained by a Lender as a result of the extension by Lenders of the maturity date or expiration date of some but not all Loans or Commitments or any increase in the Applicable Margin in respect of Loans or Commitments of Lenders that have consented to any such extension. Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under Requirements of Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Credit Party rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Credit Party in the amount of such participation.

(b) After the occurrence and during the continuance of an Event of Default, in addition to any rights and remedies of the Lenders provided by Requirements of Law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable Requirements of Law, to set-off and appropriate and apply against any of and all the obligations owed to such Lender now or hereafter existing hereunder or any other Credit Document any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower (and the Credit Parties, if applicable) and the Administrative Agent after any such set-off and application made by such Lender; *provided* that the failure to give such notice shall not affect the validity of such set- off and application.

13.9. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic transmission, *i.e.* a "pdf" or a "tif"), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

13.10. Severability. Any provision of this Agreement that 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.

13.11. INTEGRATION. THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT OF THE BORROWER, THE GUARANTORS, THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT AND THE LENDERS WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO PROMISES, UNDERTAKINGS, REPRESENTATIONS, WARRANTIES OR UNWRITTEN ORAL AGREEMENTS BY THE BORROWER, THE GUARANTORS, ANY AGENT NOR ANY LENDER RELATIVE TO SUBJECT MATTER HEREOF NOT EXPRESSLY SET FORTH OR REFERRED TO HEREIN OR IN THE OTHER CREDIT DOCUMENTS.

13.12. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS.

13.13. Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of Texas and the courts of the United States of America for the Southern District of Texas, in each case located in Harris County, and appellate courts from any thereof; provided that, any suit seeking enforcement against any Collateral or other property may be brought, at the Administrative Agent's option, in the courts of any jurisdiction where such Collateral or other property may be found.

(b) consents that any such action or proceeding shall be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Person at its address set forth on Schedule 13.2 at such other address of which the Administrative Agent shall have been notified pursuant to Section 13.2;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by Requirements of Law or shall limit the right to sue in any other jurisdiction;

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 13.13 any special, exemplary, punitive or consequential damages; and

(f) agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13.14. Acknowledgments. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document) are an arm's-length commercial transaction between the Borrower and the other Credit Parties, on the one hand, and the Administrative Agent, the Lenders and the other Agents on the other hand, and the Borrower and the other Credit Parties are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each of the Administrative Agent, other Agents and the Lenders, is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary for any of the Borrower, any other Credit Parties or any of their respective Affiliates, equity holders, creditors or employees or any other Person; (iii) neither the Administrative Agent, any other Agent, nor any Lender has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower or any other Credit Party with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Credit Document (irrespective of whether the Administrative Agent or any other Agent, or any Lender has advised or is currently advising any of the Borrower, the other Credit Parties or their respective Affiliates on other matters) and none of the Administrative Agent, any Agent, or any Lender has any obligation to any of the Borrower, the other Credit Parties or their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Credit Documents; (iv) the Administrative Agent and its Affiliates, each other Agent and each of its Affiliates and each Lender and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its respective Affiliates, and none of the Administrative Agent, any other Agent or any Lender has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) none of the Administrative Agent, any Agent or any Lender has provided and none will provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Credit Document) and the Borrower has consulted its own legal, accounting, regulatory and Tax advisors to the extent it has deemed appropriate. The Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent and each Agent with respect to any breach or alleged breach of agency or fiduciary duty; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower, on the one hand, and any Lender, on the other hand.

13.15. WAIVERS OF JURY TRIAL. THE BORROWER, EACH AGENT, EACH ISSUING BANK AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13.16. Confidentiality. The Administrative Agent, each other Agent, any Issuing Bank and each other Lender shall hold all information not marked as "public information" and furnished by or on behalf of the Borrower or any of its Subsidiaries in connection with such Lender's evaluation of whether to become a Lender hereunder or obtained by such Lender, the Administrative Agent, any Issuing Bank or such other Agent pursuant to the requirements of this Agreement (" Confidential Information"), confidential in accordance with its customary procedure for handling confidential information of this nature and in any event may make disclosure (a) as required or requested by any Governmental Authority, self-regulatory agency or representative thereof or pursuant to legal process or applicable Requirements of Law, (b) to such Lender's or the Administrative Agent's, any Issuing Bank's or such other Agent's attorneys, professional advisors, independent auditors, trustees, agents or Affiliates (and any Affiliate's attorneys, professional advisors, independent auditors, trustees or agents), in each case who need to know such information in connection with the administration of the Credit

Documents and are informed of the confidential nature of such information, (c) to an investor or prospective investor in a securitization that agrees its access to information regarding the Credit Parties, the Loans and the Credit Documents is solely for purposes of evaluating an investment in a securitization and who agrees to treat such information as confidential, (d) to a trustee, collateral manager, servicer, backup servicer, noteholder or secured party in connection with the administration, servicing and reporting on the assets serving as collateral for a securitization and who agrees to treat such information as confidential, (e) to a nationally recognized ratings agency that requires access to information regarding the Credit Parties, the Loans and Credit Documents in connection with ratings issued with respect to a securitization, and (f) to the extent such Confidential Information becomes public other than by reason of disclosure by such Person in breach of this Agreement; provided that unless prohibited by applicable Requirements of Law, each Lender, the Administrative Agent, any Issuing Bank and each other Agent shall endeavor to notify the Borrower (without any liability for a failure to so notify the Borrower) of any request made to such Lender, the Administrative Agent, any Issuing Bank or such other Agent, as applicable, by any governmental, regulatory or self-regulatory agency or representative thereof (other than any such request in connection with an examination of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information; provided further that in no event shall any Lender, the Administrative Agent, any Issuing Bank or any other Agent be obligated or required to return any materials furnished by the Borrower or any Subsidiary. In addition, each Lender, the Administrative Agent and each other Agent may provide Confidential Information to prospective Transferees or to any pledgee referred to in Section 13.6 or to prospective direct or indirect contractual counterparties in Hedge Agreements to be entered into in connection with Loans made hereunder as long as such Person is advised of and agrees to be bound by the provisions of this Section 13.16 or confidentiality provisions at least as restrictive as those set forth in theSection 13.16.

13.17. Release of Collateral and Guarantee Obligations.

(a) The Lenders hereby irrevocably agree that the Liens granted to the Collateral Agent by the Credit Parties on any Collateral shall be automatically released (i) in full, as set forth in clause (b) below, (ii) upon the Disposition of such Collateral (including as part of or in connection with any other Disposition permitted hereunder) to any Person other than another Credit Party, to the extent such Disposition is made in compliance with the terms of this Agreement (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Credit Party upon its reasonable request without further inquiry), (iii) upon any Collateral becoming an Excluded Equity Interest, an Excluded Asset or becoming owned by an Excluded Subsidiary or (in the case of Collateral constituting cash) becoming subject to Liens pursuant to clauses (d) and (e) of the definition of "Permitted Liens", (iv) to the extent such Collateral is comprised of property leased to a Credit Party, upon termination or expiration of such lease, (v) if the release of such Lien is approved, authorized or ratified in writing by the Majority Lenders (or such other percentage of the Lenders whose consent may be required in accordance with Section 13.1), (vi) to the extent the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the Guarantee in accordance with the Guarantee and (vii) as required by the Collateral Agent to effect any Disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Security Documents. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Credit Parties in respect of) all interests retained by the Credit Parties, including the proceeds of any Disposition, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Credit Documents. Additionally, the Lenders hereby irrevocably agree that the Guarantors shall be released from the Guarantees upon consummation of any transaction permitted hereunder resulting in such Subsidiary ceasing to constitute a Restricted Subsidiary or otherwise becoming an Excluded Subsidiary. The Lenders hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this paragraph, all without the further consent or joinder of any Lender. Any representation, warranty or covenant contained in any Credit Document relating to any such Collateral or Guarantor shall no longer be deemed to be repeated. In connection with any release hereunder, the Administrative Agent and Collateral Agent shall promptly (and the Lenders hereby authorize the Administrative Agent and Collateral Agent to) take such action and execute any such documents as may be reasonably requested by the Borrower and at the Borrower's expense in connection with the release of any Liens created by any Credit Document in respect of such Subsidiary, property or asset.

(b) Notwithstanding anything to the contrary contained herein or any other Credit Document, when all Obligations (other than (i) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (ii) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (iii) any contingent or indemnification obligations not then due) have been paid in full in cash or equivalents thereof, all Commitments have terminated or expired and no Letter of Credit shall be outstanding that is not Cash Collateralized or back- stopped to the reasonable satisfaction of the Administrative Agent and the Issuing Bank, upon request of the Borrower, the Administrative Agent and/or Collateral Agent, as applicable, shall (without notice to, or vote or consent of, any Secured Party) take such actions as shall be required to release its security interest in all Collateral, and to release all obligations under any Credit Document, whether or not on the date of such release there may be any (i) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (ii) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (iii) any contingent or indemnification obligations not then due. Any such release of Obligations shall be deemed subject to the provision that such Obligations shall be reinstated if after such release any portion of any payment in respect of the Obligations guaranteed thereby shall be rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made.

13.18. USA PATRIOT Act. The Agents and each Lender hereby notify 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 "Patriot Act"), it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Agent and such Lender to identify each Credit Party in accordance with the Patriot Act.

13.19. Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to any Agent or any Lender, or any Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by any Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect.

13.20. Reinstatement. This Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution,

liquidation or reorganization of the Borrower, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any substantial part of its property, or otherwise, all as though such payments had not been made.

13.21. Disposition of Proceeds. The Security Documents contain an assignment by the Borrower and/or the Guarantors unto and in favor of the Collateral Agent for the benefit of the Lenders of all of the Borrower's or each Guarantor's interest in and to their as-extracted collateral in the form of production and all proceeds attributable thereto which may be produced from or allocated to the Mortgaged Property. The Security Documents further provide in general for the application of such proceeds to the satisfaction of the Obligations described therein and secured thereby. Notwithstanding the assignment contained in such Security Documents, until the occurrence of an Event of Default, (a) the Administrative Agent and the Lenders 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 Lenders, but the Lenders will instead permit such proceeds to be paid to the Borrower and its Subsidiaries and (b) the Lenders hereby authorize the Administrative Agent to take such actions as may be necessary to cause such proceeds to be paid to the Borrower and/or such Subsidiaries.

13.22. Collateral Matters; Hedge Agreements. The benefit of the Security Documents and of the provisions of this Agreement relating to any Collateral securing the Obligations shall also extend to and be available on a pro rata basis pursuant to terms agreed upon in the Credit Documents to any Person (a) under any Secured Hedge Agreement, in each case, after giving effect to all netting arrangements relating to such Hedge Agreements or (b) under any Secured Cash Management Agreement. No Person shall have any voting rights under any Credit Document solely as a result of the existence of obligations owed to it under any such Secured Hedge Agreement or Secured Cash Management Agreement.

13.23. Agency of the Borrower for the Other Credit Parties. Each of the other Credit Parties hereby appoints the Borrower as its agent for all purposes relevant to this Agreement and the other Credit Documents, including the giving and receipt of notices and the execution and delivery of all documents, instruments and certificates contemplated herein and therein and all modifications hereto and thereto.

13.24. Flood Insurance Provisions. Notwithstanding any provision in this Agreement or any other Credit Document 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) included in the definition of "Mortgaged Property" and no Building or Manufactured (Mobile) Home hereby encumbered by this Agreement or any other Credit Document. As used herein, "Flood Insurance Regulations" means (a) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (b) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statue thereto, (c) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time and (d) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder.

13.25. Acknowledgement and Consent to Bail-In of EEA Financial Institution. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA 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 an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA 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 EEA 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 Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

13.26. Texas Express Negligence Rule. WITHOUT LIMITATION OF ANY OTHER PROVISION OF THE CREDIT DOCUMENTS, IT IS THE INTENTION OF THE PARTIES TO THIS AGREEMENT THAT THE INDEMNIFICATION PROVISIONS OF SECTION 12.7 AND SECTION 13.5 WILL APPLY TO EACH INDEMNITEE WITH RESPECT TO INDEMNIFIED LIABILITIES AND ALL OTHER LOSSES, CLAIMS, DAMAGES, PENALTIES, LIABILITIES AND RELATED EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR) SUBJECT TO SUCH PROVISIONS, WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNITEE.

13.27. Acknowledgement Regarding Any Supported QFCs. To the extent that the Credit Documents 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 Federal Deposit Insurance Corporation 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 Credit Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of Texas 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 Credit Documents 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 Credit Documents 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 Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BCE-Mach III LLC, a Delaware limited liability company, as Borrower

By: /s/ Kevin White
Name: Kevin White
Title: Chief Financial Officer

Signature Page to Credit Agreement

MIDFIRST BANK, a federally chartered savings association, as Administrative Agent and Collateral Agent, and as a Lender

By: /s/ Chad Dayton
Chad Dayton, First Vice President

Signature Page to Credit Agreement

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

UBS AG, STAMFORD BRANCH, as a Lender

By: /s/ Darlene Arias
Name: Darlene Arias
Title: Director

By: /s/ Anthony Joseph
Name: Anthony Joseph
Title: Associate Director

Signature Page to Credit Agreement

EXHIBIT A TO
CREDIT AGREEMENT

RESERVE REPORT CERTIFICATE

May 19, 2020

THIS RESERVE REPORT CERTIFICATE is delivered as of the date indicated above in connection with the Credit Agreement, dated May 19, 2020 (the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. All capitalized terms used but not otherwise defined in this Certificate shall have the meanings assigned to them in the Credit Agreement.

The undersigned, individually and in his capacity as the Chief Financial Officer of the Borrower, certifies that:

(a) he is the Borrower's duly appointed Chief Financial Officer;

(b) the Initial Reserve Report is true and accurate in all material respects based upon the best information reasonably available as of the date of the report;

(c) the aggregate PV-8 of the Proved Developed Producing Reserves included in the Initial Reserve Reports is _____; and

(d) the aggregate PV-8 of the Proved Developed Producing Reserves included in the Initial Reserve Reports that were not acquired in the Acquisitions is _____.

[Signature Page Follows]

THIS RESERVE REPORT CERTIFICATE is executed and delivered as of the date indicated on the first page.

BCE-MACH III LLC

By: _____
Name: Kevin White
Title: Chief Financial Officer

Signature Page to Reserve Report Certificate

EXHIBIT B TO
CREDIT AGREEMENT

FORM OF NOTICE OF BORROWING

MIDFIRST BANK
501 NW Grand Blvd.
Oklahoma City, OK 73118
Attention: Chad Dayton

[Date]
Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Borrower hereby gives you notice pursuant to Section 2.3 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

(A)	The aggregate principal amount of Borrowing:	_____
(B)	The date of Borrowing[1] (which is a Business Day):	_____
(C)	The type of Borrowing:[2]	_____
(D)	Interest Period (if LIBOR Borrowing):[3]	_____
(E)	Consolidated Cash Balance[4]	_____
(F)	The location and number of the Account to which funds are to be disbursed:	_____

1 Date of Notice of Borrowing: To be submitted (A) prior to 1:00 p.m. (New York City time) at least three Business Days prior to each Borrowing of Loans if such Loans are to be initially LIBOR Loans; or (B) prior to 12:00 p.m. (New York City time) on the date of each Borrowing of Loans that are to be ABR Loans.

2 Specify a LIBOR Borrowing or an ABR Borrowing.

3 The Interest Period applicable to a LIBOR Borrowing shall be subject to the definition of "Interest Period" in the Credit Agreement. If no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration.

4 The Consolidated Cash Balance (without regard to the requested Borrowing) and the pro forma Consolidated Cash Balance (giving effect to the requested Borrowing) as of the end of the fifth Business Day after each requested Borrowing will be funded.

BCE-MACH III LLC, a Delaware limited liability company

By: _____
Name:
Title:

Signature Page to Notice of Borrowing

EXHIBIT C TO
CREDIT AGREEMENT

FORM OF GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT (this "Guaranty"), dated as of [ ] by and among the Subsidiaries of the Borrower (defined below) listed on the signature page hereof (each a "Guarantor" and collectively, the "Guarantors"), and MIDFIRST BANK, as collateral agent for the Secured Parties referred to below (in such capacity, together with any successor thereto, the "Collateral Agent").

WITNESSETH:

A. BCE-MACH III LLC ("Borrower"), the Lenders party thereto from time to time, MIDFIRST BANK, as Collateral Agent and Administrative Agent, MIDFIRST BANK, as the Issuing Bank, and the other Persons from time to time party thereto, have entered into a Credit Agreement, dated as of May [●], 2020 (as amended, restated, amended and restated, modified and/or supplemented from time to time, the "Credit Agreement"), providing for the making of Loans and the issuance of Letters of Credit for the account of the Borrower pursuant to the terms thereof.

B. It is a condition to the making of Loans to, and the issuance of Letters of Credit for the account of the Borrower under the Credit Agreement that each Guarantor shall have executed and delivered this Guaranty; and

C. Each Guarantor will obtain benefits from the incurrence of Loans by and the issuance of Letters of Credit for the account of the Borrower, and accordingly desires to execute this Guaranty in order to satisfy the conditions described in the preceding paragraph and to induce the Lenders to make Loans to and each Issuing Bank to issue Letters of Credit for the account of the Borrower and as consideration for Loans previously made and Letters of Credit previously issued.

1. DEFINITIONS

Capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement, unless otherwise defined herein. References to this "Guaranty" shall mean this Guaranty, including all amendments, modifications and supplements and any annexes, exhibits and schedules to any of the foregoing, and shall refer to this Guaranty as the same may be in effect at the time such reference becomes operative. The rules of construction specified in Section 1.2 of the Credit Agreement also apply to this Guaranty.

2. THE GUARANTY

(a) Guaranty of Guaranteed Obligations. Each Guarantor unconditionally guarantees to the Collateral Agent, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment and performance of the Obligations other than the Excluded Hedging Obligations (the "Guaranteed Obligations") for the ratable benefit of the Secured Parties (which, for the avoidance of doubt, include each of the following: the Collateral Agent, the Administrative Agent, the Issuing Bank, each Lender, each Hedge Bank that is party to any Secured Hedge Agreement, each Cash Management Bank that is a party to any Secured Cash Management Agreement and each sub-agent appointed pursuant to Section 12.2 of the Credit Agreement by the Administrative Agent with respect to matters relating to the Credit Documents or by the Collateral Agent with respect to matters relating to any Security Document). Each Guarantor further agrees that the Guaranteed Obligations may be extended, modified, amended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension, modification, amendment or renewal of any Guaranteed Obligation. To the extent permitted by applicable Requirements of Law, each Guarantor waives presentment to, demand of payment from and protest to the Borrower or any other Subsidiary Party of any of the Guaranteed Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment.

As used herein, the "Excluded Hedging Obligations" means (as such definition may be modified from time to time as agreed by the Borrower and the Collateral Agent), with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of the Commodity Exchange Act (a "CEA Swap Obligation"), if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such CEA Swap Obligation (or any Guarantee Obligation thereof (which for the avoidance of doubt is a "Guarantee Obligation" as defined in the Credit Agreement, not "Guaranteed Obligations" as defined herein)) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order thereunder (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason not to constitute an "eligible contract participant" as defined in the Commodity Exchange Act.

(b) Guaranty of Payment. Each Guarantor further agrees that its guarantee hereunder constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Collateral Agent or any other Secured Party to any security held for the payment of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any other Secured Party in favor of the Borrower or any other Person.

(c) No Limitations. Except for termination or release of a Guarantor's obligations hereunder as expressly provided for in Section 5(h), the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise (other than defense of payment or performance). Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by: (i) the failure of the Collateral Agent or any other Secured Party to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Credit Document or otherwise; (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Credit Document or any other agreement, including with respect to any other Guarantor under this Guaranty; (iii) the release of, or the failure to perfect any security interest in, or the exchange, substitution, release or any impairment of, any security held by the Collateral Agent or any other Secured Party for the Guaranteed Obligations; (iv) any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations; (v) any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the Payment in Full of the Guaranteed Obligations); (vi) any illegality, lack of validity or enforceability of any Guaranteed Obligation; (vii) any change in the corporate existence, structure or ownership of the Borrower, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or its assets or any resulting release or discharge of any Guaranteed Obligation (other than the Payment in Full of the Guaranteed Obligations); (viii) the existence of any claim, set-off or other rights that the Guarantor may have at any time against the Borrower, the Collateral Agent, or any other corporation or person, whether in connection herewith or any unrelated transactions, provided that nothing herein will prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (ix) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Collateral Agent that might otherwise constitute a defense to, or a legal or equitable discharge of, the Borrower or any other Credit Party or any other guarantor or surety. Each Guarantor expressly authorizes the Secured Parties to take and hold security for the payment and performance of the Guaranteed Obligations, to exchange, waive or release any or all such security (with or without consideration), to enforce or apply such security and direct the order and manner of any sale thereof in their sole discretion or to release or substitute any one or more other guarantors or obligors upon or in respect of the Guaranteed Obligations, all without affecting the obligations of any Guarantor hereunder. To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or

arising out of any defense of any other Guarantor or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any other Guarantor, other than the Payment in Full of the Guaranteed Obligations. The Collateral Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by any manner permitted by Law, including by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with the Borrower or any other Credit Party or exercise any other right or remedy available to them against the Borrower or any other Credit Party, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full in cash or immediately available funds. To the fullest extent permitted by applicable law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against any other Guarantor, as the case may be, or any security.

(d) Reinstatement. Notwithstanding the provisions of Section 5(h)(i), each Guarantor agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Guaranteed Obligation is rescinded or must otherwise be restored or returned by the Collateral Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any other Credit Party, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any other Credit Party or any substantial part of its property, or otherwise, all as though such payment had not been made.

(e) Agreement To Pay; Subrogation. In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any other Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Credit Party to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Collateral Agent such unpaid Guaranteed Obligation. Upon payment by any Guarantor of any sums to the Collateral Agent as provided above, all rights of such Guarantor against the Borrower or Credit Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be fully subordinated to the Payment in Full of the Guaranteed Obligations (except for contingent indemnities and cost and expense reimbursement obligations to the extent no claim has been made).

(f) Information. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each other Credit Party's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that neither the Collateral Agent nor any other Secured Party will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

(g) Bankruptcy Proceedings. Notwithstanding any modification, discharge or extension or any the Guaranteed Obligations or any amendment, modification, stay or cure of any Secured Party's rights which may occur in any bankruptcy or reorganization case or proceeding concerning the Borrower and Guarantor, whether permanent or temporary, and whether assented to the Collateral Agent or any other Secured Party, each Guarantor hereby agrees that it shall be obligated hereunder to pay and perform the Guaranteed Obligations and discharge its other obligations in accordance with the terms of the Guaranteed Obligations and terms of this Guaranty.

3. FURTHER ASSURANCES

Each Guarantor agrees, upon the written request of the Collateral Agent, to execute and deliver to the Collateral Agent, from time to time, any additional instruments or documents reasonably considered necessary by the Collateral Agent to cause this Guaranty to be, become or remain valid and effective in accordance with its terms.

4. PAYMENTS FREE AND CLEAR OF TAXES

Each Guarantor agrees that such Guarantor will perform or observe all of the terms, covenants and agreements that Section 5.4 of the Credit Agreement requires such Guarantor to perform or observe, subject to the qualifications set forth therein.

5. OTHER TERMS

(a) Representations and Warranties.

(i) *Corporate Status*. Each Guarantor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that it (a) is a duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact its business as now conducted and (b) has duly qualified and is authorized to do business and is in good standing (if applicable) in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

(ii) *Corporate Power and Authority; Enforceability.* Each Guarantor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that it has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of this Guaranty, any Guarantee and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Guaranty. Each Guarantor represents and warrants that it has duly executed and delivered this Guaranty and that this Guaranty constitutes the legal, valid and binding obligation of such Guarantor, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

(b) Entire Agreement. This Guaranty, together with the other Credit Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements relating to a guaranty of the loans and advances under the Credit Documents.

(c) Headings. The headings in this Guaranty are for convenience of reference only and are not part of the substance of this Guaranty.

(d) Severability. Whenever possible, each provision of this Guaranty shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable law in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

(e) Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be given as provided in Section 13.2 of the Credit Agreement.

(f) Successors and Assigns. Whenever in this Guaranty any Guarantor is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by any Guarantor that are contained in this Guaranty shall bind and inure to the benefit of its respective successors and assigns.

(g) No Waiver; Cumulative Remedies; Amendments. No failure or delay by the Collateral Agent in exercising any right, power or remedy hereunder shall operate as a waiver hereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies of the Collateral Agent hereunder are cumulative and are not exclusive of any rights, powers or remedies that it would otherwise have. No waiver of any provision of this Guaranty or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by this Section 5(g), 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, making of any Loan or the issuance of any Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Collateral Agent may have had notice or knowledge of such Default or Event of Default at the time. No notice or demand on any Guarantor in any case shall entitle any Guarantor to any other or further notice or demand in similar or other circumstances. When making any demand hereunder against any of the Guarantors, the Collateral Agent or any other Secured Party may, but shall be under no obligation to, make a similar demand on the Borrower or any other Guarantor or guarantor, and any failure by the Collateral Agent or any other Secured Party to make any such demand or to collect any payments from the Borrower or any such other Guarantor or guarantor or any release of the Borrower or such other Guarantor or guarantor shall not relieve any of the Guarantors in respect of which a demand or collection is not made or any of the Guarantors not so released of their several obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Collateral Agent or any other Secured Party against any of the Guarantors. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings. Neither this Guaranty nor any provision hereof may be waived, amended or modified (other than termination of this Guaranty pursuant to Section 5(h)) except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Guarantor or Guarantors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 13.1 of the Credit Agreement.

(h) Termination and Release.

(i) This Guaranty shall terminate when all the Guaranteed Obligations (other than (A) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (B) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (C) any contingent or indemnification obligations not then due) have been paid in full in cash or equivalents thereof, all Commitments have terminated or expired and no Letter of Credit shall be outstanding that is not Cash Collateralized or back-stopped to the reasonable satisfaction of the Administrative Agent and the Issuing Bank ("Payment in Full").

(ii) A Guarantor shall automatically be released from its obligations hereunder upon the consummation of any transaction permitted by the Credit Agreement resulting in such Guarantor ceasing to constitute a Restricted Subsidiary or otherwise becoming an Excluded Subsidiary.

(iii) In connection with any release pursuant to this Section 5(h), the Collateral Agent shall execute and deliver to the Borrower, upon reasonable notice from the Borrower and at the Borrower's expense, all documents that the Borrower shall reasonably request to evidence such release. Any execution and delivery of documents pursuant to this Section 5(h) shall be without recourse to or warranty by the Collateral Agent.

(i) Counterparts. This Guaranty may be executed in any number of counterparts (including by facsimile or other electronic transmission, i.e. a "pdf" or a "tif"), each of which shall collectively and separately constitute one and the same agreement.

6. INDEMNITY, SUBROGATION AND SUBORDINATION

(a) Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 6(c)), the Borrower agrees that (i) in the event a payment shall be made by any Guarantor under this Guaranty in respect of any Obligation of the Borrower, the Borrower shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment and (ii) in the event any assets of any Guarantor shall be sold pursuant to this Guaranty or any other Security Document to satisfy in whole or in part an Obligation of the Borrower, the Borrower shall indemnify such Guarantor in an amount equal to the greater of the book value or the fair market value of the assets so sold.

(b) Contribution and Subrogation. Each Guarantor (a "Contributing Guarantor") agrees (subject to Section 6(c)) that, in the event a payment shall be made by any other Guarantor hereunder in respect of any Obligation or assets of any other Guarantor shall be sold pursuant to any Security Document to satisfy any Obligation owed to any Secured Party and such other Guarantor (the "Claiming Guarantor") shall not have been fully indemnified by the Borrower as provided in Section 6(a), the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as applicable, in each case multiplied by a fraction of which the numerator shall be the net worth of such Contributing Guarantor on the date hereof and the denominator shall be the aggregate net worth of all the Guarantors on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 9.10 of the Credit Agreement, the date of the supplement hereto executed and delivered by such Guarantor). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 6(b) shall be subrogated to the rights of such Claiming Guarantor under Section 6(a) to the extent of such payment. The provisions of this Section 6(b) shall in no respect limit the obligations and liabilities of any Guarantor to the Collateral Agent and the other Secured Parties, and each Guarantor shall remain liable to the Collateral Agent and the other Secured Parties for the full amount guaranteed by such Guarantor hereunder.

(c) Subordination. Notwithstanding any provision of this Guaranty to the contrary, all rights of the Guarantors under Sections 6(a) and 6(b) and all other rights of indemnity, contribution or subrogation of any Guarantor under applicable law or otherwise shall be fully subordinated to Payment in Full of the Guaranteed Obligations (other than contingent or unliquidated obligations or liabilities to the extent no claim therefor has been made). Notwithstanding any payment or payments made by any of the Guarantors hereunder or any set- off or appropriation or application of funds of any of the Guarantors by any Secured Party, no Guarantor shall be entitled to be subrogated to any of the rights of the Collateral Agent or any other Secured Party against the Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by any Secured Party for the payment of the Obligations until Payment in Full of the Guaranteed Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder until Payment in Full of the Guaranteed Obligations. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time prior to Payment in Full of the Guaranteed Obligations, such amount shall be held

by such Guarantor in trust for the Collateral Agent and the other Secured Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be paid to the Collateral Agent to be credited and applied against the Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement. No failure on the part of the Borrower or any Guarantor to make the payments required by Sections 6(a) and 6(b) (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor hereunder. Further, each Guarantor hereby subordinates any and all Indebtedness now or at any time hereafter owed by the Borrower or any other Guarantor to Guarantor to the Guaranteed Obligations and agrees that while an Event of Default exists, (i) such Guarantor shall not permit Borrower or any Guarantor to repay, or to accept payment from Borrower or any Guarantor of, such Indebtedness or any part thereof without the prior written consent of the Collateral Agent at the direction of the Majority Lenders and (ii) such Guarantor will not permit repayment of, or make any payment with respect to, any Indebtedness or any part thereof, owed from Guarantor to Borrower or any other Guarantor without the prior written consent of Administrative Agent and the Majority Lenders. Each Guarantor hereby subordinates any and all liens, statutory or otherwise and any rights of offset it has or may have in the future against the Borrower's and other Guarantor's interests in the Collateral (including the Mortgaged Property) to the liens of the Collateral Agent and the Secured Parties under the Credit Documents until Payment in Full.

7. GOVERNING LAW; JURISDICTION; VENUE; WAIVER OF JURY TRIAL; CONSENT TO SERVICE OF PROCESS

(a) THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS.

(b) The terms of Sections 13.13 and 13.15 of the Credit Agreement with respect to submission of jurisdiction, venue and waiver of trial by jury are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms (and, for the avoidance of doubt, as incorporated into this Guaranty, Section 13.15 of the Credit Agreement shall apply to each party hereto).

(c) Each party to this Guaranty irrevocably consents to service of process in the manner provided for notices in Section 5(e). Nothing in this Guaranty will affect the right of any party to this Guaranty to serve process in any other manner permitted by law.

8. RIGHT OF SET OFF

If an Event of Default shall have occurred and be continuing, each Secured Party is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable 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 at any time owing by such Secured Party to or for the credit or the account of any Guarantor against any of and all the obligations of such Guarantor now or hereafter existing under this Guaranty owed to such Lender, irrespective of whether or not such Secured Party shall have made any demand under this Guaranty and although such obligations may be unmatured. Each Secured Party agrees promptly to notify the Borrower and the Collateral Agent after any such set off and application made by such Secured Party; provided that the failure to give such notice shall not affect the validity of such set off and application. The rights of each Secured Party under this Section 8 are in addition to other rights and remedies (including other rights of set off) that such Secured Party may have.

9. ADDITIONAL SUBSIDIARIES

Upon execution and delivery by the Collateral Agent and any Subsidiary of the Borrower that is required to become a party hereto by Section 9.10 of the Credit Agreement (or has otherwise agreed to become a party hereto) of an instrument in the form of Exhibit A hereto, such Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any other party to this Guaranty. The rights and obligations of each party to this Guaranty shall remain in full force and effect notwithstanding the addition of any new party to this Guaranty. Each reference to "Guarantor" in this Guaranty shall be deemed to include such Subsidiary.

[*Signature Pages Follow*.]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be executed and delivered as of the date first above written.

[GUARANTOR]

By: _____
Name:
Title:

Acknowledged by:

BCE-MACH III LLC, a Delaware limited liability company

By: _____
Name: Kevin White
Title: Chief Financial Officer

Accepted and Agreed to:

MIDFIRST BANK, a federally chartered savings association, as Collateral Agent

By: _____
Name: Chad Dayton

Title: First Vice President

Exhibit A to Guaranty

SUPPLEMENT NO. _____ dated as of _____ (this "Supplement"), to the Guarantee Agreement dated as of May [●], 2020 (the "Guaranty"), among each Subsidiary of the Borrower (defined below) party thereto (the "Existing Guarantors") and MIDFIRST BANK, as collateral agent (in such capacity, the "Collateral Agent") for the Lenders (used herein as defined therein).

A. BCE-MACH III LLC (the "Borrower"), the Lenders party thereto from time to time, MIDFIRST BANK, as Collateral Agent and Administrative Agent, MIDFIRST BANK, as the Issuing Bank, and the other Persons from time to time party thereto, have entered into a Credit Agreement, dated as of May [●], 2020 (as amended, restated, modified and/or supplemented from time to time, the "Credit Agreement"), providing for the making of Loans and the issuance of Letters of Credit for the account of the Borrower pursuant to the terms thereof.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Guaranty, as applicable.

C. The Existing Guarantors have entered into the Guaranty in order to induce and the Lenders to make Loans, each Issuing Bank to issue Letters of Credit. Section 9 of the Guaranty provides that additional Subsidiaries may become Guarantors under the Guaranty by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary of the Borrower (the "New Subsidiary") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guaranty in order to induce the Lenders to make additional Loans and each Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Subsidiary agree as follows:

SECTION 1. In accordance with Section 9 of the Guaranty, the New Subsidiary by its signature below becomes a Guarantor under the Guaranty with the same force and effect as if originally named therein as a Guarantor and the New Subsidiary hereby agrees to all the terms and provisions of the Guaranty applicable to it as a Guarantor thereunder. In furtherance of the foregoing, the New Subsidiary does hereby guarantee to the Collateral Agent the due and punctual payment of the Guaranteed Obligations as set forth in the Guaranty. Each reference to a "Guarantor" in the Guaranty and in this Supplement shall be deemed to include the New Subsidiary. The Guaranty is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3. This Supplement may be executed in any number of counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract. This Supplement shall become effective when the Collateral Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary. Delivery of an executed signature page to this Supplement by facsimile or other electronic transmission, i.e. a "pdf" or a "tif" shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect.

SECTION 5. **THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS.**

SECTION 6. In the event any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guaranty shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 5(e) of the Guaranty.

SECTION 8. The New Subsidiary agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable and documented fees, disbursements and other charges of counsel to the Collateral Agent.

IN WITNESS WHEREOF, the New Subsidiary has duly executed this Supplement to the Guaranty as of the day and year first above written.

(*Remainder of page left intentionally blank.*)

[Name of New Subsidiary]

By: _____
Name:
Title:

Accepted and Agreed to:

MIDFIRST BANK, a federally chartered savings association, as Collateral Agent

By: _____
Name: Chad Dayton
Title: First Vice President

EXHIBIT D-1 TO
CREDIT AGREEMENT

MORTGAGE, ASSIGNMENT OF
PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT

FROM

BCE-MACH III LLC

TO

MIDFIRST BANK, AS COLLATERAL AGENT

A CARBON, PHOTOGRAPHIC, OR OTHER REPRODUCTION OF THIS INSTRUMENT IS SUFFICIENT AS A FINANCING STATEMENT.

A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT. A POWER OF SALE MAY ALLOW MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY MORTGAGOR UNDER THIS INSTRUMENT.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS. THIS INSTRUMENT SECURES PAYMENT OF FUTURE ADVANCES. THIS INSTRUMENT COVERS PROCEEDS OF MORTGAGED PROPERTY.

THIS INSTRUMENT COVERS MINERALS AND OTHER SUBSTANCES OF VALUE WHICH MAY BE EXTRACTED FROM THE EARTH (INCLUDING WITHOUT LIMITATION OIL AND GAS) AND WHICH WILL BE FINANCED AT THE WELLHEADS OF THE WELL OR WELLS LOCATED ON THE PROPERTIES DESCRIBED ON ***EXHIBIT A*** HERETO. THIS FINANCING STATEMENT IS TO BE FILED OR FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OR SIMILAR RECORDS OF THE COUNTY RECORDERS OF THE COUNTIES LISTED ON ***EXHIBIT A*** HERETO. THE GRANTOR HAS AN INTEREST OF RECORD IN THE REAL ESTATE CONCERNED, WHICH INTEREST IS DESCRIBED ON ***EXHIBIT A*** HERETO.

PORTIONS OF THE MORTGAGED PROPERTY ARE GOODS WHICH ARE AS-EXTRACTED COLLATERAL AND ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN OR REFERRED TO ON ***EXHIBIT A*** AND ***EXHIBIT B*** HERETO. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD OR RECORDED, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OR SIMILAR RECORDS OF EACH COUNTY IN WHICH SAID LAND OR ANY PORTION THEREOF IS LOCATED. THE GRANTOR IS THE OWNER OF RECORD INTEREST IN THE REAL ESTATE CONCERNED. THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

THIS INSTRUMENT IS TO BE FILED AGAINST THE TRACT INDEX IN THE REAL ESTATE RECORDS FOR THE MORTGAGED PROPERTY LYING IN THE STATE OF OKLAHOMA IN EACH COUNTY IN OKLAHOMA WHERE SUCH MORTGAGED PROPERTY IS LOCATED.

WHEN RECORDED RETURN TO:
Thomas Hutchison, Esq.
GableGotwals
1100 ONEOK Plaza
100 West Fifth Street
Tulsa, Oklahoma 74103
(918) 595-4800

MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT

This **MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT** (this "***Mortgage***") is entered into this 19th day of May, 2020 (the "***Effective Date***"), by **BCE-MACH III LLC**, a Delaware limited liability company, whose address for notice is 14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134, Attention: Mr. Michael Reel (" ***Mortgagor***"), for the benefit of **MIDFIRST BANK**, a federally chartered savings association, as Collateral Agent (as hereinafter defined) and on behalf of the Secured Parties (as defined in the Credit Agreement referenced below), whose address for notice is 501 NW Grand Blvd., Oklahoma City, OK 73118, Attn: Chad Dayton (together with its successors in such capacity, " ***Mortgagee***"). The Secured Parties and Mortgagee are herein sometimes collectively referred to as the "***Beneficiaries***."

RECITALS:

A. Mortgagor,, as Borrower, previously entered into that Credit Agreement dated as of May 19, 2020 (as may have been amended, restated, amended and restated, refinanced or modified from time to time prior to the date hereof, the "***Credit Agreement***") by and among the Mortgagor, the banks financial institutions and other lending institutions from time to time parties as lenders thereto (the "***Lenders***"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "***Administrative Agent***") and Collateral Agent (in such capacity, the "***Collateral Agent***") for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto.

B. Mortgagor and the other Credit Parties may from time to time enter into, or have previously entered into, one or more "Secured Hedge Agreements" and "Secured Cash Management Agreements" governing a portion of the Obligations (as each such term is defined in the Credit Agreement).

C. Mortgagor will directly or indirectly benefit from such Credit Agreement and such Secured Hedge Agreements and Secured Cash Management Agreements.

THEREFORE, in order to comply with the terms and conditions of the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby agrees with Mortgagee, for the ratable benefit of the Beneficiaries, as follows:

ARTICLE I
GRANT OF LIEN AND INDEBTEDNESS SECURED

Section 1.01 Grant of Liens. To secure payment of the Indebtedness (as defined in ***Section 1.02***) and the performance of the covenants and obligations herein contained, Mortgagor does by these presents hereby MORTGAGE, GRANT, BARGAIN, SELL AND CONVEY to the Mortgagee and grant to the Mortgagee a POWER OF SALE (pursuant to this Mortgage and applicable law) with respect to, all of the following described rights, interests and properties which are located in (or cover properties located in) the State of Oklahoma, in each case, less and except the Excluded Assets (as defined below in this ***Section 1.01***) (collectively called the "***Mortgaged Property***"):

(a) all oil and gas leases and/or the oil, gas and mineral leases (herein sometimes called the "***Leases***"), operating rights, forced pooling orders and farmout agreements and other contractual or other rights relating to oil, gas and mineral rights located in any County set forth on ***Exhibit A*** including, without limitation, the Leases described on, or described in the instruments described on, ***Exhibit A*** that is attached hereto and made a part hereof for all purposes, or such Leases that are otherwise mentioned or referred to therein and specifically, but without limitation, Mortgagor's undivided interests in the Leases as specified on ***Exhibit A*** attached hereto and made a part hereof;

(b) (i) the properties now or hereafter pooled or unitized with the Leases; (ii) all presently existing or future unitization, communitization and pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations, rules or other official acts of any Federal, State or other governmental body or agency having jurisdiction) that may affect all or any portion of the Leases including, without limitation, those units that may be described or referred to in ***Exhibit A***; (iii) all operating agreements, contracts and other agreements described or referred to in this instrument that relate to any of the Leases or interests in the Leases described or referred to herein or in ***Exhibit A*** or to the production, sale, purchase, exchange, processing, gathering, compression, treating, storage or transportation of the Hydrocarbons (hereinafter defined) from or attributable to such Leases or interests; and (iv) the Leases even though Mortgagor's interests therein be incorrectly described or a description of a part or all of such Leases or Mortgagor's interests therein be omitted; it being intended by Mortgagor and Mortgagee herein to cover and affect all interests that Mortgagor may now own or may hereafter acquire in and to the Leases and interests in this ***Section 1.01(b)***, notwithstanding that the interests as specified in on ***Exhibit A*** may be limited to particular lands, specified depths or particular types of property interests;

(c) all oil, gas, casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals in and under and/or which may be produced and saved from or attributable to the Leases, the lands covered thereby, pooled or unitized therewith and/or Mortgagor's interests therein (herein collectively called the "***Hydrocarbons***"), including all oil in tanks and all rents, issues, profits, as-extracted collateral, proceeds, products, revenues and other income from or attributable to the Leases, the lands covered thereby, pooled or unitized therewith and/or Mortgagor's interests therein that are subject to the liens and security interests of this Mortgage;

(d) all tenements, hereditaments, appurtenances and properties in anywise appertaining, belonging, affixed or incidental to the Leases, properties, rights, titles, interests and estates described or referred to in ***Section 1.01(a)***, ***(b)*** and ***(c)*** above, which are now owned or which may hereafter be acquired by Mortgagor, but subject to the limitations, if any, set forth in ***Exhibit A***, including, without limitation, any and all property, real or personal, now owned or hereafter acquired and situated upon or within the geographical boundaries covered by the Leases, used, held for use, or useful in connection with the operating, working or development of any of such Leases or properties (excluding drilling rigs, automotive equipment or other personal property that 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, salt water disposal wells, injection wells or other wells including without limitation those described in ***Exhibit A*** hereto, buildings, structures, field separators, flow-lines, separators, water treatment equipment or facilities, dehydrators, field separators, compressors, 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 properties;

(e) (i) the fee tracts and real property (the "***Surface Assets***") and (ii) the easements, rights-of- way, servitudes, and permits, licenses, orders, certificates, and related instruments (collectively herein referred to as the "***Easements***"), in each case located in any County set forth on ***Exhibit A*** including, without limitation, any Surface Assets and Easements described in ***Exhibit A*** or described in any instrument or document described in ***Exhibit A*** and any strips and gores within or adjoining any real property included in or covered by the Surface Assets and Easements, all rights of ingress and egress to and from such real property, all easements, servitudes, rights-of-way, surface leases, fee tracts and other surface rights affecting said Surface Assets and Easements, and all rights appertaining to the use and enjoyment of said Surface Assets and Easements, rights, estates, titles, claims, and interests, including, without limitation, lateral support, drainage, mineral, water, oil and gas rights (the Surface Assets, Easements and all of the property and other rights, privileges, interests, titles, estates, and claims appurtenant thereto are herein collectively called the "***System Premises***");

(f) all gathering systems and/or pipeline systems, and all materials, equipment, and other property now or hereafter located on the System Premises or used or held for use, regardless of where the same are located, in connection with, or otherwise related to such gathering systems and/or pipeline systems and all equipment, including, but not limited to, all fittings, furnishings, appliances, apparatus, machinery, gas processing, treatment, storage, transportation, extraction, fractionation, exchange and/or manufacturing facilities and units and other units, gas, liquid product and other storage tanks, liquid product truck loading terminals, and other gathering and pipeline assets now or hereafter located on or in (or, whether or not located thereon or therein, used or held for use in connection with) the Premises or such gathering systems or pipeline systems (that portion of the Mortgaged Property described in this ***Section 1.01(f)*** is herein collectively called the "***Systems***");

(g) all materials, goods, surface or subsurface machinery, equipment, and other property now or hereafter located on the System Premises, and all other surface or subsurface machinery and equipment, line pipe and pipe connections, fittings, flanges, welds or interconnects, valves, control equipment, cathodic or electrical protection units, by-passes, regulators, drips, meters and metering stations, compression equipment, pumphouses and pumping stations, treating equipment, dehydration equipment, separation equipment, processing equipment, telephone, telegraph and other communication systems, office equipment and furniture, files and records, computer equipment and software, storage sheds, vehicles, loading docks, loading racks, towers, process tanks, storage tanks and other storage facilities, and shipping facilities, gas and electric fixtures, radiators, heaters, engines and machinery, boilers, elevators and motors, motor vehicles, pipes, faucets and other air conditioning, plumbing, and heating fixtures, refrigerators and appurtenances which relate to Mortgagor's use of the Systems (collectively, the "***System Equipment***"), and all building materials and supplies now or hereafter delivered to the System Premises and intended to be installed thereon; all other personal property of whatever kind and nature at present contained in or hereafter placed on the System Premises in which Mortgagor has a possessory or title interest; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof, all of which shall be deemed to be a portion of the security for the Indebtedness (as hereafter defined). If the lien of this Mortgage on any fixtures or personal property is subject to a lease agreement, conditional sales agreement or chattel mortgage covering such property, then all the right, title and interest of Mortgagor in and to any and all deposits made thereon or therefor are hereby assigned to Mortgagee, together with the benefit of any payments now or hereafter made thereon. Mortgagor also transfers, sets over and assigns to

Mortgagee, its successors and assigns, all leases and use agreements covering machinery, Equipment and other personal property of Mortgagor related to the System Premises or the conduct of its business thereon, under which Mortgagor is the lessee of, or entitled to use, such items;

(h) all inventory and all materials used or consumed in the processing of inventory, and all products thereof, now or hereafter located in or on, or stored in or on, transported through or otherwise related to the lands covered by the Leases and the System Premises (herein collectively, the "***Premises***"), including all inventory (as such term is used in the Applicable UCC) and such other property held by Mortgagor for sale or lease (or in the possession of other persons while on lease or consignment) or furnished or to be furnished under any service contract and all raw materials, work in process and materials and supplies used or consumed in Mortgagor's business relating to the Premises, and returned or repossessed goods, together with any bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of such goods of Mortgagor related to the Leases and Systems, and any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods that it covers (the Mortgaged Property described in this ***Section 1.01(h)*** are herein collectively referred to as the "***Inventory***"), and all proceeds thereof and all accounts, contract rights and general intangibles under which such proceeds may arise, and together with all liens and security interests securing payment of the proceeds of the Inventory, including, but not limited to, those liens and security interests provided for under statutes enacted in the jurisdictions in which the Mortgaged Property is located;

(i) all presently existing and hereafter created Hydrocarbon purchase agreements, Hydrocarbon sales agreements, supply agreements, raw material purchase agreements, product purchase agreements, product sales agreements, processing agreements, exchange agreements, gathering agreements, transportation agreements and other contracts and agreements which cover, affect, or otherwise relate to the transportation and/or processing of Hydrocarbons through or in the Premises or any other part of the Mortgaged Property, and all other contracts and agreements (including, without limitation, equipment leases, maintenance agreements, electrical supply contracts, hedge or swap agreements, cap, floor, collar, exchange, forward or other hedge or protection agreements or transactions relating to crude oil, natural gas or other hydrocarbons, or any option with respect to any such agreement or transaction, and other contracts and agreements) which cover, affect or otherwise relate to the Premises, or any part thereof, together with any and all amendments, modifications, renewals or extensions (now or hereafter existing) to any of the foregoing (the Mortgaged Property described in this ***Section 1.01(i)*** are herein collectively called the "***Contracts***");

(j) all accounts, including but not limited to, (i) all of Mortgagor's rights to receive payment, whether or not earned by Mortgagor's performance and however acquired or evidenced, which arise out of or in connection with (A) Mortgagor's sale of Hydrocarbons, (B) Mortgagor's sale, assignment, lease, hiring out or allowance of use of, consignment, licensing or other voluntary disposition, whether permanent or temporary, of Inventory or other goods or property related to the Premises and/or the conduct of Mortgagor's business thereon (including, without limitation, all payments received in lieu of payment for Inventory regardless of whether such payments accrued, and/or the events that gave rise to such payments occurred, on or before or after the date hereof, including, without limitation, "take or pay" or "minimum bill" payments and similar payments, payments received in settlement of or pursuant to a judgment rendered with respect to take or pay or minimum bill or similar obligations or other obligations under a sales contract, and payments received in buyout or other settlement of a contract covered by this Mortgage), (C) rendering of services related to the Systems and/or Premises and/or the conduct of Mortgagor's business thereon or (D) any loan, advance, purchase of notes or other extension of credit made by Mortgagor; (ii) any and all rights and interests Mortgagor may have in connection with any of the transactions described in the preceding clause (i) and relating to the Systems and/or the Premises, whether now existing or hereafter acquired, (A) to demand and receive payment or other performance from any guarantor, surety, accommodation party or other person indirectly or secondarily obligated to Mortgagor in respect of the Leases, Hydrocarbons, Systems and/or the Premises and/or the conduct of Mortgagor's business thereon, (B) arising out of the enforcement of any of Mortgagor's rights to payment or performance by means of judicial or administrative proceedings, including, without limitation, any rights to receive payment under or in connection with any settlement of such proceedings, any judgment or any administrative order or decision arising out of actions related to the Leases, Hydrocarbons, Systems and/or the Premises and/or the conduct of Mortgagor's business thereon, (C) in and to the goods or other property related to the Premises and/or the conduct of Mortgagor's business thereon that is the subject of any such transaction, including, without limitation, (a) in the case of goods, an unpaid seller's or lessor's rights of rescission, replevin or to stop such goods in transit, and all rights to such goods on return or repossession, and (b) in the case of other property, rights of an unpaid seller, assignor or licensor to rescind or cancel the applicable agreement and demand the return of such property or, if such property is intangible, of any writing or other tangible evidence of its existence and/or disposition, and (D) to proceed against any collateral security related to the Premises provided by any obligor and to realize any proceeds thereof; and (iii) all contracts and other agreements and writings, all accounts, chattel paper, documents, general intangibles and instruments, and all other items of property now or hereafter owned by Mortgagor or in that Mortgagor now has or hereafter acquires any rights or interests, whether tangible or intangible and related to the Premises that in any way constitute, embody or evidence any payment rights described in clause (i) of this ***Section 1.01(j)*** or any of Mortgagor's other rights and interests described in clause (ii) of this ***Section 1.01(j)*** (the Mortgaged Property described in this ***Section 1.01(j)*** are herein collectively referred to as the "***Accounts Receivable***");

(k) all contracts, agreements, leases, permits, orders, franchises, servitudes, certificates, privileges, rights, technology, licenses and general intangibles (including, without limitation, all trademarks, trade names, and symbols) that are now or hereafter used, or held for use, in connection with or otherwise related to the Premises, the Systems, the System Equipment and/or the other items described in ***Section 1.01(g)***, the Inventory, the Contracts, and/or the Accounts Receivable (the Premises, the Systems, the System Equipment and the other items described in ***Section 1.01(g)***, the Inventory, the Contracts, and the Accounts Receivable are hereinafter collectively referred to as the "***Property***") or the conduct of Mortgagor's business on the Leases and/or System Premises whether now or hereafter created, acquired, or entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, rights, incomes, profits, revenues, royalties, accounts, contract rights and general intangibles under any and all of the foregoing;

(l) any and all technical or business data, books and records related to the Premises and Mortgagor's operations thereon, including, but not limited to, accounting records, files, computer software, employee records, engineering drawings or plans, surveys, site assessments, environmental reports, geological and geophysical data, customer lists, production records, laboratory and testing records, sales and administrative records, and any other material or information relating to the ownership, maintenance, or operation of the Property (the "***Books and Records***");

(m) all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Mortgagor for the Property or the conduct of Mortgagor's business on the Premises and all judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises or any part thereof or any interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Leases and/or System Premises or any part thereof or interest therein, including any award for change of grade of streets;

(n) all proceeds of the conversion, voluntary or involuntary, of the Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance, subject to the terms and conditions of this Mortgage;

(o) all options, extensions, improvements, betterments, renewals, substitutions and replacements of, and all additions and appurtenances to, the Property or any part thereof, hereafter acquired by, or released to, Mortgagor, or constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby (Mortgagor hereby acknowledging and agreeing that immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, the same shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein);

(p) any property that may from time to time hereafter by delivery or by writing of any kind be subjected to the lien or security interests hereof by Mortgagor or by anyone on Mortgagor's behalf; and Mortgagee is hereby authorized to receive the same at any time as additional security hereunder;

(q) all other rights, titles and interests of every nature whatsoever now owned or hereafter acquired by Mortgagor in and to the Leases, Surface Assets, Easements, properties, rights, titles, interests and estates and every part and parcel thereof, including, without limitation, said Leases, properties, rights, titles, interests and estates as the same may be enlarged by the discharge of any payments out of production or by the removal of any charges or Permitted Encumbrances (as defined on ***Exhibit A*** and herein so called) to which any of said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates are subject, or otherwise; together with any and all renewals and extensions of any of said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates; and all contracts and agreements supplemental to or amendatory of or in substitution for the Leases, Surface Assets, Easements, the contracts and agreements described or mentioned above and any and all additional interests of any kind hereafter acquired by Mortgagor in and to said Leases, Surface Assets, Easements, properties, rights, titles, interests or estates; and

(r) all accounts, contract rights, inventory, general intangibles, insurance contracts and insurance proceeds constituting a part of, relating to or arising out of those portions of the Mortgaged Property that are described in ***Sections 1.01(a)*** through ***(q)*** above and all proceeds and products of all such portions of the Mortgaged Property and payments in lieu of production (such as "take or pay" payments), whether such proceeds or payments are goods, money, documents, instruments, chattel paper, securities, accounts, general intangibles, fixtures, real property, or other assets.

Any fractions or percentages specified in the attached ***Exhibit A*** in referring to Mortgagor's interests are solely for purposes of the warranties made by Mortgagor pursuant to ***Section 3.01*** hereof and shall in no manner limit the quantum of interest affected by this ***Section 1.01*** with respect to any Mortgaged Property or with respect to any unit or well identified on ***Exhibit A***.

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee, and its successors and assigns to secure the payment and performance of the Indebtedness, however, upon the terms, provisions and conditions herein set forth.

Any fractions or percentages specified in the attached ***Exhibit A*** in referring to Mortgagor's interests are solely for purposes of the warranties made by Mortgagor pursuant to ***Section 3.01*** hereof and shall in no manner limit the quantum of interest affected by this ***Section 1.01*** with respect to any Mortgaged Property or with respect to any unit or well identified on ***Exhibit A***.

Notwithstanding any provision in this ***Section 1.01*** or in this Mortgage to the contrary, in no event are the following included in the definition of "Mortgaged Property" or hereby encumbered by this Mortgage (collectively, the "***Excluded Assets***"):

(x) any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) including in the definition of "Mortgaged Property" and no Building or Manufactured (Mobile) Home is hereby encumbered by this Mortgage. As used herein, "***Flood Insurance Regulations***" shall mean (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statue thereto, (iii) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time, and (iv) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder; and

(y) Article 9 Collateral constituting Excluded Assets (as such terms are defined in the Collateral Agreement).

Section 1.02 Indebtedness Secured. This Mortgage is executed and delivered by Mortgagor to secure and enforce the following (the "***Indebtedness***"):

(a) the Obligations (including all future advances to be made under the Credit Agreement);

(b) any reasonable sums advanced or expenses or costs incurred by the Mortgagee (or any receiver appointed hereunder) that are made or incurred pursuant to, or permitted by, the terms hereof, plus interest thereon at the rate herein specified or otherwise agreed upon, from the date of the advances or the incurring of such expenses or costs until reimbursed; and

(c) any extensions, refinancings, modifications or renewals of all such indebtedness and obligations described in ***Sections 1.02(a)*** and ***(b)*** above, whether or not Mortgagor executes any extension agreement or renewal instrument. For the avoidance of doubt, the "Indebtedness" shall not include any Excluded Hedging Obligations.

Section 1.03 Fixture Filing, Etc. Without in any manner limiting the generality of any of the other provisions of this Mortgage: (a) some portions of the collateral described or to which reference is made herein are as-extracted collateral and goods that are or are to become fixtures related to the land described or to which reference is made herein or on attached ***Exhibit A*** or ***Exhibit B***; (b) the security interests created hereby under applicable provisions of the Applicable UCC will attach to Hydrocarbons (minerals including oil and gas), or the accounts resulting from the sale thereof at the wellhead or minehead located on the land described or to which reference is made herein; (c) this Mortgage is to be filed of record in the real estate records as a financing statement and (d) Mortgagor is the record owner of the real estate or interests in the real estate comprised of the Mortgaged Property.

Section 1.04 Waiver. Mortgagor specifically waives presentment, protest, notice of dishonor, intention to accelerate and acceleration.

Section 1.05 Defined Terms. Any capitalized term used in this Mortgage and not defined in this Mortgage shall have the meaning assigned to such term in the Credit Agreement.

ARTICLE II
ASSIGNMENT OF PRODUCTION

Section 2.01 Assignment.

(a) As of the Effective Date, Mortgagor has assigned, transferred, and conveyed, and does hereby assign, transfer and convey unto Mortgagee, its successors and assigns, all of the Hydrocarbons and all products obtained or processed therefrom, and the revenues and proceeds now and hereafter attributable to the Hydrocarbons and said products and all payments in lieu of the Hydrocarbons such as "take or pay" payments or settlements. If an Event of Default shall have occurred and for only for so long as such Event of Default shall be continuing, after written notice is provided to the Mortgagor by the Mortgagee, the Hydrocarbons and products are to be delivered into transportation facilities or equipment serving the Mortgaged Property, or to the purchaser thereof, to the credit of Mortgagee, free and clear of all taxes, charges, costs and expenses; except applicable production taxes and royalties and similar burdens payable from production made under applicable agreements not prohibited by the Credit Agreement, and all such revenues and proceeds shall be paid directly to Mortgagee, at the address designated for payment under the Credit Agreement, with no duty or obligation of any party paying the

same to inquire into the rights of Mortgagee to receive the same, what application is made thereof, or as to any other matter.

(b) If an Event of Default shall have occurred and only for so long as such Event of Default shall be continuing, Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may reasonably be required or desired by Mortgagee, after receipt of written request from the Mortgagee, or any party in order to have said proceeds and revenues so paid to Mortgagee.

(c) Mortgagor hereby appoints Mortgagee as its true and lawful attorney-in-fact for Mortgagor, with full authority in the place and stead of Mortgagor and from time to time in the discretion of Mortgagee, to pursue any and all rights of Mortgagor to liens on and security interests in the Hydrocarbons securing payment of proceeds of runs attributable to the Hydrocarbons. The power of attorney granted to Mortgagee in this ***Section 2.01(c)***, being coupled with an interest, shall be irrevocable until Security Termination (as defined in ***Section 6.03*** of this Mortgage) has occurred and shall be exercisable only during the continuance of any Event of Default.

(d) Subject to the provisions of ***Section 2.01(g)*** below, Mortgagee is fully authorized (i) to receive and receipt for said revenues and proceeds, (ii) to endorse and cash any and all checks and drafts payable to the order of Mortgagor or Mortgagee for the account of Mortgagor received from or in connection with said revenues or proceeds and to hold the proceeds thereof in a bank account as additional collateral securing the Indebtedness, and (iii) to execute transfer and division orders in the name of Mortgagor, or otherwise, with warranties binding Mortgagor. All proceeds received by Mortgagee pursuant to this assignment shall be applied as provided in ***Section 4.13*** of this Mortgage.

(e) Mortgagee shall not be liable for any delay, neglect, or failure to effect collection of any proceeds or to take any other action in connection therewith or hereunder; but Mortgagee shall have the right, at its election after written notice is provided to the Mortgagor, in the name of Mortgagor or otherwise, to prosecute and defend any and all actions or legal proceedings deemed reasonably advisable by Mortgagee at any time after the occurrence and during the continuation of an Event of Default if in order to collect such funds and to protect the interests of Mortgagee, and/or Mortgagor, with all reasonable and documented costs, expenses and attorneys' fees incurred in connection therewith being paid by Mortgagor in accordance with the terms and conditions of *Section 13.5* of the Credit Agreement.

(f) In addition to the rights granted to Mortgagee in ***Section 1.01*** of this Mortgage, Mortgagor hereby further collaterally transfers and assigns to Mortgagee any and all liens, security interests, financing statements or similar interests of Mortgagor attributable to its interest in the Hydrocarbons and proceeds of runs therefrom arising under or created by the provisions of Section 9.343 of the Applicable UCC, the Oil and Gas Owners' Lien Act of 2010 (OKLA. STAT. tit. 52 Sections 549.1, et seq.), as applicable, and of any similar state or local jurisdiction statute in any state wherein the Mortgaged Property is located or by any other statutory provision, judicial decision or otherwise (collectively, the "***Assigned Liens and Security Interests***").

(g) Until such time as an Event of Default has occurred and is continuing, Mortgagee hereby grants to Mortgagor a license to all of the Hydrocarbons and to sell, collect, receive and receipt for all revenues and proceeds from the sale of Hydrocarbons and the products obtained or processed therefrom, as well as any Assigned Liens and Security Interests, and to retain, use and enjoy same.

(h) In the event Security Termination or of a release of this Mortgage as to the Mortgaged Property, or any part thereof, the assignment granted in this ***Section 2.01*** shall terminate and be of no further force and effect with respect to all of the Mortgaged Property, in the case of Security Termination, or the Mortgaged Property so released.

Section 2.02 No Modification of Payment Indebtedness. Nothing herein contained shall modify or otherwise alter the obligation of Mortgagor to make prompt payment of all principal and interest owing on the Indebtedness when and as the same become due regardless of whether the proceeds of the Hydrocarbons are sufficient to pay the same and the rights provided in accordance with the foregoing assignment provision shall be cumulative of all other security of any and every character now or hereafter existing to secure payment of the Indebtedness.

ARTICLE III
REPRESENTATIONS, WARRANTIES AND COVENANTS

Mortgagor hereby represents, warrants and covenants as follows:

Section 3.01 Title; Mortgaged Property.

(a) Mortgagor has good and defensible title to, or valid leasehold interests in, the Mortgaged Property constituting Borrowing Base Properties evaluated in the most recently delivered Reserve Report, (other than those with title defects disclosed in writing to the Administrative Agent prior to the delivery of such Reserve Report), and valid title to all Mortgaged Property constituting material personal property, in each case, free and clear of all Liens other than Liens permitted by *Section 10.2* of the Credit Agreement. All such Mortgaged Property are free and clear of Liens, other than Liens not prohibited by *Section 10.2* of the Credit Agreement. After giving full effect to the Liens permitted by *Section 10.2* of the Credit Agreement, Mortgagor owns the working interests and net revenue interests attributable to the Mortgaged Property as reflected in the most recently delivered Reserve Report, and the ownership of such properties shall not in any material respect obligate Mortgagor 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 Mortgagor's net revenue interest in such property.

(b) The provisions in *Sections 8.9*, *8.15*, *8.16*, *9.8*, *9.10*, *9.12, 9.15* and *10.4* of the Credit Agreement shall apply to this Mortgage with respect to Mortgagor and the Mortgaged Property, and the provisions of *Section 13.2* of the Credit Agreement with respect to notices relating to the Credit Agreement shall apply to notices and communications relating to this Mortgage, and all of such provisions are hereby incorporated into this ***Section 3.01*** by reference, *mutatis mutandis*, as a part hereof.

(c) This Mortgage is, and shall always constitute, a perfected Lien on, and security interest in, all right, title and interest of the Mortgagor in the Mortgaged Property subject only to Permitted Encumbrances, and, other than the Permitted Encumbrances, Mortgagor will not create or suffer to be created or permit to exist any Lien other than Permitted Encumbrances prior or junior to or on a parity with the lien and security interest of this Mortgage upon the Mortgaged Property or any part thereof or upon the rents, issues, revenues, profits and other income therefrom.

Section 3.02 Other General Representations, Warranties and Covenants.

(a) Consistent with the terms of the Credit Agreement, Mortgagor shall cure promptly any defects in the execution and delivery of this instrument. Mortgagor will promptly execute and deliver to Mortgagee upon reasonable request all such other and further documents, agreements and instruments in compliance with or accomplishment of the covenants and agreements of Mortgagor herein or to further evidence and more fully describe the Mortgaged Property, or to correct any omissions in this instrument, or more fully to state the security obligations set out herein, or to perfect or preserve any lien or security interest created hereby, or to make any recordings, or to file any notices, or obtain any consents, all as may be necessary or reasonably appropriate in connection with any thereof. Mortgagor shall pay for all reasonable and documented costs of preparing, recording and releasing any of the above.

(b) Mortgagor is not a public utility.

(c) Mortgagor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person within the meaning of Sections 1445 or 7701 of the Internal Revenue Code of 1986, as amended, or the regulations thereto.

(d) Mortgagor hereby represents and warrants that the transaction described in this Mortgage does (i) not involve a consumer loan as said term is defined in Section 3-104 of Title 14A of the Oklahoma Statutes, (ii) not secure an extension of credit made primarily for agricultural purposes as defined in paragraph 4 of Section 1-301 of Title 14A of the Oklahoma Statutes, and (iii) not mortgage the Mortgagor's homestead.

Section 3.03 Failure to Perform. Mortgagor agrees that if Mortgagor fails to perform any act or to take any action which Mortgagor is required to perform or take hereunder or pay any money which Mortgagor is required to pay hereunder within a reasonable time after reasonable notice by Mortgagee and Mortgagee, in Mortgagor's name or its own, may, but shall not be obligated to, perform or cause to perform such act or take such action or pay such money, and any expenses so incurred by either of them and any money so paid by either of them shall be subject to the reimbursement provisions of *Section 13.5* of the Credit Agreement.

ARTICLE IV
RIGHTS AND REMEDIES

Section 4.01 Event of Default. The term "***Event of Default***" as used in this Mortgage shall mean the occurrence of any "*Events of Default*" under the Credit Agreement.

Section 4.02 Foreclosure and Sale. If an Event of Default shall occur and be continuing, Mortgagee shall have the right and option to proceed with foreclosure directly and to sell, to the extent permitted by law, all or any portion of the Mortgaged Property at one or more sales, as an entirety or in parcels, at such place or places in otherwise such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as Mortgagee may deem appropriate, and to make conveyance to the purchaser or purchasers. Where the Mortgaged Property is situated in more than one county in any state, notice as above provided shall be posted and filed in all such counties (if such notices are required by law), and all such Mortgaged Property may be sold in any such county and any such notice shall designate the county where such Mortgaged Property is to be sold. Nothing contained in this ***Section 4.02*** shall be construed so as to limit in any way Mortgagee's rights to sell the Mortgaged Property, or any portion thereof, by private sale if, and to the extent that, such private sale is permitted under the laws of the applicable jurisdiction or by public or private sale after entry of a judgment by any court of competent jurisdiction so ordering. Mortgagor hereby irrevocably appoints, until the occurrence of the Security Termination, Mortgagee to be the attorney of Mortgagor with respect to the conduct of any such sale and in the name and on behalf of Mortgagor to execute and deliver, at any time after the occurrence or during the continuation of any Event of Default, any deeds, transfers, conveyances, assignments, assurances and notices with respect to such sale which Mortgagor ought to execute and deliver and do and perform any and all such acts and things with respect to such sale which Mortgagor ought to do and perform under the covenants herein contained. At any such sale: (a) whether made under the power herein contained or any other legal enactment, or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Mortgagee to have physically present, or to have constructive possession of, the Mortgaged Property (Mortgagor hereby covenanting and agreeing to deliver to Mortgagee any portion of the Mortgaged Property not actually or constructively possessed by Mortgagee immediately upon demand by Mortgagee) and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale, (b) each instrument of conveyance executed by Mortgagee shall contain a general warranty of title, binding upon Mortgagor and its successors and assigns, (c) as between Mortgagor and Mortgagee, on one hand, and any third party, on the other hand, each and every recital contained in any instrument of conveyance made by Mortgagee shall be *prima facie* evidence of the truth and accuracy of the matters recited therein, including, without limitation, nonpayment of the Indebtedness, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor hereunder, (d) any and all prerequisites to the validity thereof shall be presumed to have been performed, (e) the receipt of Mortgagee or of such other party or officer making the sale shall be a sufficient discharge to the purchaser or purchasers for its purchase money and no such purchaser or purchasers, or its assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or nonapplication thereof, (f) to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against any and all other persons claiming or to claim the property sold or any part thereof, by, through or under Mortgagor and (g) to the extent and under such circumstances as are permitted by law, Mortgagee may be a purchaser at any such sale and shall have the right, after paying or accounting for all costs of said sale or sales, to credit the amount of the bid upon the amount of the Indebtedness (in the order of priority set forth in ***Section 4.13*** hereof) in lieu of cash payment.

(a) Oklahoma. Mortgagor hereby confers on Mortgagee the power, after the occurrence and during the continuance of an Event of Default, to sell the Mortgaged Property in accordance with the Oklahoma Power of Sale Mortgage Foreclosure Act (OKLA. STAT. tit. 46, §§ 40-49), as the same maybe amended from time to time (the "***POS Act***"), without resort to judicial process, and for such purposes Mortgagor authorizes Mortgagee or Mortgagee's attorney or agent, and grants to Mortgagee and Mortgagee's attorney or agent the power to sell and convey the Mortgaged Property to a purchaser and to foreclose all right, title, interest and estate of Mortgagor and all other persons having an interest subject to the lien of this Mortgage in and to the Mortgaged Property. As to Mortgaged Property situated in or otherwise subject to the laws of the State of Oklahoma, appraisement of the Mortgaged Property is hereby waived (or not) at the option of Mortgagee, such option to be exercised at the time judgment is rendered in any foreclosure hereof or at any time prior thereto.

A POWER OF SALE HAS BEEN GRANTED IN THIS MORTGAGE. A POWER OF SALE MAY ALLOW MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR UNDER THIS MORTGAGE.

The conduct of a sale pursuant to the power of sale granted by this Mortgage shall be sufficient hereunder if conducted in accordance with the requirements of the POS Act and other applicable laws of the State of Oklahoma in effect at the time of such sale, notwithstanding any other provision contained in this Mortgage to the contrary. In the event of a conflict between the provisions of this Mortgage and the POS Act, the POS Act shall control.

(b) Federal and Indian Lands. Upon a sale conducted pursuant to this***Article IV*** after the occurrence and during the continuance of an Event of Default of all or any portion of the Mortgaged Property consisting of interests (the "***Federal Interests***") in leases, easements, rights-of-way, agreements or other documents and instruments covering, affecting or otherwise relating to federal or tribal lands (including, without limitation, leases, easements and rights-of-way issued by the Bureau of Land Management and Bureau of Indian Affairs), Mortgagor agrees to take all action and execute all instruments necessary or reasonably advisable to transfer the Federal Interests to the purchaser at such sale, including, without limitation, to execute, acknowledge and deliver assignments of the Federal Interests on officially approved forms in sufficient counterparts to satisfy applicable statutory and regulatory requirements, to seek and request approval thereof and to take all other action necessary or advisable in connection therewith. Mortgagor hereby irrevocably appoints, until the occurrence of the Security Termination, Mortgagee as Mortgagor's attorney-in-fact and proxy, with full power and authority in the place and stead of Mortgagor, in the name of Mortgagor or otherwise, to take, after the occurrence and during the continuance of an Event of Default, any such action and to execute any such instruments on behalf of Mortgagor that Mortgagee may deem necessary or reasonably advisable to so transfer the Federal Interests, including, without

limitation, the power and authority to execute, acknowledge and deliver such assignments, to seek and request approval thereof and to take all other action deemed necessary or reasonably advisable by Mortgagee in connection therewith; and Mortgagor hereby adopts, ratifies and confirms all such actions and instruments. Such power of attorney and proxy is coupled with an interest, shall survive the dissolution, termination, reorganization or other incapacity of Mortgagor and shall be irrevocable until the Security Termination. No such action by Mortgagee shall constitute acknowledgment of, or assumption of liabilities relating to, the Federal Interests, and neither Mortgagor nor any other party may claim that Mortgagee is bound, directly or indirectly, by any such action.

Section 4.03 Judicial Foreclosure; Receivership. At any time after the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. Any money advanced by Mortgagee in connection with any such receivership shall be a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor to Mortgagee and shall bear interest from the date of making such advance by Mortgagee until paid at the Default Rate.

Section 4.04 Foreclosure for Installments. If an Event of Default shall have occurred and be continuing, Mortgagee shall also have the option to proceed with foreclosure in satisfaction of any installments of the Indebtedness which have not been paid when due either through the courts or by proceeding with foreclosure in satisfaction of the matured but unpaid portion of the Indebtedness as if under a full foreclosure, conducting the sale as herein provided and without declaring the entire principal balance and accrued interest due; such sale may be made subject to the unmatured portion of the Indebtedness, and any such sale shall not in any manner affect the unmatured portion of the Indebtedness, but as to such unmatured portion of the Indebtedness this Mortgage shall remain in full force and effect just as though no sale had been made hereunder. It is further agreed that several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness, it being the purpose hereof to provide for a foreclosure and sale of the security for any matured portion of the Indebtedness without exhausting the power to foreclose and sell the Mortgaged Property for any subsequently maturing portion of the Indebtedness.

Section 4.05 Separate Sales. After the occurrence and during the continuance of an Event of Default, the Mortgaged Property may be sold in one or more parcels and, to the extent permitted by applicable law, in such manner and order as Mortgagee, in its commercially reasonable discretion, may elect, it being expressly understood and agreed that the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales, unless, at the time of any sale, no Event of Default is then continuing.

Section 4.06 Possession of Mortgaged Property. Mortgagor agrees to the full extent that it lawfully may, that, after the occurrence and during the continuance of an Event of Default, then, and in every such case, Mortgagee shall have the right and power to enter into and upon and take possession of all or any part of the Mortgaged Property in the possession of Mortgagor, its successors or assigns, or its or their agents or servants, and may exclude Mortgagor, its successors or assigns, and all persons claiming under Mortgagor, and its or their agents or servants wholly or partly therefrom; and, holding the same, Mortgagee may use, administer, manage, operate and control the Mortgaged Property and conduct the business thereof to the same extent as Mortgagor, its successors or assigns, might at the time do and may exercise all rights and powers of Mortgagor, in the name, place and stead of Mortgagor, or otherwise as Mortgagee shall deem best. All reasonable and documented costs, out-of-pocket expenses and liabilities incurred by Mortgagee in administering, managing, operating, and controlling the Mortgaged Property after the occurrence and during the continuance of an Event of Default shall be subject to the indemnification and reimbursement provisions set forth of *Section 13.5* of the Credit Agreement.

Section 4.07 Occupancy After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale Mortgagor or Mortgagor's heirs, devisees, representatives, successors or assigns or any other person claiming any interest in the Mortgaged Property by, through or under Mortgagor, are occupying or using the Mortgaged Property or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either the landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the Mortgaged Property (such as an action for forcible entry and detainer) in any court having jurisdiction.

Section 4.08 Remedies Cumulative, Concurrent and Nonexclusive. Every right, power and remedy herein given to Mortgagee shall be cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing in equity, at law or by statute (including specifically those granted by the Applicable UCC in effect and applicable to the Mortgaged Property or any portion thereof), and each and every such right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by Mortgagee, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter any other right, power or remedy. No delay or omission by Mortgagee in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

Section 4.09 No Release of Indebtedness. Neither Mortgagor, any guarantor, if any, nor any other person hereafter obligated for payment of all or any part of the Indebtedness shall be relieved of such obligation by reason of (a) the release, regardless of consideration, of the Mortgaged Property or any portion thereof or interest therein or the addition of any other property to the Mortgaged Property; (b) any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending, renewing, rearranging or in any other way modifying the terms of this Mortgage without first having obtained the consent of, given notice to or paid any consideration to Mortgagor, any guarantor or such other person, and in such event Mortgagor, guarantor and all such other persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Mortgagee; or (c) by any other act or occurrence save and except Security Termination.

Section 4.10 Release of and Resort to Collateral. Mortgagee may release, regardless of consideration, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by this Mortgage or its stature as a first and prior lien and security interest in and to the Mortgaged Property, and without in any way releasing or diminishing the liability of any person or entity liable for the repayment of the Indebtedness. For payment of the Indebtedness, Mortgagee may resort to any other security therefor held by Mortgagee in such order and manner as Mortgagee may elect.

Section 4.11 Waiver of Redemption, Notice and Marshalling of Assets, Etc. To the fullest extent permitted by law, until the occurrence of the Security Termination, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefits that might accrue to Mortgagor by virtue of any present or future moratorium law or other law exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; provided, however, that if the laws of any state do not permit the redemption period to be waived, the redemption period is specifically reduced to the minimum amount of time allowable by statute; (b) except as set forth in the Credit Agreement and the other Credit Documents, all notices of any Event of Default or of Mortgagee's election to exercise or its actual exercise of any right, remedy or recourse provided for hereunder; and (c) any right to a marshalling of assets or a sale in inverse order of alienation. If any law referred to in this Mortgage and now in force, of which Mortgagor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall thereafter be deemed not to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof.

Section 4.12 Discontinuance of Proceedings. In case Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under the Credit Agreement and shall thereafter elect to discontinue or abandon same for any reason, Mortgagee shall have the unqualified right so to do and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Indebtedness, this Mortgage, the Credit Agreement, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if same had never been invoked.

Section 4.13 Application of Proceeds. The proceeds of any sale of the Mortgaged Property or any part thereof and all other monies received by Mortgagee in any proceedings for the enforcement hereof or otherwise, whose application has not elsewhere herein been specifically provided for, shall be applied in the order set forth in *Section 11.11* of the Credit Agreement.

Section 4.14 Resignation of Operator. In addition to all rights and remedies under this Mortgage, at law and in equity, if any Event of Default has occurred and be continuing and Mortgagee shall exercise any remedies under this Mortgage with respect to any portion of the Mortgaged Property (or Mortgagor shall transfer any Mortgaged Property in "lieu of foreclosure"), Mortgagee shall have the right to request that any operator of any Mortgaged Property that is Mortgagor or any Affiliate of Mortgagor to resign as operator under the joint operating agreement applicable thereto. No later than sixty (60) days after receipt by Mortgagor of any such request, Mortgagor shall resign (or cause such other party to resign) as operator of such Mortgaged Property.

Section 4.15 INDEMNITY. IN CONNECTION WITH ANY ACTION TAKEN BY MORTGAGEE PURSUANT TO THIS MORTGAGE, MORTGAGEE AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, ATTORNEYS, ACCOUNTANTS AND EXPERTS (" ***INDEMNIFIED PARTIES***") SHALL NOT BE LIABLE FOR ANY LOSS SUSTAINED BY MORTGAGOR RESULTING FROM AN ASSERTION THAT MORTGAGEE HAS RECEIVED FUNDS FROM THE PRODUCTION OF HYDROCARBONS CLAIMED BY THIRD PERSONS OR ANY ACT OR OMISSION OF ANY INDEMNIFIED PARTY IN ADMINISTERING, MANAGING, OPERATING OR CONTROLLING THE MORTGAGED PROPERTY INCLUDING SUCH LOSS WHICH MAY RESULT FROM THE ORDINARY NEGLIGENCE OF AN INDEMNIFIED PARTY UNLESS SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE, BAD FAITH OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY OR IN RESPECT OF ANY PROCEEDING NOT RESULTING FROM AN ACT OR OMISSION BY THE MORTGAGOR OR ITS AFFILIATES, THAT IS BROUGHT BY AN INDEMNIFIED PARTY AGAINST ANOTHER INDEMNIFIED PARTY, NOR SHALL MORTGAGEE BE OBLIGATED TO PERFORM OR DISCHARGE ANY OBLIGATION, DUTY OR LIABILITY OF MORTGAGOR. MORTGAGOR SHALL AND DOES HEREBY AGREE TO INDEMNIFY EACH INDEMNIFIED PARTY FOR, AND TO HOLD EACH INDEMNIFIED PARTY HARMLESS FROM, ANY AND ALL LIABILITY, LOSS OR DAMAGE WHICH MAY OR MIGHT BE INCURRED BY ANY INDEMNIFIED PARTY BY REASON OF THIS MORTGAGE OR THE EXERCISE OF RIGHTS OR REMEDIES HEREUNDER. SHOULD MORTGAGEE MAKE ANY EXPENDITURE ON ACCOUNT OF ANY SUCH LIABILITY, LOSS OR DAMAGE, THE AMOUNT THEREOF, INCLUDING REASONABLE AND DOCUMENTED COSTS, EXPENSES AND REASONABLE ATTORNEYS' FEES, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF *SECTION 13.5* OF THE CREDIT AGREEMENT. THE LIABILITIES OF MORTGAGOR SET FORTH IN THIS ***SECTION 4.15*** SHALL SURVIVE THE TERMINATION OF THIS MORTGAGE AND SECURITY TERMINATION.

ARTICLE V
SECURITY AGREEMENT

Section 5.01 Security Interest. To further secure the Indebtedness and the performance of the covenants, agreements and obligations of Mortgagor herein, Mortgagor hereby grants to Mortgagee and Mortgagee's successors and permitted assigns for the ratable benefit of the Beneficiaries, a security interest in all of Mortgagor's rights, titles and interests in and to the Mortgaged Property insofar as such Mortgaged Property consists of goods, equipment, accounts, contract rights, general intangibles, insurance contracts, insurance proceeds, inventory, Hydrocarbons, as-extracted collateral (including but not limited to all oil, gas, casinghead gas, natural gas liquids, natural gasoline, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals), fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the Uniform Commercial Code presently in effect in the jurisdiction in which the Mortgaged Property is situated or that otherwise applies to any portion of the Mortgaged Property (the "***Applicable UCC***") including without limitation, all accessions, additions, and attachments to any thereof, and the proceeds and products from any and all of such personal property (all of the foregoing, subject to the following proviso, being herein collectively called the "***Collateral***"); provided that, for the avoidance of doubt, "Collateral" shall not mean or include any Excluded Assets. Upon the occurrence and during the continuance of any Event of Default, Mortgagee is and shall be entitled to all of the rights, powers and remedies afforded to the Collateral Agent in *Article IV* of the Collateral Agreement with respect to the security interest in the Collateral granted hereunder. Such rights, powers and remedies shall be cumulative and in addition to those granted Mortgagee under any other provision of this instrument or under any other instrument executed in connection with or as security for any of the Indebtedness. Mortgagor, as debtor (and in this ***Article VI*** and otherwise herein called "***Debtor***") covenants and agrees with Mortgagee, as secured party (and in this ***Article VI*** and otherwise herein called "***Secured Party***") that:

(a) As between Debtor and Secured Party, on one hand and any third party, on the other hand, all recitals in any instrument of assignment or any other instrument executed by Secured Party incident to sale, transfer, assignment or other disposition or utilization of the Collateral or any part thereof hereunder shall be *prima facie* evidence of the matter stated therein, no other proof shall be required to establish full legal propriety of the sale or other action or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action and of any fact, condition or thing incident thereto shall be presumed to have been performed or to have occurred.

(b) Should Secured Party elect to exercise its rights under the Applicable UCC as to part of the Collateral, this election shall not preclude Secured Party from exercising any other rights and remedies granted by this instrument as to the remainder of the Collateral.

(c) Any copy of this instrument may also serve as a financing statement under the Applicable UCC between the Debtor, and, in that regard, the following information is provided:

Name of Debtor: BCE-Mach III LLC

Address of Debtor:	14201 Wireless Way, Suite 300 Oklahoma City, Oklahoma 73134 Attention: Mr. Michael Reel
State of Formation/Location:	Delaware
Name of Mortgagee:	MidFirst Bank, as Collateral Agent
Address of Mortgagee:	501 NW Grand Blvd. Oklahoma City, OK 73118 Attention: Mr. Chad Dayton
Facsimile:	(405) 767-5862
Owner of Record of Real Property:	Mortgagor

(d) Secured Party is authorized to file, in any applicable jurisdiction where Secured Party deems it necessary to perfect or to maintain the perfection of any security interest granted under this Mortgage, a financing statement or statements describing the Collateral, and at the request of Secured Party, Debtor will join Secured Party in delivering one or more financing statements pursuant to the Applicable UCC in form reasonably satisfactory to Secured Party, and will pay the reasonable cost of filing or recording this instrument, as a financing statement, in all public offices at any time and from time to time whenever filing or recording of any financing statement or of this instrument is deemed by Secured Party to be necessary to perfect or to maintain the perfection of any security interest granted under this Mortgage.

Section 5.02 As Extracted Collateral and Fixtures. Portions of the Collateral consist of (a) oil, gas and other minerals produced or to be produced from the lands described in the Leases (as extracted collateral), or (b) goods which are or will become fixtures attached to the real estate constituting a portion of the Mortgaged Property, and Debtor hereby agrees that this instrument shall be filed in the real estate records of the Counties in which the Mortgaged Property is located as a financing statement to perfect the security interest of Secured Party in said portions of the Collateral. The said oil, gas and other minerals will be financed at the wellhead of the oil and gas wells located on the lands described in the Leases. The name of the record owner of the Mortgaged Property is the party named herein as Mortgagor and Debtor. Nothing herein contained shall impair or limit the effectiveness of this document as a security agreement or financing statement for other purposes. **THIS FINANCING STATEMENT MAY BE FILED AGAINST THE TRACT INDEX OF THE REAL PROPERTY RECORDS IN EACH COUNTY IN OKLAHOMA WHERE THE MORTGAGED PROPERTY IS LOCATED.**

ARTICLE VI
MISCELLANEOUS

Section 6.01 Instrument Construed as Mortgage, Etc. This Mortgage may be construed as a mortgage, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

Section 6.02 Amendment and Restatement. Mortgagor and Mortgagee acknowledge that insofar as to any portion of the Mortgaged Property covered under the Prior Mortgage, this Mortgage amends and restates the Prior Mortgage and all liens, claims, rights, titles, interests and benefits created and granted by the Prior Mortgage shall continue to exist, remain valid and subsisting, shall not be impaired or released hereby, shall remain in full force and effect and are hereby renewed, extended, carried forward and conveyed as security for the Indebtedness. Notwithstanding anything to the contrary in this Mortgage, in the event any liens or security interests granted by the Prior Mortgage have been terminated, lapsed or otherwise invalidated, then this Mortgage shall be a new grant of mortgage, deed of trust, lien and security interest according to the terms and provisions provided herein.

Section 6.03 Release of Mortgage.

(a) This Mortgage, the Lien granted hereby and all other security interests granted hereby shall automatically terminate as and to the extent provided in *Section 13.17(b)* of the Credit Agreement (such event, "***Security Termination***").

(b) Upon any Disposition by Mortgagor of any Mortgaged Property or Collateral that is permitted under the Credit Agreement to any person that is not a Credit Party, or, upon the effectiveness of any written consent to the release of the Mortgage or of the security interest granted hereby in any Mortgaged Property or Collateral pursuant to *Section 13.1* of the Credit Agreement, the Lien in such Mortgaged Property and the Security Interest in such Collateral shall be automatically released.

(c) In connection with any termination or release pursuant to ***Section 6.03(a)*** or ***(b)*** above, the Mortgagee shall cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of Mortgagor and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be reasonably requested by Mortgagor to evidence such termination or release. Any execution and delivery of documents pursuant to this ***Section 6.03*** shall be without recourse to or representation or warranty by Mortgagee, except as to any representations and warranties that the Mortgage has been terminated or released in whole or in part. Mortgagor shall reimburse Mortgagee upon demand for all reasonable and documented costs and out-of-pocket expenses, including the reasonable and documented fees, charges and expenses of counsel, incurred by Mortgagee in connection with any action contemplated by this ***Section 6.03***.

Section 6.04 Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be construed in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. The parties hereto shall endeavor in good- faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 6.05 Successors and Assigns of Parties. The term "*Mortgagee*" as used herein shall mean and include any successor and permitted assignee of the Collateral Agent under the Credit Agreement. The terms used to designate Mortgagee and Mortgagor shall be deemed to include the respective successors and permitted assigns of such parties.

Section 6.06 Satisfaction of Prior Encumbrance. To the extent that proceeds of the Credit Agreement are used to pay indebtedness secured by any outstanding lien,

security interest, charge or prior encumbrance against the Mortgaged Property, such proceeds have been advanced by the Mortgagee at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released, and it is expressly understood that, in consideration of any such payment of such other indebtedness by the Mortgagee, Mortgagor hereby waives and releases all demands and causes of action for offsets and payments to, upon and in connection with the said indebtedness.

Section 6.07 Subrogation of Mortgagee. This Mortgage is made with full substitution and subrogation of Mortgagee and its successors in this trust and its and their assigns in and to all covenants and warranties by others heretofore given or made in respect of the Mortgaged Property or any part thereof.

Section 6.08 Nature of Covenants. The covenants and agreements herein contained shall constitute covenants running with the land and interests covered or affected hereby and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

Section 6.09 Notices. All notices, requests, consents, demands and other communications required or permitted hereunder shall be given or furnished in the manner provided under the Credit Agreement.

Section 6.10 Time. Time shall be of the essence in this Mortgage.

Section 6.11 Counterparts. This Mortgage is being executed in several counterparts, all of which are identical, except that to facilitate recordation, if the Mortgaged Property is situated in more than one jurisdiction, descriptions of only those portions of the Mortgaged Property located in, the jurisdiction in which a particular counterpart is recorded shall be attached as ***Exhibit A*** thereto. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

Section 6.12 GOVERNING LAW. THIS MORTGAGE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OKLAHOMA.

Section 6.13 EXCULPATION PROVISIONS. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT (A) HAS A DUTY TO READ THIS MORTGAGE AND THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS MORTGAGE; (B) HAS IN FACT READ THIS MORTGAGE AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS MORTGAGE; (C) HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS MORTGAGE, AND HAS RECEIVED THE ADVICE OF ITS ATTORNEY IN ENTERING INTO THIS MORTGAGE; AND (D) RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS MORTGAGE 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 MORTGAGE ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

[Signature Page Follows]

IN WITNESS WHEREOF, this Mortgage is executed as of the date written in the acknowledgement blocks below, but effective for all purposes as of the Effective Date.

MORTGAGOR:

BCE-MACH III LLC,
a Delaware liability company

By: _____
Name: _____
Title: _____

STATE OF OKLAHOMA)
) ss:
COUNTY OF TULSA)

This instrument was acknowledged before me on _____, 2020, by _____, the _____ of BCE-MACH III LLC, a Delaware limited liability company.

[SEAL]

_____
Notary Public

My Commission Expires: _____

The name and address of Mortgagor/Debtor is:

BCE-MACH III LLC
14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134
Attention: Mr. Michael Reel

Signature Page to Mortgage (BCE-Mach III LLC)

EXHIBIT A

DEFINITIONS:

1. This ***Exhibit A*** is comprised of ***Exhibit A-1*** and ***Exhibit A-2***, both of which collectively constitute ***Exhibit A***.

2. The terms used on this ***Exhibit A*** have the same meaning as defined in the Mortgage.

3. The term "***Permitted Encumbrances***" shall mean (i) Liens not prohibited by *Section 10.2* of the Credit Agreement; and (ii) the specific exceptions and encumbrances affecting any of the Mortgaged Property as described on ***Exhibit A*** or ***Exhibit B*** INSOFAR ONLY as said exceptions and encumbrances are valid and subsisting and are enforceable against the particular Lease, Surface Asset or Easement which is made subject to said exceptions and encumbrances.

4. With respect to the descriptions of each of the Mortgaged Property, if the description requires, such description may continue on several successive pages of each Part of ***Exhibit A***. Certain property descriptions are in abbreviated form as to Sections, Townships and Ranges. In such descriptions the following terms may be abbreviated as follows:

Northwest Quarter as	NW, NW/4 or NW1/4;
Southwest Quarter as	SW, SW/4 or SW1/4;
Southeast Quarter as	SE, SE/4 or SE1/4;
Northeast Quarter as	NE, NE/4 or NE1/4;
North Half as	N/2 or N1/2;
South Half as	S/2 or S1/2;
East Half as	E/2 or E1/2; and
West Half as	W/2 or W1/2.

The applicable Section, Township and Range may be identified by a series of three numbers, each separated by a dash, with the first number being the Section number, the second number being the Township number and the third number being the Range number. The Township and Range numbers are followed by an N, S, E or W to indicate whether the Township or Range is North, South, East or West, respectively. In some instances, the Section number may be stated by itself and not in conjunction with a series of dashed numbers representing the appropriate Township and Range, e.g., the description "N/2 14, SESW 21 29N 8W" means "North one half of Section 14 and Southeast quarter of Southwest quarter of Section 21, all in Township 29 North, Range 8 West." Certain descriptions merely refer to the subdivision or survey in which the property is located in whole or in part. In such cases, the recorded Leases and any amendments thereof and any other recorded instruments affecting Mortgagor's title more particularly describe the land within such subdivision or survey in which Mortgagor owns an interest, and the descriptions contained in such instruments are incorporated herein by this reference.

5. The term "API" shall mean that certain American Petroleum Institute number assigned to an oil and gas well by the relevant state regulatory agency (such as the Texas Railroad Commission) and maintained in the public files of such agency.

SYMBOLS AND ABBREVIATIONS:

1. The abbreviation "BPO" or the term "before payout" as used herein means that the figure next to which this abbreviation appears represents Mortgagor's net income interest until such time as the operator of the well or wells situated on the described property has recovered from production from that well or those wells all costs as specified in underlying farmout assignments or other documents in the chain of title, usually including costs of drilling, completing and equipping a well or wells plus costs of operating the well or wells during the recoupment period.

2. The abbreviation "APO" or the term "after payout" as used herein means that the figure next to which this abbreviation appears represents Mortgagor's net income interest after the point in time when the operator of the well or wells situated on the described property has recovered from production from that well or those wells all costs as specified in underlying farmout assignments or other documents in the chain of title, usually including costs of drilling, completing and equipping a well or wells plus costs of operating the well or wells during the recoupment period.

*****

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THIS MORTGAGE COVERS ALL OF MORTGAGOR'S INTERESTS IN AND TO THE OIL, GAS AND MINERAL LEASES DESCRIBED ON THIS ***EXHIBIT A***, INCLUDING WITHOUT LIMITATION, THE LANDS DESCRIBED ON *EXHIBIT A* BY METES AND BOUNDS LOCATED THEREON, IF ANY.

EXHIBIT B

SURFACE ASSETS

(See Attached)

EXHIBIT D-2 TO
CREDIT AGREEMENT

MORTGAGE, ASSIGNMENT OF
PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT

FROM

BCE-MACH III MIDSTREAM HOLDINGS LLC

TO

MIDFIRST BANK, AS COLLATERAL AGENT

A CARBON, PHOTOGRAPHIC, OR OTHER REPRODUCTION OF THIS INSTRUMENT IS SUFFICIENT AS A FINANCING STATEMENT.

A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT. A POWER OF SALE MAY ALLOW MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY MORTGAGOR UNDER THIS INSTRUMENT.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS. THIS INSTRUMENT SECURES PAYMENT OF FUTURE ADVANCES. THIS INSTRUMENT COVERS PROCEEDS OF MORTGAGED PROPERTY.

THIS INSTRUMENT COVERS MINERALS AND OTHER SUBSTANCES OF VALUE WHICH MAY BE EXTRACTED FROM THE EARTH (INCLUDING WITHOUT LIMITATION OIL AND GAS) AND WHICH WILL BE FINANCED AT THE WELLHEADS OF THE WELL OR WELLS LOCATED ON THE PROPERTIES DESCRIBED ON ***EXHIBIT A*** HERETO. THIS FINANCING STATEMENT IS TO BE FILED OR FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OR SIMILAR RECORDS OF THE COUNTY RECORDERS OF THE COUNTIES LISTED ON ***EXHIBIT A*** HERETO. THE GRANTOR HAS AN INTEREST OF RECORD IN THE REAL ESTATE CONCERNED, WHICH INTEREST IS DESCRIBED ON ***EXHIBIT A*** HERETO.

PORTIONS OF THE MORTGAGED PROPERTY ARE GOODS WHICH ARE AS-EXTRACTED COLLATERAL AND ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN OR REFERRED TO ON ***EXHIBIT A*** AND ***EXHIBIT B*** HERETO. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD OR RECORDED, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS OR SIMILAR RECORDS OF EACH COUNTY IN WHICH SAID LAND OR ANY PORTION THEREOF IS LOCATED. THE GRANTOR IS THE OWNER OF RECORD INTEREST IN THE REAL ESTATE CONCERNED. THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

THIS INSTRUMENT IS TO BE FILED AGAINST THE TRACT INDEX IN THE REAL ESTATE RECORDS FOR THE MORTGAGED PROPERTY LYING IN THE STATE OF OKLAHOMA IN EACH COUNTY IN OKLAHOMA WHERE SUCH MORTGAGED PROPERTY IS LOCATED.

WHEN RECORDED RETURN TO:

Thomas Hutchison, Esq.
GableGotwals
1100 ONEOK Plaza
100 West Fifth Street
Tulsa, Oklahoma 74103
(918) 595-4800

MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT

This **MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT** (this "***Mortgage***") is entered into this 19th day of May, 2020 (the "***Effective Date***"), by **BCE-MACH III MIDSTREAM HOLDINGS LLC**, a Delaware limited liability company, whose address for notice is 14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134, Attention: Mr. Michael Reel (" ***Mortgagor***"), for the benefit of **MIDFIRST BANK**, a federally chartered savings association, as Collateral Agent (as hereinafter defined) and on behalf of the Secured Parties (as defined in the Credit Agreement referenced below), whose address for notice is 501 NW Grand Blvd., Oklahoma City, OK 73118, Attn: Chad Dayton (together with its successors in such capacity, " ***Mortgagee***"). The Secured Parties and Mortgagee are herein sometimes collectively referred to as the "***Beneficiaries***."

RECITALS:

A. BCE-Mach III LLC, a Delaware limited liability company (the "***Borrower***"), has entered into the Credit Agreement dated as of May 19, 2020 (as may have been amended, restated, amended and restated, refinanced or modified from time to time prior to the date hereof, the "***Credit Agreement***") among Borrower, the banks financial institutions and other lending institutions from time to time parties as lenders thereto (the "***Lenders***"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "***Administrative Agent***") and Collateral Agent (in such capacity, the "***Collateral Agent***") for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto.

B. Borrower, Mortgagor and the other Credit Parties may from time to time enter into, or have previously entered into, one or more "Secured Hedge Agreements" and "Secured Cash Management Agreements" governing a portion of the Obligations (as each such term is defined in the Credit Agreement).

C. Mortgagor has guaranteed the Obligations described in the Credit Agreement, and will directly or indirectly benefit from such Credit Agreement and such Secured Hedge Agreements and Secured Cash Management Agreements.

THEREFORE, in order to comply with the terms and conditions of the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby agrees with Mortgagee, for the ratable benefit of the Beneficiaries, as follows:

ARTICLE I
GRANT OF LIEN AND INDEBTEDNESS SECURED

Section 1.01 Grant of Liens. To secure payment of the Indebtedness (as defined in ***Section 1.02***) and the performance of the covenants and obligations herein contained, Mortgagor does by these presents hereby MORTGAGE, GRANT, BARGAIN, SELL AND CONVEY to the Mortgagee and grant to the Mortgagee a POWER OF SALE (pursuant to this Mortgage and applicable law) with respect to, all of the following described rights, interests and properties which are located in (or cover properties located in) the State of Oklahoma, in each case, less and except the Excluded Assets (as defined below in this ***Section 1.01***) (collectively called the "***Mortgaged Property***"):

(a) the easements, rights-of-way, servitudes, and permits, licenses, orders, certificates, and related instruments (collectively herein referred to as the "***Easements***") located in any County set forth on ***Exhibit A*** including, without limitation, the Easements described in ***Exhibit A*** or described in any instrument or document described in ***Exhibit A*** and any strips and gores within or adjoining any real property included in or covered by the Surface Assets and Easements, all rights of ingress and egress to and from such real property, all easements, servitudes, rights-of-way, surface leases, fee tracts and other surface rights affecting said Surface Assets and Easements, and all rights appertaining to the use and enjoyment of said Surface Assets and Easements, rights, estates, titles, claims, and interests, including, without limitation, lateral support, drainage, mineral, water, oil and gas rights

(b) the fee tracts and real property described on ***Exhibit B*** (the "***Surface Assets***" and, together with the Easements and all of the property and other rights, privileges, interests, titles, estates, and claims appurtenant thereto are herein collectively called the "***System Premises***");

(c) all oil, gas, casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals in and under and/or which may be produced and saved from or attributable to the System Premises, the lands covered thereby, pooled or unitized therewith and/or Mortgagor's interests therein (herein collectively called the "***Hydrocarbons***"), including all oil in tanks and all rents, issues, profits, as-extracted collateral, proceeds, products, revenues and other income from or attributable to the System Premises, the lands covered thereby, pooled or unitized therewith and/or Mortgagor's interests therein that are subject to the liens and security interests of this Mortgage;

(d) all tenements, hereditaments, appurtenances and properties in anywise appertaining, belonging, affixed or incidental to the properties, rights, titles, interests and estates described or referred to in ***Section 1.01(a)***, ***(b)*** and ***(c)*** above, which are now owned or which may hereafter be acquired by Mortgagor, but subject to the limitations, if any, set forth in ***Exhibit A***, including, without limitation, any and all property, real or personal, now owned or hereafter acquired and situated upon or within the geographical boundaries covered by the System Premises, used, held for use, or useful in connection with the operating, working or development of any of such System Premises or properties (excluding drilling rigs, automotive equipment or other personal property that may be on such premises for the purpose of drilling a well or for other similar temporary uses) and including any and all buildings, structures, field separators, flow-lines, separators, water treatment equipment or facilities, dehydrators, field separators, compressors, 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 properties;

(e) all gathering systems and/or pipeline systems, and all materials, equipment, and other property now or hereafter located on the System Premises or used or held for use, regardless of where the same are located, in connection with, or otherwise related to such gathering systems and/or pipeline systems and all equipment, including, but not limited to, all fittings, furnishings, appliances, apparatus, machinery, gas processing, treatment, storage, transportation, extraction, fractionation, exchange and/or manufacturing facilities and units and other units, gas, liquid product and other storage tanks, liquid product truck loading terminals, and other gathering and pipeline assets now or hereafter located on or in (or, whether or not located thereon or therein, used or held for use in connection with) the Premises or such gathering systems or pipeline systems (that portion of the Mortgaged Property described in this ***Section 1.01(e)*** is herein collectively called the "***Systems***");

(f) all materials, goods, surface or subsurface machinery, equipment, and other property now or hereafter located on the System Premises, and all other surface or subsurface machinery and equipment, line pipe and pipe connections, fittings, flanges, welds or interconnects, valves, control equipment, cathodic or electrical protection units, by-passes, regulators, drips, meters and metering stations, compression equipment, pumphouses and pumping stations, treating equipment, dehydration equipment, separation equipment, processing equipment, telephone, telegraph and other communication systems, office equipment and furniture, files and records, computer equipment and software, storage sheds, vehicles, loading docks, loading racks, towers, process tanks, storage tanks and other storage facilities, and shipping facilities, gas and electric fixtures, radiators, heaters, engines and machinery, boilers, elevators and motors, motor vehicles, pipes, faucets and other air conditioning, plumbing, and heating fixtures, refrigerators and appurtenances which relate to Mortgagor's use of the Systems (collectively, the "***System Equipment***"), and all building materials and supplies now or hereafter delivered to the System Premises and intended to be installed thereon; all other personal property of whatever kind and nature at present contained in or hereafter placed on the System Premises in which Mortgagor has a possessory or title interest; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof, all of which shall be deemed to be a portion of the security for the Indebtedness (as hereafter defined). If the lien of this Mortgage on any fixtures or personal property is subject to a lease agreement, conditional sales agreement or chattel mortgage covering such property, then all the right, title and interest of Mortgagor in and to any and all deposits made thereon or therefor are hereby assigned to Mortgagee, together with the benefit of any payments now or hereafter made thereon. Mortgagor also transfers, sets over and assigns to Mortgagee, its successors and assigns, all leases and use agreements covering machinery, Equipment and other personal property of Mortgagor related to the System Premises or the conduct of its business thereon, under which Mortgagor is the lessee of, or entitled to use, such items;

(g) all inventory and all materials used or consumed in the processing of inventory, and all products thereof, now or hereafter located in or on, or stored in or on, transported through or otherwise related to the lands covered by the System Premises (herein collectively, the "***Premises***"), including all inventory (as such term is used in the Applicable UCC) and such other property held by Mortgagor for sale or lease (or in the possession of other persons while on lease or consignment) or furnished or to be furnished under any service contract and all raw materials, work in process and materials and supplies used or consumed in Mortgagor's business relating to the Premises, and returned or repossessed goods, together with any bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of such goods of Mortgagor related to the Systems, and any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods that it covers (the Mortgaged Property described in this ***Section 1.01(g)*** are herein collectively referred to as the "***Inventory***"), and all proceeds thereof and all accounts, contract rights and general intangibles under which such proceeds may arise, and together with all liens and security interests securing payment of the proceeds of the Inventory, including, but not limited to, those liens and security interests provided for under statutes enacted in the jurisdictions in which the Mortgaged Property is located;

(h) all presently existing and hereafter created Hydrocarbon purchase agreements, Hydrocarbon sales agreements, supply agreements, raw material purchase agreements, product purchase agreements, product sales agreements, processing agreements, exchange agreements, gathering agreements, transportation agreements and other contracts and agreements which cover, affect, or otherwise relate to the transportation and/or processing of Hydrocarbons through or in the Premises or any other part of the Mortgaged Property, and all other contracts and agreements (including, without limitation, equipment leases, maintenance agreements, electrical supply contracts, hedge or swap agreements, cap, floor, collar, exchange, forward or other hedge or protection agreements or transactions relating to crude oil, natural gas or other hydrocarbons, or any option with respect to any such agreement or transaction, and other contracts and agreements) which cover, affect or otherwise relate to the Premises, or any part thereof, together with any and all amendments, modifications, renewals or extensions (now or hereafter existing) to any of the foregoing (the Mortgaged Property described in this ***Section 1.01(h)*** are herein collectively called the "***Contracts***");

(i) all accounts, including but not limited to, (i) all of Mortgagor's rights to receive payment, whether or not earned by Mortgagor's performance and however acquired or evidenced, which arise out of or in connection with (A) Mortgagor's sale of Hydrocarbons, (B) Mortgagor's sale, assignment, lease, hiring out or allowance of use of, consignment, licensing or other voluntary disposition, whether permanent or temporary, of Inventory or other goods or property related to the Premises and/or the conduct of Mortgagor's business thereon (including, without limitation, all payments received in lieu of payment for Inventory regardless of whether such payments accrued, and/or the events that gave rise to such payments occurred, on or before or after the date hereof, including, without limitation, "take or pay" or "minimum bill" payments and similar payments, payments received in settlement of or pursuant to a judgment rendered with respect to take or pay or minimum bill or similar obligations or other obligations under a sales contract, and payments received in buyout or other settlement of a contract covered by this Mortgage), (C) rendering of services related to the Systems and/or Premises and/or the conduct of Mortgagor's business thereon or (D) any loan, advance, purchase of notes or other extension of credit made by Mortgagor; (ii) any and all rights and interests Mortgagor may have in connection with any of the transactions described in the preceding clause (i) and relating to the Systems and/or the Premises, whether now existing or hereafter acquired, (A) to demand and receive payment or other performance from any guarantor, surety, accommodation party or other person indirectly or secondarily obligated to Mortgagor in respect of the Hydrocarbons, Systems and/or the Premises and/or the conduct of Mortgagor's business thereon, (B) arising out of the enforcement of any of Mortgagor's rights to payment or performance by means of judicial or administrative proceedings, including, without limitation, any rights to receive payment under or in connection with any settlement of such proceedings, any judgment or any administrative order or decision arising out of actions related to the Hydrocarbons, Systems and/or the Premises and/or the conduct of Mortgagor's business thereon, (C) in and to the goods or other property related to the Premises and/or the conduct of Mortgagor's business thereon that is the subject of any such transaction, including, without limitation, (a) in the case of goods, an unpaid seller's or lessor's rights of rescission, replevin or to stop such goods in transit, and all rights to such goods on return or repossession, and (b) in the case of other property, rights of an unpaid seller, assignor or licensor to rescind or cancel the applicable agreement and demand the return of such property or, if such property is intangible, of any writing or other tangible evidence of its existence and/or disposition, and (D) to proceed against any collateral security related to the Premises provided by any obligor and to realize any proceeds thereof; and (iii) all contracts and other agreements and writings, all accounts, chattel paper, documents, general intangibles and instruments, and all other items of property now or hereafter owned by Mortgagor or in that Mortgagor now has or hereafter acquires any rights or interests, whether tangible or intangible and related to the Premises that in any way constitute, embody or evidence any payment rights described in clause (i) of this ***Section 1.01(i)*** or any of Mortgagor's other rights and interests described in clause (ii) of this ***Section 1.01(i)*** (the Mortgaged Property described in this ***Section 1.01(i)*** are herein collectively referred to as the "***Accounts Receivable***");

(j) all contracts, agreements, leases, permits, orders, franchises, servitudes, certificates, privileges, rights, technology, licenses and general intangibles (including, without limitation, all trademarks, trade names, and symbols) that are now or hereafter used, or held for use, in connection with or otherwise related to the Premises, the Systems, the System Equipment and/or the other items described in ***Section 1.01(f)***, the Inventory, the Contracts, and/or the Accounts Receivable (the Premises, the Systems, the System Equipment and the other items described in ***Section 1.01(f)***, the Inventory, the Contracts, and the Accounts Receivable are hereinafter collectively referred to as the "***Property***") or the conduct of Mortgagor's business on the System Premises whether now or hereafter created, acquired, or entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, rights, incomes, profits, revenues, royalties, accounts, contract rights and general intangibles under any and all of the foregoing;

(k) any and all technical or business data, books and records related to the Premises and Mortgagor's operations thereon, including, but not limited to, accounting records, files, computer software, employee records, engineering drawings or plans, surveys, site assessments, environmental reports, geological and geophysical data, customer lists, production records, laboratory and testing records, sales and administrative records, and any other material or information relating to the ownership, maintenance, or operation of the Property (the "***Books and Records***");

(l) all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Mortgagor for the Property or the conduct of Mortgagor's business on the Premises and all judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises or any part thereof or any interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the System Premises or any part thereof or interest therein, including any award for change of grade of streets;

(m) all proceeds of the conversion, voluntary or involuntary, of the Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance, subject to the terms and conditions of this Mortgage;

(n) all options, extensions, improvements, betterments, renewals, substitutions and replacements of, and all additions and appurtenances to, the Property or any part thereof, hereafter acquired by, or released to, Mortgagor, or constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby (Mortgagor hereby acknowledging and agreeing that immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, the same shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein);

(o) any property that may from time to time hereafter by delivery or by writing of any kind be subjected to the lien or security interests hereof by Mortgagor or by anyone on Mortgagor's behalf; and Mortgagee is hereby authorized to receive the same at any time as additional security hereunder;

(p) all other rights, titles and interests of every nature whatsoever now owned or hereafter acquired by Mortgagor in and to the Surface Assets, Easements, properties, rights, titles, interests and estates and every part and parcel thereof, including, without limitation, said properties, rights, titles, interests and estates as the same may be enlarged by the discharge of any payments out of production or by the removal of any charges or Permitted Encumbrances (as defined on ***Exhibit A*** and herein so called) to which any of said Surface Assets, Easements, properties, rights, titles, interests or estates are subject, or otherwise; together with any and all renewals and extensions of any of said Surface Assets, Easements, properties, rights, titles, interests or estates; and all contracts and agreements supplemental to or amendatory of or in substitution for the Surface Assets, Easements, the contracts and agreements described or mentioned above and any and all additional interests of any kind hereafter acquired by Mortgagor in and to said Surface Assets, Easements, properties, rights, titles, interests or estates; and

(q) all accounts, contract rights, inventory, general intangibles, insurance contracts and insurance proceeds constituting a part of, relating to or arising out of those portions of the Mortgaged Property that are described in ***Sections 1.01(a)*** through ***(q)*** above and all proceeds and products of all such portions of the Mortgaged Property and payments in lieu of production (such as "take or pay" payments), whether such proceeds or payments are goods, money, documents, instruments, chattel paper, securities,

accounts, general intangibles, fixtures, real property, or other assets.

Any fractions or percentages specified in the attached ***Exhibit A*** in referring to Mortgagor's interests are solely for purposes of the warranties made by Mortgagor pursuant to ***Section 3.01*** hereof and shall in no manner limit the quantum of interest affected by this ***Section 1.01*** with respect to any Mortgaged Property or with respect to any unit or well identified on ***Exhibit A***.

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee, and its successors and assigns to secure the payment and performance of the Indebtedness, however, upon the terms, provisions and conditions herein set forth.

Any fractions or percentages specified in the attached ***Exhibit A*** in referring to Mortgagor's interests are solely for purposes of the warranties made by Mortgagor pursuant to ***Section 3.01*** hereof and shall in no manner limit the quantum of interest affected by this ***Section 1.01*** with respect to any Mortgaged Property or with respect to any unit or well identified on ***Exhibit A***.

Notwithstanding any provision in this ***Section 1.01*** or in this Mortgage to the contrary, in no event are the following included in the definition of "Mortgaged Property" or hereby encumbered by this Mortgage (collectively, the "***Excluded Assets***"):

(x) any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) including in the definition of "Mortgaged Property" and no Building or Manufactured (Mobile) Home is hereby encumbered by this Mortgage. As used herein, "***Flood Insurance Regulations***" shall mean (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statue thereto, (iii) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time, and (iv) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder; and

(y) Article 9 Collateral constituting Excluded Assets (as such terms are defined in the Collateral Agreement).

Section 1.02 Indebtedness Secured. This Mortgage is executed and delivered by Mortgagor to secure and enforce the following (the "***Indebtedness***"):

(a) the Obligations (including all future advances to be made under the Credit Agreement);

(b) any reasonable sums advanced or expenses or costs incurred by the Mortgagee (or any receiver appointed hereunder) that are made or incurred pursuant to, or permitted by, the terms hereof, plus interest thereon at the rate herein specified or otherwise agreed upon, from the date of the advances or the incurring of such expenses or costs until reimbursed; and

(c) any extensions, refinancings, modifications or renewals of all such indebtedness and obligations described in ***Sections 1.02(a)*** and ***(b)*** above, whether or not Mortgagor executes any extension agreement or renewal instrument. For the avoidance of doubt, the "Indebtedness" shall not include any Excluded Hedging Obligations.

Section 1.03 Fixture Filing, Etc. Without in any manner limiting the generality of any of the other provisions of this Mortgage: (a) some portions of the collateral described or to which reference is made herein are as-extracted collateral and goods that are or are to become fixtures related to the land described or to which reference is made herein or on attached ***Exhibit A*** or ***Exhibit B***; (b) this Mortgage is to be filed of record in the real estate records as a financing statement and (c) Mortgagor is the record owner of the real estate or interests in the real estate comprised of the Mortgaged Property.

Section 1.04 Waiver. Mortgagor specifically waives presentment, protest, notice of dishonor, intention to accelerate and acceleration.

Section 1.05 Defined Terms. Any capitalized term used in this Mortgage and not defined in this Mortgage shall have the meaning assigned to such term in the Credit Agreement.

ARTICLE II
ASSIGNMENT OF PRODUCTION

Section 2.01 Assignment.

(a) As of the Effective Date, Mortgagor has assigned, transferred, and conveyed, and does hereby assign, transfer and convey unto Mortgagee, its successors and assigns, all of the Hydrocarbons and all products obtained or processed therefrom, and the revenues and proceeds now and hereafter attributable to the Hydrocarbons and said products and all payments in lieu of the Hydrocarbons such as "take or pay" payments or settlements. If an Event of Default shall have occurred and for only for so long as such Event of Default shall be continuing, after written notice is provided to the Mortgagor by the Mortgagee, the Hydrocarbons and products are to be delivered into transportation facilities or equipment serving the Mortgaged Property, or to the purchaser thereof, to the credit of Mortgagee, free and clear of all taxes, charges, costs and expenses; except applicable production taxes and royalties and similar burdens payable from production made under applicable agreements not prohibited by the Credit Agreement, and all such revenues and proceeds shall be paid directly to Mortgagee, at the address designated for payment under the Credit Agreement, with no duty or obligation of any party paying the same to inquire into the rights of Mortgagee to receive the same, what application is made thereof, or as to any other matter.

(b) If an Event of Default shall have occurred and only for so long as such Event of Default shall be continuing, Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may reasonably be required or desired by Mortgagee, after receipt of written request from the Mortgagee, or any party in order to have said proceeds and revenues so paid to Mortgagee.

(c) Mortgagor hereby appoints Mortgagee as its true and lawful attorney-in-fact for Mortgagor, with full authority in the place and stead of Mortgagor and from time to time in the discretion of Mortgagee, to pursue any and all rights of Mortgagor to liens on and security interests in the Hydrocarbons securing payment of proceeds of runs attributable to the Hydrocarbons. The power of attorney granted to Mortgagee in this ***Section 2.01(c)***, being coupled with an interest, shall be irrevocable until Security Termination (as defined in ***Section 6.03*** of this Mortgage) has occurred and shall be exercisable only during the continuance of any Event of Default.

(d) Subject to the provisions of ***Section 2.01(g)*** below, Mortgagee is fully authorized (i) to receive and receipt for said revenues and proceeds, (ii) to endorse and cash any and all checks and drafts payable to the order of Mortgagor or Mortgagee for the account of Mortgagor received from or in connection with said revenues or proceeds and to hold the proceeds thereof in a bank account as additional collateral securing the Indebtedness, and (iii) to execute transfer and division orders in the name of Mortgagor, or otherwise, with warranties binding Mortgagor. All proceeds received by Mortgagee pursuant to this assignment shall be applied as provided in ***Section 4.13*** of this Mortgage.

(e) Mortgagee shall not be liable for any delay, neglect, or failure to effect collection of any proceeds or to take any other action in connection therewith or hereunder; but Mortgagee shall have the right, at its election after written notice is provided to the Mortgagor, in the name of Mortgagor or otherwise, to prosecute and defend any and all actions or legal proceedings deemed reasonably advisable by Mortgagee at any time after the occurrence and during the continuation of an Event of Default if in order to collect such funds and to protect the interests of Mortgagee, and/or Mortgagor, with all reasonable and documented costs, expenses and attorneys' fees incurred in connection therewith being paid by Mortgagor in accordance with the terms and conditions of *Section 13.5* of the Credit Agreement.

(f) In addition to the rights granted to Mortgagee in ***Section 1.01*** of this Mortgage, Mortgagor hereby further collaterally transfers and assigns to Mortgagee any and all liens, security interests, financing statements or similar interests of Mortgagor attributable to its interest in the Hydrocarbons and proceeds of runs therefrom arising under or created by the provisions of Section 9.343 of the Applicable UCC, the Oil and Gas Owners' Lien Act of 2010 (OKLA. STAT. tit. 52 Sections 549.1, et seq.), as applicable, and of any similar state or local jurisdiction statute in any state wherein the Mortgaged Property is located or by any other statutory provision, judicial decision or otherwise (collectively, the "***Assigned Liens and Security Interests***").

(g) Until such time as an Event of Default has occurred and is continuing, Mortgagee hereby grants to Mortgagor a license to all of the Hydrocarbons and to sell, collect, receive and receipt for all revenues and proceeds from the sale of Hydrocarbons and the products obtained or processed therefrom, as well as any Assigned Liens and Security Interests, and to retain, use and enjoy same.

(h) In the event Security Termination or of a release of this Mortgage as to the Mortgaged Property, or any part thereof, the assignment granted in this ***Section 2.01*** shall terminate and be of no further force and effect with respect to all of the Mortgaged Property, in the case of Security Termination, or the Mortgaged Property so released.

Section 2.02 No Modification of Payment Indebtedness. Nothing herein contained shall modify or otherwise alter the obligation of Mortgagor to make prompt payment of all principal and interest owing on the Indebtedness when and as the same become due regardless of whether the proceeds of the Hydrocarbons are sufficient to pay the same and the rights provided in accordance with the foregoing assignment provision shall be cumulative of all other security of any and every character now or hereafter existing to secure payment of the Indebtedness.

ARTICLE III
REPRESENTATIONS, WARRANTIES AND COVENANTS

Mortgagor hereby represents, warrants and covenants as follows:

Section 3.01 Title; Mortgaged Property.

(a) Mortgagor has good and defensible title to, or valid leasehold interests in, the Mortgaged Property constituting Borrowing Base Properties evaluated in the most recently delivered Reserve Report, (other than those with title defects disclosed in writing to the Administrative Agent prior to the delivery of such Reserve Report), and valid title to all Mortgaged Property constituting material personal property, in each case, free and clear of all Liens other than Liens permitted by *Section 10.2* of the Credit Agreement. All such Mortgaged Property are free and clear of Liens, other than Liens not prohibited by *Section 10.2* of the Credit Agreement. After giving full effect to the Liens permitted by *Section 10.2* of the Credit Agreement, Mortgagor owns the working interests and net revenue interests attributable to the Mortgaged Property as reflected in the most recently delivered Reserve Report, and the ownership of such properties shall not in any material respect obligate Mortgagor 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 Mortgagor's net revenue interest in such property.

(b) The provisions in *Sections 8.9*, *8.15*, *8.16*, *9.8*, *9.10*, *9.12, 9.15* and *10.4* of the Credit Agreement shall apply to this Mortgage with respect to Mortgagor and the Mortgaged Property, and the provisions of *Section 13.2* of the Credit Agreement with respect to notices relating to the Credit Agreement shall apply to notices and communications relating to this Mortgage, and all of such provisions are hereby incorporated into this ***Section 3.01*** by reference, *mutatis mutandis*, as a part hereof.

(c) This Mortgage is, and shall always constitute, a perfected Lien on, and security interest in, all right, title and interest of the Mortgagor in the Mortgaged Property subject only to Permitted Encumbrances, and, other than the Permitted Encumbrances, Mortgagor will not create or suffer to be created or permit to exist any Lien other than Permitted Encumbrances prior or junior to or on a parity with the lien and security interest of this Mortgage upon the Mortgaged Property or any part thereof or upon the rents, issues, revenues, profits and other income therefrom.

Section 3.02 Other General Representations, Warranties and Covenants.

(a) Consistent with the terms of the Credit Agreement, Mortgagor shall cure promptly any defects in the execution and delivery of this instrument. Mortgagor will promptly execute and deliver to Mortgagee upon reasonable request all such other and further documents, agreements and instruments in compliance with or accomplishment of the covenants and agreements of Mortgagor herein or to further evidence and more fully describe the Mortgaged Property, or to correct any omissions in this instrument, or more fully to state the security obligations set out herein, or to perfect or preserve any lien or security interest created hereby, or to make any recordings, or to file any notices, or obtain any consents, all as may be necessary or reasonably appropriate in connection with any thereof. Mortgagor shall pay for all reasonable and documented costs of preparing, recording and releasing any of the above.

(b) Mortgagor is not a public utility.

(c) Mortgagor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person within the meaning of Sections 1445 or 7701 of the Internal Revenue Code of 1986, as amended, or the regulations thereto.

(d) Mortgagor hereby represents and warrants that the transaction described in this Mortgage does (i) not involve a consumer loan as said term is defined in Section 3-104 of Title 14A of the Oklahoma Statutes, (ii) not secure an extension of credit made primarily for agricultural purposes as defined in paragraph 4 of Section 1-301 of Title 14A of the Oklahoma Statutes, and (iii) not mortgage the Mortgagor's homestead.

Section 3.03 Failure to Perform. Mortgagor agrees that if Mortgagor fails to perform any act or to take any action which Mortgagor is required to perform or take hereunder or pay any money which Mortgagor is required to pay hereunder within a reasonable time after reasonable notice by Mortgagee and Mortgagee, in Mortgagor's name or its own, may, but shall not be obligated to, perform or cause to perform such act or take such action or pay such money, and any expenses so incurred by either of them and any money so paid by either of them shall be subject to the reimbursement provisions of *Section 13.5* of the Credit Agreement.

ARTICLE IV
RIGHTS AND REMEDIES

Section 4.01 Event of Default. The term "***Event of Default***" as used in this Mortgage shall mean the occurrence of any "*Events of Default*" under the Credit Agreement.

Section 4.02 Foreclosure and Sale. If an Event of Default shall occur and be continuing, Mortgagee shall have the right and option to proceed with foreclosure directly and to sell, to the extent permitted by law, all or any portion of the Mortgaged Property at one or more sales, as an entirety or in parcels, at such place or places in otherwise such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as Mortgagee may deem appropriate, and to make conveyance to the purchaser or purchasers. Where the Mortgaged Property is situated in more than one county in any state, notice as above provided shall be posted and filed in all such counties (if such notices are required by law), and all such Mortgaged Property may be sold in any such county and any such notice shall designate the county where such Mortgaged Property is to be sold. Nothing contained in this ***Section 4.02*** shall be construed so as to limit in any way Mortgagee's rights to sell the Mortgaged Property, or any portion thereof, by private sale if, and to the extent that, such private sale is permitted under the laws of the applicable jurisdiction or by public or private sale after entry of a judgment by any court of competent jurisdiction so ordering. Mortgagor hereby irrevocably appoints, until the occurrence of the Security Termination, Mortgagee to be the attorney of Mortgagor with respect to the conduct of any such sale and in the name and on behalf of Mortgagor to execute and deliver, at any time after the occurrence or during the continuation of any Event of Default, any deeds, transfers, conveyances, assignments, assurances and notices with respect to such sale which Mortgagor ought to execute and deliver and do and perform any and all such acts and things with respect to such sale which Mortgagor ought to do and perform under the covenants herein contained. At any such sale: (a) whether made under the power herein contained or any other legal enactment, or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Mortgagee to have physically present, or to have constructive possession of, the Mortgaged Property (Mortgagor hereby covenanting and agreeing to deliver to Mortgagee any portion of the Mortgaged Property not actually or constructively possessed by Mortgagee immediately upon demand by Mortgagee) and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale, (b) each instrument of conveyance executed by Mortgagee shall contain a general warranty of title, binding upon Mortgagor and its successors and assigns, (c) as between Mortgagor and Mortgagee, on one hand, and any third party, on the other hand, each and every recital contained in any instrument of conveyance made by Mortgagee shall be *prima facie* evidence of the truth and accuracy of the matters recited therein, including, without limitation, nonpayment of the Indebtedness, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor hereunder, (d) any and all prerequisites to the validity thereof shall be presumed to have been performed, (e) the receipt of Mortgagee or of such other party or officer making the sale shall be a sufficient discharge to the purchaser or purchasers for its purchase money and no such purchaser or purchasers, or its assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or nonapplication thereof, (f) to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against any and all other persons claiming or to claim the property sold or any part thereof, by, through or under Mortgagor and (g) to the extent and under such circumstances as are permitted by law, Mortgagee may be a purchaser at any such sale and shall have the right, after paying or accounting for all costs of said sale or sales, to credit the amount of the bid upon the amount of the Indebtedness (in the order of priority set forth in ***Section 4.13*** hereof) in lieu of cash payment.

(a) Oklahoma. Mortgagor hereby confers on Mortgagee the power, after the occurrence and during the continuance of an Event of Default, to sell the Mortgaged Property in accordance with the Oklahoma Power of Sale Mortgage Foreclosure Act (OKLA. STAT. tit. 46, §§ 40-49), as the same maybe amended from time to time (the "***POS Act***"), without resort to judicial process, and for such purposes Mortgagor authorizes Mortgagee or Mortgagee's attorney or agent, and grants to Mortgagee and Mortgagee's attorney or agent the power to sell and convey the Mortgaged Property to a purchaser and to foreclose all right, title, interest and estate of Mortgagor and all other persons having an interest subject to the lien of this Mortgage in and to the Mortgaged Property. As to Mortgaged Property situated in or otherwise subject to the laws of the State of Oklahoma, appraisement of the Mortgaged Property is hereby waived (or not) at the option of Mortgagee, such option to be exercised at the time judgment is rendered in any foreclosure hereof or at any time prior thereto.

A POWER OF SALE HAS BEEN GRANTED IN THIS MORTGAGE. A POWER OF SALE MAY ALLOW MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR UNDER THIS MORTGAGE.

The conduct of a sale pursuant to the power of sale granted by this Mortgage shall be sufficient hereunder if conducted in accordance with the requirements of the POS Act and other applicable laws of the State of Oklahoma in effect at the time of such sale, notwithstanding any other provision contained in this Mortgage to the contrary. In the event of a conflict between the provisions of this Mortgage and the POS Act, the POS Act shall control.

(b) Federal and Indian Lands. Upon a sale conducted pursuant to this ***Article IV*** after the occurrence and during the continuance of an Event of Default of all or any portion of the Mortgaged Property consisting of interests (the "***Federal Interests***") in leases, easements, rights-of-way, agreements or other documents and instruments covering, affecting or otherwise relating to federal or tribal lands (including, without limitation, leases, easements and rights-of-way issued by the Bureau of Land Management and Bureau of Indian Affairs), Mortgagor agrees to take all action and execute all instruments necessary or reasonably advisable to transfer the Federal Interests to the purchaser at such sale, including, without limitation, to execute, acknowledge and deliver assignments of the Federal Interests on officially approved forms in sufficient counterparts to satisfy applicable statutory and regulatory requirements, to seek and request approval thereof and to take all other action necessary or advisable in connection therewith. Mortgagor hereby irrevocably appoints, until the occurrence of the Security Termination, Mortgagee as Mortgagor's attorney-in-fact and proxy, with full power and authority in the place and stead of Mortgagor, in the name of Mortgagor or otherwise, to take, after the occurrence and during the continuance of an Event of Default, any such action and to execute any such instruments on behalf of Mortgagor that Mortgagee may deem necessary or reasonably advisable to so transfer the Federal Interests, including, without limitation, the power and authority to execute, acknowledge and deliver such assignments, to seek and request approval thereof and to take all other action deemed necessary or reasonably advisable by Mortgagee in connection therewith; and Mortgagor hereby adopts, ratifies and confirms all such actions and instruments. Such power of attorney and proxy is coupled with an interest, shall survive the dissolution, termination, reorganization or other incapacity of Mortgagor and shall be irrevocable until the Security Termination. No such action by Mortgagee shall constitute acknowledgment of, or assumption of liabilities relating to, the Federal Interests, and neither Mortgagor nor any other party may claim that Mortgagee is bound, directly or indirectly, by any such action.

Section 4.03 Judicial Foreclosure; Receivership. At any time after the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. Any money advanced by Mortgagee in connection with any such receivership shall be a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor to Mortgagee and shall bear interest from the date of making such advance by Mortgagee until paid at the Default Rate.

Section 4.04 Foreclosure for Installments. If an Event of Default shall have occurred and be continuing, Mortgagee shall also have the option to proceed with foreclosure in satisfaction of any installments of the Indebtedness which have not been paid when due either through the courts or by proceeding with foreclosure in satisfaction of the matured but unpaid portion of the Indebtedness as if under a full foreclosure, conducting the sale as herein provided and without declaring the entire principal balance and accrued interest due; such sale may be made subject to the unmatured portion of the Indebtedness, and any such sale shall not in any manner affect the unmatured portion of the Indebtedness, but as to such unmatured portion of the Indebtedness this Mortgage shall remain in full force and effect just as though no sale had been made hereunder. It is further agreed that several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness, it being the purpose hereof to provide for a foreclosure and sale of the security for any matured portion of the Indebtedness without exhausting the power to foreclose and sell the Mortgaged Property for any subsequently maturing portion of the Indebtedness.

Section 4.05 Separate Sales. After the occurrence and during the continuance of an Event of Default, the Mortgaged Property may be sold in one or more parcels and, to the extent permitted by applicable law, in such manner and order as Mortgagee, in its commercially reasonable discretion, may elect, it being expressly understood and agreed that the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales, unless, at the time of any sale, no Event of Default is then continuing.

Section 4.06 Possession of Mortgaged Property. Mortgagor agrees to the full extent that it lawfully may, that, after the occurrence and during the continuance of an Event of Default, then, and in every such case, Mortgagee shall have the right and power to enter into and upon and take possession of all or any part of the Mortgaged Property in the possession of Mortgagor, its successors or assigns, or its or their agents or servants, and may exclude Mortgagor, its successors or assigns, and all persons claiming under Mortgagor, and its or their agents or servants wholly or partly therefrom; and, holding the same, Mortgagee may use, administer, manage, operate and control the Mortgaged Property and conduct the business thereof to the same extent as Mortgagor, its successors or assigns, might at the time do and may exercise all rights and powers of Mortgagor, in the name, place and stead of Mortgagor, or otherwise as Mortgagee shall deem best. All reasonable and documented costs, out-of-pocket expenses and liabilities incurred by Mortgagee in administering, managing, operating, and controlling the Mortgaged Property after the occurrence and during the continuance of an Event of Default shall be subject to the indemnification and reimbursement provisions set forth of *Section 13.5* of the Credit Agreement.

Section 4.07 Occupancy After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale Mortgagor or Mortgagor's heirs, devisees, representatives, successors or assigns or any other person claiming any interest in the Mortgaged Property by, through or under Mortgagor, are occupying or using the Mortgaged Property or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either the landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the Mortgaged Property (such as an action for forcible entry and detainer) in any court having jurisdiction.

Section 4.08 Remedies Cumulative, Concurrent and Nonexclusive. Every right, power and remedy herein given to Mortgagee shall be cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing in equity, at law or by statute (including specifically those granted by the Applicable UCC in effect and applicable to the Mortgaged Property or any portion thereof), and each and every such right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by Mortgagee, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter any other right, power or remedy. No delay or omission by Mortgagee in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

Section 4.09 No Release of Indebtedness. Neither Mortgagor, any guarantor, if any, nor any other person hereafter obligated for payment of all or any part of the Indebtedness shall be relieved of such obligation by reason of (a) the release, regardless of consideration, of the Mortgaged Property or any portion thereof or interest therein or the addition of any other property to the Mortgaged Property; (b) any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending, renewing, rearranging or in any other way modifying the terms of this Mortgage without first having obtained the consent of, given notice to or paid any consideration to Mortgagor, any guarantor or such other person, and in such event Mortgagor, guarantor and all such other persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Mortgagee; or (c) by any other act or occurrence save and except Security Termination.

Section 4.10 Release of and Resort to Collateral. Mortgagee may release, regardless of consideration, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by this Mortgage or its stature as a first and prior lien and security interest in and to the Mortgaged Property, and without in any way releasing or diminishing the liability of any person or entity liable for the repayment of the Indebtedness. For payment of the Indebtedness, Mortgagee may resort to any other security therefor held by Mortgagee in such order and manner as Mortgagee may elect.

Section 4.11 Waiver of Redemption, Notice and Marshalling of Assets, Etc. To the fullest extent permitted by law, until the occurrence of the Security Termination, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefits that might accrue to Mortgagor by virtue of any present or future moratorium law or other law exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; provided, however, that if the laws of any state do not permit the redemption period to be waived, the redemption period is specifically reduced to the minimum amount of time allowable by statute; (b) except as set forth in the Credit Agreement and the other Credit Documents, all notices of any Event of Default or of Mortgagee's election to exercise or its actual exercise of any right, remedy or recourse provided for hereunder; and (c) any right to a marshalling of assets or a sale in inverse order of alienation. If any law referred to in this Mortgage and now in force, of which Mortgagor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall thereafter be deemed not to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof.

Section 4.12 Discontinuance of Proceedings. In case Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under the Credit Agreement and shall thereafter elect to discontinue or abandon same for any reason, Mortgagee shall have the unqualified right so to do and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Indebtedness, this Mortgage, the Credit Agreement, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if same had never been invoked.

Section 4.13 Application of Proceeds. The proceeds of any sale of the Mortgaged Property or any part thereof and all other monies received by Mortgagee in any proceedings for the enforcement hereof or otherwise, whose application has not elsewhere herein been specifically provided for, shall be applied in the order set forth in *Section 11.11* of the Credit Agreement.

Section 4.14 Resignation of Operator. In addition to all rights and remedies under this Mortgage, at law and in equity, if any Event of Default has occurred and be continuing and Mortgagee shall exercise any remedies under this Mortgage with respect to any portion of the Mortgaged Property (or Mortgagor shall transfer any Mortgaged Property in "lieu of foreclosure"), Mortgagee shall have the right to request that any operator of any Mortgaged Property that is Mortgagor or any Affiliate of Mortgagor to resign as operator under the joint operating agreement applicable thereto. No later than sixty (60) days after receipt by Mortgagor of any such request, Mortgagor shall resign (or cause such other party to resign) as operator of such Mortgaged Property.

Section 4.15 INDEMNITY. IN CONNECTION WITH ANY ACTION TAKEN BY MORTGAGEE PURSUANT TO THIS MORTGAGE, MORTGAGEE AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, ATTORNEYS, ACCOUNTANTS AND EXPERTS (" ***INDEMNIFIED PARTIES***") SHALL NOT BE LIABLE FOR ANY LOSS SUSTAINED BY MORTGAGOR RESULTING FROM AN ASSERTION THAT MORTGAGEE HAS RECEIVED FUNDS FROM THE PRODUCTION OF HYDROCARBONS CLAIMED BY THIRD PERSONS OR ANY ACT OR OMISSION OF ANY INDEMNIFIED PARTY IN ADMINISTERING, MANAGING, OPERATING OR CONTROLLING THE MORTGAGED PROPERTY INCLUDING SUCH LOSS WHICH MAY RESULT FROM THE ORDINARY NEGLIGENCE OF AN INDEMNIFIED PARTY UNLESS SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE, BAD FAITH OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY OR IN RESPECT OF ANY PROCEEDING NOT RESULTING FROM AN ACT OR OMISSION BY THE MORTGAGOR OR ITS AFFILIATES, THAT IS BROUGHT BY AN INDEMNIFIED PARTY AGAINST ANOTHER INDEMNIFIED PARTY, NOR SHALL MORTGAGEE BE OBLIGATED TO PERFORM OR DISCHARGE ANY OBLIGATION, DUTY OR LIABILITY OF MORTGAGOR. MORTGAGOR SHALL AND DOES HEREBY AGREE TO INDEMNIFY EACH INDEMNIFIED PARTY FOR, AND TO HOLD EACH INDEMNIFIED PARTY HARMLESS FROM, ANY AND ALL LIABILITY, LOSS OR DAMAGE WHICH MAY OR MIGHT BE INCURRED BY ANY INDEMNIFIED PARTY BY REASON OF THIS MORTGAGE OR THE EXERCISE OF RIGHTS OR REMEDIES HEREUNDER. SHOULD MORTGAGEE MAKE ANY EXPENDITURE ON ACCOUNT OF ANY SUCH LIABILITY, LOSS OR DAMAGE, THE AMOUNT THEREOF, INCLUDING REASONABLE AND DOCUMENTED COSTS, EXPENSES AND REASONABLE ATTORNEYS' FEES, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF *SECTION 13.5* OF THE CREDIT AGREEMENT. THE LIABILITIES OF MORTGAGOR SET FORTH IN THIS ***SECTION 4.15*** SHALL SURVIVE THE TERMINATION OF THIS MORTGAGE AND SECURITY TERMINATION.

ARTICLE V
SECURITY AGREEMENT

Section 5.01 Security Interest. To further secure the Indebtedness and the performance of the covenants, agreements and obligations of Mortgagor herein, Mortgagor hereby grants to Mortgagee and Mortgagee's successors and permitted assigns for the ratable benefit of the Beneficiaries, a security interest in all of Mortgagor's rights, titles and interests in and to the Mortgaged Property insofar as such Mortgaged Property consists of goods, equipment, accounts, contract rights, general intangibles, insurance contracts, insurance proceeds, inventory, Hydrocarbons, as-extracted collateral (including but not limited to all oil, gas, casinghead gas, natural gas liquids, natural gasoline, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals), fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the Uniform Commercial Code presently in effect in the jurisdiction in which the Mortgaged Property is situated or that otherwise applies to any portion of the Mortgaged Property (the "***Applicable UCC***") including without limitation, all accessions, additions, and attachments to any thereof, and the proceeds and products from any and all of such personal property (all of the foregoing, subject to the following proviso, being herein collectively called the "***Collateral***"); provided that, for the avoidance of doubt, "Collateral" shall not mean or include any Excluded Assets. Upon the occurrence and during the continuance of any Event of Default, Mortgagee is and shall be entitled to all of the rights, powers and remedies afforded to the Collateral Agent in *Article IV* of the Collateral Agreement with respect to the security interest in the Collateral granted hereunder. Such rights, powers and remedies shall be cumulative and in addition to those granted Mortgagee under any other provision of this instrument or under any other instrument executed in connection with or as security for any of the Indebtedness. Mortgagor, as debtor (and in this ***Article VI*** and otherwise herein called "***Debtor***") covenants and agrees with Mortgagee, as secured party (and in this ***Article VI*** and otherwise herein called "***Secured Party***") that:

(a) As between Debtor and Secured Party, on one hand and any third party, on the other hand, all recitals in any instrument of assignment or any other instrument executed by Secured Party incident to sale, transfer, assignment or other disposition or utilization of the Collateral or any part thereof hereunder shall be *prima facie* evidence of the matter stated therein, no other proof shall be required to establish full legal propriety of the sale or other action or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action and of any fact, condition or thing incident thereto shall be presumed to have been performed or to have occurred.

(b) Should Secured Party elect to exercise its rights under the Applicable UCC as to part of the Collateral, this election shall not preclude Secured Party from exercising any other rights and remedies granted by this instrument as to the remainder of the Collateral.

(c) Any copy of this instrument may also serve as a financing statement under the Applicable UCC between the Debtor, and, in that regard, the following information is provided:

Name of Debtor:	BCE-Mach III Midstream Holdings LLC
Address of Debtor:	14201 Wireless Way, Suite 300 Oklahoma City, Oklahoma 73134 Attention: Mr. Michael Reel
State of Formation/Location:	Delaware
Name of Mortgagee:	MidFirst Bank, as Collateral Agent
Address of Mortgagee:	501 NW Grand Blvd. Oklahoma City, OK 73118 Attention: Mr. Chad Dayton
Facsimile:	(405) 767-5862
Owner of Record of Real Property:	Mortgagor

(d) Secured Party is authorized to file, in any applicable jurisdiction where Secured Party deems it necessary to perfect or to maintain the perfection of any security interest granted under this Mortgage, a financing statement or statements describing the Collateral, and at the request of Secured Party, Debtor will join Secured Party in delivering one or more financing statements pursuant to the Applicable UCC in form reasonably satisfactory to Secured Party, and will pay the reasonable cost of filing or recording this instrument, as a financing statement, in all public offices at any time and from time to time whenever filing or recording of any financing statement or of this

instrument is deemed by Secured Party to be necessary to perfect or to maintain the perfection of any security interest granted under this Mortgage.

Section 5.02 Fixtures. Portions of the Collateral consist of goods which are or will become fixtures attached to the real estate constituting a portion of the Mortgaged Property, and Debtor hereby agrees that this instrument shall be filed in the real estate records of the Counties in which the Mortgaged Property is located as a financing statement to perfect the security interest of Secured Party in said portions of the Collateral. The name of the record owner of the Mortgaged Property is the party named herein as Mortgagor and Debtor. Nothing herein contained shall impair or limit the effectiveness of this document as a security agreement or financing statement for other purposes. **THIS FINANCING STATEMENT MAY BE FILED AGAINST THE TRACT INDEX OF THE REAL PROPERTY RECORDS IN EACH COUNTY IN OKLAHOMA WHERE THE MORTGAGED PROPERTY IS LOCATED.**

ARTICLE VI
MISCELLANEOUS

Section 6.01 Instrument Construed as Mortgage, Etc. This Mortgage may be construed as a mortgage, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

Section 6.02 Amendment and Restatement. Mortgagor and Mortgagee acknowledge that insofar as to any portion of the Mortgaged Property covered under the Prior Mortgage, this Mortgage amends and restates the Prior Mortgage and all liens, claims, rights, titles, interests and benefits created and granted by the Prior Mortgage shall continue to exist, remain valid and subsisting, shall not be impaired or released hereby, shall remain in full force and effect and are hereby renewed, extended, carried forward and conveyed as security for the Indebtedness. Notwithstanding anything to the contrary in this Mortgage, in the event any liens or security interests granted by the Prior Mortgage have been terminated, lapsed or otherwise invalidated, then this Mortgage shall be a new grant of mortgage, deed of trust, lien and security interest according to the terms and provisions provided herein.

Section 6.03 Release of Mortgage.

(a) This Mortgage, the Lien granted hereby and all other security interests granted hereby shall automatically terminate as and to the extent provided in *Section 13.17(b)* of the Credit Agreement (such event, "***Security Termination***").

(b) Upon any Disposition by Mortgagor of any Mortgaged Property or Collateral that is permitted under the Credit Agreement to any person that is not a Credit Party, or, upon the effectiveness of any written consent to the release of the Mortgage or of the security interest granted hereby in any Mortgaged Property or Collateral pursuant to *Section 13.1* of the Credit Agreement, the Lien in such Mortgaged Property and the Security Interest in such Collateral shall be automatically released.

(c) In connection with any termination or release pursuant to ***Section 6.03(a)*** or ***(b)*** above, the Mortgagee shall cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of Mortgagor and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be reasonably requested by Mortgagor to evidence such termination or release. Any execution and delivery of documents pursuant to this ***Section 6.03*** shall be without recourse to or representation or warranty by Mortgagee, except as to any representations and warranties that the Mortgage has been terminated or released in whole or in part. Mortgagor shall reimburse Mortgagee upon demand for all reasonable and documented costs and out-of-pocket expenses, including the reasonable and documented fees, charges and expenses of counsel, incurred by Mortgagee in connection with any action contemplated by this ***Section 6.03***.

Section 6.04 Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be construed in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. The parties hereto shall endeavor in good- faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 6.05 Successors and Assigns of Parties. The term "*Mortgagee*" as used herein shall mean and include any successor and permitted assignee of the Collateral Agent under the Credit Agreement. The terms used to designate Mortgagee and Mortgagor shall be deemed to include the respective successors and permitted assigns of such parties.

Section 6.06 Satisfaction of Prior Encumbrance. To the extent that proceeds of the Credit Agreement are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Mortgaged Property, such proceeds have been advanced by the Mortgagee at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released, and it is expressly understood that, in consideration of any such payment of such other indebtedness by the Mortgagee, Mortgagor hereby waives and releases all demands and causes of action for offsets and payments to, upon and in connection with the said indebtedness.

Section 6.07 Subrogation of Mortgagee. This Mortgage is made with full substitution and subrogation of Mortgagee and its successors in this trust and its and their assigns in and to all covenants and warranties by others heretofore given or made in respect of the Mortgaged Property or any part thereof.

Section 6.08 Nature of Covenants. The covenants and agreements herein contained shall constitute covenants running with the land and interests covered or affected hereby and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

Section 6.09 Notices. All notices, requests, consents, demands and other communications required or permitted hereunder shall be given or furnished in the manner provided under the Credit Agreement.

Section 6.10 Time. Time shall be of the essence in this Mortgage.

Section 6.11 Counterparts. This Mortgage is being executed in several counterparts, all of which are identical, except that to facilitate recordation, if the Mortgaged Property is situated in more than one jurisdiction, descriptions of only those portions of the Mortgaged Property located in, the jurisdiction in which a particular counterpart is recorded shall be attached as ***Exhibit A*** thereto. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

Section 6.12 GOVERNING LAW. THIS MORTGAGE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE

STATE OF OKLAHOMA.

Section 6.13 EXCULPATION PROVISIONS. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT (A) HAS A DUTY TO READ THIS MORTGAGE AND THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS MORTGAGE; (B) HAS IN FACT READ THIS MORTGAGE AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS MORTGAGE; (C) HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS MORTGAGE, AND HAS RECEIVED THE ADVICE OF ITS ATTORNEY IN ENTERING INTO THIS MORTGAGE; AND (D) RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS MORTGAGE 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 MORTGAGE ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

[Signature Page Follows]

IN WITNESS WHEREOF, this Mortgage is executed as of the date written in the acknowledgement blocks below, but effective for all purposes as of the Effective Date.

MORTGAGOR:

BCE-MACH III MIDSTREAM HOLDINGS LLC,
a Delaware liability company

By: _____
Name: _____
Title: _____

STATE OF OKLAHOMA)
) ss:
COUNTY OF TULSA)

This instrument was acknowledged before me on_____, 2020, by _____, the_____ of BCE-MACH III LLC, a Delaware limited liability company.

[SEAL]

_____
Notary Public

My Commission Expires: _____

The name and address of Mortgagor/Debtor is:

BCE-MACH III MIDSTREAM HOLDINGS LLC
14201 Wireless Way, Suite 300
Oklahoma City, Oklahoma 73134
Attention: Mr. Michael Reel

Signature Page to Mortgage (BCE-Mach III Midstream Holdings LLC)

EXHIBIT A

DEFINITIONS:

1. The terms used on this ***Exhibit A*** have the same meaning as defined in the Mortgage.

2. The term "***Permitted Encumbrances***" shall mean (i) Liens not prohibited by *Section 10.2* of the Credit Agreement; and (ii) the specific exceptions and encumbrances affecting any of the Mortgaged Property as described on ***Exhibit A*** or ***Exhibit B*** INSOFAR ONLY as said exceptions and encumbrances are valid and subsisting and are enforceable against the particular Surface Asset or Easement which is made subject to said exceptions and encumbrances.

3. With respect to the descriptions of each of the Mortgaged Property, if the description requires, such description may continue on several successive pages of each Part of ***Exhibit A***. Certain property descriptions are in abbreviated form as to Sections, Townships and Ranges. In such descriptions the following terms may be abbreviated as follows:

Northwest Quarter as	NW, NW/4 or NW1/4;
Southwest Quarter as	SW, SW/4 or SW1/4;
Southeast Quarter as	SE, SE/4 or SE1/4;
Northeast Quarter as	NE, NE/4 or NE1/4;
North Half as	N/2 or N1/2;
South Half as	S/2 or S1/2;

East Half as	E/2 or E1/2; and
West Half as	W/2 or W1/2.

The applicable Section, Township and Range may be identified by a series of three numbers, each separated by a dash, with the first number being the Section number, the second number being the Township number and the third number being the Range number. The Township and Range numbers are followed by an N, S, E or W to indicate whether the Township or Range is North, South, East or West, respectively. In some instances, the Section number may be stated by itself and not in conjunction with a series of dashed numbers representing the appropriate Township and Range, e.g., the description "N/2 14, SESW 21 29N 8W" means "North one half of Section 14 and Southeast quarter of Southwest quarter of Section 21, all in Township 29 North, Range 8 West." Certain descriptions merely refer to the subdivision or survey in which the property is located in whole or in part. In such cases, the recorded instruments affecting Mortgagor's title more particularly describe the land within such subdivision or survey in which Mortgagor owns an interest, and the descriptions contained in such instruments are incorporated herein by this reference.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THIS MORTGAGE COVERS ALL OF MORTGAGOR'S INTERESTS IN AND TO THE COLLATERAL DESCRIBED ON THIS ***EXHIBIT A***, INCLUDING WITHOUT LIMITATION, THE LANDS DESCRIBED ON *EXHIBIT A* BY METES AND BOUNDS LOCATED THEREON, IF ANY.

EXHIBIT B

SURFACE ASSETS

(see attached)

EXHIBIT E TO
CREDIT AGREEMENT

COLLATERAL AGREEMENT

dated and effective as of

May 19, 2020,

among

BCE-MACH III LLC,

each Subsidiary of BCE-Mach III LLC identified herein,

and

MIDFIRST BANK,
as Collateral Agent

TABLE OF CONTENTS

Page

This **COLLATERAL AGREEMENT** dated and effective as of May 19, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), is among **BCE-MACH III LLC**, a Delaware limited liability company (the "Borrower"), each Subsidiary of the Borrower listed on Schedule I hereto and each Subsidiary of the Borrower that becomes a party hereto after the date hereof (each, a "Subsidiary Party") and **MIDFIRST BANK**, a federally chartered savings association, as Collateral Agent (in such capacity, the "Collateral Agent") for the Secured Parties.

A. Pursuant to the Credit Agreement, dated as of the date hereof (as amended, restated, supplemented, waived or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the banks, financial institutions and other lending institutions from time to time parties thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto, the Borrower will from time to time incur loans and letter of credit obligations;

B. Each of the Grantors and Pledgors is executing and delivering this Agreement pursuant to the terms of the Credit Agreement to induce the lenders to extend credit pursuant to the terms thereof; and

C. The Subsidiary Parties are Subsidiaries of the Borrower and will derive substantial benefits from the extensions of credit to the Borrower pursuant to the Credit Agreement and are willing to execute and deliver this Agreement in order to induce the Lenders to extend credit thereunder.

Accordingly, the parties hereto agree as follows:

ARTICLE I.

Definitions

SECTION 1.01. Credit Agreement.

Capitalized terms used in this Agreement and not otherwise defined herein have the respective meanings assigned thereto in the Credit Agreement or if not defined in the Credit Agreement, the meanings assigned thereto in the Texas UCC if defined therein. All capitalized terms referred to in Article III hereof that are defined in Article 9 of the Texas UCC and not defined in this Agreement have the meanings specified in Article 9 of the Texas UCC. The term "instrument" shall have the meaning specified in Article 9 of the Texas UCC. The rules of construction specified in Section 1.2 of the Credit Agreement also apply to this Agreement.

SECTION 1.02. Other Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Account Debtor" means any person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"Agreement" has the meaning assigned to such term in the recitals hereto.

"Article 9 Collateral" has the meaning assigned to such term in u.

"Borrower" has the meaning assigned to such term in the recitals of this Agreement.

"Collateral" means Article 9 Collateral and Pledged Collateral; *provided* that, for the avoidance of doubt, Collateral shall exclude any Excluded Assets.

"Collateral Agent" means the party named as such in this Agreement until a successor replaces it and, thereafter, means such successor.

"Copyright License" means any written agreement, now or hereafter in effect, granting any right to any Grantor under any Copyright now or hereafter owned by any third party, and all rights of any Grantor under any such agreement (including any such rights that such Grantor has the right to license).

"Copyrights" means all of the following now owned or hereafter acquired by any Grantor (or, as required in the context of the definition of "Copyright License," any third party licensor): (a) all copyright rights in any work subject to the copyright laws of the United States, whether as author, assignee, transferee or otherwise; and (b) all registrations and applications for registration of any such Copyright in the United States, including registrations, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule III.

"Credit Agreement" has the meaning assigned to such term in the recitals of this Agreement.

"Excluded Assets" has the meaning assigned to such term in Section 3.01(a).

"Excluded Securities" means any Excluded Equity Interests.

"Federal Securities Laws" has the meaning assigned to such term in Section 4.04.

"Grantor" means the Borrower and each Subsidiary Party.

"Intellectual Property" means all intellectual and similar property of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Trademarks, Patent Licenses, Copyright Licenses, Trademark Licenses, trade secrets, domain names, confidential or proprietary technical and business information, know-how, show-how or other data or information and all related documentation.

"Texas UCC" means the Uniform Commercial Code as from time to time in effect in the State of Texas.

"Obligations" means the "Obligations" as defined in the Credit Agreement other than Excluded Hedging Obligations.

"Patent License" means any written agreement, now or hereafter in effect, granting to any Grantor any right to make, use or sell any invention covered by a Patent, now or hereafter owned by any third party (including any such rights that such Grantor has the right to license).

"Patents" means all of the following now owned or hereafter acquired by any Grantor (or, as required in the context of the definition of "Patent License," any third party licensor): (a) all patents of the United States, and all applications for patents of the United States, including those listed on Schedule III, and (b) all reissues, continuations, divisions, continuations-in-part or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Permitted Liens" means liens described in Section 10.2 of the Credit Agreement.

"Pledged Collateral" has the meaning assigned to such term in Section 2.01.

"Pledged Debt Securities" has the meaning assigned to such term in Section 2.01.

"Pledged Securities" means any promissory notes, stock certificates or other certificated securities now or hereafter included in the Pledged Collateral, including all certificates, instruments or other documents representing or evidencing any Pledged Collateral.

"Pledged Stock" has the meaning assigned to such term in Section 2.01.

"Pledgor" shall mean the Borrower and each Subsidiary Party.

"Security Interest" has the meaning assigned to such term in Section 3.01.

"Subsidiary Party" has the meaning assigned to such term in the preliminary statement of this Agreement.

"Trademark License" means any written agreement, now or hereafter in effect, granting to any Grantor any right to use any Trademark now or hereafter owned by any third party (including any such rights that such Grantor has the right to license).

"Trademarks" means all of the following now owned or hereafter acquired by any Grantor (or, as required in the context of the definition of "Trademark License," any third party licensor): (a) all trademarks, service marks, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations thereof (if any), and all registration and recording applications filed in connection therewith in the United States Patent and Trademark Office or any similar offices in any State of the United States or any political subdivision thereof, and all renewals thereof, including those listed on Schedule III and (b) all goodwill associated therewith or symbolized thereby.

ARTICLE II.

Pledge of Securities

SECTION 2.01. Pledge. As security for the payment or performance, as the case may be, in full of the Obligations, each Pledgor hereby assigns and pledges to the Collateral Agent, its successors and permitted assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and permitted assigns, for the benefit of the Secured Parties, a security interest in all of such Pledgor's right, title and interest in, to and under (a) the Equity Interests in each Subsidiary directly owned by it and any other Equity Interests in a Subsidiary obtained in the future by such Pledgor and any certificates representing all such Equity Interests (collectively, the "Pledged Stock"); provided that the Pledged Stock shall not include any Excluded Asset; (b)(i) the debt securities currently issued to any Pledgor (which such debt securities constituting Pledged Debt Securities as of the date hereof shall be listed on Schedule II), (ii) any debt securities in the future issued to such Pledgor and (iii) the promissory notes and any other instruments, if any, evidencing such debt securities (collectively, the " Pledged Debt Securities"); provided that the Pledged Debt Securities shall not include any Excluded Securities; (c) subject to Section 2.06, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other proceeds received in respect of, the securities referred to in Section 2.01(a) and (b); (d) subject to Section 2.06, all rights and privileges of such Pledgor with respect to the securities and other property referred to in clauses (a), (b) and (c) above; and (e) all Proceeds of any of the foregoing (the items referred to in Section 2.01(a) through (e) above being collectively referred to as the "Pledged Collateral").

TO HAVE AND TO HOLD the Pledged Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, its successors and permitted assigns, for the benefit of the Secured Parties, forever; subject, however, to the terms, covenants and conditions hereinafter set forth.

SECTION 2.02. Delivery of the Pledged Collateral.

(a) Each Pledgor agrees promptly (and in any event within 20 days after the acquisition (or such longer time as the Collateral Agent shall permit in its reasonable discretion)) to deliver or cause to be delivered to the Collateral Agent, for the benefit of the Secured Parties, any and all Pledged Securities to the extent such Pledged Securities, in the case of promissory notes or other instruments evidencing Indebtedness, are required to be delivered pursuant to Section 2.02(b).

(b) Each Pledgor will cause any Indebtedness for borrowed money or payable by any Credit Party payable to such Pledgor, in each case having an aggregate principal amount in excess of $2,500,000 (individually) or $5,000,000 (in the aggregate), to be evidenced by a duly executed promissory note that is pledged and delivered to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the terms hereof.

(c) Upon delivery to the Collateral Agent, (i) any Pledged Securities required to be delivered pursuant to Section 2.02(a) and (b) shall be accompanied by stock powers or note powers, as applicable, duly executed in blank or other instruments of transfer reasonably satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request and (ii) all other property comprising part of the Pledged Collateral delivered pursuant to the terms of this Agreement shall be accompanied to the extent necessary to perfect the security interest in or allow realization on the Pledged Collateral by proper instruments of assignment duly executed by the applicable Pledgor and such other instruments or documents as the Collateral Agent may reasonably request. Each delivery of Pledged Securities shall be accompanied by a schedule describing the securities, which schedule shall be attached hereto as Schedule II (or a supplement to Schedule II, as applicable) and made a part hereof; provided that failure to attach any such schedule hereto shall not affect the validity of such pledge of such Pledged Securities. Each schedule so delivered shall supplement any prior schedules so delivered.

SECTION 2.03. Representations, Warranties and Covenants. Each Pledgor represents and warrants to, and covenants with, the Collateral Agent, for the benefit of the Secured Parties, that:

(a) Schedule II sets forth all Pledged Stock and correctly sets forth the percentage of the issued and outstanding shares of each class of the Equity Interests of the issuer thereof represented by such Pledged Stock and includes all Equity Interests, debt securities and promissory notes or instruments evidencing Indebtedness required to be delivered pursuant to Section 2.02(b), as applicable;

(b) the Pledged Stock have been duly and validly authorized and issued by the issuers thereof and are fully paid and nonassessable;

(c) except for the security interests granted hereunder, each Pledgor (i) is, as of the Closing Date, the direct owner, beneficially and of record, of the Pledged Securities indicated on Schedule II as owned by such Pledgor, (ii) holds the Pledged Securities free and clear of all Liens, other than Permitted Liens, (iii) will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other Lien on, the Pledged Collateral, other than pursuant to a transaction permitted by the Credit Agreement and other than Permitted Liens, and (iv) subject to the rights of such Pledgor under the Credit Documents to dispose of Pledged Collateral, will use commercially reasonable efforts to defend its title or interest thereto or therein against any and all Liens (other than Permitted Liens), however arising, of all persons;

(d) other than as set forth in the Credit Agreement or the schedules thereto and except for restrictions and limitations imposed or permitted by the Credit Documents or securities laws generally, the Pledged Collateral is and will continue to be freely transferable and assignable, and none of the Pledged Collateral is or will be subject to any option, right of first refusal, shareholders agreement, charter, by-law, memorandum of association or articles of association provisions or contractual restriction of any nature that might prohibit, impair, delay or otherwise affect in any manner material and adverse to the Secured Parties, the pledge of such Pledged Collateral hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder other than under applicable Requirements of Law;

(e) each Pledgor has the power and authority to pledge the Pledged Collateral pledged by it hereunder in the manner hereby done or contemplated;

(f) other than as set forth in the Credit Agreement or the schedules thereto, no consent or approval of any Governmental Authority, any securities exchange or any other person was or is necessary to the validity of the pledge effected hereby, except such as have been obtained and are in full force and effect;

(g) by virtue of the execution and delivery by the Pledgors of this Agreement, when any Pledged Securities are delivered to the Collateral Agent, for the benefit of the Secured Parties, in accordance with this Agreement, and a financing statement in respect of the Pledged Securities is filed in the appropriate filing office, the Collateral Agent will obtain, for the benefit of the Secured Parties, a legal, valid and perfected lien upon and security interest in such Pledged Securities, subject only to Permitted Liens, as security for the payment and performance of the Obligations;

(h) the pledge effected hereby is effective to vest in the Collateral Agent, for the benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral as set forth herein;

(i) none of the execution, delivery or performance by any Pledgor of this Agreement or the compliance with the terms and provisions hereof will contravene any Requirement of Law except to the extent such contravention would not reasonably be expected to result in a Material Adverse Effect, result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Pledgor (other than Liens created or permitted under the Credit Documents) pursuant to the terms of any indenture, loan agreement, lease agreement, mortgage, deed of trust, agreement or other instrument to which such Pledgor is a party or by which it or any of its property or assets is bound except to the extent such breach, default or Lien that would not reasonably be expected to result in a Material Adverse Effect or violate any provision of the certificate of incorporation, by- laws or other organizational documents of such Pledgor; and

(j) this Agreement, the representations, warranties and covenants made by any relevant Grantor in this Agreement with respect to the creation, perfection or priority (as applicable) of the security interest granted in favor of the Collateral Agent (pursuant to this Agreement) shall be deemed not to apply to Excluded Assets.

SECTION 2.04. Certification of Limited Liability Company and Limited Partnership Interests.

(a) Each interest in any limited liability company or limited partnership controlled by any Pledgor, pledged hereunder and represented by a certificate, shall be a "security" within the meaning of Article 8 of the Texas UCC and shall be governed by Article 8 of the Texas UCC, and each such interest shall at all times hereafter be represented by a certificate unless and until such interest is no longer such a "security" and the Pledgor complies with Section 2.04(b).

(b) Each interest in any limited liability company or limited partnership controlled by a Pledgor, pledged hereunder and not represented by a certificate shall not be a "security" within the meaning of Article 8 of the Texas UCC and shall not be governed by Article 8 of the Texas UCC (or other applicable Uniform Commercial Code in effect in another jurisdiction), and the Pledgors shall at no time elect to treat any such interest as a "security" within the meaning of Article 8 of the Texas UCC or issue any certificate representing such interest, unless an Event of Default does not exist and promptly thereafter (and in any event within 10 Business Days (or such longer period as the Collateral Agent may agree to)) the applicable Pledgor provides notification to the Collateral Agent of such election and delivers, as applicable, any such certificate to the Collateral Agent pursuant to the terms hereof.

SECTION 2.05. Registration in Nominee Name; Denominations. If an Event of Default shall have occurred and be continuing, (a) the Collateral Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion) to hold the Pledged Securities in its own name as pledgee or the name of its nominee (as pledgee or as sub-agent), or the name of the applicable Pledgor, endorsed or assigned in blank in favor of the Collateral Agent, and (b) each Pledgor will promptly give to the Collateral Agent copies of any written notices or other written communications received by it with respect to Pledged Securities registered in the name of such Pledgor. If an Event of Default shall have occurred and be continuing, the Collateral Agent shall have the right to exchange the certificates representing Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Agreement. Each Pledgor shall use its commercially reasonable efforts to cause any Subsidiary that is not a party to this Agreement to comply with a request by the Collateral Agent, pursuant to this Section 2.05, to exchange certificates representing Pledged Securities of such Subsidiary for certificates of smaller or larger denominations.

SECTION 2.06. Voting Rights; Dividends and Interest, etc.

(a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent shall have given notice to the relevant Pledgors of the Collateral Agent's intention to exercise its rights hereunder:

(i) Each Pledgor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Collateral or any part thereof for any purpose consistent with the terms of this Agreement, the Credit Agreement and the other Credit Documents, provided that such rights and powers shall not be exercised in any manner that could be reasonably likely to materially and adversely affect (i) the rights and remedies of any of the Collateral Agent or the other Secured Parties under this Agreement, the Credit Agreement or any other Credit Document or the ability of the Secured Parties to exercise the same or (ii) the value of the Collateral in aggregate.

(ii) The Collateral Agent shall promptly execute and deliver to each Pledgor, or cause to be executed and delivered to such Pledgor, all such proxies, powers of attorney and other instruments as such Pledgor may reasonably request for the purpose of enabling such Pledgor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 2.06(a)(i).

(iii) Each Pledgor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Collateral to the extent and only to the extent that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Credit Documents, and applicable laws; provided that any noncash dividends, interest, principal or other distributions that would constitute Pledged Securities, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by any Pledgor, shall be promptly (and in any event within 20 days of their receipt (or such longer time as the Collateral Agent shall permit in its reasonable discretion)) delivered to the Collateral

Agent, for the benefit of the Secured Parties, in the same form as so received (and, if requested by the Collateral Agent, endorsed in a manner reasonably satisfactory to the Collateral Agent).

(b) After the occurrence and during the continuance of an Event of Default and upon notice by the Collateral Agent to the relevant Pledgors of the Collateral Agent's intention to exercise its rights hereunder, all rights of any Pledgor to dividends, interest, principal or other distributions that such Pledgor is authorized to receive pursuant to Section 2.06(a)(iii) shall cease, and all such rights shall thereupon become vested, for the benefit of the Secured Parties, in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions; provided that the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Pledgors to receive and retain such amounts. All dividends, interest, principal or other distributions received by any Pledgor contrary to the provisions of this Section 2.06 shall not be commingled by such Pledgor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent, for the benefit of the Secured Parties, and shall be forthwith promptly delivered to the Collateral Agent, for the benefit of the Secured Parties, in the same form as so received (endorsed in a manner reasonably satisfactory to the Collateral Agent). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this Section 2.06(b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 4.02. After all Events of Default have been cured or waived and the Borrower has delivered to the Collateral Agent a certificate to that effect, the Collateral Agent shall promptly repay to each Pledgor (without interest) all dividends, interest, principal or other distributions that such Pledgor would otherwise be permitted to retain pursuant to the terms of Section 2.06(a)(iii) and that remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default and after notice by the Collateral Agent to the relevant Pledgors of the Collateral Agent's intention to exercise its rights hereunder, subject to applicable Requirements of Law, all rights of any Pledgor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 2.06(a)(i), and the obligations of the Collateral Agent under Section 2.06(a)(ii), shall cease, and all such rights shall thereupon become vested in the Collateral Agent, for the benefit of the Secured Parties, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default, to permit the Pledgors to exercise such rights. After all Events of Default have been cured or waived and the Borrower has delivered to the Collateral Agent a certificate to that effect, all rights of any Pledgor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 2.06(a)(i), and the obligations of the Collateral Agent under Section 2.06(a)(ii), shall in each case be reinstated.

(d) Any notice given by the Collateral Agent to the Pledgors suspending their rights under Section 2.06(a) (i) shall be in writing, (ii) may be given to one or more of the Pledgors at the same or different times and (iii) may suspend the rights of the Pledgors under Section 2.06(a)(i) or (a)(iii) in part without suspending all such rights (as specified by the Collateral Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Collateral Agent's rights to give additional notices from time to time suspending other rights so long as an Event of Default has occurred and is continuing.

ARTICLE III.

Security Interests in Personal Property

SECTION 3.01. Security Interest.

(a) As security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, a security interest (the "Security Interest") in all right, title and interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Article 9 Collateral"):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all cash and Deposit Accounts;

(iv) all Commercial Tort Claims set forth on Schedule III;

(v) all Documents;

(vi) all Equipment;

(vii) all Fixtures;

(viii) all General Intangibles;

(ix) all Goods;

(x) all Instruments;

(xi) all Intellectual Property;

(xii) all Inventory;

(xiii) all Investment Property other than the Pledged Collateral;

(xiv) all Letters of Credit and Letter of Credit Rights;

(xv) all minerals, oil, gas and As-Extracted Collateral;

(xvi) all Money;

(xvii) all books and records pertaining to the Article 9 Collateral; and

(xviii) substitutions, replacements, accessions, products and proceeds (including insurance proceeds, licenses, royalties, income, payments, claims, damages and proceeds of suit) and to the extent not otherwise included, all proceeds, Supporting Obligations and products of any and all of the foregoing and all collateral security and guarantees given by any person with respect to any of the foregoing.

Notwithstanding anything to the contrary in the Credit Documents, this Agreement shall not constitute a grant of a security interest in (and the Article 9 Collateral shall not include) and the other provisions of the Credit Documents with respect to Collateral need not be satisfied with respect to (a) motor vehicles or other assets subject to certificates of title (except to the extent the security interest in such vehicles or assets can be perfected by filing an "all assets" UCC-1 financing statement), (b) any assets over which the granting of security interests in such assets (i) would be prohibited by an enforceable contractual obligation binding on the assets (including Permitted Liens) or applicable Requirements of Law (in each case, except to the extent such prohibition is unenforceable after giving effect to applicable provisions of the Uniform Commercial Code or other applicable Requirement of Law, other than proceeds thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code or other applicable Requirement of Law notwithstanding such prohibitions) or (ii) would result in a material adverse tax consequence to the Borrower, any Subsidiary or any Parent Entity as reasonably determined by the Borrower in writing delivered to the Collateral Agent and consented to by the Collateral Agent, such consent not to be unreasonably withheld or delayed, provided that in each case, immediately upon the ineffectiveness, lapse or termination of any such obligations or material adverse tax consequence (as applicable), the Article 9 Collateral shall include, and such Grantor shall be deemed to have granted a security interest in such assets as if such provision, Requirement of Law or material adverse tax consequence had never been in effect, (c) those assets with respect to which, in the reasonable judgment of the Collateral Agent, the costs or other consequences of obtaining or perfecting such a security interest are excessive in view of the benefits to be obtained by the Secured Parties therefrom and for which requirements related to perfection are not set forth, provided that in the case of perfecting, to the extent that limitations with respect to perfection requirements for such assets are specifically set forth in this Agreement, such assets shall not be considered "Excluded Assets", (d) any Excluded Securities, (e) any Grantor's right, title or interest in any license, contract or agreement to which such Grantor is a party or any of its right, title or interest thereunder to the extent, but only to the extent, that such a grant would violate the terms of applicable law or of such license, contract or agreement, or result in a breach of the terms of, or constitute a default under, any such license, contract or agreement to which such Grantor is a party (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the Texas UCC or any other applicable law or regulation (including Title 11 of the United States Code) or principles of equity); provided that, immediately upon the ineffectiveness, lapse or termination of any such provision, the Article 9 Collateral shall include, and such Grantor shall be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect, (f) any Trademark application filed in the United States Patent and Trademark Office on the basis of any Grantor's "intent to use" such Trademark and for which a form evidencing use of the Trademark has not yet been filed with and accepted by the United States Patent and Trademark Office, to the extent that granting a security interest in such Trademark application prior to such filing would result in the cancellation or abandonment of the same or would impair the registrability, enforceability or validity of such Trademark application or any registration that issues therefrom under applicable federal law, (g) any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) located on real property, in each case, in an area having special flood hazards and in which flood insurance is available under the National Flood Insurance Act of 1968, and (h) any equipment or other asset owned by any Grantor that is subject to a purchase money lien or a Capitalized Lease Obligation, in each case, as permitted under the Credit Agreement, if the contract or other agreement in which such Lien is granted (or the documentation providing for such Capitalized Lease Obligation) prohibits or requires the consent of any person other than the Grantors as a condition to the creation of any other security interest on such equipment or asset and, in each case, such prohibition or requirement is permitted by the Credit Agreement (the foregoing clauses (a) through (h) (the foregoing clauses (a) through (g), the "Excluded Assets"); provided that the Collateral shall include the Proceeds of any of the foregoing unless such Proceeds also constitute Excluded Assets.

(b) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file in any relevant jurisdiction any initial financing statements (including fixture filings) with respect to the Article 9 Collateral or any part thereof and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment, including (i) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor, (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of the real property to which such Article 9 Collateral relates and (iii) a description of collateral describing such property as "all assets and all proceeds thereof" or "all property and all proceeds thereof" or words of similar effect or that describes such property in any other manner as the Collateral Agent may reasonably determine is necessary or advisable to ensure the perfection of the security interest in the Article 9 Collateral granted under this Agreement.

The Collateral Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party.

(c) The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Article 9 Collateral.

SECTION 3.02. Representations and Warranties. The Grantors jointly and severally represent and warrant to the Collateral Agent and the Secured Parties that:

(a) Each Grantor has good and valid rights in and title to the Article 9 Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Article 9 Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval that has been obtained and is in full force and effect or has otherwise been disclosed herein or in the Credit Agreement and the Schedules thereto.

(b) As of the Closing Date, Schedule III sets forth:

(i) The exact (A) legal name and type of entity of each Grantor, as such name appears in its respective certificate of incorporation, certificate of formation, or any other organizational document, (B) the organizational identification number, if any, of each Grantor and the Federal Taxpayer Identification Number of each Grantor and (C) the jurisdiction of formation of each Grantor.

(ii) The addresses of (A) the chief executive office of each Grantor and (B) the locations of books and records relating to the Collateral.

(iii) All Promissory Notes, Instruments (other than checks to be deposited in the ordinary course of business), Tangible Chattel Paper, Electronic Chattel Paper and other evidence of indebtedness, including all intercompany notes held by a Grantor evidencing indebtedness in excess of $2,500,000 individually or $5,000,000 in aggregate.

(iv) All of each Grantor's (A) Patents and Trademarks registered with the United States Patent and Trademark Office, and all other Patents and Trademarks, including the name of the registered owner and the registration number of each Patent and Trademark owned by each Grantor and (B) copyrights registered with the United States Copyright Office as of the date hereof, including the name of the registered owner and the registration number of each such Copyright.

(v) All Commercial Tort Claims held by each Grantor, as of the date hereof, relating to any of the Collateral and having a value reasonably expected to exceed $1,500,000 individually or $3,000,000, including a brief description thereof.

(vi) All Letter of Credit Rights of the Grantors in excess of $2,500,000 individually or $5,000,000 in aggregate.

(vii) All Deposit Accounts, Commodity Accounts and Investment Accounts (other than Excluded Accounts) maintained by the Grantors, including the name of each institution where each such account is held, the name of each such account and the name of each entity that holds each account.

(c) Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Article 9 Collateral have been prepared by the Collateral Agent based upon the information provided to the Collateral Agent in Schedule III for filing in each governmental, municipal or other office specified in Schedule III, and constitute all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Article 9 Collateral consisting of United States Patents, United States registered Trademarks and United States registered Copyrights) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements or amendments.

(d) The Security Interest constitutes (i) a legal and valid security interest in all the Article 9 Collateral securing the payment and performance of the Obligations, (ii) subject to the filings described in Section 3.02(b), a perfected security interest in all Article 9 Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions and (iii) subject to Section 3.02(b), a security interest that shall be perfected in all Article 9 Collateral in which a security interest may be perfected upon the receipt and recording of this Agreement (or a short form hereof) with the United States Patent and Trademark Office and the United States Copyright Office, as applicable. The Security Interest is and shall be prior to any other Lien on any of the Article 9 Collateral other than Permitted Liens.

(e) The Article 9 Collateral is owned by the Grantors free and clear of any Lien, other than Permitted Liens. None of the Grantors has filed or consented to the filing of (i) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Article 9 Collateral, (ii) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (iii) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Permitted Liens.

SECTION 3.03. Covenants.

(a) Each Grantor agrees promptly (and in any event within 10 Business Days thereof, or such longer period of time as may be agreed by the Collateral Agent) to notify the Collateral Agent in writing of any change (i) in its legal name, (ii) in its identity or type of organization or corporate structure, or (iii) in its organizational identification number. Each Grantor agrees to notify the Collateral Agent in writing of any change in its jurisdiction of organization at least 10 Business Days prior to such change. Each Grantor agrees promptly to provide the Collateral Agent with certified organizational documents reflecting any of the changes described in the immediately preceding sentence. Each Grantor agrees that if it effects or permits any change referred to in the first sentence of this Section 3.30(a) it will ensure that all filings have been made, or will have been made within any applicable statutory period, under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent at all times following such change to have a valid, legal and perfected first priority security interest (subject to Permitted Liens) in all the Article 9 Collateral, for the benefit of the Secured Parties.

(b) Subject to the rights of such Grantor under the Credit Documents to dispose of Collateral, each Grantor shall, at its own expense, use commercially reasonable efforts to defend title to the Article 9 Collateral against all persons and to defend the Security Interest of the Collateral Agent, for the benefit of the Secured Parties, in the Article 9 Collateral and the priority thereof against any Lien that is not a Permitted Lien; *provided* that, nothing in this Agreement shall prevent any Grantor from discontinuing the operation or maintenance of any of its assets or properties if such discontinuance is (i) determined by such Grantor to be desirable in the conduct of its business and (ii) not prohibited by the Credit Documents.

(c) Each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any reasonable and documented out of pocket costs and expenses and all taxes required in connection with the execution and delivery of this Agreement and the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith.

(d) (i) After the occurrence of an Event of Default and during the continuance thereof, the Collateral Agent shall have the right to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Article 9 Collateral, including, in the case of Accounts or Article 9 Collateral in the possession of any third person, by contacting Account Debtors or the third person possessing such Article 9 Collateral for the purpose of making such a verification and each Grantor shall furnish all such assistance and information as Collateral Agent may reasonably request in connection with any such verification. The Collateral Agent shall have the right to share any information it gains from such inspection or verification with any Secured Party.

(ii) The Collateral Agent hereby authorizes each Grantor to collect such Grantor's Accounts and the Collateral Agent may curtail or terminate said authority at any time after written notice is provided by the Collateral Agent to such Grantor after the occurrence and during the continuance of an Event of Default.

(iii) At the Collateral Agent's written request at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall deliver to the

Collateral Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Accounts, including all original orders, invoices and shipping receipts.

(e) At its option, the Collateral Agent may discharge any past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Article 9 Collateral and that is not a Permitted Lien, and may pay for the maintenance and preservation of the Article 9 Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Collateral Agent within 10 Business Days after demand for any reasonable payment made or any reasonable expense incurred by the Collateral Agent pursuant to the foregoing authorization; provided, however, that nothing in this Section 3.03(e) shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Credit Documents.

(f) Each Grantor (rather than the Collateral Agent or any Secured Party) shall remain liable for the observance and performance of all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Article 9 Collateral.

(g) During the continuance of an Event of Default, none of the Grantors will, without the Collateral Agent's prior written consent (which consent shall not be unreasonably withheld), grant any extension of the time of payment of any Accounts included in the Article 9 Collateral, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof or allow any credit or discount whatsoever thereon, except as permitted by Section 10.14 the Credit Agreement.

(h) Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Article 9 Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required by the Credit Documents or to pay any premium in whole or part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent reasonably deems advisable. All sums disbursed by the Collateral Agent in connection with this Section 3.03(h), including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

SECTION 3.04. Other Actions. In order to further ensure the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, for the benefit of the Secured Parties, the Collateral Agent's security interest in the Article 9 Collateral, each Grantor agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Article 9 Collateral:

(a) Instruments and Tangible Chattel Paper. If any Grantor shall at any time own or acquire any Instruments or Tangible Chattel Paper evidencing an amount in excess of $2,500,000 individually or $5,000,000 in aggregate, such Grantor shall promptly (and in any event within 15 Business Days of its acquisition (or such longer period as the Collateral Agent may agree to)) notify the Collateral Agent and promptly endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time reasonably request.

(b) Electronic Chattel Paper and Transferable Records. If any Grantor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction with a value in aggregate in excess of $2,500,000 individually or $5,000,000 in aggregate, such Grantor shall promptly notify the Collateral Agent thereof and, at the request and option of the Collateral Agent, shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control, under Section 9-105 of the Texas UCC, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will arrange, pursuant to procedures satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for such Grantor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the Texas UCC, or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless a Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such electronic chattel paper or transferable record.

(c) Letter-of-Credit Rights. If during the occurrence and continuance of an Event of Default, any Grantor is a beneficiary under a Letter of Credit, at the request and option of the Collateral Agent, such Grantor shall, pursuant to an agreement in form and substance satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer or other nominated person of such Letter of Credit to consent to an assignment to the Collateral Agent of the proceeds of the Letter of Credit, or (ii) arrange for the Collateral Agent to become the transferee beneficiary of the Letter of Credit.

(d) Commercial Tort Claims. If any Grantor shall at any time hold or acquire any Commercial Tort Claims with a reasonably expected value in excess of $1,500,000 individually or $3,000,000 in aggregate, other than those listed on Schedule III hereto, such Grantor shall immediately notify the Collateral Agent in a writing signed by such Grantor of the particulars thereof and grant to the Collateral Agent, upon the Collateral Agent's request, a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with a writing in form and substance satisfactory to the Collateral Agent.

SECTION 3.05. Covenants Regarding Patent, Trademark and Copyright Collateral. Except as permitted by the Credit Agreement:

(a) Each Grantor, either itself or through any agent, employee, licensee or designee, shall (i) inform the Agent on an annual basis on or about the time of delivery of financial statements for such year of each application by itself, or through any agent, employee, licensee or designee, for any Patent with the United States Patent and Trademark Office and each registration of any Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any comparable office or agency in any other country filed during the preceding twelve-month period, and (ii) upon the reasonable request of the Agent, execute and deliver any and all agreements, instruments, documents and papers as the Agent may reasonably request to evidence the Agent's security interest in such Patent, Trademark or Copyright.

(b) Upon and during the continuance of an Event of Default at the request of the Collateral Agent, each Grantor shall use commercially reasonable efforts to obtain all requisite consents or approvals from the licensor under each Copyright License, Patent License or Trademark License to effect the assignment of all such Grantor's right, title and interest thereunder to (in the Collateral Agent's sole discretion) the designee of the Collateral Agent or the Collateral Agent.

ARTICLE IV.

Remedies

SECTION 4.01. Remedies upon Default. Upon the occurrence and during the continuance of an Event of Default, subject to applicable Requirements of Law, each of the Pledgors and Grantors agrees to deliver each item of Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all of the rights and remedies provided for in this Agreement or any other Credit Document, the rights and remedies under the Texas UCC, and any and all of the rights and remedies at law and equity, all of which shall be deemed cumulative, including but not limited to the following: (a) with respect to any Article 9 Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Article 9 Collateral by the applicable Grantors to the Collateral Agent or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or a nonexclusive basis, any such Article 9 Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers thereunder cannot be obtained) and (b) with or without legal process and with or without prior notice or demand for performance, to take possession of the Article 9 Collateral and without liability for trespass to the applicable Grantor to enter any premises where the Article 9 Collateral may be located for the purpose of taking possession of or removing the Article 9 Collateral and to exercise any and all rights afforded to a secured party under the applicable Uniform Commercial Code or other applicable law. Without limiting the generality of the foregoing, each of the Pledgors and Grantors agrees that the Collateral Agent shall have the right, subject to the requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral at a public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized in connection with any sale of a security (if it deems it advisable to do so) pursuant to the foregoing to restrict the prospective bidders or purchasers to persons who represent and agree that they are purchasing such security for their own account, for investment, and not with a view to the distribution or sale thereof. Upon consummation of any such sale of Collateral pursuant to this Section 4.01, the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Pledgor or any Grantor, and each of the Pledgors and Grantors hereby waives and releases (to the extent permitted by law) all rights of redemption, stay, valuation and appraisal that such Pledgor or Grantor, as applicable, now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the applicable Pledgors and applicable Grantors 10 days' written notice (which each of the Pledgors and Grantors agrees is reasonable notice within the meaning of Section 9-611 of the Texas UCC or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. At any such sale, the Collateral, or the portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In the case of any sale of all or any part of the Collateral made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in the event that any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in the case of any such failure, such Collateral may be sold again upon notice given in accordance with provisions above. At any public (or, to the extent permitted by law, private) sale made pursuant to this Section 4.01, any Secured Party may bid for or purchase for cash, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of any Pledgor or any Grantor (all such rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Pledgor or any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Pledgor and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. To the extent provided in this Section 4.01, any sale that complies with such provisions shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the Texas UCC or its equivalent in other jurisdictions.

SECTION 4.02. Application of Proceeds. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall promptly apply the proceeds, moneys or balances of any collection or sale of Collateral, as well as any Collateral consisting of cash, in accordance with Section 11.11 of the Credit Agreement.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the purchase money by the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 4.03. Grant of License to Use Intellectual Property. For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Agreement at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor grants (such grant effective solely after the occurrence and during the continuance of an Event of Default) to (in the Collateral Agent's sole discretion) a designee of the Collateral Agent or the Collateral Agent, for the benefit of the Secured Parties, an irrevocable (but terminable, upon termination of this Agreement in accordance with Section 5.13 hereof), non-exclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or sublicense any of the Article 9 Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof, the right to prosecute and maintain all Intellectual Property and the right to sue for past infringement of the Intellectual Property; provided, however, that nothing in this Section 4.03 shall require Grantors to grant any license that is prohibited by any rule of law, statute or regulation, or is prohibited by, or constitutes a breach or default under or results in the termination of, any contract, license, instrument or other agreement with an unaffiliated third party, to the extent permitted by the Credit Agreement, with respect to such Intellectual Property Collateral; and provided, further, that such licenses to be granted hereunder with respect to Trademarks shall be subject to the maintenance of quality standards with respect to the goods and services on which such Trademarks are used sufficient to preserve the validity of such Trademarks. For the avoidance of doubt, the use of such license by the Collateral Agent may be exercised, at the option of the Collateral Agent, only during the continuation of an Event of Default. Furthermore, each Grantor hereby grants to the Collateral Agent an absolute power of attorney to sign, upon the occurrence and during the continuance of any Event of Default, any document which may be required by the United States Copyright Office or the United States Patent and Trademark Office or any state office in order to effect an absolute assignment of all right, title and interest in each Patent, Trademark or Copyright, and to record the

same.

SECTION 4.04. Securities Act, etc. In view of the position of the Pledgors in relation to the Pledged Collateral, or because of other current or future circumstances, a question may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar federal statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "Federal Securities Laws") with respect to any disposition of the Pledged Collateral permitted hereunder. Each Pledgor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Pledged Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Pledged Collateral under applicable Blue Sky or other state securities laws or similar laws analogous in purpose or effect. Each Pledgor acknowledges and agrees that in light of such restrictions and limitations, the Collateral Agent, in its sole and absolute discretion, (a) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Collateral or part thereof shall have been filed under the Federal Securities Laws or, to the extent applicable, Blue Sky or other state securities laws and (b) may approach and negotiate with a single potential purchaser to effect such sale. Each Pledgor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Collateral Agent shall incur no responsibility or liability for selling all or any part of the Pledged Collateral at a price that the Collateral Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this Section 4.04 will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Collateral Agent sells.

ARTICLE V.

Miscellaneous

SECTION 5.01. Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 13.2 of the Credit Agreement (whether or not then in effect), as such address may be changed by written notice to the Collateral Agent and the Borrower. All communications and notices hereunder to any Pledgor and any Grantor shall be given to it in care of the Borrower, with such notice to be given as provided in Section 13.2 of the Credit Agreement (whether or not then in effect).

SECTION 5.02. Security Interest Absolute. All rights of the Collateral Agent hereunder, the Security Interest, the security interest in the Pledged Collateral and all obligations of each Pledgor and each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Credit Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Credit Document, or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Pledgor or any Grantor in respect of the Obligations or this Agreement (other than a defense of payment or performance).

SECTION 5.03. Limitation by Law. All rights, remedies and powers provided in this Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable Requirements of Law, and all the provisions of this Agreement are intended to be subject to all applicable Requirements of Law that may be controlling and to be limited to the extent necessary so that they shall not render this Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law or regulation.

SECTION 5.04. Binding Effect; Several Agreement. This Agreement shall become effective as to any party to this Agreement when a counterpart hereof executed on behalf of such party shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such party and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of such party, the Collateral Agent and the other Secured Parties and their respective permitted successors and assigns, except that no Grantor or Pledgor shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except to the extent expressly permitted by the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each party and may be amended, modified, supplemented, waived or released in accordance with Section 5.09.

SECTION 5.05. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Pledgor, any Grantor, or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective permitted successors and assigns. The Collateral Agent hereunder shall at all times be the same person that is the "Collateral Agent" under the Credit Agreement. Written notice of resignation by the "Collateral Agent" pursuant to the Credit Agreement shall also constitute notice of resignation as the Collateral Agent under this Agreement. Upon the acceptance of any appointment as the "Collateral Agent" under the Credit Agreement by a successor "Collateral Agent", that successor "Collateral Agent" shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent pursuant hereto.

SECTION 5.06. Collateral Agent's Fees and Expenses; Indemnification.

(a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its fees and expenses incurred hereunder as provided in Section 13.5 of the Credit Agreement.

(b) Each Pledgor agrees to pay, and to save the Collateral Agent and the other Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time occur with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent that the Borrower would be required to do so pursuant to Section 12.7 of the Credit Agreement. All amounts for which any Pledgor is liable pursuant to this Section 5.06 shall be due and payable by such Pledgor to the Secured Parties within 10 Business Days of receipt by such Pledgor of an invoice relating thereto setting forth such expense in reasonable detail, accompanied, if requested by such Pledgor, by reasonable supporting documentation.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Credit Documents. The provisions of this Section 5.06 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Credit Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Credit Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 5.06 shall be payable within ten Business Days of written demand therefor.

SECTION 5.07. Collateral Agent Appointed Attorney-in-Fact. Each of the Pledgors and Grantors hereby appoint the Collateral Agent the attorney-in-fact of such Pledgor or such Grantor, as applicable, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest (it being understood that no rights shall be exercised under such power of attorney unless an Event of Default has occurred and is continuing). Without limiting the generality of the foregoing, subject to applicable Requirements of Law, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, with full power of substitution either in the Collateral Agent's name or in the name of such Pledgor or such Grantor, as applicable, (a) to receive, endorse, assign or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof, (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to ask for, demand, sue for, collect, receive and give acquittance for any and all moneys due or to become due under and by virtue of any Collateral; (d) to sign the name of any Pledgor or any Grantor, as applicable, on any invoice or bill of lading relating to any of the Collateral; (e) to send verifications of Accounts to any Account Debtor; (f) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (g) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (h) to notify, or to require any Pledgor or Grantor, as applicable, to notify, Account Debtors to make payment directly to the Collateral Agent; and (i) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; provided that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to any Pledgor or any Grantor for any act or failure to act hereunder, except for their own or their Related Parties' gross negligence, bad faith or willful misconduct.

SECTION 5.08. GOVERNING LAW; JURISDICTION; VENUE; WAIVER OF JURY TRIAL; CONSENT TO SERVICE OF PROCESS

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS.

(b) THE TERMS OF SECTIONS 13.13, AND 13.15 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE, *MUTATIS MUTANDIS*, AND THE PARTIES HERETO AGREE TO SUCH TERMS.

(c) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED IN SECTION 5.01. NOTHING IN THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVICE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 5.09. Waivers; Amendment.

(a) No failure or delay by the Collateral Agent, the Administrative Agent, any Issuing Bank, any Lender or any other Secured Party in exercising any right, power or remedy hereunder or under any other Credit Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy, or any abandonment or discontinuance of steps to enforce such a right, power or remedy, preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies of the Collateral Agent, the Administrative Agent, any Issuing Bank, the Lenders or any other Secured Party hereunder and under the other Credit Documents are cumulative and are not exclusive of any rights, powers or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by this Section 5.09(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 the issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Collateral Agent, the Administrative Agent, any Lender, any Issuing Bank or any other Secured Party may have had notice or knowledge of such Default or Event of Default at the time. No notice or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof or of any other Security Document may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Credit Party or Credit Parties with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 13.1 of the Credit Agreement. The Collateral Agent may conclusively in its sole discretion rely on a certificate of an officer of the Borrower as to whether any amendment contemplated by this Section 5.09(b) is permitted.

SECTION 5.10. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Credit Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

SECTION 5.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 5.04. Delivery of an executed counterpart to this Agreement by facsimile or electronic transmission (i.e. a "pdf" or a "tif") shall be as effective as delivery of a manually signed original.

SECTION 5.12. 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 are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 5.13. Termination or Release.

(a) This Agreement, the pledges made herein, the Security Interest and all other security interests granted hereby, and all other Security Documents securing the Obligations, shall automatically terminate and/or be released all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall

revert to the applicable Pledgors and the applicable Grantors, as of the date when all Obligations (other than (i) Hedging Obligations in respect of any Secured Hedge Agreements as to which arrangements satisfactory to the applicable Secured Party have been made, (ii) Cash Management Obligations in respect of any Secured Cash Management Agreements not then due and payable and (iii) any contingent or indemnification obligations not then due) have been paid in full in cash or equivalents thereof, all Commitments have terminated or expired and no Letter of Credit shall be outstanding that is not Cash Collateralized or back- stopped to the reasonable satisfaction of the Administrative Agent and the Issuing Bank.

(b) A Subsidiary Party shall automatically be released from its obligations hereunder and the security interests in the Collateral of such Subsidiary Party shall be automatically released upon the consummation of any transaction permitted by the Credit Agreement as a result of which such Subsidiary Party ceases to be a Restricted Subsidiary, becomes an Excluded Subsidiary or such Subsidiary is released from the Guarantee and from any other guarantee of the Credit Documents as permitted under the Credit Documents, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to such Subsidiary Party.

(c) (i) Upon any sale or other transfer by any Pledgor or any Grantor of any Collateral that is permitted by the Credit Agreement to any person that is not a Pledgor or a Grantor (including in connection with a Casualty Event), or (ii) upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to Section 13.1 of the Credit Agreement, the security interest in such Collateral shall be automatically released, all without delivery of any instrument or performance of any act by any party.

(d) A Subsidiary Party shall automatically be released from its obligations hereunder and/or the security interests in any Collateral shall in each case be automatically released upon the occurrence of any applicable circumstance set forth in Section 14.17 of the Credit Agreement, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to any applicable Subsidiary Party.

(e) In connection with any termination or release pursuant to Section 5.13(a), (b), (c), or (d), the Collateral Agent shall execute and deliver to any Pledgor or any Grantor, as applicable, at such Pledgor's or Grantor's, as applicable, expense, all documents that such Pledgor or Grantor, as applicable, shall reasonably request to evidence such termination or release (including, without limitation, UCC termination statements), and will duly assign and transfer to such Pledgor, such of the Pledged Collateral that may be in the possession of the Collateral Agent and has not theretofore been sold or otherwise applied or released pursuant to this Agreement. Any execution and delivery of documents pursuant to this Section 5.13 shall be without recourse to or warranty by the Collateral Agent. In connection with any release pursuant to Section5.13(a), (b), (c) or (d) above, the Pledgors or the Grantors, as applicable, shall be permitted to take any action in connection therewith consistent with such release including, without limitation, the filing of UCC termination statements or collateral description deletions, in each case solely as applicable to reflect such release. Upon the receipt of any necessary or proper instruments of termination, satisfaction or release prepared by the Borrower, the Collateral Agent shall execute, deliver or acknowledge such instruments or releases to evidence the release of any Collateral permitted to be released pursuant to this Agreement or the Credit Documents.

SECTION 5.14. Additional Subsidiaries. Upon execution and delivery by the Collateral Agent and any Subsidiary that is required to become a party hereto by Section 0.10 of the Credit Agreement of an instrument in the form of Exhibit A hereto, such Subsidiary shall become a Subsidiary Party hereunder with the same force and effect as if originally named as a Subsidiary Party herein. The execution and delivery of any such instrument shall not require the consent of any other party to this Agreement. The rights and obligations of each party to this Agreement shall remain in full force and effect notwithstanding the addition of any new party to this Agreement.

SECTION 5.15. Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender, the Collateral Agent, the Administrative Agent and each Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender, the Collateral Agent, the Administrative Agent, or such Issuing Bank, to or for the credit or the account of any party to this Agreement against any of and all the obligations of such party now or hereafter existing under this Agreement owed to such Lender, the Collateral Agent, the Administrative Agent or such Issuing Bank, irrespective of whether or not such Lender, the Collateral Agent, the Administrative Agent or such Issuing Bank, shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender, the Collateral Agent, the Administrative Agent and Issuing Bank under this Section 5.15 are in addition to other rights and remedies (including other rights of set-off) that such Lender, the Collateral Agent, the Administrative Agent or such Issuing Bank may have. Notwithstanding anything to the contrary contained herein, no Secured Party or any of its respective Affiliates shall have a right to set off and apply any deposits held by, or other Indebtedness owing by, such Secured Party or any of its Affiliates to or for the credit or the account of any Subsidiary of a Subsidiary Party that (i) is not a "United States person" within the meaning of Section 7701(a)(30) of the Texas UCC or (ii) is a Subsidiary of a Person described in clause (i). Each Secured Party agrees promptly to notify the Borrower and the Collateral Agent after any such set-off and application made by such Secured Party; provided that the failure to give such notice shall not affect the validity of such set-off and application.

SECTION 5.16. Corporate Formalities Representations.

(a) *Corporate Status*. Each Grantor and Pledgor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that it (a) is a duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact its business as now conducted and (b) has duly qualified and is authorized to do business and is in good standing (if applicable) in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

(b) *Corporate Power and Authority; Enforceability.* Each Grantor and Pledgor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that it has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of this Agreement and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Agreement. Each Grantor and Pledgor has duly executed and delivered this Agreement and this Agreement constitutes the legal, valid and binding obligation of such Grantor or Pledgor, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

[Signature Pages Follow]

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

BCE-Mach III LLC, a Delaware limited liability company, as Borrower

By: _____
Name: _____
Title: _____

BCE-Mach III Midstream Holdings LLC, a Delaware limited liability company, as Borrower

By: _____
Name: _____
Title: _____

MIDFIRST BANK, a federally chartered savings association, as Collateral Agent

By: _____
Chad Dayton, First Vice President

Exhibit A
to the Collateral Agreement

SUPPLEMENT NO. _____ dated as of _____ (this "Supplement"), to the Collateral Agreement dated as of May [●], 2020 (as heretofore amended and/or supplemented, the "Collateral Agreement"), among BCE-MACH III LLC, a Delaware limited liability company (the "Borrower"), each Subsidiary Party thereto and MIDFIRST BANK, a federally chartered savings association, as Collateral Agent (in such capacity, the "Collateral Agent") for the Secured Parties.

A. WHEREAS, pursuant to the Credit Agreement, dated as of May [●], 2020 (as amended, restated, supplemented, waived or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto, the Borrower will from time to time incur loans and letter of credit obligations; and

B. WHEREAS, the undersigned Subsidiary of the Borrower (the "New Subsidiary") is executing this Supplement to become a Subsidiary Party, Pledgor and Grantor under the Collateral Agreement.

Accordingly, the Collateral Agent and the New Subsidiary agree as follows:

SECTION 1. In accordance with Section 5.14 of the Collateral Agreement, the New Subsidiary by its signature below becomes a Subsidiary Party and Pledgor, Grantor or both, as applicable, under the Collateral Agreement with the same force and effect as if originally named therein as a Subsidiary Party and Pledgor, Grantor or both, as applicable, and the New Subsidiary hereby (a) agrees to all the terms and provisions of the Collateral Agreement applicable to it as a Subsidiary Party and Pledgor, Grantor or both, as applicable thereunder and (b) represents and warrants that the representations and warranties made by it as a Pledgor or Grantor, as applicable, thereunder are true and correct in all material respects on and as of the date hereof. In furtherance of the foregoing, the New Subsidiary, as security for the payment and performance in full of the Obligations, does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and Lien on all the New Subsidiary's right, title and interest in and to the Collateral of the New Subsidiary. Each reference to a "Subsidiary Party", a "Pledgor" or a "Grantor" in the Collateral Agreement shall be deemed to include the New Subsidiary. The Collateral Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3. This Supplement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract. This Supplement shall become effective when the Collateral Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary. Delivery of an executed signature page to this Supplement by facsimile or electronic transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Subsidiary hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of all the Pledged Stock and Pledged Debt Securities of the New Subsidiary as of the date hereof, and (b) other than as supplemented pursuant to Schedule II attached hereto, Schedule III of the Collateral Agreement is true and correct in all respects.

SECTION 5. Schedule III of the Collateral Agreement is hereby supplemented with the information contained in Schedule II attached hereto.

SECTION 6. Except as expressly supplemented hereby, the Collateral Agreement shall remain in full force and effect.

SECTION 7. **THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS. THE TERMS OF SECTIONS 13.13 AND 13.15 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE, *MUTATIS MUTANDIS* , AND THE PARTIES HERETO AGREE TO SUCH TERMS.**

SECTION 8. In the event any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Collateral Agreement shall not in any way be affected or impaired thereby.

SECTION 9. All communications and notices hereunder shall be in writing and given as provided in Section 5.01 of the Collateral Agreement.

SECTION 10. The New Subsidiary agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, disbursements and other charges of counsel for the Collateral Agent.

[Signature Page Follows]

IN WITNESS WHEREOF, the New Subsidiary has duly executed this Supplement to the Collateral Agreement as of the day and year first above written.

[Name of New Subsidiary]

By: _____
Name:
Title:

Schedule I
to Supplement No. ___ to the
Collateral Agreement

Pledged Collateral of the New Subsidiary

EQUITY INTERESTS

Number of Issuer Certificate	Registered Owner	Number and Class of Equity Interests	Percentage of Equity Interests

DEBT SECURITIES

Issuer	Principal Amount	Date of Note	Maturity Date

Schedule II
to Supplement No. ___ to the
Collateral Agreement

Supplement to Schedule III of Collateral Agreement

Schedule I
to the Collateral Agreement

Subsidiary Parties

BCE-Mach III Midstream Holdings LLC

Schedule I to the Collateral Agreement

Schedule II
to the Collateral Agreement

Pledged Collateral

EQUITY INTERESTS

Number of Issuer Certificate	Registered Owner	Issuer	Number and Class of Equity Interests	Percentage of Equity Interests
N/A	BCE-Mach III LLC	BCE-Mach III Midstream Holdings LLC	Common Interests	100%

DEBT SECURITIES

None

Schedule II to the Collateral Agreement

Schedule III
to the Collateral Agreement

Perfection Items

(i) Grantor Information.

Grantor: BCE-Mach III LLC
Other Names and Trade Names Used in the Last Five Years: None.
Jurisdictions of Organization over the Last Five Years: Delaware
Current Jurisdiction of Organization: Delaware
Organizational Number: 7760949
Tax ID Number: 84-4456140
Current Location of Chief Executive: 14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134
Other Location of Chief Executive Office over the last Five Years None

Grantor: BCE-MACH III Midstream Holdings LLC
Other Names and Trade Names Used in the Last Five Years: None.
Jurisdictions of Organization over the Last Five Years: Delaware
Current Jurisdiction of Organization: Delaware
Organizational Number: 7826562
Tax ID Number: 84-4531458
Current Location of Chief Executive: 14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134
Other Location of Chief Executive Office over the last Five Years None

(ii) Current Locations.

14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma 73134

(iii) Instruments and Tangible Chattel Paper.

None.

(iv) Intellectual Property.

(A) Patents and Trademarks.

None.

(B) Copyrights.

None.

Schedule III to the Collateral Agreement

(v) Commercial Tort Claims.

None.

(vi) Deposit Accounts and Investment Accounts.

Grantor	Name of Institution	Account Number	Description of Account	Excluded Account (Y/N)
BCE-Mach III LLC	MidFirst Bank	5201034472	Operating Account	N
BCE-Mach III LLC	MidFirst Bank	5201034464	A/P Disbursement Account (ZBA sub-account)	Y
BCE-Mach III LLC	MidFirst Bank	5201034456	Revenue Deposit Account (ZBA sub-account)	Y
BCE-Mach III LLC	MidFirst Bank	5201033448	JIB Deposit Account (ZBA sub-account)	Y
BCE-Mach III LLC	MidFirst Bank	5201034421	Land Disbursement Account (ZBA sub-account)	Y
BCE-Mach III Midstream Holdings LLC	MidFirst Bank	5201034545	Operating Account	N
BCE-Mach III Midstream Holdings LLC	MidFirst Bank	5201035592	A/P Disbursement Account (ZBA)	Y
BCE-Mach III Midstream Holdings LLC	MidFirst Bank	5201035614	Revenue Deposit Account (ZBA)	Y
BCE-Mach III Midstream Holdings LLC	MidFirst Bank	5201035606	Land Disbursement Account (ZBA)	Y

(vii) Letters-of-Credit Rights.

None

Schedule III to the Collateral Agreement

EXHIBIT F TO
CREDIT AGREEMENT

FORM OF COMPLIANCE CERTIFICATE

This Certificate, dated as of [●], is delivered pursuant to Section 9.1(c) of the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as Lenders thereto, MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

The undersigned Financial Officer hereby certifies on behalf of the Borrower and not in his or her individual capacity that, as of the date hereof, he or she is the [●] of the Borrower, and that, as such, he or she is authorized to execute and deliver this Certificate to the Administrative Agent on behalf of the Borrower, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. The Borrower has delivered the annual financial statements for the fiscal year ending [●] as required pursuant to Section 9.1(a).

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. The Borrower has delivered the quarterly financial statements for the fiscal quarter ending [●] as required pursuant to Section 9.1(b).

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and***[select one:]***

[to his knowledge, no Default or Event of Default has occurred during such fiscal [year] [quarter].]

—or—

[to his knowledge, the following Default or Event of Default has occurred during such fiscal [year] [quarter] and the following is a list of each such Default or Event of Default and its nature and status:]

[describe any Default or Event of Default.]

4. The calculations required to establish whether the Borrower and its Restricted Subsidiaries were in compliance with the Financial Performance Covenants as at the end of such fiscal [year] [quarter] are reflected in Schedule I attached hereto. The Borrower was [not] in compliance with such Financial Performance Covenants for such fiscal [year] [quarter].

[5. Schedule II attached hereto specifies any change in the identity of the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries as at the end of such fiscal [year] [quarter], from the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries, respectively, provided to the Lenders on the Closing Date or the most recent fiscal year or quarter, as the case may be.][1]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of [●].

[SIGNATURE PAGE FOLLOWS]

[1] Include if updating the list which was provided to the Lenders on the Closing Date or if any changes have occurred since the last delivered compliance certificate and indicating such change.

BCE-MACH III LLC,
a Delaware limited liability company

By: _____
Name:
Title:

SCHEDULE I

[attach or include calculations for Financial Performance Covenants for the applicable period]

SCHEDULE II

[specify applicable changes in the identity of the Restricted Subsidiaries, Guarantors and Unrestricted Subsidiaries]

EXHIBIT G TO
CREDIT AGREEMENT

FORM OF ASSIGNMENT AND ACCEPTANCE

This Assignment and Acceptance (this "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any participations in L/C Obligations included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender under the Credit Agreement) against any person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance,

without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____

3. Is Assignee a Lender/an Affiliate of a Lender/an "Approved Fund"/Is this an "assignment of the entire remaining amount of the assigning Lender's Commitment or Loans"?

   Yes: ☐ No: ☐

   Specify if "Yes": _____.

4. Borrower: BCE-Mach III LLC, a Delaware limited liability company.

5. Administrative Agent: MidFirst Bank, a federally chartered savings association.

6. Credit Agreement: Credit Agreement dated as of May [●], 2020, by and among BCE Mach III LLC, a Delaware limited liability company, the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto.

7. Assigned Interest:

Commitments / Loans	**Aggregate Amount of Commitments of all Lenders**	**Amount of Commitments / Loans Assigned**	**Percentage Assigned of Commitments of all Lenders[1]**
Commitments / Loans	$	$	%
[ ]	$	$	%

Effective Date: _____ ____, 20___ [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR].

8. Notice and Wire Instructions:

[NAME OF ASSIGNOR]
Notices:

Attention:
Facsimile:

with copy to:

Attention:
Facsimile:

Wire Instructions:

[NAME OF ASSIGNOR]
Notices:

Attention:
Facsimile:

with copy to:

Attention:
Facsimile:

Wire Instructions:

[Signature Pages to Follow]

1 Set forth, to at least 9 decimals, as a percentage of the Loans of all Lenders thereunder.

The terms set forth in this Assignment and Acceptance are hereby agreed to as of the Effective Date:

ASSIGNOR:

[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE:

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Accepted and Consented to:

MIDFIRST BANK, a federally chartered savings association, as Administrative Agent

By: _____
Name:
Title:

MIDFIRST BANK, a federally chartered savings association, as an Issuing Bank

By: _____
Name:
Title:

[INSERT NAME], as an Issuing Bank

By: _____
Name:
Title:

[**BCE-MACH III LLC**, as Borrower][2]

By: _____
Name:
Title:

2 Borrower's consent shall not be required if an Event of Default under Section 11.1 or Section 11.5 of the Credit Agreement has occurred and is continuing or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ACCEPTANCE

1. *Assignor*. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, other than as to the matters set forth in this Section 1, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or other Affiliates or any other person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or other Affiliates or any other person of any of their respective obligations under any Credit Document.

2. *Assignee.* The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it is not Parent, any Subsidiary of the Parent, the Borrower, its Subsidiaries or any Affiliates of the foregoing Persons, or any natural person or any Defaulting Lender and otherwise satisfies all other requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 9.1(a)-(b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (vi) if it is a Non-U.S. Lender, attached to this Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender and, based on such documents and information as it shall deem appropriate at that time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

3. *Payments*. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued prior to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

4. *General Provisions*. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns permitted pursuant to the Credit Agreement. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by fax or other electronic delivery shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be governed by, and construed in accordance with, the law of the State of Texas.

(Remainder of page intentionally left blank)

EXHIBIT H TO
CREDIT AGREEMENT

NOTE

May [●], 2020

FOR VALUE RECEIVED, the undersigned, a Delaware limited liability company (the "Borrower"), hereby promises to pay to [●] or registered assigns (the "Lender"), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the principal amount of each Loan from time to time made by the Lender to the Borrower under that certain Credit Agreement, dated as of the date hereof (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), by and among the Borrower, the banks, financial institutions and other lending institutions from time to time parties as lenders thereto, MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent (in such capacity, the " Collateral Agent") for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto.

The Borrower promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the ratable account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in Section 2.8(c) of the Credit Agreement. This Note is subject to mandatory prepayments and to voluntary prepayments and to all other terms and conditions as provided in the Credit Agreement.

This Note is one of the promissory notes referred to in the Credit Agreement and is entitled to the benefits thereof. This Note is also entitled to the benefits of the other Credit Documents and is secured by the Collateral. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Credit Agreement. Loans made by the Lender shall be evidenced by an account or accounts maintained by the Lender and by the Register and subaccounts maintained by the Administrative Agent in accordance with the Credit Agreement. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

No failure to exercise and no delay in exercising, on the part of the Administrative Agent or the Collateral Agent, any right, remedy, power or privilege hereunder or under the Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. A waiver by the Administrative Agent of any right, remedy, power or privilege hereunder or under any Credit Document on any one occasion shall not be construed as a bar to any right or remedy that the Administrative Agent would otherwise have on any future occasion. The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights, remedies, powers and privileges provided by law.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Note is executed as of the date set forth above.

BCE-Mach III LLC, a Delaware limited liability company, as Borrower

By: _____
Name: Kevin White
Title: Chief Financial Officer

Signature Page to Promissory Note

EXHIBIT I TO
CREDIT AGREEMENT

FORM OF GLOBAL INTERCOMPANY NOTE

[●], 202[●]

FOR VALUE RECEIVED, each of the undersigned, to the extent a borrower from time to time from any other entity listed on the signature pages hereto (each, in such capacity, an "Issuer"), hereby promises to pay on demand to the order of such other entity listed below (each, in such capacity as lender to the applicable Issuer, a "Holder" and, together with each Issuer, a "Note Party"), in immediately available funds in the currencies as shall be agreed upon from time to time, at such location as the applicable Holder shall from time to time designate, the unpaid principal amount of all loans and advances or other credit extensions made by such Holder to such Issuer. Each Issuer promises also to pay interest on the unpaid principal amount of all such loans and advances or other credit extensions in like money at said location from the date of such loans and advances until paid at such rate per annum as shall be agreed upon from time to time by the applicable Issuer and the applicable Holder.

With respect to any Issuer and any Holder between whom loans, advances or other credit extensions exist as of the date of this Note (such loans, advances or other credit extensions, "Existing Obligations"), (a) if any Existing Obligation is evidenced by a promissory note or other instrument or agreement in existence as of the date hereof (an "Existing Note"), it is agreed to between such Issuer and such Holder that the obligations under such Existing Note are hereafter to be evidenced by this Note and (b) it is agreed to between such Issuer and such Holder that the agreements in existence as of the date hereof with respect to any Existing Obligation (including agreements contained in any Existing Note) as to principal, amortization, currency, payment location and interest rate (if any) will continue to have effect under this Note until modified by agreement between such Issuer and such Holder.

Reference is hereby made to the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as Lenders thereto, MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders (in such collective capacities, the "Agent"), and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned thereto in the Credit Agreement.

Upon the earlier to occur of (x) the commencement of any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding of any jurisdiction relating to the applicable Issuer or (y) any exercise of remedies (including the termination of the Commitments) by any Secured Party pursuant to any Credit Document, the unpaid principal amount of all loans and advances evidenced by this note (the "Note") shall become immediately due and payable without presentment, demand, protest or notice of any kind in connection with this Note. This Note is subject to the terms of the Credit Agreement, and shall be pledged by each applicable Holder that is a Credit Party pursuant to the Collateral Agreement to the extent required by the Credit Agreement. The applicable Issuer hereby acknowledges and agrees that the Secured Parties may, pursuant to the Collateral Agreement as in effect from time to time, exercise all rights provided therein with respect to this Note.

The indebtedness evidenced by this Note owed by any Issuer that is a Credit Party to any Holder (including any Holder that is not a Credit Party) shall be subordinate and junior in right of payment, to the extent and in the manner hereinafter set forth, to (i) all Obligations of the Borrower or such Issuer under the Credit Agreement and (ii) all other Indebtedness of the Borrower or such Issuer or any guaranty thereof other than Indebtedness that by its terms expressly provides that it shall not be Senior Indebtedness hereunder (such Obligations and such Indebtedness and other indebtedness and obligations in connection with any renewal, refunding, restructuring or refinancing thereof, including interest thereon accruing after the commencement of any proceedings referred to in clause (i) below, whether or not such interest is an allowed claim in such proceeding, being hereinafter collectively referred to as "Senior Indebtedness"):

(i) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to any Issuer or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of such Issuer, whether or not involving insolvency or bankruptcy, then (x) the holders of Senior Indebtedness shall be paid in full in cash in respect of all amounts constituting Senior Indebtedness (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Manage- ment Agreements or contingent indemnification obligations not then due and payable) before any Holder is entitled to receive (whether directly or indirectly), or make any demands for, any payment on account of this Note and (y) until the holders of Senior Indebtedness are paid in full in cash in respect of all amounts constituting Senior Indebtedness, any payment or distribution to which such Holder would otherwise be entitled (other than Indebtedness of such Issuer that is subordinated, to at least the same extent as this Note, to the payment of all Senior Indebtedness then outstanding (such Indebtedness being hereinafter referred to as "Restructured Debt")) shall be made to the holders of Senior Indebtedness;

(ii) if any Event of Default occurs and is continuing, then no payment or distribution of any kind or character shall be made by or on behalf of the Issuer or any other Person on its behalf with respect to this Note; and

(iii) if any payment or distribution of any character, whether in cash, securities or other property (other than Restructured Debt), in respect of this Note shall (despite these subordination provisions) be received by any Holder in violation of clause (i) or (ii) before all Senior Indebtedness shall have been paid in full in cash (other than Hedging Obligations under Secured Hedge Agreements, Cash Management Obligations under Secured Cash Management Agreements or contingent indemnification obligations not then due and payable), such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness (or their representatives), ratably according to the respective aggregate amounts remaining unpaid thereon, to the extent necessary to pay all Senior Indebtedness in full in cash.

To the fullest extent permitted by law, no present or future holder of Senior Indebtedness shall be prejudiced in its right to enforce the subordination of this Note by any act or failure to act on the part of any Issuer or by any act or failure to act on the part of such holder or any trustee or agent for such holder. Each Holder and each Issuer hereby agree that the subordination of this Note is for the benefit of the Agent and the Lenders and the Agent and the Lenders are obligees under this Note to the same extent as if their names were written herein as such and the Agent may, on behalf of itself and the Lenders, proceed to enforce the subordination provisions herein.

Notwithstanding the foregoing, nothing contained in the subordination provisions set forth above is intended to or will impair, as between each Issuer and each Holder, the obligations of such Issuer, which are absolute and unconditional, to pay to such Holder the principal of and interest on this Note as and when due and payable in accordance with its terms, or is intended to or will affect the relative rights of such Holder and other creditors of such Issuer other than the holders of Senior Indebtedness.

Each Holder is hereby authorized to record all loans and advances or other credit extensions made by it to any Issuer (all of which shall be evidenced by this Note), and

all repayments or prepayments thereof, in its books and records, such books and records constituting prima facie evidence of the accuracy of the information contained therein. For the avoidance of doubt, this Note as between each Issuer and each Holder contains additional terms to any intercompany loan agreement between them and this Note does not in any way replace such intercompany loans between them nor does this Note in any way change the principal amount of any intercompany loans between them.

Upon execution and delivery after the date hereof by the Borrower or any subsidiary of the Borrower of a counterpart signature page hereto, such subsidiary shall become a Note Party hereunder with the same force and effect as if originally named as a Note Party hereunder. The rights and obligations of each Note Party hereunder shall remain in full force and effect notwithstanding the addition of any new Note Party as a party to this Note.

Each Issuer hereby waives presentment, demand, protest or notice of any kind in connection with this Note. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

(SEPARATE SIGNATURE PAGES TO BE ATTACHED)

EACH AS ISSUER AND HOLDER:

BCE-MACH III LLC

By: _____
Name:
Title:

[_____]

By: _____
Name:
Title:

[_____]

By: _____
Name:
Title:

EXHIBIT J TO
CREDIT AGREEMENT

SOLVENCY CERTIFICATE

May 19, 2020

THIS SOLVENCY CERTIFICATE is delivered as of the date indicated above in connection with the Credit Agreement, dated as of the date hereof (the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the "Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, a federally chartered savings association, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. All capitalized terms used but not otherwise defined in this Certificate shall have the meanings assigned to them in the Credit Agreement.

The undersigned, individually and in his capacity as the Chief Financial Officer of the Borrower, certifies that he is authorized to execute and deliver this Certificate and further certifies that, immediately after giving effect to the consummation of the transactions contemplated by the Credit Agreement, including the making of the Loans and the use of proceeds of the Loans on the date hereof:

(a) the fair value of the assets of the Borrower and its Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise;

(b) the present fair saleable value of the property of the Borrower and its Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured;

(c) the Borrower and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and

(d) the Borrower and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital.

The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

[Signature Page Follows]

THIS SOLVENCY CERTIFICATE is executed and delivered as of the date indicated on the first page.

BCE-MACH III LLC

By: _____
Name: Kevin White
Title: Chief Financial Officer

Signature Page to Solvency Certificate

EXHIBIT K-1 TO
CREDIT AGREEMENT

FORM OF NON-BANK TAX CERTIFICATE
(For Foreign Lenders That Are Not Treated As Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to the provisions of Section 5.4(e)(i) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) no payments in connection with any Credit Document are effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent in writing and (2) the undersigned shall furnish the Borrower and the Administrative Agent a properly completed and currently effective certificate in either the calendar year in which payment is to be made by the Borrower or the Administrative Agent to the undersigned, or in either of the two calendar years preceding each such payment.

(Signature Page Follows)

[Foreign Lender]

By: _____
Name:
Title:

[Address]

_____, 202[●]

EXHIBIT K-2 TO
CREDIT AGREEMENT

FORM OF NON-BANK TAX CERTIFICATE
(For Foreign Lenders That Are Treated As Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to the provisions of Section 5.4(e)(i) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners (within the meaning of Treasury Regulations Section 1.1441-1(c)(6)) of payments on such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) neither the undersigned nor

any of its direct or indirect partners/members is a bank within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) no payments in connection with any Credit Document are effectively connected with the undersigned's or its direct or indirect partners/members' conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent in writing and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding each such payment.

(Signature Page Follows)

[Foreign Lender]

By: _____
Name:
Title:

[Address]

_____, 202[●]

EXHIBIT K-3 TO
CREDIT AGREEMENT

FORM OF NON-BANK TAX CERTIFICATE
(For Foreign Participants That Are Not Treated As Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to the provisions of Section 5.4(e)(i) and Section 13.6(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) no payments in connection with any Credit Document are effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with a certificate of its non- U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding each such payment.

(Signature Page Follows)

[Foreign Lender]

By: _____
Name:
Title:

[Address]

_____, 202[●]

EXHIBIT K-4 TO

FORM OF NON-BANK TAX CERTIFICATE
(For Foreign Participants That Are Treated As Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent (in such capacity, the " Administrative Agent") and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to the provisions of Section 5.4(e)(i) and Section 13.6(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners (within the meaning of Treasury Regulations Section 1.1441-1(c)(6)) of payments on such participation, (iii) neither the undersigned nor any of its direct or indirect partners/members is a bank within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) no payments in connection with any Credit Document are effectively connected with the undersigned's or its direct or indirect partners/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding each such payment.

(Signature Page Follows)

[Foreign Lender]

By: _____
Name:
Title:

[Address]

_____, 202[●]

EXHIBIT L TO
CREDIT AGREEMENT

FORM OF NOTICE OF CONVERSION OR CONTINUATION

MIDFIRST BANK
501 NW Grand Blvd.
Oklahoma City, OK 73118
Attention: Chad Dayton

[Date]
Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

The Borrower hereby gives you notice pursuant to Section 2.6 of the Credit Agreement of its request for the following:[1]

A. a continuation, on _____, ____, of LIBOR Loans in an aggregate outstanding principal amount of $_____ as LIBOR Loans having an Interest Period of _____ months[2];

B. a conversion, on _____, ____, of ABR Loans in an aggregate outstanding principal amount of $_____ to LIBOR Loans having an Interest Period of _____ months; or

C. a conversion, on _____, ____, of LIBOR Loans in an aggregate outstanding principal amount of $_____ to ABR Loans.

[signature page follows]

1 Date of Notice of Conversion or Continuation: prior to 1:00 p.m. (New York City time) at least (1) three Business Days, in the case of a continuation of or conversion to LIBOR Loans or (2) one Business Day, in the case of a conversion into ABR Loans.

2 The Interest Period applicable to a LIBOR Borrowing shall be subject to the definition of "Interest Period" in the Credit Agreement. If no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration.

BCE-MACH III LLC

By: _____
Name:
Title:

EXHIBIT M TO
CREDIT AGREEMENT

FORM OF PREPAYMENT NOTICE

MIDFIRST BANK
501 NW Grand Blvd.
Oklahoma City, OK 73118
Attention: Chad Dayton

[Date]

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of May [●], 2020 (as amended, restated, amended and restated, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among BCE-Mach III LLC, a Delaware limited liability company (the "Borrower"), the banks, financial institutions and other lending institutions from time to time parties as lenders thereto (each a "Lender" and, collectively, the "Lenders"), MidFirst Bank, a federally chartered savings association, as Administrative Agent and Collateral Agent for the Lenders, and MidFirst Bank, as an issuer of Letters of Credit and each other Issuing Bank from time to time party thereto and the other Persons from time to time party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Pursuant to Section 5.1 of the Credit Agreement, Borrower hereby gives notice of its intent to prepay Loans on [●][1] as follows:

LIBOR Loans to be prepaid: $_____[2]

ABR Loans to be prepaid: $_____

In case of LIBOR Loans, the Borrowing to be prepaid: _____

[Signature Page Follows]

1 Date of Prepayment Notice: 1:00 p.m. (New York City time) (i) in the case of LIBOR Loans, three Business Days prior to and (ii) in the case of ABR Loans on the date of such prepayment.

2 Each partial prepayment of (i) LIBOR Loans shall be in a minimum amount of $500,000 and in multiples of $100,000 in excess thereof or a lesser amount to the extent such lesser amount represents the entire aggregate outstanding LIBOR Loans at such time, and (ii) any ABR Loans shall be in a minimum amount of $500,000 and in multiples of $100,000 in excess thereof or a lesser amount to the extent such lesser amount represents the entire aggregate outstanding ABR Loans at such time.

BCE-MACH III LLC

By: _____
Name:
Title:

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (the "First Amendment"), is made effective as of February 17, 2021 (the "Effective Date"), among **BCE-MACH III LLC**, a Delaware limited liability company (the "Borrower"), **BCE-MACH III MIDSTREAM HOLDINGS LLC**, a Delaware limited liability company (the "Guarantor"), **MIDFIRST BANK**, a federally chartered savings association, as Administrative Agent and Collateral Agent (in such capacities, the "Agent") for the Lenders and as Issuing Bank, and each of the banks, financial institutions and other lending institutions from time to time parties as lenders (each a "Lender" and, collectively, the "Lenders") to the Credit Agreement, dated as of May 19, 2020, among the Borrower, the Agent, the Issuing Bank, and the Lenders (the "Credit Agreement"), amends the Credit Agreement and the other Credit Documents as and to the extent provided below.

The parties to this First Amendment agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this First Amendment have the meanings provided in the Credit Agreement.

2. Amendment. The Credit Agreement is amended as follows:

(a) The following new definitions are added to Section 1.1 of the Credit Agreement in appropriate alphabetical location:

"Capital Expenditures" shall mean, without duplication, any expenditure or commitment to expend money for any maintenance, purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Restricted Subsidiaries prepared in accordance with GAAP.

"Collateral Coverage Ratio" shall mean, at any time, the ratio of (a) the PV-10 of the Proved Developed Producing Reserves included in the Mortgaged Properties at such time, as reflected in the most recent Reserve Report delivered under Section 9.13, to (b) the Borrowing Base in effect at such time.

"Excess Cash Flow" shall mean, for any period, the excess, if any, of (a) Consolidated Net Income for such period,*minus* (b) the aggregate amount actually paid by the Borrower and its Restricted Subsidiaries in cash during such period on account of Capital Expenditures.

"Excess Cash Flow Distributions" shall mean cash distributions by Borrower to the holders of its Equity Interests in any fiscal quarter in an amount not to exceed 50% of Excess Cash Flow for the immediately preceding fiscal quarter.

"PV-10" shall mean, shall mean, with respect to any Proved Developed Producing Reserves expected to be produced from any Borrowing Base Properties, the net present value, discounted at 10% per annum, of the future net revenues expected to accrue to the Borrower's and the Credit Parties' collective interests in such reserves during the remaining expected economic lives of such reserves, calculated in accordance with the most recent NYMEX Price Deck.

"Required Hedge Percentage" shall mean, for crude oil production or natural gas production, as applicable, the percentage set opposite the Net Borrowing Base Utilization Percentage as of the applicable Hedging Test Date in the following table:

Net Borrowing Base Utilization Percentage	Crude Oil Production	Natural Gas Production
<25%	0%	0%
≥25% & <50%	50%	25%
≥50%	75%	50%

"Net Borrowing Base Utilization Percentage" shall mean, as of any day:

(a) an amount equal to (i) aggregate Total Exposures of all Lenders on such day *minus* (ii) the lesser of (A) all Unrestricted Cash and Cash Equivalents of the Borrower and its Restricted Subsidiaries as of such date and (B) $10,000,000 *divided by*

(b) the Borrowing Base in effect on such day.

(b) Section 7(b) of the Credit Agreement is amended and restated in its entirety as follows:

(b) (i) (A) Consolidated Cash Balance as of the day of the Notice of Borrowing and (B) the pro forma Consolidated Cash Balance as of the end of the fifth Business Day after giving effect to such Credit Event and the application of the proceeds thereof may not exceed $20,000,000, and (ii) Borrower must be in compliance, both before and after giving effect to such Credit Event on a pro forma basis, with Section 9.18 and Section 10.9 (and if required by the Administrative Agent, shall certify as to such compliance either in a certificate of an Authorized Officer or in the applicable Notice of Borrowing).

(c) Section 9.1 of the Credit Agreement is amended by adding a new Section 9.1(l) as follows:

(l) Certificate of Authorized Officer – Excess Cash. No later than the third Business Day following the last day of each month, and on each Hedging Test Date, a certificate of an Authorized Officer, certifying as of such last day of such month, the Consolidated Cash Balance of the Borrower and its Subsidiaries, along with a calculation of the amount required to be prepaid on such date under Section 5.2(c), if any, and, on any Hedging Test Date, the Net Borrowing Base Utilization Percentage, together with any supporting documentation that the Administrative Agent reasonably requests.

(d) Section 9.18 of the Credit Agreement is amended and restated in its entirety as follows:

9.18. Required Hedging. On or before each date (I) that is thirty (30) days after the Closing Date (or such later date as may be agreed by the Administrative Agent) (II) that each Reserve Report is delivered under Section 9.13(a), and (III) on which any Credit Event occurs during any time period described in Section 9.18(a) that would result in an increased Required Hedging Percentage (each such date, a "Hedging Test Date"), Borrower

or other Credit Parties shall enter into Hedge Agreements with a Secured Hedge Counterparty the net notional volumes for which (when aggregated with other commodity Hedge Agreements then in effect, other than puts, floors and basis differential swaps on volumes already hedged pursuant to other Hedge Agreements) are at least, as of each Hedging Test Date: (a) during any time period when both (i) the Consolidated Total Debt to EBITDAX Ratio for the most recent Test Period before such Hedging Test Date is less than 2.00 to 1.00, and (ii) the Collateral Coverage Ratio as of such Hedging Test Date is greater than 2:00 to 1.00, the Required Hedging Percentage of the reasonably anticipated crude oil production and of the reasonably anticipated natural gas production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered under Section 9.13(a), as applicable) for any month during the 24-month period from the applicable Hedging Test Date, and (b) at all times other than those described in the preceding Section 9.18(a), 75% of the reasonably anticipated crude oil production and 50% of the reasonably anticipated natural gas production from the Credit Parties' total Proved Developed Producing Reserves (as forecasted by the Borrower and acceptable to the Administrative Agent based upon the Initial Reserve Reports or the most recent Reserve Report delivered under Section 9.13(a), as applicable) for any month during the 24-month period from the applicable Hedging Test Date. Notwithstanding the foregoing, the Borrower or other Credit Parties are not required to enter into Hedge Agreements under this Section 9.18 for any month after the Maturity Date.

(e) The proviso at the end of Section 10.6(e) of the Credit Agreement is amended and restated in its entirety as follows:

provided that, without otherwise limiting this Section 10.6(e), until the one year anniversary of the Closing Date, (x) no Restricted Payments other than Excess Cash Flow Distributions are permitted under this Section 10.6(e), and (y) as a condition to Borrower's ability to make any Excess Cash Flow Distribution under the preceding clause (x), at least five (5) Business days before making any such Excess Cash Flow Distribution, Borrower shall provide a certificate of an Authorized Officer to the Administrative Agent, certifying as to Borrower's calculation of Excess Cash Flow for the immediately preceding Fiscal Quarter and the amount of the proposed Excess Cash Flow Distribution;

3. Effect of this First Amendment. This First Amendment is not, and should not be deemed to be, a waiver of, amendment to, consent to or modification of any other term or provision of the Credit Documents, or of any event, condition, or transaction on the part of any Credit Party or any other Person, in each case except as specifically set forth in this Amendment.

4. Conditions. This Amendment (other than Section 7 below, which is effective immediately upon execution and delivery) will be effective as of the Effective Date, but only upon satisfaction of the following conditions precedent:

(a) The Agent's receipt of original or facsimile or portable document format (PDF) copies (followed promptly by originals) of each of the following, each properly executed, each dated as of the Effective Date (or, in the case of certificates of governmental officials, a recent date before the date of the First Amendment) and each in form and substance satisfactory to Agent and its legal counsel:

(i) this First Amendment;

(ii) certificates of resolutions or other action, incumbency certificates and/or other certificate(s) signed by an officer of any Credit Party that is other than a natural person, as required by the Agent, to evidence the identity, authority and capacity of the signatory(ies) to this First Amendment and the other Credit Documents; and

(b) If required by Agent, the payment by Borrower of all amounts described in Section 8 below. The Agent's declination to require Borrower to pay all or a portion of these amounts as a condition to the effectiveness of this First Amendment will not excuse Borrower's obligation to do so immediately upon the Agent's demand.

5. Acknowledgment and Ratification. All Credit Documents to which the Credit Parties are a party are amended as follows, to the extent necessary: (a) all references to the Credit Agreement are amended to mean the Credit Agreement as amended by this First Amendment, and (b) all references to the "Obligations" are amended to mean the "Obligations" as modified by this First Amendment. Each Credit Party acknowledges and agrees that all Credit Documents remain in full force and effect as amended by this First Amendment.

6. Representation and Warranties. Each Credit Party represents and warrants that as of the Effective Date:

(a) the representations and warranties by such Credit Party in the Credit Documents are true and correct in all respects as though made on the Effective Date, except to the extent that any of them speak to a different specific date, in which case they are true and correct as of such date;

(b) after giving effect to this First Amendment, no Default exists;

(c) the execution, delivery and performance by Credit Parties of this First Amendment and all Credit Documents executed in connection with this First Amendment will not (i) contravene any applicable law, (ii) conflict or be inconsistent with or result in any breach of any term, covenant, condition or provision of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any Credit Party's property or any Credit Party's other assets pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which the such Credit Party is a party or by which any Credit Party or any of the Collateral or a Credit Party's other assets is bound or may be subject, or (iii) violate any term of a Credit Party's certificate of formation or other documents and agreements governing the Credit Party's existence, management or operation;

(d) Credit Parties are not required to obtain the consent of any other party, including any Governmental Authority, in connection with the execution, delivery, performance, validity or enforceability of this First Amendment or any other Credit Documents executed in connection with this First Amendment;

(e) Credit Parties have the requisite power and authority to execute, deliver and carry out the terms and provisions of this First Amendment and the other Credit Documents executed in connection with this First Amendment, and have taken all necessary actions to authorize their execution, delivery and performance of this First Amendment and such Credit Documents;

(f) Each Credit Party has duly executed and delivered this First Amendment and the other Credit Documents to which it is a party; and

(g) This First Amendment and any other Credit Documents executed by a Credit Party in connection with this First Amendment constitute such Credit Party's legal, valid and binding obligations, enforceable in accordance with the terms of the Credit Documents, subject to (i) the effect of any applicable bankruptcy law, or (ii)

general principles of equity.

7. Defaults Unaffected. Nothing in this First Amendment will prejudice, act as, or be deemed to be a waiver of any Default or any right or remedy available to the Agent, the Issuing Bank, or the Lenders by reason of any Default.

8. Fees and Expenses. Borrower shall pay all reasonable and documented fees, expenses and disbursements incurred by the Agent in connection with the preparation and documentation of this First Amendment and the other documents and instruments to be executed in connection with this First Amendment, including the costs and expenses of the Agent's legal counsel.

9. Releases.

(a) Each Credit Party, for itself and on behalf of all its Affiliates, and its and their respective members, managers, officers, agents, attorneys, employees, directors, partners, agents, representatives, administrator, and all of their successors and assigns (collectively the "Releasing Parties" and each, a "Releasing Party"), releases and forever discharges the Agent, the Issuing Bank, the Lenders, and each of the Agent's, the Issuing Bank's, and the Lenders' Affiliates, and its and their respective members, managers, officers, agents, attorneys, employees, directors, partners, agents, representatives, administrator, and all of their successors and assigns (collectively, the "Released Parties" and each, a "Released Party"), from any and all claims, demands, cross-actions, controversies, causes of action, damages, rights, liabilities and obligations, at law or in equity whatsoever, known or unknown, whether past, present or future, now held, owned or possessed by any or all Releasing Parties, or that any Releasing Party may, as a result of any actions or inactions occurring on or before the Effective Date, in the future hold or claim to hold under common law or statutory right, arising, directly or indirectly, out of the Loans or any of the Credit Documents (collectively, the "Released Claims").

(b) Each Credit Party acknowledges and agrees that (i) this Section 9 is a full, final and complete release, (ii) any of the Released Parties may plead this Section 9 as an absolute and final bar to any or all suit or suits pending or that are filed or prosecuted in the future by any Releasing Parties, or anyone claiming by, through or under any of the Releasing Parties, in respect of any of the Released Claims, (iii) no Releasing Party is entitled to any recovery on account of the Released Claims, and (iv) the consideration provided for this Section 9 is not an admission of liability by any of the Released Parties.

10. Governing Law; Miscellaneous. This First Amendment is a Credit Document. Sections 13.12–13.15 of the Credit Agreement relating to governing law, jurisdiction, venue, acknowledgments, and waiver of jury trial are incorporated into and made a part of this First Amendment, *mutatis mutandis*, as if fully set forth herein. The rules of construction in Section 1.2 of the Credit Agreement are expressly made applicable to this First Amendment.

11. Counterparts; Electronic Signatures. This First Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document, and all counterparts must be construed together to constitute the same document. This First Amendment and the other Credit Documents may be transmitted and/or signed by facsimile or digital signature and/or transmission. The effectiveness of any such signatures will have the same force and effect as manually-signed originals and shall be binding on all parties to this First Amendment and the other Credit Documents.

[*SIGNATURE PAGE(S) ATTACHED*]

THIS FIRST AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

BORROWER:

BCE-Mach III LLC, a Delaware limited liability company

By: /s/ Kevin R. White
Kevin R. White
Chief Financial Officer

GUARANTOR:

BCE-MACH III MIDSTREAM HOLDINGS LLC, a Delaware limited liability company

By: /s/ Kevin R. White
Kevin R. White
Chief Financial Officer

THIS FIRST AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

ADMINISTRATIVE AGENT, COLLATERAL AGENT, ISSUING BANK AND LENDER:

MIDFIRST BANK, a federally chartered savings association

By: /s/ Chad Dayton
Chad Dayton, First Vice President

THIS FIRST AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

MABREY BANK

By: /s/ Michael Aholt
Michael Aholt, Vice President,
Commercial Banking

THIS FIRST AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

UBS AG, STAMFORD BRANCH

By: /s/ Anthony Joseph
Anthony Joseph, Associate Director

By: /s/ Houssem Daly
Houssem Daly, Associate Director

Exhibit 10.13

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (the "Amendment"), is made effective as of June 17, 2021 (the "Effective Date"), among **BCE-MACH III LLC**, a Delaware limited liability company (the "Borrower"), **BCE-MACH III MIDSTREAM HOLDINGS LLC**, a Delaware limited liability company (the "Guarantor"), **MIDFIRST BANK**, a federally chartered savings association, as Administrative Agent and Collateral Agent (in such capacities, the "Agent") for the Lenders and as Issuing Bank, and each of the banks, financial institutions and other lending institutions from time to time parties as lenders (each a "Lender" and, collectively, the "Lenders") to the Credit Agreement, dated as of May 19, 2020, among the Borrower, the Agent, the Issuing Bank, and the Lenders, as amended by the First Amendment to Credit Agreement, dated as of February 17, 2021 (the "Credit Agreement"), and amends the Credit Agreement and the other Credit Documents as and to the extent provided below.

The parties to this Amendment agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment have the meanings provided in the Credit Agreement.

2. Amendment of Maturity Date. The definition of "Maturity Date" in Section 1.1. of the Credit Agreement is amended as follows:

"Maturity Date" shall mean May 19, 2024.

3. Consent to Transaction. Notwithstanding anything to the contrary in the Credit Agreement or the other Credit Documents, the Agent and the Lenders consent to the acquisition by Borrower of the Oil and Gas Properties to be acquired from Cimarex Energy Co. or an Affiliate thereof pursuant to the Purchase and Sale Agreement among the "Sellers" named therein (the "Cimarex Sellers"), and Borrower, as "Buyer" (the "Cimarex PSA" and, such acquisition, the "Cimarex Acquisition"), and agrees that consummation of the Cimarex Acquisition in accordance with the Cimarex PSA does not, by itself, constitute a Default or Event of Default.

4. Redetermination of Borrowing Base. The amount of the Borrowing Base is increased from $75,000,000 to $100,000,000, which Borrowing Base will remain in effect until otherwise redetermined in accordance with the Credit Agreement. Both the Borrower, on the one hand, and the Agent and the Lenders, on the other hand, agree that the Borrowing Base redetermination under this Section 4 constitutes the May 1, 2021 Scheduled Redetermination.

5. Reallocation of Commitments; New Lenders.

(a) Addition of New Lenders. Each of **UMB BANK, N.A.**, **VALLIANCE BANK** , and **MORGAN STANLEY SENIOR FUNDING, INC.** (collectively, the "New Lenders" and each a "New Lender") is added to the Credit Agreement as a Lender, will have all of the rights and obligations of a Lender under the Credit Agreement, and agrees, severally and not jointly, to be bound by all the terms and provisions of the Credit Agreement binding on a Lender.

(b) Agreements of New Lenders. Each New Lender (i) confirms that it has received a copy of the Credit Agreement together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment; (ii) agrees that it will, independently and without reliance on the Agent, the Issuing Bank, or any other Lender or agent and based on such documents and information as it deems appropriate at the time, continue to make its own credit decisions in entering into and taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

(c) Reallocation of Commitments. The Borrower, the Agent, and each Lender consents to the allocation of the Total Commitment, Commitments, and Commitment Percentages set forth on Annex I to this Amendment, which amends and restates Schedule 1.1(a) to the Credit Agreement, and each Lender agrees to make such allocations among themselves on the Effective Date such that each Lender's outstanding Loans shall equal such Lender's pro rata share of the Total Commitment as set forth on Annex I. The reallocation of the Commitments under this Section 5(c) among the Lenders will be deemed made in all respects pursuant to the terms of the Assignment and Acceptance attached to the Credit Agreement as Exhibit G (including the Standard Terms and Conditions attached thereto as Annex 1) as if the Lenders, the Agent, the Issuing Bank and the Borrower, as applicable, had executed an Assignment and Acceptance with respect thereto.

(d) Payments. Borrower agrees to pay all outstanding fees, expenses and interest as of the Effective Date.

6. Effect of this Amendment. This Amendment is not, and should not be deemed to be, a waiver of, amendment to, consent to or modification of any other term or provision of the Credit Documents, or of any event, condition, or transaction on the part of any Credit Party or any other Person, in each case except as specifically set forth in this Amendment.

7. Conditions. This Amendment (other than Section 10 below, which is effective immediately upon execution and delivery) will be effective as of the Effective Date, but only upon satisfaction of the following conditions precedent:

(a) The Agent's receipt of original or facsimile or portable document format (PDF) copies (followed promptly by originals) of each of the following, each properly executed, each dated as of the Effective Date (or, in the case of certificates of governmental officials, a recent date before the date of the Amendment) and each in form and substance satisfactory to Agent and its legal counsel:

(i) this Amendment;

(ii) promissory notes in favor of each New Lender;

(iii) an amended and restated promissory note in favor of Mabrey Bank;

(iv) mortgages encumbering the Borrowing Base Properties in the State of Oklahoma Borrower is acquiring pursuant to the Cimarex Acquisition (the "Cimarex Mortgages");

(v) title opinions or other information in form and substance reasonably acceptable to the Administrative Agent demonstrating satisfactory title to at least 90% of the PV-8 of the Credit Parties' total Proved Developed Producing Reserves (after giving effect to the Cimarex Acquisition);

(vi) a certificate from Borrower, certifying that (A) the copy of the Cimarex PSA attached to the certificate is true and complete, in full force and effect, without amendment except as shown, and (B) Borrower and the Cimarex Sellers either (1) have consummated, or (2) are ready, able and willing to consummate the Cimarex Acquisition, subject only to the execution and delivery of this Amendment by Agent, Lenders and the Credit Parties and the funding of any Loans to be used by Borrower to finance the Cimarex Acquisition pursuant to the Cimarex PSA, in either case without waiver of any material condition precedent;

(vii) certificates of resolutions or other action, incumbency certificates and/or other certificate(s) signed by an officer of any Credit Party that is other than a natural person, as required by the Agent, to evidence the identity, authority and capacity of the signatory(ies) to this Amendment and the other Credit Documents; and

(b) If required by Agent, the payment by Borrower of all amounts described in Sections 5(d) and 11 below. The Agent's declination to require Borrower to pay all or a portion of these amounts as a condition to the effectiveness of this Amendment will not excuse Borrower's obligation to do so immediately upon the Agent's demand.

8. Acknowledgment and Ratification. All Credit Documents to which the Credit Parties are a party are amended as follows, to the extent necessary: (a) all references to the Credit Agreement are amended to mean the Credit Agreement as amended by this Amendment, (b) all references to the Security Documents are amended to include the Cimarex Mortgages, and (c) all references to the "Obligations" are amended to mean the "Obligations" as modified by this Amendment. Each Credit Party acknowledges and agrees that all Credit Documents remain in full force and effect as amended by this Amendment.

9. Representation and Warranties. Each Credit Party represents and warrants that as of the Effective Date:

(a) the representations and warranties by such Credit Party in the Credit Documents are true and correct in all respects as though made on the Effective Date, except to the extent that any of them speak to a different specific date, in which case they are true and correct as of such date;

(b) no Default or Event of Default exists;

(c) the execution, delivery and performance by Credit Parties of this Amendment and all Credit Documents executed in connection with this Amendment will not (i) contravene any applicable law, (ii) conflict or be inconsistent with or result in any breach of any term, covenant, condition or provision of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any Credit Party's property or any Credit Party's other assets pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which the such Credit Party is a party or by which any Credit Party or any of the Collateral or a Credit Party's other assets is bound or may be subject, or (iii) violate any term of a Credit Party's certificate of formation or other documents and agreements governing the Credit Party's existence, management or operation;

(d) Credit Parties are not required to obtain the consent of any other party, including any Governmental Authority, in connection with the execution, delivery, performance, validity or enforceability of this Amendment or any other Credit Documents executed in connection with this Amendment;

(e) Credit Parties have the requisite power and authority to execute, deliver and carry out the terms and provisions of this Amendment and the other Credit Documents executed in connection with this Amendment, and have taken all necessary actions to authorize their execution, delivery and performance of this Amendment and such Credit Documents;

(f) Each Credit Party has duly executed and delivered this Amendment and the other Credit Documents to which it is a party; and

(g) This Amendment and any other Credit Documents executed by a Credit Party in connection with this Amendment constitute such Credit Party's legal, valid and binding obligations, enforceable in accordance with the terms of the Credit Documents, subject to (i) the effect of any applicable bankruptcy law, or (ii) general principles of equity.

10. Defaults Unaffected. Nothing in this Amendment will prejudice, act as, or be deemed to be a waiver of any Default or any right or remedy available to the Agent, the Issuing Bank, or the Lenders by reason of any Default, except as expressly set forth in Section 3.

11. Fees and Expenses. Borrower shall pay all reasonable and documented fees, expenses and disbursements incurred by the Agent in connection with the preparation and documentation of this First Amendment and the other documents and instruments to be executed in connection with this First Amendment, including the costs and expenses of the Agent's legal counsel.

12. Releases.

(a) Each Credit Party, for itself and on behalf of all its Affiliates, and its and their respective members, managers, officers, agents, attorneys, employees, directors, partners, agents, representatives, administrator, and all of their successors and assigns (collectively the "Releasing Parties" and each, a "Releasing Party"), releases and forever discharges the Agent, the Issuing Bank, the Lenders, and each of the Agent's, the Issuing Bank's, and the Lenders' Affiliates, and its and their respective members, managers, officers, agents, attorneys, employees, directors, partners, agents, representatives, administrator, and all of their successors and assigns (collectively, the "Released Parties" and each, a "Released Party"), from any and all claims, demands, cross-actions, controversies, causes of action, damages, rights, liabilities and obligations, at law or in equity whatsoever, known or unknown, whether past, present or future, now held, owned or possessed by any or all Releasing Parties, or that any Releasing Party may, as a result of any actions or inactions occurring on or before the Effective Date, in the future hold or claim to hold under common law or statutory right, arising, directly or indirectly, out of the Loans or any of the Credit Documents (collectively, the "Released Claims").

(b) Each Credit Party acknowledges and agrees that (i) this Section 12 is a full, final and complete release, (ii) any of the Released Parties may plead this Section 12 as an absolute and final bar to any or all suit or suits pending or that are filed or prosecuted in the future by any Releasing Parties, or anyone claiming by, through or under any of the Releasing Parties, in respect of any of the Released Claims, (iii) no Releasing Party is entitled to any recovery on account of the Released Claims, and (iv) the consideration provided for this Section 12 is not an admission of liability by any of the Released Parties.

13. Governing Law; Miscellaneous. This Amendment is a Credit Document. Sections 13.12–13.15 of the Credit Agreement relating to governing law, jurisdiction, venue, acknowledgments, and waiver of jury trial are incorporated into and made a part of this Amendment, *mutatis mutandis*, as if fully set forth herein. The rules of construction in Section 1.2 of the Credit Agreement are expressly made applicable to this Amendment.

14. Counterparts; Electronic Signatures. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document, and all counterparts must be construed together to constitute the same document. This Amendment and the other Credit Documents may be transmitted and/or signed by facsimile or digital signature and/or transmission. The effectiveness of any such signatures will have the same force and effect as manually-signed originals and shall be binding on all parties to this Amendment and the other Credit Documents.

[*SIGNATURE PAGE(S) ATTACHED*]

THIS SECOND AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

BORROWER:

BCE-Mach III LLC, a Delaware limited liability company

By: /s/ Kevin R. White
Kevin R. White
Chief Financial Officer

GUARANTOR:

BCE-MACH III MIDSTREAM HOLDINGS LLC, a Delaware limited liability company

By: /s/ Kevin R. White
Kevin R. White
Chief Financial Officer

Signature Page
Second Amendment to Credit Agreement

THIS SECOND AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

ADMINISTRATIVE AGENT, COLLATERAL AGENT, ISSUING BANK AND LENDER:

MIDFIRST BANK, a federally chartered savings association

By: /s/ Chad Dayton
Chad Dayton, First Vice President

Signature Page
Second Amendment to Credit Agreement

THIS SECOND AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

MABREY BANK

By: /s/ Michael Aholt
Michael Aholt, Vice President,
Commercial Banking

Signature Page
Second Amendment to Credit Agreement

THIS SECOND AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

UBS AG, STAMFORD BRANCH

By: /s/ Anthony Joseph
Anthony Joseph, Associate Director

By: /s/ Ken Chin
Ken Chin, Director

Signature Page
Second Amendment to Credit Agreement

THIS SECOND AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

UMB BANK, N.A.

By: /s/ Erica Spencer
Name: Erica Spencer
Title: VP – Energy Division

Signature Page
Second Amendment to Credit Agreement

THIS SECOND AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

VALLIANCE BANK

By: /s/ Donovan S. Reed
Name: Donovan S. Reed
Title: Senior Vice President

Signature Page
Second Amendment to Credit Agreement

THIS SECOND AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

MORGAN STANLEY SENIOR FUNDING, INC.

By: /s/ Michael King
Name: Michael King
Title: Authorized Signatory

Signature Page
Second Amendment to Credit Agreement

Exhibit 10.14

Execution Version

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (the "Amendment"), is made effective as of January 27, 2023 (the "Effective Date"), among **BCE-MACH III LLC**, a Delaware limited liability company (the "Borrower"), **BCE-MACH III MIDSTREAM HOLDINGS LLC**, a Delaware limited liability company (the "Guarantor"), **MIDFIRST BANK**, a federally chartered savings association, as Administrative Agent and Collateral Agent (in such capacities, the "Agent") for the Lenders and as Issuing Bank, and each of the banks, financial institutions and other lending institutions from time to time parties as lenders (each a "Lender" and, collectively, the "Lenders") to the Credit Agreement, dated as of May 19, 2020, as amended by the First Amendment to Credit Agreement, dated as of February 17, 2021, and the Second Amendment to Credit Agreement, dated as of June 17, 2021 (as so amended, the "Credit Agreement"), each among the Borrower, the Agent, the Issuing Bank, and the Lenders party thereto, and amends the Credit Agreement and the other Credit Documents as and to the extent provided below.

The parties to this Amendment agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment have the meanings provided in the Credit Agreement. Additionally, the following terms have the meanings assigned to them in this Section 1:

"Continuing Lender" means each Lender described in the attached Annex I, each in its capacity as Lender.

"Exiting Lender" means UBS AG, Stamford Branch, in its capacity as a Lender, who is signatory to this Amendment as the "Exiting Lender".

2. Amendment. The Credit Agreement is amended as follows:

(a) The following new definitions are added to Section 1.1 of the Credit Agreement in appropriate alphabetical order.

"Adjusted SOFR Rate" shall mean, for any Interest Period, the sum of (a) the SOFR Rate for such Interest Period, plus (b) the SOFR Adjustment for such Interest Period.

"CME" shall mean Chicago Mercantile Exchange, Inc., CME Group Inc. and their affiliates or any successor service or substitute for such service, providing rate quotations comparable to the CME, as determined by the Administrative Agent in its reasonable discretion.

"Excess Cash Conditions" means that, as of any date, the following conditions: (i) no Event of Default or Borrowing Base Deficiency exists or will result from any Credit Event on such date and the application of the proceeds thereof, (ii) the Consolidated Total Debt to EBITDAX Ratio (as of the most recent financial quarter for which financial statements have been delivered pursuant to Section 9.1(a) or Section 9.1(b)) is not greater than 2.50 to 1.00, and (iii) the Borrowing Base Utilization Percentage is less than or equal to 80%.

"SOFR" shall mean the Secured Overnight Financing Rate.

"SOFR Adjustment" shall mean, for any calculation with respect to any SOFR Loan, the annual percentage set forth below for the applicable Interest Period:

Interest Period	Percentage
One month	0.10%
Three months	0.15%
Six months	0.25%

"SOFR Loan" shall mean any Loan bearing interest at a rate determined by reference to the Adjusted SOFR Rate (other than an ABR Loan bearing interest by reference to the SOFR Rate by virtue of clause (c) of the definition of ABR).

"SOFR Rate" shall mean, for any Interest Period with respect to any Borrowing of a SOFR Loan, the interest rate per annum equal to Term SOFR as published by the Chicago Mercantile Exchange, Inc., CME Group Inc. and their Affiliates or their successor as the administrator for Term SOFR two Business Days before commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. Notwithstanding the foregoing, for purposes of this Agreement, in no event shall the SOFR Rate be less than 0.0%.

(b) The definitions of "LIBOR Loan," and "LIBOR Rate," are each deleted in their entirety.

(c) The definitions of "ABR," "Applicable Margin," "Business Day," "Letter of Credit Commitment", "Maturity Date" and "Suspension Notice" in Section 1.1 of the Credit Agreement are amended and restated in their entirety as follows:

"ABR" shall mean for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate plus ½ of 1%, (b) the prime rate as published in The Wall Street Journal's "Money Rates" table for that day and (c) the SOFR Rate for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%; provided that, for purposes of this Agreement, in no event shall ABR be less than zero. The "prime rate" is a rate set by the Administrative Agent based upon various factors, including the Administrative Agent's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the ABR due to a change in such rate announced by the Administrative Agent, in the Federal Funds Effective Rate or in the one-month SOFR Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

"Applicable Margin" shall mean, for any day, with respect to any ABR Loan or SOFR Loan, as the case may be, the rate per annum set forth in the grid below based upon the Borrowing Base Utilization Percentage in effect on such day:

Borrowing Base Utilization Grid

Borrowing Base Utilization Percentage	<25%	≥25% and < 50%	≥50% and < 75%	≥75% and < 90%	≥90%
Margin, SOFR Loans	3.25%	3.50%	3.75%	4.00%	4.25%
Margin, ABR Loans	2.00%	2.25%	2.50%	2.75%	3.00%

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.

"Business Day" shall mean any day excluding Saturday, Sunday and any other day on which banking institutions in Houston, Texas or New York, New York are authorized by law or other governmental actions to close.

"Letter of Credit Commitment" shall mean at any time, 10% of the Loan Limit as in effect from time to time or, with the consent of the Administrative Agent and the Issuing Banks, increased from time to time.

"Maturity Date" shall mean May 19, 2026.

"Suspension Notice" means the notice from Administrative Agent to Borrower setting forth the Administrative Agent's good faith determination that (a) the SOFR Rate is not reported, or (b) (as a result of changes to any Requirement of Law) it has become unlawful or discouraged for Lenders to make or maintain the Loans at the SOFR Rate, or (c) the SOFR Rate (i) is unreliable or impractical to use for loans tied to any SOFR Rate or for Administrative Agent's risk management or hedging related to any such loans, or (ii) is no longer the predominant index for variable rate loans made by the Administrative Agent or its competitors, or (iii) no longer permits the Administrative Agent, in its capacity as Lender, to achieve (in all material respects) the return on the Loans as the Administrative Agent modeled at the time it approved the Loan.

(d) The reference to "LIBOR certificates" under Subsection (c) under the definition of "Permitted Investments" in Section 1.1 of the Credit Agreement is amended and restated as "eurodollar certificates."

(e) Section 1.9 of the Credit Agreement is amended and restated in its entirety as follows:

1.9. SOFR Successor Rate. Immediately after the Administrative Agent gives a Suspension Notice to Borrower and the Lenders, (a) each Lender's obligation to make or maintain SOFR Loans will be suspended, and (b) all interest payable on SOFR Loans will automatically convert to a rate of interest determined by the Administrative Agent based on an index and spread that is reasonably equivalent to the most recent, reliable SOFR Rate, as determined in good faith by Administrative Agent in consultation with the Borrower, prior to the date of the Suspension Notice. Upon receipt of Suspension Notice, the Borrower may revoke any pending request for a Borrowing or continuation of Loans (to the extent of the affected Loans or Interest Periods). The Administrative Agent may only issue a Suspension Notice to Borrower under clause (c) of the definition of Suspension Notice if the Administrative Agent issues a similar notice to its other borrowers with loans of similar maturities which are tied to a SOFR Rate and for which the Administrative Agent has the right to issue such a Suspension Notice. If circumstances further change and nullify the basis on which the Suspension Notice was given, then the Administrative Agent will advise Borrower and the other Lenders of the change and thereafter and any Loans bearing interest at the rate determined by the Administrative Agent will automatically bear interest at the Adjusted SOFR Rate plus the Applicable Margin.

(f) Section 2.3(a) of the Credit Agreement is amended and restated in its entirety as follows:

(a) Whenever the Borrower desires to incur Loans (other than borrowings to repay Unpaid Drawings), the Borrower shall give the Administrative Agent at the Administrative Agent's Office, (i) prior to 12:00 p.m. (Houston, Texas time) at least three Business Days' (or with respect to the initial Borrowing on the Closing Date, at least one Business Day's) prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Loans if such Loans are to be initially SOFR Loans and (ii) prior to 12:00 p.m. (Houston, Texas time) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Loans that are to be ABR Loans. Such notice (a "Notice of Borrowing") shall specify (A) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (B) the date of the Borrowing (which shall be a Business Day), (C) whether the respective Borrowing shall consist of ABR Loans and/or SOFR Loans and, if SOFR Loans, the Interest Period to be initially applicable thereto (if no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month's duration), and (D) if, and only if, the Excess Cash Conditions are not satisfied, the Consolidated Cash Balance (without regard to the requested Borrowing) and the pro forma Consolidated Cash Balance (giving effect to the requested Borrowing and the application of the proceeds thereof) as of the end of the fifth Business Day after such requested Borrowing will be funded. The Administrative Agent shall promptly give each Lender written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Loans, of such Lender's Commitment Percentage thereof and of the other matters covered by the related Notice of Borrowing.

(g) Section 2.3(d) of the Credit Agreement is amended and restated in its entirety as follows:

(b) The making of each Notice of Borrowing shall be deemed to be a representation and warranty by the Borrower as of the end of the fifth Business Day after such requested Borrowing will be funded, after giving pro forma effect to the requested Borrowing and the application of the proceeds thereof, the Consolidated Cash Balance shall not exceed $20,000,000 unless the Excess Cash Conditions are satisfied.

(h) Section 2.8(b) of the Credit Agreement is amended and restated in its entirety as follows:

(b) The unpaid principal amount of each SOFR Loan shall bear interest from the date of the Borrowing thereof until maturity thereof (whether by acceleration or otherwise) at a rate per annum that shall at all times be the Applicable Margin plus the relevant Adjusted SOFR Rate, in each case, in effect from time to time.

(i) Section 2.10(a)(i) of the Credit Agreement is amended and restated in its entirety as follows:

(i) at any time after the giving of a Notice of Borrowing with regard to any requested Loan that (A) adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, the requested Loan during the ensuing Interest Period requested, (B) the making or continuing of the requested Loan has been made impractical (in the reasonable opinion of the Administrative Agent) by the occurrence of an event (or series of events), or (C) the SOFR Rate will not or does not represent the effective cost to such Lender of U.S. Dollar deposits in such market for the Interest Period; or

(j) Section 5.2(c) of the Credit Agreement is amended and restated in its entirety as follows:

(c) Repayment of Loans During Consolidated Cash Balance Excess Period. If, at any time, (i) there are outstanding Loans or Letter of Credit Exposure, (ii) the Excess Cash Conditions are not satisfied, and (iii) the Consolidated Cash Balance exceeds $20,000,000 as of the end of any five consecutive Business Days (such five Business Day period, the "Consolidated Cash Balance Excess Period"), then the Borrower shall, on or before the end of such Consolidated Cash Balance Excess Period, (x) prepay the Loans in an aggregate principal amount equal to such excess and (y) if any excess remains after prepaying all of the Loans as a result of any Letter of Credit Exposure, Cash Collateralize such excess as provided in Section 3.8.

(k) The heading of Section 5.2(e) of the Credit agreement is amended and restated as follows: "SOFR Interest Periods".

(l) All references to the term "LIBOR Borrowing" in the Credit Documents are deleted and replaced with the term "SOFR Borrowing." All references to the term "LIBOR Rate" in the Credit Documents are deleted and replaced with the term "SOFR Rate." All references to the term "LIBOR Loan" or "LIBOR Loans" in the Credit Documents are deleted and replaced with the term "SOFR Loan" or "SOFR Loans," as appropriate.

(m) Section 7(b) of the Credit Agreement is amended and restated as follows:

(b) (i) if the Excess Cash Conditions are not satisfied, then (A) Consolidated Cash Balance as of the day of the Notice of Borrowing and (B) the pro forma Consolidated Cash Balance as of the end of the fifth Business Day after giving effect to such Credit Event and the application of the proceeds thereof may not exceed $20,000,000, and (ii) Borrower must be in compliance, both before and after giving effect to such Credit Event on a pro forma basis, with Section 9.18 and Section 10.9 (and if required by the Administrative Agent, shall certify as to such compliance either in a certificate of an Authorized Officer or in the applicable Notice of Borrowing).

(n) Section 9.1(l) of the Credit Agreement is deleted in its entirety.

3. Redetermination of Borrowing Base. The amount of the Borrowing Base is increased from $100,000,000 to $400,000,000, which Borrowing Base will remain in effect until otherwise redetermined in accordance with the Credit Agreement. Both the Borrower, on the one hand, and the Agent and the Lenders, on the other hand, agree that the Borrowing Base redetermination under this Section 3 constitutes the November 1, 2022 Scheduled Redetermination.

4. Reallocation of Commitments; Exiting Lender.

(a) Reallocation of Commitments. The Borrower, the Agent, and each Lender (including the Existing Lender) consents to the allocation of the Total Commitment, Commitments, and Commitment Percentages set forth on Annex I to this Amendment, which amends and restates Schedule 1.1(a) to the Credit Agreement, and each Lender agrees to make such allocations among themselves on the Effective Date such that each Lender's outstanding Loans shall equal such Lender's pro rata share of the Total Commitment as set forth on Annex I. The reallocation of the Commitments under this Section 4(a) among the Continuing Lenders will be deemed made in all respects pursuant to Section 13.6(b) of the Credit Agreement and the terms of the Assignment and Acceptance attached to the Credit Agreement as Exhibit G (including the Standard Terms and Conditions attached thereto as Annex 1) as if the Continuing Lenders, the Exiting Lender, the Agent, the Issuing Bank and the Borrower, as applicable, had executed an Assignment and Acceptance with respect thereto, except that (i) the Administrative Agent waives the $3,500.00 processing and recordation fee set forth in Section 13.6(b)(ii)(C) of the Credit Agreement with respect to the assignments and assumptions contemplated by this Section 4(a), and (ii) the parties waive any requirement to deliver an Assignment and Assumption under Section 13.6(b)(ii)(C) of the Credit Agreement in connection with the assignments contemplated by this Section 4(a).

(b) Exiting Lender. From and after the Effective Date, (i) the Exiting Lender will immediately cease to be party to and a Lender under the Credit Agreement and the other Credit Documents, (i) the Exiting Lender will not have any obligations or liabilities under the Credit Agreement with respect to the period from and after the Effective Date and, without limiting the foregoing, the Exiting Lender will not have any Commitment under the Credit Agreement or any participation in any Letter of Credit outstanding thereunder, and (ii) the Exiting Lender will not have any rights under the Credit Agreement or any other Credit Document (other than indemnification and other rights under the Credit Agreement or other Credit Documents expressly stated to survive the termination of such agreement and the repayment of amounts outstanding thereunder). The Exiting Lender joins in the execution of this Amendment solely for purposes of effectuating this Amendment pursuant to Section 6 and evidencing its agreement to the provisions of Section 4(a) and this Section 4(b).

(c) Payments. Borrower agrees to pay all outstanding fees, expenses and interest as of the Effective Date.

5. Effect of this Amendment. This Amendment is not, and should not be deemed to be, a waiver of, amendment to, consent to or modification of any other term or provision of the Credit Documents, or of any event, condition, or transaction on the part of any Credit Party or any other Person, in each case except as specifically set forth in this Amendment.

6. Conditions. This Amendment (other than Section 11 below, which is effective immediately upon execution and delivery) will be effective as of the Effective Date, but only upon satisfaction of the following conditions precedent:

(a) The Agent's receipt of original or facsimile or portable document format (PDF) copies (followed promptly by originals) of each of the following, each properly executed, each dated as of the Effective Date (or, in the case of certificates of governmental officials, a recent date before the date of the Amendment) and each in form and substance satisfactory to Agent and its legal counsel:

(i) this Amendment;

(ii) amended and restated promissory notes in favor of MidFirst Bank and UMB Bank, N.A.;

(iii) certificates of resolutions or other action, incumbency certificates and/or other certificate(s) signed by an officer of any Credit Party that is other than a natural person, as required by the Agent, to evidence the identity, authority and capacity of the signatory(ies) to this Amendment and the other Credit Documents; and

(b) If required by Agent, the payment by Borrower of all amounts described in Section 4(c) and Section 10. The Agent's declination to require Borrower to pay all or a portion of these amounts as a condition to the effectiveness of this Amendment will not excuse Borrower's obligation to do so immediately upon the Agent's demand.

7. Acknowledgment and Ratification. All Credit Documents to which the Credit Parties are a party are amended as follows, to the extent necessary: (a) all references to the Credit Agreement are amended to mean the Credit Agreement as amended by this Amendment, (b) all references to the "Obligations" are amended to mean the "Obligations" as modified by this Amendment. Each Credit Party acknowledges and agrees that all Credit Documents remain in full force and effect as amended by this Amendment.

8. Representation and Warranties. Each Credit Party represents and warrants that as of the Effective Date:

(a) the representations and warranties by such Credit Party in the Credit Documents are true and correct in all respects as though made on the Effective Date, except to the extent that any of them speak to a different specific date, in which case they are true and correct as of such date;

(b) no Default or Event of Default exists;

(c) the execution, delivery and performance by Credit Parties of this Amendment and all Credit Documents executed in connection with this Amendment will not (i) contravene any applicable law, (ii) conflict or be inconsistent with or result in any breach of any term, covenant, condition or provision of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any Credit Party's property or any Credit Party's other assets pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which the such Credit Party is a party or by which any Credit Party or any of the Collateral or a Credit Party's other assets is bound or may be subject, or (iii) violate any term of a Credit Party's certificate of formation or other documents and agreements governing the Credit Party's existence, management or operation;

(d) Credit Parties are not required to obtain the consent of any other party, including any Governmental Authority, in connection with the execution, delivery, performance, validity or enforceability of this Amendment or any other Credit Documents executed in connection with this Amendment;

(e) Credit Parties have the requisite power and authority to execute, deliver and carry out the terms and provisions of this Amendment and the other Credit Documents executed in connection with this Amendment, and have taken all necessary actions to authorize their execution, delivery and performance of this Amendment and such Credit Documents;

(f) Each Credit Party has duly executed and delivered this Amendment and the other Credit Documents to which it is a party; and

(g) This Amendment and any other Credit Documents executed by a Credit Party in connection with this Amendment constitute such Credit Party's legal, valid and binding obligations, enforceable in accordance with the terms of the Credit Documents, subject to (i) the effect of any applicable bankruptcy law, or (ii) general principles of equity.

9. Defaults Unaffected. Nothing in this Amendment will prejudice, act as, or be deemed to be a waiver of any Default or any right or remedy available to the Agent, the Issuing Bank, or the Lenders by reason of any Default.

10. Fees and Expenses. Borrower shall pay all reasonable and documented fees, expenses and disbursements incurred by the Agent in connection with the preparation and documentation of this Amendment and the other documents and instruments to be executed in connection with this Amendment, including the costs and expenses of the Agent's legal counsel.

11. Releases.

(a) Each Credit Party, for itself and on behalf of all its Affiliates, and its and their respective members, managers, officers, agents, attorneys, employees, directors, partners, agents, representatives, administrator, and all of their successors and assigns (collectively the "Releasing Parties" and each, a "Releasing Party"), releases and forever discharges the Agent, the Issuing Bank, the Lenders, and each of the Agent's, the Issuing Bank's, and the Lenders' Affiliates, and its and their respective members, managers, officers, agents, attorneys, employees, directors, partners, agents, representatives, administrator, and all of their successors and assigns (collectively, the "Released Parties" and each, a "Released Party"), from any and all claims, demands, cross-actions, controversies, causes of action, damages, rights, liabilities and obligations, at law or in equity whatsoever, known or unknown, whether past, present or future, now held, owned or possessed by any or all Releasing Parties, or that any Releasing Party may, as a result of any actions or inactions occurring on or before the Effective Date, in the future hold or claim to hold under common law or statutory right, arising, directly or indirectly, out of the Loans or any of the Credit Documents (collectively, the "Released Claims").

(b) Each Credit Party acknowledges and agrees that (i) thisSection 11 is a full, final and complete release, (ii) any of the Released Parties may plead this Section 11 as an absolute and final bar to any or all suit or suits pending or that are filed or prosecuted in the future by any Releasing Parties, or anyone claiming by, through or under any of the Releasing Parties, in respect of any of the Released Claims, (iii) no Releasing Party is entitled to any recovery on account of the Released Claims, and (iv) the consideration provided for this Section 11 is not an admission of liability by any of the Released Parties.

12. Governing Law; Miscellaneous. This Amendment is a Credit Document. Sections 13.12–13.15 of the Credit Agreement relating to governing law, jurisdiction, venue, acknowledgments, and waiver of jury trial are incorporated into and made a part of this Amendment, *mutatis mutandis*, as if fully set forth herein. The rules of construction in Section 1.2 of the Credit Agreement are expressly made applicable to this Amendment.

13. Counterparts; Electronic Signatures. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document, and all counterparts must be construed together to constitute the same document. This Amendment and the other Credit Documents may be transmitted and/or signed by facsimile or digital signature and/or transmission. The effectiveness of any such signatures will have the same force and effect as manually-signed originals and shall be binding on all parties to this Amendment and the other Credit Documents.

[*Signature Page(s) Attached*]

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

BORROWER:

BCE-Mach III LLC, a Delaware limited liability company

By: /s/ Kevin R. White
Kevin R. White
Chief Financial Officer

GUARANTOR:

BCE-MACH III MIDSTREAM HOLDINGS LLC, a Delaware limited liability company

By: /s/ Kevin R. White
Kevin R. White
Chief Financial Officer

Annex I
Third Amendment to Credit Agreement

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

ADMINISTRATIVE AGENT, COLLATERAL AGENT, ISSUING BANK AND LENDER:

MIDFIRST BANK, a federally chartered savings association

By: /s/ Chad Dayton
Chad Dayton, Senior Vice President

Annex I
Third Amendment to Credit Agreement

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

MABREY BANK

By: /s/ Michael Aholt
Michael Aholt, Vice President,
Commercial Banking

Annex I
Third Amendment to Credit Agreement

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

UMB BANK, N.A.

By: /s/ Erica Spencer
Erica Spencer, VP – Energy Division

Annex I

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

VALLIANCE BANK

By: /s/ Donovan S. Reed
Donovan S. Reed, Senior Vice President

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

LENDER:

MORGAN STANLEY SENIOR FUNDING, INC.

By: /s/ Michael King
Michael King, Authorized Signatory

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is executed and delivered by the undersigned effective as of the Effective Date.

EXITING LENDER:

UBS AG, STAMFORD BRANCH

By: /s/ Danielle Calo
Danielle Calo, Associate Director

By: /s/ Houssem Daly
Houssem Daly, Director

Exhibit 21.1

SUBSIDIARIES OF MACH NATURAL RESOURCES LP

Name of Subsidiary	Jurisdiction of Organization
Mach Natural Resources Intermediate LLC	Delaware
Mach Natural Resources Holdco LLC	Delaware
BCE-Mach LLC	Delaware
BCE-Mach II LLC	Delaware
BCE-Mach III LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated June 27, 2023, with respect to the consolidated financial statements of BCE-Mach III LLC contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Oklahoma City, Oklahoma
September 22, 2023

Exhibit 23.2

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated March 31, 2023, with respect to the financial statements of BCE-Mach LLC contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Oklahoma City, Oklahoma
September 22, 2023

Exhibit 23.3

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated March 31, 2023, with respect to the financial statements of BCE-Mach II LLC contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Oklahoma City, Oklahoma
September 22, 2023

Exhibit 23.4

CAWLEY, GILLESPIE & ASSOCIATES, INC.
PETROLEUM CONSULTANTS
302 FORT WORTH CLUB BUILDING
306 WEST SEVENTH STREET
FORT WORTH, TEXAS 76102-4987
(817) 336-2461

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 reports dated January 16, 2023 and July 7, 2023, and oil, natural gas and NGL reserves estimates and forecasts of economics as of December 31, 2022, and June 30, 2023 included in or made part of this Registration Statement on Form S-1 of Mach Natural Resources LP, including any amendments thereto (the "Registration Statement"). We also hereby consent to the references to our firm contained in the Registration Statement, including in the prospectus under the heading "Experts."

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm

/s/ J. Zane Meekins
J. Zane Meekins, P.E.
Executive Vice President

Fort Worth, Texas
September 22, 2023

CAWLEY, GILLESPIE & ASSOCIATES, INC.
PETROLEUM CONSULTANTS

302 FORT WORTH CLUB BUILDING
306 WEST SEVENTH STREET
FORT WORTH, TEXAS 76102-4987
(817) 336-2461

January 16, 2023

Paul Lupardus
Executive VP Engineering
Mach Resources
14201 Wireless Way
Oklahoma City, OK 73134

Re: Evaluation Summary – SEC Pricing
BCE-Mach I LLC Interests
Mississippian Region - Oklahoma and Kansas
Proved Reserves
As of December 31, 2022

Dear Mr. Lupardus:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the BCE-Mach I LLC ("Mach I") interests in properties located in the Mississippian Region of Oklahoma and Kansas. It is our understanding that the proved reserves estimated in this report constitute 100 percent of all proved reserves owned by Mach I.

This report, completed on January 16, 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 Undeveloped	Proved Developed Non-Producing	Proved Developed Shut-In	Proved
Net Reserves						
Oil	- Mbbl	11,476.9	4,842.8	151.5	0.0	16,471.3
Gas	- MMcf	209,753.9	42,129.6	2,266.2	0.0	254,149.7
NGL	- Mbbl	13,672.6	2,383.5	154.2	0.0	16,210.3
Revenue						
Oil	- M$	1,080,961.4	456,425.5	14,205.0	0.0	1,551,591.9
Gas	- M$	933,618.3	182,437.9	10,217.6	0.0	1,126,273.8
NGL	- M$	446,186.8	77,695.1	5,001.4	0.0	528,883.3
Severance and Ad Valorem Taxes	- M$	176,586.2	45,051.7	1,966.0	5.0	223,608.9
Operating Expenses	- M$	653,065.6	196,927.4	13,096.9	0.0	863,090.0
Investments	- M$	29,769.7	201,796.6	695.5	8,745.3	241,007.2
Operating Income (BFIT)	- M$	1,601,344.5	272,782.9	13,665.6	-8,750.3	1,879,043.6
Discounted at 10.0%	- M$	730,054.5	112,638.6	9,570.2	-2,293.5	849,970.0

As requested, we evaluated cases that comprise approximately 90% of the cumulative discounted cash flows of the proved developed producing reserves from the company's internal evaluation and 100% of the Miss Lime 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 Undeveloped	Major Proved
Net Reserves				
Oil	- Mbbl	9,781.6	4,842.8	14,624.4
Gas	- MMcf	174,141.0	42,129.6	216,270.5
NGL	- Mbbl	10,569.9	2,383.5	12,953.4
Revenue				
Oil	- M$	922,254.0	456,425.5	1,378,679.8
Gas	- M$	766,936.8	182,437.9	949,374.7
NGL	- M$	346,521.1	77,695.1	424,216.2
Severance and Ad Valorem Taxes	- M$	146,620.0	45,051.7	191,671.7
Operating Expenses	- M$	456,015.9	196,927.4	652,943.2
Investments	- M$	17,658.0	201,796.6	219,454.7
Operating Income (BFIT)	- M$	1,415,418.1	272,782.9	1,688,201.5

Discounted at 10.0%	- M$	629,028.9	112,638.6	741,667.4

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	Proved Developed Non-Producing	Proved Developed Shut-In	Minor Proved
Net Reserves					
Oil	- Mbbl	1,695.4	151.5	0.0	1,846.9
Gas	- MMcf	35,613.0	2,266.2	0.0	37,879.2
NGL	- Mbbl	3,102.7	154.2	0.0	3,256.9
Revenue					
Oil	- M$	158,707.1	14,205.0	0.0	172,912.1
Gas	- M$	166,681.5	10,217.6	0.0	176,899.1
NGL	- M$	99,665.8	5,001.4	0.0	104,667.2
Severance and					
Ad Valorem Taxes	- M$	29,966.2	1,966.0	5.0	31,937.2
Operating Expenses	- M$	197,049.8	13,096.9	0.0	210,146.7
Investments	- M$	12,111.7	695.5	8,745.3	21,552.5
Operating Income (BFIT)	- M$	185,926.8	13,665.6	-8,750.3	190,842.0
Discounted at 10.0%	- M$	101,026.1	9,570.2	-2,293.5	108,302.9

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. NGL prices were forecast as fractions of the above SEC oil price. 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 $94.20 per barrel of oil, $4.43 per Mcf of gas, and $32.63 per barrel of NGL.

Operating expenses and capital costs were supplied by Mach Resources and reviewed for reasonableness. Severance taxes were forecast as 7.199% for the Oklahoma properties and 4.4% to 4.738% for the Kansas properties. Ad valorem taxes were forecast as 3% of net revenue for operated wells in Kansas. Neither expenses nor investments were escalated. Net plugging costs were scheduled as $50,000 per well. The plugging costs for shut-in wells with no remaining reserves are captured in the proved developed shut-in category.

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 Mach Resources. Ownership interests were supplied by Mach 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 Mach Resources 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,

Cawley, Gillespie & Assoc., Inc.

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm F-693

JZM:ptn

CAWLEY, GILLESPIE & ASSOCIATES, INC.
PETROLEUM CONSULTANTS
302 FORT WORTH CLUB BUILDING
306 WEST SEVENTH STREET
FORT WORTH, TEXAS 76102-4987
(817) 336-2461

January 16, 2023

Paul Lupardus
Executive VP Engineering
Mach Resources
14201 Wireless Way
Oklahoma City, OK 73134

Re: Evaluation Summary – SEC Pricing
BCE-Mach II LLC Interests
Texas and Oklahoma
Proved Developed Reserves
As of December 31, 2022

Dear Mr. Lupardus:

As requested, we are submitting our estimates of proved developed reserves and our forecasts of the resulting economics attributable to the BCE-Mach II LLC ("Mach II") interests in properties located in Texas and Oklahoma. It is our understanding that the proved developed reserves estimated in this report constitute 100 percent of all proved reserves owned by Mach II. We evaluated cases that comprise approximately 90% of the cumulative discounted cash flows of the proved developed producing ("PDP") reserves in this evaluation. We refer to these cases as the "Major PDP Properties". The remaining PDP cases are referred to as the "Minor PDP Properties" and represent the company's internal reserve estimates and economic forecasts. The minor proved developed non-producing and proved developed shut-in reserves are the company's internal forecasts as well.

This report, completed on January 16, 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:

		Major Proved Developed Producing	Minor Proved Developed Producing	Proved Developed Non-Producing	Proved Developed Shut-In	Total Proved Developed
Net Reserves						
Oil	- Mbbl	1,378.0	280.9	35.0	0.0	1,693.9
Gas	- MMcf	80,120.4	16,194.2	2,593.7	0.0	98,908.3
NGL	- Mbbl	5,652.6	919.4	123.2	0.0	6,695.2
Revenue						
Oil	- M$	129,695.2	26,250.9	3,290.2	0.0	159,236.3
Gas	- M$	368,185.1	79,798.7	12,689.1	0.0	460,672.9
NGL	- Mbbl	185,111.4	30,510.1	4,089.9	0.0	219,711.3
Severance and						
Ad Valorem Taxes	- M$	56,134.8	9,990.1	1,560.6	0.0	67,685.6
Operating Expenses	- M$	158,551.9	58,587.2	8,149.8	0.0	225,288.7
Investments	- M$	9,795.7	8,807.3	899.5	3,983.9	23,486.4
Operating Income (BFIT)	- M$	471,199.3	59,174.9	9,459.3	-3,983.9	535,849.6
Discounted at 10.0%	- M$	215,985.4	34,452.7	5,311.5	-919.7	254,830.0

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. NGL prices were forecast as fractions of the above SEC oil price. 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 $94.00 per barrel of oil, $4.66 per Mcf of gas, and $32.82 per barrel of NGL.

Operating expenses were supplied by Mach Resources and reviewed for reasonableness. Severance taxes were forecast by state based on statutory rates, and ad valorem taxes were forecast as 3.0% of net revenue for operated properties in Texas. Neither expenses nor investments were escalated. Net plugging costs were scheduled as $50,000 per well. The plugging costs for shut-in wells with no remaining reserves are captured in the proved developed shut-in category.

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 Mach Resources. Ownership interests were supplied by Mach 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 Mach Resources 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,

Cawley, Gillespie & Assoc., Inc.

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm F-693

JZM:ptn

CAWLEY, GILLESPIE & ASSOCIATES, INC.
PETROLEUM CONSULTANTS

302 FORT WORTH CLUB BUILDING
306 WEST SEVENTH STREET
FORT WORTH, TEXAS 76102-4987
(817) 336-2461

January 16, 2023

Paul Lupardus
Executive VP Engineering
Mach Resources
14201 Wireless Way
Oklahoma City, OK 73134

Re: Evaluation Summary – SEC Pricing
BCE-Mach III LLC Interests
Various Counties, Oklahoma
Proved Reserves
As of December 31, 2022

Dear Mr. Lupardus:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the BCE-Mach III LLC ("Mach III") interests in properties located in various counties in Oklahoma. It is our understanding that the proved reserves estimated in this report constitute 100 percent of all proved reserves owned by Mach III.

This report, completed on January 16, 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 Undeveloped	Proved Developed Non-Producing	Proved Developed Shut-In	Proved
Net Reserves						
Oil	- Mbbl	27,654.7	18,595.4	2,329.7	0.0	48,579.8
Gas	- MMcf	514,590.0	102,251.0	12,778.9	0.0	629,619.9
NGL	- Mbbl	38,470.8	7,594.5	767.8	0.0	46,833.1
Revenue						
Oil	- M$	2,583,656.4	1,745,193.6	217,297.7	0.0	4,546,147.7
Gas	- M$	2,777,450.0	556,961.9	59,700.4	0.0	3,394,112.3
NGL	- M$	1,430,461.8	271,295.3	24,619.7	0.0	1,726,376.8
Other	- M$	0.0	0.0	0.0	0.0	0.0
Severance and						
Ad Valorem Taxes	- M$	553,494.4	151,103.0	20,308.5	0.0	724,905.8
Operating Expenses	- M$	1,930,094.6	433,523.1	54,944.0	0.0	2,418,561.7
Investments	- M$	140,709.9	669,535.3	15,404.0	50,465.2	876,114.4
Operating Income (BFIT)	- M$	4,167,271.9	1,319,289.9	210,961.3	-50,465.2	5,647,057.9
Discounted at 10.0%	- M$	2,247,368.4	610,986.3	110,527.9	-15,375.9	2,953,506.7

As requested, we evaluated cases that comprise approximately 90% of the cumulative discounted cash flows of the proved developed producing reserves and 100% of the proved undeveloped reserves from the company's internal evaluation of the upstream cases. We refer to these cases as the "Major Upstream" properties, and composite reserve estimates and economic forecasts for these properties are summarized below:

		Proved Developed Producing	Proved Undeveloped
Net Reserves			
Oil	- Mbbl	24,467.0	18,595.4
Gas	- MMcf	405,312.4	102,251.0
NGL	- Mbbl	30,606.3	7,594.5
Revenue			
Oil	- M$	2,286,505.7	1,745,193.6
Gas	- M$	1,736,231.4	401,126.5
NGL	- M$	1,052,449.4	271,295.3
Severance and			
Ad Valorem Taxes	- M$	372,633.5	151,103.0
Operating Expenses	- M$	1,136,585.6	445,574.5

Investments	- M$	41,837.2	669,535.3
Operating Income (BFIT)	- M$	3,524,130.0	1,151,403.0
Discounted at 10.0%	- M$	1,759,421.4	529,151.7

The remaining upstream cases are referred to as the “Minor Upstream” properties, and the company’s internal reserve estimates and economic forecasts for these properties are summarized below:

		Proved Developed Producing	Proved Developed Non-Producing	Proved Developed Shut-In
Net Reserves				
Oil	- Mbbl	3,187.8	2,329.7	0.0
Gas	- MMcf	109,277.5	12,778.9	0.0
NGL	- Mbbl	7,864.5	767.8	0.0
Revenue				
Oil	- M$	297,151.6	217,297.7	0.0
Gas	- M$	516,036.4	59,700.4	0.0
NGL	- M$	287,736.2	24,619.7	0.0
Severance and				
Ad Valorem Taxes	- M$	87,275.7	20,308.5	0.0
Operating Expenses	- M$	369,816.8	54,944.0	0.0
Investments	- M$	98,872.7	15,404.0	50,465.2
Operating Income (BFIT)	- M$	544,959.6	210,961.3	-50,465.2
Discounted at 10.0%	- M$	322,802.4	110,527.9	-15,375.9

Composite forecasts of revenues and expenses for a company-owned plant, gas gathering and water disposal system are summarized below:

		Proved Developed Producing Midstream	Proved Undeveloped Midstream	Total Proved Midstream
Net Reserves				
Oil	- Mbbl	0.0	0.0	0.0
Gas	- MMcf	0.0	0.0	0.0
NGL	- Mbbl	0.0	0.0	0.0
Revenue				
Oil	- M$	0.0	0.0	0.0
Gas	- M$	525,182.3	155,835.5	681,017.8
NGL	- M$	90,276.3	0.0	90,276.3
Other	- M$	0.0	0.0	0.0
Severance and				
Ad Valorem Taxes	- M$	93,585.3	0.0	93,585.3
Operating Expenses	- M$	423,694.7	-12,051.4	411,643.4
Investments	- M$	0.0	0.0	0.0
Operating Income (BFIT)	- M$	98,178.6	167,886.8	266,065.4
Discounted at 10.0%	- M$	165,144.6	81,834.7	246,979.3

The above revenues and expenses are limited to those associated only with Mach III volumes. No revenues resulting from the gathering or processing of third party volumes are included.

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. NGL prices were forecast as fractions of the above SEC oil price. 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 $93.58 per barrel of oil, $5.39 per Mcf of gas, and $36.86 per barrel of NGL.

Operating expenses and capital costs were supplied by Mach Resources and reviewed for reasonableness. Severance taxes were forecast as 7.199% for oil, gas and NGL with 3-year partial abatements for new wells. Neither expenses nor investments were escalated. Net plugging costs were scheduled as $50,000 per well. The plugging costs for shut-in wells with no remaining reserves are captured in the proved developed shut-in category.

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 Mach Resources. Ownership interests were supplied by Mach 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 Mach Resources 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,

Cawley, Gillespie & Assoc., Inc.

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm F-693

JZM:ptn

Exhibit 99.4

Cawley, Gillespie & Associates, Inc.

petroleum consultants

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512-249-7000

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817- 336-2461
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HOUSTON, TEXAS 77002-5017
713-651-9944

July 7, 2023

Paul Lupardus
Executive VP Engineering
Mach Natural Resources LP
14201 Wireless Way
Oklahoma City, OK 73134

Re: Evaluation Summary – SEC Pricing
Mach Natural Resources LP Interests
Oklahoma, Texas and Kansas
Proved + Probable Reserves
As of June 30, 2023

Dear Mr. Lupardus:

As requested, we are submitting our estimates of proved and probable reserves and our forecasts of the resulting economics attributable to the Mach Natural Resources LP ("Mach") interests in properties located in Oklahoma, Texas and Kansas. It is our understanding that the proved and probable reserves estimated in this report constitute 100 percent of all proved and probable reserves owned by Mach.

This report, completed on July 7, 2023, utilized an effective date of June 30, 2023, 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 Undeveloped	Proved Developed Non-Producing	Proved Developed Shut-In	Proved	Probable
Net Reserves							
Oil	- Mbbl	40,128.1	12,152.7	748.3	0.0	53,029.1	72,867.9
Gas	- MMcf	770,958.8	28,780.6	11,767.8	0.0	811,507.2	373,476.6
NGL	- Mbbl	49,419.4	721.2	770.2	0.0	50,910.9	19,576.4
Revenue							
Oil	- M$	3,298,211.1	1,005,403.8	61,234.1	0.0	4,364,848.5	6,013,997.8
Gas	- M$	2,481,083.8	133,758.6	29,711.6	0.0	2,644,553.5	1,439,227.5
NGL	- M$	1,277,443.2	18,557.5	17,444.7	0.0	1,313,445.3	477,907.8
Other	- M$	49,264.8	0.0	0.0	0.0	49,264.8	0.0
Severance and Ad Valorem Taxes	- M$	584,740.7	70,217.7	8,072.2	5.0	663,035.7	461,346.5
Operating Expenses	- M$	2,582,804.8	203,044.1	30,256.4	0.0	2,816,105.6	1,727,071.0
Investments	- M$	196,080.7	265,084.0	10,066.6	61,254.1	532,485.5	2,457,846.7
Operating Income (BFIT)	- M$	3,742,376.1	619,374.0	59,995.2	-61,259.2	4,360,486.0	3,284,870.0
Discounted at 10.0%	- M$	2,125,026.0	303,643.2	14,546.2	-8,116.0	2,435,098.0	1,039,202.5

We evaluated cases that comprise approximately 90% of the cumulative discounted cash flows of the proved developed producing reserves and 100% of the proved and probable undeveloped reserves from the company's internal evaluation of the upstream cases. We refer to these cases as the "Major Upstream" properties, and composite reserve estimates and economic forecasts for these properties are summarized below:

		Proved Developed Producing	Proved Undeveloped	Probable Undeveloped
Net Reserves				
Oil	- Mbbl	36,153.9	12,152.7	72,867.9
Gas	- MMcf	599,175.2	28,780.6	373,476.6
NGL	- Mbbl	38,117.8	721.2	19,576.4
Revenue				
Oil	- M$	2,975,427.0	1,005,403.8	6,013,997.8
Gas	- M$	1,459,912.7	98,307.9	910,763.6
NGL	- M$	908,041.2	18,557.5	477,907.8
Other	- M$	0.0	0.0	0.0

Severance and Ad Valorem Taxes	- M$	384,803.6	70,217.7	461,346.4
Operating Expenses	- M$	1,566,246.6	207,434.3	1,742,571.8
Investments	- M$	66,785.8	265,084.0	2,457,846.7
Operating Income (BFIT)	- M$	3,325,545.7	579,533.2	2,740,906.1
Discounted at 10.0%	- M$	1,731,683.7	283,337.5	859,629.2

The remaining upstream cases are referred to as the “Minor Upstream” properties, and the company’s internal reserve estimates and economic forecasts for these properties are summarized below:

		Proved Developed Producing	Proved Developed Non-Producing	Proved Developed Shut-In
Net Reserves				
Oil	- Mbbl	3,974.3	748.3	0.0
Gas	- MMcf	171,783.5	11,767.8	0.0
NGL	- Mbbl	11,301.6	770.2	0.0
Revenue				
Oil	- M$	322,783.4	61,234.1	0.0
Gas	- M$	447,748.4	29,711.6	0.0
NGL	- M$	291,008.9	17,444.7	0.0
Other	- M$	0.0	0.0	0.0
Severance and Ad Valorem Taxes	- M$	82,370.4	8,072.2	5.0
Operating Expenses	- M$	476,565.5	30,256.4	0.0
Investments	- M$	129,294.9	10,066.6	61,254.1
Operating Income (BFIT)	- M$	373,309.8	59,995.2	-61,259.2
Discounted at 10.0%	- M$	235,359.2	14,546.2	-8,116.0

Composite forecasts of revenues and expenses for company-owned plants, gas gathering systems and water disposal systems are summarized below:

		Major Proved Developed Producing Midstream	Minor Proved Developed Producing Midstream	Proved Undeveloped Midstream	Total Proved Midstream	Probable Midstream
Net Reserves						
Oil	- Mbbl	0.0	0.0	0.0	0.0	0.0
Gas	- MMcf	0.0	0.0	0.0	0.0	0.0
NGL	- Mbbl	0.0	0.0	0.0	0.0	0.0
Revenue						
Oil	- M$	0.0	0.0	0.0	0.0	0.0
Gas	- M$	573,422.4	0.0	35,450.7	608,873.1	528,464.0
NGL	- M$	78,393.0	0.0	0.0	78,393.0	0.0
Other	- M$	10,063.9	39,200.8	0.0	49,264.8	0.0
Severance and Ad Valorem Taxes	- M$	117,566.8	0.0	0.0	117,566.8	0.0
Operating Expenses	- M$	510,890.4	29,104.5	-4,390.2	535,604.8	-15,500.9
Investments	- M$	0.0	0.0	0.0	0.0	0.0
Operating Income (BFIT)	- M$	33,422.2	10,098.2	39,840.8	83,361.3	543,965.0
Discounted at 10.0%	- M$	153,317.9	4,664.2	20,305.6	178,287.8	179,573.4

The above revenues and expenses are limited to those associated only with Mach volumes. No revenues resulting from the gathering or processing of third party volumes are included. The minor proved developed producing revenues and expenses are from the company’s internal evaluation of the midstream cases.

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 $4.763 per MMBtu and the annual average WTI Cushing spot oil price of $82.82 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. NGL prices were forecast as fractions of the above oil price. 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 $82.31 per barrel of oil, $3.26 per Mcf of gas, and $25.80 per barrel of NGL.

Operating expenses and capital costs were supplied by Mach and reviewed for reasonableness. Severance taxes were forecast by state based on statutory rates, and ad valorem taxes were forecast as 3.0% of net revenue for operated properties in Texas and Kansas. Neither expenses nor investments were escalated. Net plugging costs were scheduled as $50,000 per well. The plugging costs for shut-in wells with no remaining reserves are captured in the proved developed shut-in category.

The proved and probable 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 Mach Natural Resources LP. Ownership interests were supplied by Mach Natural Resources LP 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 Mach Natural Resources 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

Exhibit 107

Calculation of Filing Fee Tables

Form S-1
(Form Type)

Mach Natural Resources LP
(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered and Carry Forward Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price(1)(2)	Fee Rate	Amount of Registration Fee(3)	Carry Forward Form Type	Carry Forward File Number	Carry Forward Initial effective date	Filing Fee Previously Paid In Connection with Unsold Securities to be Carried Forward
Newly Registered Securities												
Fees to Be Paid	Equity	Common units representing limited partner interests	457(o)	—	—	$100,000,000.00	.00011020	$ 11,020.00				
Carry Forward Securities												
Carry Forward Securities	—	—	—	—		—			—	—	—	—
		Total Offering Amounts				$100,000,000.00		$ 11,020.00				
		Total Fees Previously Paid										
		Total Fee Offsets										
		Net Fee Due						$ 11,020.00				

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended (the "Securities Act").
(2) Includes common units representing limited partner interests ("common units") that the underwriters have the option to purchase to cover over-allotments.
(3) Calculated pursuant to Rule 457(o) under the Securities Act based on an estimate of the proposed maximum aggregate offering price of the common units to be sold by the Registrant.