Section 1: 8-K (8-K)

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): December 15, 2017

SILVERBOW RESOURCES, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**001-8754**	**20-3940661**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

575 North Dairy Ashford, Suite 1200
Houston, Texas 77079
(Address of principal executive offices)

(Registrant's telephone number)

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

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

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

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

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

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

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

Emerging growth company ☐

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

Item 1.01. Entry into a Material Definitive Agreement.

Amendment to Credit Agreement

On December 15, 2017, SilverBow Resources, Inc. (the "Company") entered into a Second Amendment (the "Second Amendment to Credit Agreement") to the First Amended and Restated Senior Secured Credit Agreement dated as of April 19, 2017 (the "Credit Agreement", and such credit facility, as amended, the "Revolving Credit Facility") among the Company, JPMorgan Chase Bank, N.A. (the "First Lien Agent"), the guarantors party thereto and the lenders party thereto. Among other things, the Second Amendment to Credit Agreement (i) permits the Company to enter into the Note Purchase Agreement (as defined below) and allows for mandatory prepayments under the Note Purchase Agreement, subject to certain terms and conditions contained in the Second Amendment to Credit Agreement and (ii) confirmed that the Note Purchase Agreement constituted permitted second lien debt and accordingly adjusted the borrowing base under the Revolving Credit Facility to $330 million upon the closing of the Note Purchase Agreement.

The foregoing is qualified in its entirety by reference to the Second Amendment to Credit Agreement, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference. The material terms of the Credit Agreement are described in the Current Report on Form 8-K previously filed with the Commission on April 21, 2017.

Note Purchase Agreement

On December 15, 2017, the Company entered into a Note Purchase Agreement (the "Note Purchase Agreement") among the Company, as issuer, U.S. Bank National Association, as agent and collateral agent (the "Second Lien Agent"), and certain holders that are a party thereto, which provides for the issuance of notes in an initial principal amount of $200 million with the ability of the Company to, subject to the satisfaction of certain conditions (including compliance with the Asset Coverage Ratio described below and the agreement of the holders to purchase such additional notes), issue additional notes in a principal amount not to exceed $100 million (the "Note Purchase Facility"). The Note Purchase Facility matures December 15, 2024.

Interest under the Note Purchase Facility accrues at LIBOR plus 7.5%; provided that if LIBOR ceases to be available, the Note Purchase Agreement provides for a mechanism to use ABR (an alternate base rate) plus 6.5% as the applicable interest rate. The definitions of LIBOR and ABR are set forth in the Note Purchase Agreement. To the extent that a payment, insolvency or, at the holders' election, another default exists and is continuing, all amounts outstanding under the Note Purchase Facility will bear interest at 2.00% per annum above the rate and margin otherwise applicable thereto.

The Company has the right, to the extent permitted under the Revolving Credit Facility and subject to the terms and conditions of the Note Purchase Agreement, to optionally prepay the notes issued pursuant to the Note Purchase Agreement, subject to the following repayment fees: during years one and two, a customary "make-whole" amount plus 2.0% of the principal amount of the notes repaid; during year three, 2.0% of the principal amount of the notes being prepaid; during year four, 1.0% of the principal amount of the notes being prepaid; and thereafter, no premium. Additionally, the Note Purchase Agreement contains customary mandatory prepayment obligations upon asset sales (including hedge terminations), casualty events and incurrences of certain debt, subject to, in certain circumstances, reinvestment periods.

The obligations under the Note Purchase Agreement are secured, subject to certain exceptions and other permitted liens (including the liens created under the Revolving Credit Facility), by a perfected security interest and mortgage lien on substantially all assets of the Company and certain of its subsidiaries, including a mortgage lien on oil and gas properties attributed with at least 85% of estimated PV-9 of proved reserves of the Company and its subsidiaries and 85% of the book value attributed to the PV-9 of the non-proved oil and gas properties of the Company.

The Note Purchase Agreement contains an Asset Coverage Ratio, which includes in the numerator the PV-10 plus the swap mark-to-market value of the oil and gas properties of the Company and its restricted subsidiaries and in the denominator the total net indebtedness of the Company and its restricted subsidiaries, of not less than 1.25 to 1.0 as of each date of determination (the "Asset Coverage Ratio Requirement"). The Asset Coverage Ratio Requirement is only

tested (i) as a condition to issue additional notes and (ii) in connection with certain asset sales in order to determine whether the proceeds of such asset sale must be applied as a prepayment of the notes.

Additionally, the Note Purchase Agreement contains certain customary representations, warranties and covenants, including but not limited to, limitations on incurring debt and liens, limitations on making certain restricted payments, limitations on investments, limitations on asset sales and hedge unwinds, limitations on transactions with affiliates and limitation on modifying organizational documents and material contracts. The Note Purchase Agreement contains customary events of default. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the Note Purchase Facility to be immediately due and payable.

The foregoing is qualified in its entirety by reference to the Note Purchase Agreement, a copy of which is filed as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Intercreditor Agreement

On December 15, 2017, the Company, the subsidiaries of the Company party thereto, JPMorgan Chase Bank, N.A. and U.S. Bank National Association entered into an intercreditor agreement (the "Intercreditor Agreement") to govern the relationship of lenders under the Revolving Credit Facility and the noteholders under the Note Purchase Agreement with respect to the collateral and certain other matters.

The foregoing is qualified in its entirety by reference to the Intercreditor Agreement, a copy of which is filed as Exhibit 10.3 to this Current Report on Form 8-K and is incorporated herein by reference

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

The information set forth under Item 1.01 above is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On December 18, 2017, the Company issued a press release announcing the closing of the transactions contemplated by the Note Purchase Agreement discussed above, a copy of which is furnished as Exhibit 99.1 hereto and is incorporated by reference herein.

The information in Item 7.01 of this Current Report on Form 8-K, including the attached Exhibit 99.1, is being "furnished" pursuant to Item 7.01 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any filing, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
10.1	Second Amendment to First Amended and Restated Senior Secured Revolving Credit Agreement dated as of December 15, 2017 by and among SilverBow Resources, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent, the guarantors party thereto and certain lenders party thereto
10.2	Note Purchase Agreement dated as of December 15, 2017 by and among SilverBow Resources, Inc. , as issuer, U.S. Bank National Association, as agent and collateral agent and the purchasers party thereto
10.3	Intercreditor Agreement dated as of December 15, 2017 by and among SilverBow Resources, Inc., as borrower, certain of its subsidiaries, as grantors, JPMorgan Chase Bank, N.A., as first lien administrative agent and U.S. Bank National Association, as second lien collateral agent
99.1	SilverBow Resources, Inc. press release issued December 18, 2017

SIGNATURE

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

Date: December 18, 2017

SilverBow Resources, Inc.

By: /s/ Christopher M. Abundis
Christopher M. Abundis
Senior Vice President, General Counsel and Secretary

(Back To Top)

Section 2: EX-10.1 (EXHIBIT 10.1)

SECOND AMENDMENT TO FIRST AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT

This SECOND AMENDMENT TO FIRST AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT (this "Amendment") dated as of December 15, 2017, is among SILVERBOW RESOURCES, INC. (f/k/a Swift Energy Company), a Delaware corporation (the "Borrower"), the undersigned guarantors (the "Guarantors" and, together with the Borrower, the "Obligors"), JPMORGAN CHASE BANK, N.A., as administrative agent for the Lenders (in such capacity, together with its successors, the "Administrative Agent"), and the Lenders party hereto.

Recitals

A. The Borrower, the Administrative Agent and the Lenders are parties to that certain First Amended and Restated Senior Secured Revolving Credit Agreement dated as of April 19, 2017 (the "Original Credit Agreement"), pursuant to which the Lenders have made certain credit available to and on behalf of the Borrower.

B. Pursuant to the First Amendment to First Amended and Restated Senior Secured Revolving Credit Facility, dated as of November 9, 2017 (the "First Amendment"; the Original Credit Agreement, as amended by the First Amendment, the "Credit Agreement") the Borrower requested and the Administrative Agent and the Lenders agreed subject to the terms and conditions therein to (a) increase the Borrowing Base to $370.0 million, (b) amend certain provisions of the Credit Agreement and (c) without prejudice to the other rights of the Administrative Agent and the Lenders under the Credit Agreement, (i) waive the application of Section 2.08(c) of the Credit Agreement in respect of the issuance of certain Permitted Second Lien Debt (the "Proposed Debt Incurrence") and (ii) in lieu of a reduction to the Borrowing Base pursuant to Section 2.08(c) of the Credit Agreement upon the Proposed Debt Incurrence, reduce the Borrowing Base by $40.0 million upon the Proposed Debt Incurrence.

C. The Borrower has informed the Administrative Agent and the Lenders that it intends to issue senior secured second lien notes in an aggregate principal amount equal to $200,000,000 on the date hereof pursuant to a Note Purchase Agreement, dated as of December 15, 2017, among the borrower, U.S. Bank National Association, as agent and collateral agent for the holders, and the holders from time to time party thereto (the "Note Purchase Agreement").

D. In connection with the foregoing, the Borrower has requested, and the Administrative Agent and the Majority Lenders have agreed subject to the terms and conditions herein to amend certain provisions of the Credit Agreement to permit

certain mandatory prepayment provisions under the Note Purchase Agreement.

E. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term used herein but not otherwise defined herein has the meaning given to such term in the Credit Agreement. Unless otherwise indicated, all section references in this Amendment refer to sections in the Credit Agreement.

Section 2. Amendments to Credit Agreement.

2.1 Amendments to Section 1.02.

(a) The following defined terms are hereby inserted in the Credit Agreement where alphabetically appropriate:

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of December 15, 2017, by and among the Borrower, the other Guarantors, the Administrative Agent and the Second Lien Administrative Agent, as such agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"PV-9" means, as of any date of determination, with respect to the Proved Reserves of any Oil and Gas Properties, the net present value, discounted at nine percent (9%) *per annum*, of the future net revenues expected to accrue to the Loan Parties' collective interest in such Proved Reserves during the remaining expected economic lives of such Proved Reserves calculated in accordance with the most recent bank price deck provided to the Borrower by the Administrative Agent.

"Second Lien Administrative Agent" means U.S. Bank National Association, as agent and collateral agent for the holders under the Specified Permitted Second Lien Debt and any successor agent appointed pursuant to the terms of the Permitted Second Lien Debt Documents.

"Specified Permitted Second Lien Debt" means the Indebtedness issued under that certain Note Purchase Agreement, dated as of December 15, 2017, among the borrower, the Second Lien Administrative Agent, and the holders from time to time party thereto.

"Specified Permitted Second Lien Notes" means the Senior Secured Second Lien Notes due 2024, issued by the Borrower pursuant to the certain Note Purchase Agreement, dated as of December 15, 2017, among the borrower, the Second Lien Administrative Agent, and the holders from time to time party thereto.

(b) Clause (a) of the definition of "Permitted Second Lien Debt" contained in Section 1.02 of the Credit Agreement is hereby amended by inserting the following text at the end of the first parenthetical:

"and the mandatory prepayment provisions under the Specified Permitted Second Lien Debt as in effect on December 15, 2017".

(c) Clause (b) of the definition of "Permitted Second Lien Debt" contained in Section 1.02 of the Credit Agreement is hereby amended by inserting the following text after the last parenthetical:

"; for the avoidance of doubt, the covenants, events of default, guarantees and other terms under the Specified Permitted Second Lien Debt as in effect on December 15, 2017 complies with this clause (b)".

2.2 Amendment to Section 9.04(b). Section 9.04(b) of the Credit Agreement is hereby amended to add the following sentence to the end of Section 9.04(b) of the Credit Agreement: "The Borrower will not, and will not permit any Group Member to, call, make or offer to make any mandatory Redemption of any Specified Permitted Second Lien Debt unless (1) no Default, Event of Default or Borrowing Base Deficiency has occurred and is continuing or would result as a result such Redemption and (2) the Borrowing Base Utilization Percentage as of the date of such Redemption is less than eighty percent (80%) after giving effect to such Redemption".

2.3 Amendments to Section 9.04(c). Section 9.04(c) of the Credit Agreement is hereby amended and restated to read as follows:

"The Borrower will not, and will not permit any other Group Member to amend, modify, waive or otherwise change, consent or agree to any amendment, modification, waiver or other change to any Specified Indebtedness (other than any Specified Permitted Second Lien Debt in respect of clauses (i) and (ii) below) if doing so would (i) increase the rate of interest thereon, (ii) require the payment of a fee (whether, without limitation, a consent fee, arrangement fee or any other fee) unless any such fee paid, when combined with any other such fees and any Investment made in reliance of Section 9.05 (i), does not exceed $5,000,000 or (iii) (A) with respect to Permitted Second Lien Debt or Permitted Unsecured Debt cause such Specified Indebtedness to not meet the requirements set forth in the definition of Permitted Refinancing Indebtedness and Permitted Second Lien Debt or Permitted Unsecured Debt, as applicable (tested as if such Specified Indebtedness were being issued or incurred at such time) and (B) with respect to any other Specified Indebtedness, shorten the average maturity or average life of such Specified Indebtedness. The Borrower will not, and will not permit any other Group Member to amend, modify, waive or otherwise change, consent or agree to any amendment, modification, waiver or other change to any Specified Permitted Second Lien Debt if doing so would not be permitted under the terms of the Intercreditor Agreement."

Section 3. Conditions Precedent. This Amendment shall become effective on the date (such date, the "Amendment Effective Date") when each of the following conditions is satisfied (or waived in accordance with Section 12.02(b) of the Credit Agreement):

3.1 The Administrative Agent and the Lenders shall have received all other fees and other amounts due and payable in connection with this Amendment or any other Loan Document

on or prior to the Amendment Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower pursuant to this Amendment or any other Loan Document.

3.2 The Administrative Agent shall have received a counterpart of this Amendment signed by the Borrower, the Guarantors and the Majority Lenders.

3.3 The Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower certifying as to the representations and warranties in Section 4.2(d) below.

3.4 The Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower certifying that (a) attached thereto is a true, accurate and complete copy of the executed Note Purchase Agreement and the other material Permitted Second Lien Debt Documents entered into in connection with the Note Purchase Agreement and (b) the Specified Permitted Second Lien Notes (as defined pursuant to Section 2.1(a) hereof) is the Proposed Debt Incurrence.

The Administrative Agent is hereby authorized and directed to declare this Amendment to be effective (and the Amendment Effective Date shall occur) when it has received documents confirming or certifying, to the satisfaction of the Administrative Agent, compliance with the conditions set forth in this Section 3 (or the waiver of such conditions as permitted in Section 12.02(b) of the Credit Agreement). Such declaration shall be final, conclusive and binding upon all parties to the Credit Agreement for all purposes.

Section 4. Miscellaneous.

4.1 Confirmation. All of the terms and provisions of the Credit Agreement, as amended and waived by this Amendment, are, and shall remain, in full force and effect following the effectiveness of this Amendment. Neither the execution by the Administrative Agent or the Lenders of this Amendment, nor any other act or omission by the Administrative Agent or the Lenders or their officers in connection herewith, shall be deemed to be an agreement by the Administrative Agent or the Lenders to agree to any future requests.

4.2 Ratification and Affirmation; Representations and Warranties. Each Obligor hereby (a) acknowledges the terms of this Amendment; (b) ratifies and affirms (i) its obligations under, and acknowledges, renews and extends its continued liability under, each Loan Document and agrees that each Loan Document remains in full force and effect as expressly amended hereby and (ii) that the Liens created by the Loan Documents to which it is a party are valid and continuing and secure the Secured Obligations in accordance with the terms thereof, after giving effect to this Amendment; (c) agrees that from and after the Amendment Effective Date (i) each reference to the Credit Agreement in the other Loan Documents shall be deemed to be a reference to the Credit Agreement, as amended by this Amendment and (ii) this Amendment does not constitute a novation of the Credit Agreement; and (d) represents and warrants to the Lenders that as of the date hereof, and immediately after giving effect to the terms of this Amendment: (i) all of the representations and warranties contained in each Loan Document are true and correct in all material respects (unless already qualified by materiality in which case such

applicable representation and warranty shall be true and correct), except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, such representations and warranties shall continue to be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct) as of such specified earlier date, (ii) no Default or Event of Default has occurred and is continuing and (iii) no event, development or circumstance has occurred or exists that has resulted in, or could reasonably be expected to have, a Material Adverse Effect.

4.3 Loan Document. This Amendment is a Loan Document.

4.4 Counterparts. This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

4.5 No Oral Agreement. This Amendment, the Credit Agreement and the other Loan Documents executed in connection herewith and therewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or unwritten oral agreements of the parties. There are no subsequent oral agreements between the parties.

4.6 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. Section 12.09(b)-(d) of the Credit Agreement shall be incorporated herein in *mutatis mutandis*.

4.7 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4.8 No Claims. Each Obligor represents and warrants that as of the date of this Amendment, it has no knowledge of events or circumstances that would reasonably be expected to give rise to a claim against any Lender or the Administrative Agent.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

BORROWER:**SILVERBOW RESOURCES, INC.**

By: /s/ Christopher M. Abundis
Name: Christopher M. Abundis
Title: Senior Vice President, General Counsel and Secretary

GUARANTOR:**SILVERBOW RESOURCES OPERATING, LLC**

By: /s/ Christopher M. Abundis
Name: Christopher M. Abundis
Title: Senior Vice President, General Counsel and Secretary

GUARANTOR:**SILVERBOW RESOURCES USA, INC.**

By: /s/ Christopher M. Abundis
Name: Christopher M. Abundis
Title: Secretary

ADMINISTRATIVE AGENT: **JPMORGAN CHASE BANK, N.A.**, as
Administrative Agent and a Lender

By: /s/ Greg Determann
Name: Greg Determann
Title: Authorized Officer

LENDER: **COMPASS BANK**, as a Lender

By: /s/ Daniel Ferreyra
Name: Daniel Ferreyra
Title: Vice President

Second Amendment to Credit Agreement
Signature Page

LENDER: **SUNTRUST BANK**, as a Lender

By: /s/ Benjamin L. Brown
Name: Benjamin L. Brown
Title: Director

Second Amendment to Credit Agreement
Signature Page

LENDER: **CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH**, as a Lender

By: /s/ Trudy Nelson
Name: Trudy Nelson
Title: Authorized Signatory

By: /s/ Richard Antl
Name: Richard Antl
Title: Authorized Signatory

LENDER: **Fifth Third Bank**, as a Lender

By: /s/ Justin Bellamy
Name: Justin Bellamy
Title: Director

LENDER: **BRANCH BANKING AND TRUST COMPANY**, as a Lender

By: /s/ Ryan K. Michael
Name: Ryan K. Michael
Title: Senior Vice President

Second Amendment to Credit Agreement
Signature Page

LENDER: **COMERICA BANK**, as a Lender

By: /s/ Jason M. Klesel
Name: Jason M. Klesel
Title: Assistant Vice President

Second Amendment to Credit Agreement
Signature Page

LENDER: **CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH**, as a Lender

By: /s/ Nupur Kumar
Name: Nupur Kumar
Title: Authorized Signatory

By: /s/ Christopher Zybrick
Name: Christopher Zybrick
Title: Authorized Signatory

LENDER: **KeyBank, National Association**, as a Lender

By: /s/ George E. McKean
Name: George E. McKean
Title: Senior Vice President

Second Amendment to Credit Agreement
Signature Page

LENDER: **Associated Bank, N.A.**, as a Lender

By: /s/ Brian Caddell
Name: Brian Caddell
Title: Senior Vice President

Second Amendment to Credit Agreement
Signature Page

LENDER: **WHITNEY BANK**, as a Lender

By: /s/ William Jochetz
Name: William Jochetz
Title: Vice President

Second Amendment to Credit Agreement
Signature Page

(Back To Top)

Section 3: EX-10.2 (EXHIBIT 10.2)

SILVERBOW RESOURCES, INC.

SENIOR SECURED SECOND LIEN NOTES DUE 2024

$200,000,000 NOTE PURCHASE AGREEMENT

DATED AS OF
DECEMBER 15, 2017

TABLE OF CONTENTS

SILVERBOW RESOURCES, INC.

This **NOTE PURCHASE AGREEMENT**, dated as of December 15, 2017 (together with any amendments, restatements, supplements or other modifications, the "**Agreement**"), is entered into by and among **SILVERBOW RESOURCES, INC.**, a Delaware corporation (the "**Issuer**");

- EIG GLOBAL PRIVATE DEBT FUND-A, L.P., as a Holder;
- EIG GLOBAL PRIVATE DEBT FUND-A (UL), L.P., as a Holder;
- EIG GLOBAL PRIVATE DEBT FINCO-B (UL), LLC, as a Holder;
- TRILOMA EIG ENERGY INCOME FUND, as a Holder;
- TRILOMA EIG ENERGY INCOME FUND – TERM I, as a Holder;
- ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ L-PD FONDS, as a Holder;
- ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ PK-PD FONDS , as a Holder;
- ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ PKV-PD FONDS , as a Holder;
- ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ SE-PD FONDS , as a Holder;
- ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ V-PD FONDS , as a Holder;
- EIG SUNSUPER CO-INVESTMENT FINCO, LLC, as a Holder;
- FS ENERGY AND POWER FUND, as a Holder; and
- **U.S. BANK NATIONAL ASSOCIATION**, as agent and collateral agent for the Holders (in such capacity, the "**Agent**").

W I T N E S E T H:

In consideration of the mutual covenants and agreements contained herein and the Notes to be purchased by the Holders, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I.

DEFINITIONS AND INTERPRETATION

1.1 **Terms Defined Above**. As used in this Agreement, each term defined above has the meaning indicated above.

1.2 **Definitions**. The following terms used herein, including in the preamble, recitals, exhibits and schedules hereto, shall have the following meanings:

"**ABR**" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1%, and (c) LIBOR 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%; provided that, LIBOR for any day shall be subject to any interest rate floors set forth in the definition therein. Any change in ABR due to a change in the Prime Rate, NYFRB Rate or LIBOR shall be effective from and including the effective date of such change in the Prime Rate, NYFRB Rate or LIBOR, respectively. For the avoidance of doubt, if the ABR shall be less than 2.0%, such rate shall be deemed to be 2.0% for purposes of this Agreement.

"**ABR Note**" means Notes the rate of interest applicable to which is based upon the ABR. For the avoidance of doubt, Notes shall constitute ABR Notes only as set forth in Section 2.15(a).

"**Accepting Holders**" as defined in Section 2.10(e).

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Affiliated Holder**" means a Holder that is an Affiliate of the Issuer or any other Group Member.

"**Affiliated Holder Assignment and Assumption**" as defined in Section 7.10(j).

"**Agent**" as defined in the preamble hereto.

"**Agent's Account**" means an account designated by Agent from time to time as the account into which Note Parties shall make all payments to Agent for the benefit of the Agent and the Holders under this Agreement and the other Note Documents.

"**Agent's Office**" means the "Agent's Office" as set forth on Appendix B or such other office as Agent may from time to time designate in writing to the Issuer and each Holder.

"**Aggregate Amounts Due**" as defined in Section 2.13.

"**Agreement**" as defined in the preamble hereto.

"**Anti-Corruption Laws**" means all laws, rules, and regulations of any jurisdiction applicable to the Issuer or any of its Affiliates from time to time concerning or relating to bribery or corruption.

"**Applicable Margin**" means, for any day, (a) with respect to any Note (other than an ABR Note), a rate per annum equal to the LIBOR plus 7.50% and (b) with respect to any ABR Note, a rate per annum equal to the ABR plus 6.50%.

"**Applicable Office**" means the office through which a Holder's investment in any Note is made.

"**Approved Counterparty**" means with respect to any Swap Agreement (a) any First Lien Lender or any Affiliate of a First Lien Lender, (b) any other Person whose long term senior unsecured debt rating is A-/A3 by S&P or Moody's (or their equivalent) or higher or (c) any other Person consented to by the Requisite Holders (such consent not to be unreasonably withheld, conditioned or delayed), in each case, at the time the applicable Swap Agreement (or any transaction thereunder) is entered into.

"**Approved Petroleum Engineers**" means (a) Netherland, Sewell & Associates, Inc., (b) Ryder Scott Company Petroleum Consultants, L.P., (c) DeGolyer and MacNaughton, (d) Cawley, Gillespie & Associates, Inc., (e) HJ Gruy and Associates and (f) any other independent petroleum engineers proposed by the Issuer and reasonably acceptable to the Requisite Holders (provided that any independent reserve engineer acceptable to the First Lien Administrative Agent shall be deemed acceptable to the Requisite Holders).

"**ASC**" means the Financial Accounting Standards Board Accounting Standards Codification, as in effect from time to time

"**Asset Coverage Ratio**" means, with respect to any date of determination, the ratio of (a) Proved PV-10 as of such date plus Swap Mark-to-Market Value as of such date to (b) the Total Net Indebtedness as of such date.

"**Asset Sale**" means a sale, lease or sublease (as lessor or sublessor), sale and leaseback, assignment, conveyance, license, transfer or other disposition to, or any exchange of property with, any Person, in one transaction or a series of related transactions, of all or any part of any Person's businesses, assets or properties of any kind, whether real, personal, or mixed and whether tangible or intangible, whether now owned or hereafter acquired, including the Equity Interest owned by such Person (in each case of the foregoing, excluding any Casualty Event).

"**Assignment Agreement**" means an Assignment and Assumption Agreement substantially in form of Exhibit H or any other form approved by the Requisite Holders.

"**Bail-In Action**" means 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**" means, 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.

"**Bankruptcy Code**" means The Bankruptcy Reform Act of 1978 as codified as 11 U.S.C. Section 101 *et seq.*, as amended from time to time and any successor statute.

"**Bloomberg**" means Bloomberg Financial Markets.

"**Board**" means the Board of Governors of the Federal Reserve System of the United States of America or any successor Governmental Authority.

"**Board of Directors**" means (a) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board; (b) with respect to a partnership, the Board of Directors of the general partner of the partnership; (c) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and (d) with respect to any other Person, the board or committee of such Person serving a similar function.

"**Borrowing Base**" means, at any particular time, the Dollar amount determined to be the "Borrowing Base" in accordance with the terms of the First Lien Credit Agreement, including any redetermination or adjustment thereof in accordance with the terms of the First Lien Credit Agreement; provided that such Borrowing Base is a conforming commercial banking borrowing base for oil and gas secured loan transactions, as determined by the First Lien Lenders, in accordance with their customary oil and gas lending criteria as they exist at the particular time and in accordance with the First Lien Credit Agreement, including customary mechanisms for periodic redeterminations thereof (it being acknowledged and agreed that the Borrowing Base determined in accordance with the First Lien Credit Agreement as in effect on the date hereof satisfies such standard).

"**Borrowing Base Deficiency**" has the meaning set forth in the First Lien Credit Agreement.

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or Houston, Texas are authorized or required by law to remain closed; and if such day relates to a the issuance of a Note or continuation of, a payment or prepayment of principal of or interest on, or the Interest Period for, a Note or a notice by the Issuer with respect to any such issuance of Notes or continuation, payment, prepayment, conversion or Interest Period, any day which is also a day on which banks are open for dealings in dollar deposits in the London interbank market.

"**Called Principal**" means, with respect to any Note, the amount of principal of such Note that is to be prepaid pursuant to Section 2.9 or Section 2.10 or has become or is declared to be immediately due and payable pursuant to Section 8.2, as the context requires.

"**Capital Lease Obligations**" means, with respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right

to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"**Cash**" means money, currency or a credit balance in any demand or deposit account.

"**Cash Equivalents**" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000; (c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition or (d) repurchase obligations of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government.

"**Casualty Event**" means any loss, casualty or other insured damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any Property of the Issuer or any of its Restricted Subsidiaries having a Fair Market Value (when considered in the aggregate for all such Property subject to the particular event) in excess of $20,000,000.

"**Change in Control**" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person (other than a Permitted Holder) or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof) (other than a group of Permitted Holders) of Equity Interests representing more than 50% of the aggregate issued and outstanding Voting Interests of the Issuer, (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Issuer by Persons who were not (i) directors of the Issuer on the date of this Agreement nor (ii) nominated or appointed by the board of directors of the Issuer, (c) the Issuer shall cease to own and control, of record and beneficially, directly or indirectly, 100% of each class of outstanding Equity Interest of each of its Restricted Subsidiaries (it being understood that the foregoing shall not restrict any Disposition of all the Equity Interests of a Restricted Subsidiary to the extent permitted hereunder) or (d) a Specified Change in Control shall have occurred.

"**Closing Date**" means the date on which all of the conditions precedent set forth in Section 3.1 have been satisfied or waived.

"**Closing Date Certificate**" means a Closing Date Certificate substantially in the form of Exhibit D.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute (except as otherwise provided herein).

"Collateral" means all Property of the Note Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Instrument.

"**Commitment**" means, as to any Holder, the commitment of such Holder to purchase Notes in the manner set forth in Section 2.1. "Commitments" means such commitments of all the Holders in the aggregate. The amount of each Holder's Commitment is set forth on Appendix A.

"**Communications**" as defined in Section 9.7(a).

"**Compliance Certificate**" means a Compliance Certificate substantially in the form of Exhibit C.

"**Confidential Information**" as defined in Section 10.18.

"**Consolidated Net Income**" means with respect to the Issuer and the Consolidated Restricted Subsidiaries, for any period, the aggregate of the net income (or loss) of the Issuer and the Consolidated Restricted Subsidiaries after allowances for taxes for such period determined on a consolidated basis in accordance with GAAP; *provided* that there shall be excluded from such net income (to the extent otherwise included therein) the following: (a) the net income of any Person in which the Issuer or any Consolidated Restricted Subsidiary has an interest (other than a Consolidated Restricted Subsidiary), except to the extent of the amount of dividends or distributions actually paid in cash during such period by such other Person to the Issuer or to a Consolidated Restricted Subsidiary, as the case may be, from such other Person's net income; (b) the net income (but not loss) during such period of any Consolidated Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions or transfers or loans by that Consolidated Restricted Subsidiary is not at the time permitted by operation of the terms of its charter or any agreement, instrument or Governmental Requirement applicable to such Consolidated Restricted Subsidiary or is otherwise restricted or prohibited; (c) the income (or loss) of any Person accrued prior to the date it becomes a Consolidated Restricted Subsidiary of the Issuer or is merged into or consolidated with the Issuer or any of its Consolidated Restricted Subsidiaries; (d) any extraordinary gains or losses or expenses during such period; (e) non-cash gains or losses under FASB ASC Topic 815 resulting from the net change in mark to market portfolio of commodity price risk management activities during that period and (f) any gains or losses attributable to writeups or writedowns of assets, including ceiling test writedowns.

"**Consolidated Restricted Subsidiaries**" means each Restricted Subsidiary of the Issuer (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Issuer in accordance with GAAP.

"**Consolidated Subsidiaries**" means each Subsidiary of the Issuer (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Issuer in accordance with GAAP.

"**Consolidated Total Assets**" means, as of any date of determination, the amount that would, in conformity with GAAP, be set forth opposite the caption "total assets" (or any like caption) on a consolidated balance sheet of the Issuer and the other Group Members.

"Control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. "**Controlling**" and "**Controlled**" have meanings correlative thereto.

"**Control Agreement**" means a deposit account control agreement or securities account control agreement (or similar agreement), as applicable, in form and substance reasonably satisfactory to the Requisite Holders. Such agreement shall provide a second priority perfected Lien (subject only to Permitted Prior Liens) in favor of the Agent, for the benefit of the Secured Parties, in the applicable Note Party's Deposit Account and/or Securities Account.

"**Controlled Account**" means a Deposit Account or Securities Account that is subject to a Control Agreement.

"**Customary Recourse Exceptions**" means, with respect to any Non-Recourse Debt of an Unrestricted Subsidiary, exclusions from the exculpation provisions with respect to such Non-Recourse Debt for the voluntary bankruptcy of such Unrestricted Subsidiary, fraud, misapplication of cash, environmental claims, waste, willful destruction and other circumstances customarily excluded by lenders from exculpation provisions or included in separate indemnification agreements in non-recourse financings.

"**Debtor Relief Laws**" means the Bankruptcy Code of the United States and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"**Declining Holder**" as defined in Section 2.10(e).

"**Default**" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"**Default Rate**" means any interest payable pursuant to Section 2.7(c).

"**Deposit Account**" has the meaning assigned to such term in the UCC.

"**Discharge of First Lien Non-Excluded Obligations**" has the meaning assigned to such term in the Intercreditor Agreement.

"**Discount Letter**" means that certain Letter dated as of the Closing Date between the Issuer, the Holders party thereto and the other parties named therein.

"**Discounted Value**" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal

from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"**Disposition**" means, with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer, casualty, condemnation or other disposition thereof. The terms "**Dispose**" and "**Disposed of**" shall have correlative meanings.

"**Disqualified Capital Stock**" means any Equity Interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event, matures or is mandatorily redeemable for any consideration other than other Equity Interests (which would not constitute Disqualified Capital Stock), pursuant to a sinking fund obligation or otherwise, or is convertible or exchangeable for Indebtedness or redeemable for any consideration other than other Equity Interests (which would not constitute Disqualified Capital Stock) at the option of the holder thereof, in whole or in part, on or prior to the date that is one year after the earlier of (a) the Maturity Date and (b) the date on which there are no Notes or other Obligations outstanding.

"**Dollars**" and the sign "**$**" mean the lawful money of the United States of America.

"**Domestic Subsidiary**" means any Restricted Subsidiary that is organized under the laws of the United States of America or any state thereof or the District of Columbia.

"**Domestic Subsidiary Group Member**" means any Restricted Subsidiary (a) that is organized under the laws of the United States of America or any state thereof or the District of Columbia and (b) that is not a Foreign Group Member.

"**EBITDA**" means, for any period, the sum of Consolidated Net Income for such period plus the following expenses or charges to the extent deducted from Consolidated Net Income in such period: (i) interest, (ii) federal and state income taxes, (iii) depreciation, depletion, amortization and other similar noncash charges, (iv) the amount of non-recurring expenses and charges incurred through December 31, 2017 in an amount not to exceed $10,000,000 in the aggregate per Fiscal Year during such time, including expenses and charges in connection with any operational restructuring, severance, relocation, acquisition, disposition, consolidation of Subsidiaries, Material Acquisition, Material Disposition, Investment, incurrence of Indebtedness and issuance of Equity Interests, (v) any fees, expenses or charges of third parties incurred through September 30, 2016 in connection with the implementation of fresh start accounting, the Chapter 11 Cases, the Plan of Reorganization, the transactions contemplated thereby and any other reorganization items, in an aggregate amount not to exceed $27,500,000 and (vi) any non-cash expenses, charges and impairments, including non-cash impact attributable to the adoption of fresh start accounting in connection with the transactions under the Plan of Reorganization, in accordance with GAAP, minus all noncash income (including cancellation of indebtedness income) added to Consolidated Net Income (excluding any such non cash item to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period); *provided* that any realized cumulative cash gains or losses resulting from the settlement of commodity price risk contracts not included in

Consolidated Net Income shall, to the extent not included, be added to EBITDA in the case of such gains and subtracted from EBITDA in the case of such losses (*provided* that in all events any such realized cumulative cash gains or losses shall be applied in equal monthly installments across the term which would have been in effect had such applicable commodity price risk contract not been settled); *provided further* that for the purposes of calculating EBITDA for any period of four consecutive Fiscal Quarters (each, a "**Reference Period**"), (a) if during such Reference Period (or, in the case of pro forma calculations, during the period from the last day of such Reference Period to and including the date as of which such calculation is made) the Issuer or any Consolidated Restricted Subsidiary shall have made a Material Disposition or Material Acquisition, EBITDA (including Consolidated Net Income) for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Disposition or Material Acquisition by the Issuer or its Consolidated Restricted Subsidiaries occurred on the first day of such Reference Period (with the Reference Period for the purposes of pro forma calculations being the most recent period of four consecutive Fiscal Quarters for which the relevant financial information is available) and (b) if any calculations in the foregoing clause (a) are made on a pro forma basis, such pro forma adjustments are factually supportable and subject to supporting documentation and otherwise acceptable to the Agent. As used in this definition, "**Material Acquisition**" means any acquisition by the Issuer or its Consolidated Restricted Subsidiaries of property or series of related acquisitions of property that involves consideration in excess of $5,000,000, and "**Material Disposition**" means any Disposition or series of related Dispositions that yields gross proceeds to the Issuer or any Consolidated Restricted Subsidiary in excess of $5,000,000. For avoidance of doubt, amounts added back or subtracted from Consolidated Net Income pursuant to this definition shall be without duplication of gains or losses excluded from Consolidated Net Income.

"**EIG**" means EIG Credit Management Company, LLC.

"**Eligible Assignee**" means (a) any Holder, (b) any Related Fund or Affiliate of a Holder and (c) any Institutional Investor (other than any Holder, Related Fund or Affiliate thereof) or other Person in each such case in this clause (c) with the consent of the Issuer, such consent not to be unreasonably withheld, conditioned or delayed; provided that the parties hereto acknowledge that the Issuer's refusal to provide such consent with respect to any Institutional Investor that is either an activist fund or a distressed fund shall be deemed to be reasonable; provided further that (i) if an Event of Default has occurred and is continuing, the consent of the Issuer will not be required and (ii) the Issuer shall be deemed to have consented to any such Person unless it shall object thereto by written notice to the Agent within ten (10) Business Days after having received written notice thereof.

"**EEA Financial Institution**" means (a) any institution 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 institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Environmental Laws**" means all Governmental Requirements relating to the environment, the preservation or reclamation of natural resources, the regulation or management of any harmful or deleterious substances, or to health and safety as it relates to environmental protection or exposure to harmful or deleterious substances.

"**Environmental Permit**" means any permit, registration, license, notice, approval, consent, exemption, variance, or other authorization required under or issued pursuant to applicable Environmental Laws.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such Equity Interest.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute.

"**ERISA Affiliate**" means any entity (whether or not incorporated) which together with the Issuer or a Subsidiary would be treated as a single employer under Section 4001(b)(1) of ERISA or Section 414(b) or (c) of the Code or, for purposes of provisions relating to Section 412 of the Code and Section 302 of ERISA, Section 414 (m) or (o) of the Code.

"**ERISA Event**" means (a) a Reportable Event, (b) the withdrawal of the Issuer, any other Group Member or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA, (c) a complete or partial withdrawal by the Issuer, any other Group Member or any ERISA Affiliate from a Multiemployer Plan; (d) the filing (or the receipt by any Group Member or any ERISA Affiliate) of a notice of intent to terminate a Plan under Section 4041(c) of ERISA or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, (e) the institution of proceedings to terminate a Plan by the PBGC, (f) the receipt by any Group Member or any ERISA Affiliate of a notice of withdrawal liability pursuant to Section 4202 of ERISA, (g) any other event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or the incurrence by any Group Member or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan, including but not limited to the imposition of any Lien in favor of the PBGC, (h) on and after the effectiveness of the Pension Act, a determination that a Plan is, or would be expected to be, in "at risk" status (as defined in 303(i)(4) of ERISA or 430(i)(4) of the Code) or (i) the failure of any Group Member or any ERISA Affiliate to make by its due date, after expiration of any applicable

grace period, a required installment under Section 430(j) of the Code with respect to any Plan or any failure by any Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, whether or not waived, or the failure by the Issuer, any other Group Member or any of their respective ERISA Affiliates to make any required contribution to a Multiemployer Plan.

"**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**" as defined in Section 8.1.

"**Excepted Liens**" means: (a) Liens for Taxes, assessments or other governmental charges or levies which are not delinquent or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP; (b) Liens in connection with workers' compensation, unemployment insurance or other social security, old age pension or public liability obligations which are not delinquent or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP; (c) statutory landlord's liens, operators', vendors', carriers', warehousemen's, repairmen's, mechanics', suppliers', workers', materialmen's, construction or other like Liens arising by operation of law in the ordinary course of business or incident to the exploration, development, operation and maintenance of Oil and Gas Properties each of which is in respect of obligations that are not delinquent or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP; (d) contractual 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, 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, 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, in each case, which are usual and customary in the oil and gas business and are for claims which are not delinquent or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP, provided that any such Lien referred to in this clause does not materially impair (i) the use of the Property covered by such Lien for the purposes for which such Property is held by the Issuer or any other Group Member or (ii) the value of such Property subject thereto; (e) Liens arising by virtue of any statutory or common law provision or customary deposit account terms relating to banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution, provided that no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board and no such deposit account is intended by Issuer or any other Group Member to provide collateral to the depository institution; (f) zoning and land use requirements, easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations in any Property of the Issuer or any other Group Member for the purpose of roads, pipelines, transmission lines, transportation lines, distribution

lines for the removal of gas, oil, coal or other minerals or timber, and other like purposes, or for the joint or common use of real estate, rights of way, facilities and equipment, that do not secure any monetary obligations and which in the aggregate do not materially impair (i) the use of such Property for the purposes of which such Property is held by the Issuer or any other Group Member or (ii) the value of such Property subject thereto; (g) Liens on cash or securities pledged to secure performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature, in each case, incurred in the ordinary course of business; (h) judgment and attachment Liens not giving rise to an Event of Default, provided that any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired and no action to enforce such Lien has been commenced; (i) Liens, titles and interests of lessors of personal Property leased by such lessors to the Issuer or any other Group Member, restrictions and prohibitions on encumbrances and transferability with respect to such Property and the Issuer's or such Group Member's interests therein imposed by such leases, and Liens and encumbrances encumbering such lessors' titles and interests in such Property and to which the Issuer's or such Group Member's leasehold interests may be subject or subordinate, in each case, whether or not evidenced by UCC financing statement filings or other documents of record; provided that such Liens do not secure Indebtedness of the Issuer or any other Group Member and do not encumber Property of the Issuer or any other Group Member other than the Property that is the subject of such leases; and (j) Liens, titles and interests of licensors of software and other intangible personal Property licensed by such licensors to the Issuer or any other Group Member, restrictions and prohibitions on encumbrances and transferability with respect to such Property and the Issuer's or such Group Member's interests therein imposed by such licenses, and Liens and encumbrances encumbering such licensors' titles and interests in such Property and to which the Issuer's or such Group Member's license interests may be subject or subordinate, in each case, whether or not evidenced by UCC financing statement filings or other documents of record; provided that such Liens do not secure Indebtedness of the Issuer or any other Group Member and do not encumber Property of the Issuer or any other Group Member other than the Property that is the subject of such licenses; provided, further that Liens described in clauses (a) through (e) shall remain "Excepted Liens" only for so long as no action to enforce such Lien has been commenced and no intention to subordinate the Liens granted in favor of the Agent is to be hereby implied or expressed by the permitted existence of any Excepted Liens.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"**Excluded Accounts**" means (a) each account all or substantially all of the deposits in which consist of amounts utilized to fund payroll, employee benefit or tax obligations of the Issuer and its Subsidiaries, (b) fiduciary accounts, (c) to the extent necessary or desirable to comply with the terms of a binding purchase agreement, escrow accounts holding amounts on deposit in connection with a binding purchase agreement to the extent that and for so long as such amounts are refundable to the buyer, (d) "zero balance" accounts and (e) other accounts so long as the aggregate average daily maximum balance in any such other account over a 30-day period does not at any time exceed

$2,500,000; provided that the aggregate daily maximum balance for all such bank accounts excluded pursuant to this clause (d) on any day shall not exceed $5,000,000.

"**Excluded Taxes**" as defined in Section 2.14(b).

"**Exposure**" means, with respect to any Holder, as of any date of determination, the outstanding principal amount of the Notes held by such Holder.

"**Fair Market Value**" means, 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 or assets 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.

"**FATCA**" means 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) and any current or future regulations or official interpretations thereof and any treaties or intergovernmental agreements entered into to implement the foregoing (together with any law, regulation or official guidance implementing such agreements).

"**FCPA**" means the Foreign Corrupt Practices Act of 1977, as amended.

"**Federal Funds Effective Rate**" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate; provided, that if the foregoing rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"**Fee Letter**" means that certain Fee Letter dated as of the Closing Date between the Issuer, EIG and the other parties named therein.

"**Financial Officer**" means, for any Person, the chief executive officer, chief financial officer, principal accounting officer or treasurer of such Person or a Person holding a similar role or who is designated in writing as a "Financial Officer" by another Financial Officer. Unless otherwise specified, all references herein to a Financial Officer mean a Financial Officer of the Issuer.

"**First Lien Administrative Agent**" means JPMorgan Chase Bank, N.A., in its capacity as "Administrative Agent" under and as defined in the First Lien Credit Agreement (or any successor thereto appointed pursuant to Section 11.06 of the First Lien Credit Agreement) or the administrative agent under a Permitted Revolver Refinancing First Lien Credit Agreement, in each case subject to the requirements of Section 7.2(k).

"**First Lien Credit Agreement**" means that certain First Amended and Restated Senior Secured Revolving Credit Agreement, dated as of April 19, 2017, among the Issuer, the First Lien

Administrative Agent and the lenders party thereto, as the same may be amended, restated, modified, or supplemented from time to time, in each case, subject to the Intercreditor Agreement.

"**First Lien Credit Facility**" means the first lien reserve based revolving credit facility established pursuant to the First Lien Credit Agreement or any first lien reserve based credit facility established pursuant to a Permitted Revolver Refinancing First Lien Credit Agreement.

"**First Lien Lender**" means a "Lender" as defined in the First Lien Credit Agreement or any functionally equivalent term in a Permitted Revolver Refinancing First Lien Credit Agreement.

"**First Lien Loan Documents**" means the "Loan Documents" as defined in the First Lien Credit Agreement or any functionally equivalent term in a Permitted Revolver Refinancing First Lien Credit Agreement.

"**First Lien Secured Obligations**" means the "Secured Obligations" as defined in the First Lien Loan Documents or any functionally equivalent term under a Permitted Revolver Refinancing First Lien Credit Agreement that describes obligations thereunder that are secured by a Lien on Collateral that is prior to the Liens on the Collateral securing Notes issued pursuant to this Agreement.

"**First Offer**" as defined in Section 2.10(e).

"**First Offer Deadline**" as defined in Section 2.10(e).

"**Fiscal Quarter**" means each fiscal quarter for accounting and tax purposes, ending on the last day of each March, June, September and December.

"**Fiscal Year**" means each fiscal year for accounting and tax purposes, ending on December 31 of each year.

"**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, (d) the Flood Insurance Reform Act of 2004 and (e) the Biggert Waters Flood Reform Act of 2012, and any regulations promulgated thereunder.

"**Foreign Group Member**" means, any Group Member that is a Subsidiary of the Issuer which (a) is not organized under the laws of the United States of America or any state thereof or the District of Columbia or (b) is a FSHCO.

"**FSHCO**" means (a) any Subsidiary substantially all of the assets of which consist of Equity Interests in one or more Subsidiaries that are "controlled foreign corporations" within the meaning of Section 957 of the Code and (b) Swift Energy International, LLC.

"**GAAP**" means generally accepted accounting principles in the United States of America as in effect from time to time subject to the terms and conditions set forth in Section 1.3; *provided* that the accounting for operating leases and Capital Leases Obligations 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 Lease Obligations (it being understood, for avoidance of doubt, that no operating leases, or obligations in respect of operating leases, shall be treated as Capital Lease Obligations, respectively, hereunder).

"**Governmental Authority**" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"**Governmental Requirement**" means any law (including common law), statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other directive or requirement, whether now or hereinafter in effect, including energy regulations and occupational, safety and health standards or controls, of any Governmental Authority.

"**Group Members**" means the collective reference to the Issuer and its Restricted Subsidiaries.

"**Guarantee and Collateral Agreement**" means the Second Lien Guarantee and Collateral Agreement, dated as of the Closing Date, as the same may be amended, modified or supplemented from time to time.

"**Guarantors**" means:

(a) SilverBow Resources Operating, LLC,

(b) SilverBow Resources USA, Inc.,

(c) each other Domestic Subsidiary Group Member that is a Material Subsidiary, that guarantees or otherwise becomes obligated with respect to Indebtedness incurred in reliance on Section 7.2(k) or (l), and

(d) any other Group Member that guarantees the Obligations at the election of the Issuer.

"**Hazardous Material**" means any chemical, compound, material, product, byproduct, substance or waste that is defined, regulated or otherwise classified as a "hazardous substance," "hazardous material," "hazardous waste," "solid waste," "toxic waste," "extremely hazardous substance," "toxic substance," "contaminant," "pollutant," or words of similar meaning under any applicable Environmental Law, and for the avoidance of doubt includes Hydrocarbons, radioactive materials, explosives, asbestos or asbestos containing materials, polychlorinated biphenyls, radon, and infectious or medical wastes.

"**Hedge Receipts**" means any Cash received by or paid to or for the account of any Note Party pursuant to any Unwind of any Swap Agreement in respect of commodities after giving effect

to any netting agreements, and excluding in any event any regularly scheduled settlement payments and any payments applied towards amounts outstanding under the First Lien Credit Facility to (a) eliminate any Borrowing Base Deficiency, in an amount equal to such Borrowing Base Deficiency or (b) pay other amounts due under the First Lien Credit Facility.

"**Highest Lawful Rate**" means, as to any Holder, at the particular time in question, the maximum non-usurious rate of interest which, under applicable law, such Holder is then permitted to contract for, charge or collect from the Issuer on the Notes or the other obligations of the Issuer hereunder, and as to any other Person, at the particular time in question, the maximum non-usurious rate of interest which, under applicable law, such Person is then permitted to contract for, charge or collect with respect to the obligation in question. If the maximum rate of interest which, under applicable law, the Holders are permitted to contract for, charge or collect from the Issuer on the Notes or the other obligations of the Issuer hereunder shall change after the date hereof, the Highest Lawful Rate shall be automatically increased or decreased, as the case may be, as of the effective time of such change without notice to the Issuer or any other Person.

"**Holders**" means each Person listed on the signature pages hereto as a Holder, and any other Person that becomes a party hereto as a Holder pursuant to an Assignment Agreement, other than any such Person that ceases to be a party hereto as a Holder pursuant to an Assignment Agreement.

"**Hydrocarbon Interests**" means all rights, titles, interests and estates now or hereafter acquired in and to oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases, mineral fee interests, overriding royalty and royalty interests, net profit interests and production payment interests, including any reserved or residual interests of whatever nature. Unless otherwise indicated herein, each reference to the term "**Hydrocarbon Interests**" shall mean Hydrocarbon Interests of the Issuer or any other Group Member, as the context requires.

"**Hydrocarbons**" means all oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and all products refined or separated therefrom and all other minerals which may be produced and saved from or attributable to the Oil and Gas Properties of any Person, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests or other properties constituting Oil and Gas Properties.

"**Increased Facility Activation Date**" means any Business Day on which the Issuer and any Holder shall execute and deliver to the Agent an Increased Facility Activation Notice pursuant to Section 2.2(a).

"**Increased Facility Activation Notice**" means a notice substantially in the form of Exhibit E.

"**Increased Facility Closing Date**" means any Business Day designated as such in an Increased Facility Activation Notice.

"**Incremental Amount**" means $100,000,000.

"Incremental Notes" as defined in Section 2.2(a).

"**Indebtedness**" means, for any Person, the sum of the following (without duplication): (a) all obligations of such Person for borrowed money or evidenced by bonds, bankers' acceptances, debentures, notes or other similar instruments; (b) all obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bank guarantees, surety or other bonds and similar instruments; (c) all accounts payable and all accrued expenses, liabilities or other obligations of such Person to pay the deferred purchase price of Property or services (including insurance premium payables) that are one hundred twenty (120) days past the date of invoice, other than those which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP; (d) all Capital Lease Obligations; (e) all Indebtedness (as defined in the other clauses of this definition) of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on any Property of such Person, whether or not such Indebtedness is assumed by such Person; (f) all Indebtedness (as defined in the other clauses of this definition) of others guaranteed by such Person or in which such Person otherwise assures a creditor against loss of the Indebtedness (howsoever such assurance shall be made) to the extent of the lesser of the amount of such Indebtedness and the maximum stated amount of such guarantee or assurance against loss; (g) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or covenants of others or to purchase the Indebtedness or Property of others; (h) [reserved]; (i) all obligations of such Person under take/ship or pay contracts if any goods or services are not actually received or utilized by such Person; (j) any Indebtedness of a partnership for which such Person is liable either by agreement, by operation of law or by a Governmental Requirement but only to the extent of such liability; (k) Disqualified Capital Stock (for purposes hereof, the amount of any Disqualified Capital Stock shall be its liquidation value and, without duplication, the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase in respect of Disqualified Capital Stock); (l) net Swap Obligations of such Person (for purposes hereof, the amount of any net Swap Obligations on any date shall be deemed to be the Swap Termination Value thereof as of such date) and (m) the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment. The Indebtedness of any Person shall include all obligations of such Person of the character described above to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is not included as a liability of such Person under GAAP.

"**Indemnified Liabilities**" means, collectively, any and all liabilities, obligations, losses, damages, penalties, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable and documented fees and disbursements of counsel which shall be limited to one firm of counsel for all Indemnitees, taken as a whole, an additional firm of counsel to the Agent, and a single local counsel in each appropriate jurisdiction for all Indemnitees, taken as a whole (and in the case of an actual or reasonably perceived conflict of interest, another firm of counsel in each relevant jurisdiction to the affected indemnified persons similarly situated taken as a whole)), whether direct, indirect or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and Environmental Laws), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in any

manner relating to or arising out of (a) this Agreement or the other Note Documents or the transactions contemplated hereby or thereby (including the Holders' agreement to make Note Purchases or the use or intended use of the proceeds thereof, or any enforcement of any of the Note Documents (including any sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guarantee and Collateral Agreement)); (b) in connection with any investigative, administrative or judicial proceeding commenced or threatened by any Person, and any reasonable fees or expenses incurred by such Indemnitees in enforcing the indemnity under Section 10.3(a); or (c) any environmental claim against, or any past or present activity, operation, land ownership, or practice of, the Issuer or any of its Restricted Subsidiaries or on any of their respective Properties. Notwithstanding the foregoing, Indemnified Liabilities shall not include Taxes other than any Taxes that represent liabilities arising from any non-Tax claim.

"**Indemnified Taxes**" means Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any Obligation of any Note Party under any Note Document.

"**Indemnitee**" as defined in Section 10.3(a).

"**Initial Financial Statements**" means (a) Issuer's audited consolidated and consolidating annual financial statements as of December 31, 2016 and (b) Issuer's unaudited consolidated and consolidating quarterly financial statements as of September 30, 2017.

"**Initial Note**" means any Note purchased by any Holder pursuant to Section 2.1, as may be evidenced by a promissory note in the form of Exhibit B.

"**Initial Reserve Report**" means an internally prepared report of the Issuer dated as of September 30, 2017, with respect to certain Oil and Gas Properties of the Issuer and the other Group Members as of June 30, 2017.

"**Institutional Investor**" means (a) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form and (b) any other Person that is a Qualified Institutional Buyer (as defined in Rule 144A promulgated under the Securities Act, as presently in effect) to the extent such Person would not reasonably be considered a competitor or Affiliate of the Issuer.

"**Intercreditor Agreement**" means that certain Intercreditor Agreement, dated as of December 15, 2017, by and among the Issuer, the other Note Parties, the Agent and the First Lien Administrative Agent, as such agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"**Interest**" as defined in Section 2.7(a).

"**Interest Payment Date**" means (a) each Quarterly Date and (b) the Maturity Date.

"**Interest Period**" means (a) with respect to any Initial Notes, (i) from and including the Closing Date to the next Quarterly Date, and (ii) thereafter, from each Quarterly Date to the next

Quarterly Date and (b) with respect to any Incremental Notes, (i) from and including the issuance date of such Incremental Notes, as applicable, to the next Quarterly Date and (ii) thereafter, from each Quarterly Date to the next Quarterly Date.

"**Investment**" means, for any Person: (a) the acquisition (whether for cash, Property, services or securities or otherwise) of Equity Interests of any other Person or any agreement to make any such acquisition (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such short sale); (b) the making of any deposit with, or advance, loan or capital contribution to, assumption of Indebtedness of, purchase or other acquisition of any other Indebtedness of, or equity participation or interest in, or other extension of credit to, any other Person (including the purchase of Property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such Property to such Person, but excluding any such advance, loan or extension of credit having a term not exceeding ninety (90) days representing the purchase price of inventory, goods, supplies or services sold by such Person in the ordinary course of business); or (c) the entering into of any guarantee of, or other contingent obligation (including the deposit of any Equity Interests to be sold) with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person.

"**IRS**" as defined in Section 2.14(e).

"**Issuer**" as defined in the preamble hereto.

"**LIBOR**" means, with respect to any Interest Period, the greater of (a) the three-month rate appearing on Bloomberg screen page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, 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 (the "**LIBO Screen Rate**") and (b) one percent (1.0%) per annum.

"**LIBO Screen Rate**" has the meaning set forth in the definition of "LIBOR".

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including but not limited to (a) the lien or security interest arising from a mortgage, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes or (b) production payments and the like payable out of Oil and Gas Properties. The term "Lien" shall include easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations, including if they burden Property to the extent they secure an obligation owed to a Person other than the owner of the Property. For the purposes of this Agreement, the Issuer and the other Group Members shall be deemed to be the owner of any Property which they have acquired or hold subject to a conditional sale agreement, or leases under a financing lease or other arrangement

pursuant to which title to the Property has been retained by or vested in some other Person in a transaction intended to create a financing.

"**Make-Whole Amount**" means, with respect to the Called Principal of any Note, an amount equal to the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note, provided that the Make-Whole Amount shall in no event be less than zero.

"**Make-Whole Expiry Date**" as defined in Section 2.12(g).

"**Material Adverse Effect**" means a material adverse change in, or material adverse effect on (a) the business, operations, Property, condition (financial or otherwise) of the Issuer and the other Group Members taken as a whole, (b) the ability of the Issuer or any other Note Party to perform any of its obligations under any Note Document, (c) the validity or enforceability of any Note Document or (d) the rights and remedies of or benefits available to the Agent or Holder under any Note Document.

"**Material Indebtedness**" means Indebtedness (other than the Notes) of any one or more Group Member in an aggregate principal amount exceeding $15,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Group Member in respect of any Swap Agreement at any time shall be the Swap Termination Value.

"**Material Subsidiary**" means, at any date of determination, each Restricted Subsidiary of the Issuer (a) whose Total Assets (when combined with the assets of such Restricted Subsidiary's Subsidiaries) at the last day of the most recent Fiscal Quarter of the Issuer for which financial statements were required to be delivered pursuant to Section 6.1 were equal to or greater than five percent (5.0%) of the Consolidated Total Assets of the Issuer and the Restricted Subsidiaries at such date or (b) whose revenues (when combined with the revenues of such Restricted Subsidiary's Subsidiaries) at the last day of the most recent Fiscal Quarter of the Issuer for which financial statements were required to be delivered pursuant to Section 6.1 were equal to or greater than five percent (5.0%) of the consolidated revenues of the Issuer and the Restricted Subsidiaries at the last day of the most recent Fiscal Quarter of the Issuer for which financial statements were required to be delivered pursuant to Section 6.1, in each case determined in accordance with GAAP; *provided* that if, at any time and from time to time after the Closing Date, Restricted Subsidiaries that are not Material Subsidiaries have, in the aggregate, (i) Total Assets (when combined with the assets of such Restricted Subsidiary's Subsidiaries) as of the last day of such Fiscal Quarter that equal, or exceed, seven and a half percent (7.5%) of the Consolidated Total Assets of the Issuer and the Restricted Subsidiaries as of such date or (ii) revenues (when combined with the revenues of such Restricted Subsidiary's Subsidiaries) during such period that equal or exceed seven and a half percent (7.5%) of the consolidated revenues of the Issuer and the Restricted Subsidiaries for such period, in each case, determined in accordance with GAAP, then the term "Material Subsidiary" shall include each such Restricted Subsidiary (starting with the Restricted Subsidiary that accounts for the most revenues or Consolidated Total Assets and then in descending order) necessary to account for at least 92.5% of the consolidated gross revenues and 92.5% of the Consolidated Total Assets, each as described in the previous sentence, so that the remaining non-Material Subsidiaries no longer satisfy such condition.

"**Maturity Date**" means the earlier of (a) December 15, 2024 and (b) the date that all Notes shall become due and payable in full hereunder, whether by acceleration or otherwise.

"**Mortgage Deadline**" is defined in Section 6.13(a).

"**Minimum Mortgage Requirement**" is defined in Section 6.13(a).

"**Moody's**" means Moody's Investor Services, Inc. and any successor thereto that is a nationally recognized rating agency.

"**Mortgage**" means each of the mortgages or deeds of trust executed by any one or more Note Parties for the benefit of the Secured Parties as security for the Obligations, together with any supplements, modifications or amendments thereto and assumptions or assignments of the obligations thereunder by any Note Party. "**Mortgages**" shall mean all of such Mortgages collectively.

"**Mortgaged Property**" means any Property owned by any Note Party which is subject to the Liens existing and to exist under the terms of the Security Instruments.

"**Multiemployer Plan**" means a multiemployer plan as defined in Section 3(37) or 4001(a)(3) of ERISA.

"**Net Asset Sale Proceeds**" means, with respect to any Asset Sale, an amount equal to: (a) the sum of Cash payments and Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries from such Asset Sale (including any Cash or Cash Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) or, if after giving effect to such Asset Sale, the Issuer is required to prepay the Loans pursuant to Section 2.10(a)(i)(A), all consideration received by the Issuer or any of its Restricted Subsidiaries, minus (b) any bona fide costs and expenses (including, without limitation, legal, accounting and investment banking fees, and sales commissions) incurred in connection with such Asset Sale, including income or gains Taxes paid or payable as a result of such Asset Sale (after taking into account any available tax credits or deductions and any tax-sharing arrangements) or reserves taken in respect of Taxes arising as a result thereof, (c) a reasonable reserve for any indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of such Asset Sale undertaken by the Issuer or any other Note Party in connection with such Asset Sale; provided that upon release of any such reserve, the amount released shall be considered Net Asset Sale Proceeds, (d) any other reasonable fees, costs and expenses payable by the Issuer or any other Note Party in connection with such Asset Sale, (e) payments applied toward amounts outstanding under Indebtedness (other than the Notes and First Lien Credit Facility) to the extent that it is secured by a Lien that is prior to the Lien created by the Security Instruments on the assets that are the subject of such Asset Sale and which must be repaid as a result of such Asset Sale and (f) payments applied towards amounts outstanding under the First Lien Credit Facility to (i) eliminate any Borrowing Base Deficiency, in an amount equal to such Borrowing Base Deficiency or (ii) pay other amounts due under the First Lien Credit Facility.

"**Net Insurance/Condemnation Proceeds**" means an amount equal to: (a) any Cash payments or Cash proceeds received by the Issuer or any of its Restricted Subsidiaries (i) under any casualty insurance policies in respect of any covered loss thereunder that constitutes a Casualty Event or (ii) as a result of the taking of any assets of the Issuer or any of its Restricted Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power directly under threat of such a taking in lieu thereof, in the aggregate having a Fair Market Value in excess of $25,000,000, minus (b)(i) any actual and reasonable costs incurred by the Issuer or any of its Restricted Subsidiaries in connection with the adjustment or settlement of any claims of the Issuer or any of its Restricted Subsidiaries in respect thereof, (ii) amounts expended to repair and/or replace Property subject to such casualty, (iii) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (a)(ii) of this definition, including income or gains Taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax-sharing arrangements) or reserves taken in respect of Taxes arising as a result thereof, (iv) payments applied to any Indebtedness (other than the Notes) which is secured by a Lien upon any of the assets subject to such casualty and which much be repaid as a result of such casualty, (v) payments applied toward amounts outstanding under Indebtedness (other than the Notes and First Lien Credit Facility) to the extent that it is secured by a Lien that is prior to the Lien created by the Security Instruments on the assets that are the subject of such Asset Sale and which must be repaid as a result of such Asset Sale and (vi) payments applied towards amounts outstanding under the First Lien Credit Facility to(A) eliminate any Borrowing Base Deficiency, in an amount equal to such Borrowing Base Deficiency or(B) pay other amounts due under the First Lien Credit Facility.

"New Holder" as defined in Section 2.2(b).

"New Holder Supplement" as defined in Section 2.2(b).

"**Non-Recourse Debt**" means Indebtedness:

(a) as to which neither the Issuer nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise, except for Customary Recourse Exceptions; and

(b) as to which the lenders have been notified in writing that they will not have any recourse to the Equity Interest or assets of Issuer or any of its Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary), except for Customary Recourse Exceptions.

"**Non-U.S. Holder**" means a Holder that is not a U.S. Person.

"**Note Document**" means any of this Agreement, the Notes, the Security Instruments and all other certificates, documents, instruments or agreements executed and delivered by a Note Party for the benefit of Agent or any Holder in connection herewith or pursuant to any of the foregoing. Any reference in this Agreement or any other Note Document to a Note Document shall include all appendices, exhibits and schedules thereto, and all amendments, restatements, waivers, supplements or other modifications thereto.

"**Note Party**" means the Issuer and each Guarantor.

"**Note Purchase**" means a purchase by the Holders of Notes pursuant to Section 2.1.

"**Note Purchase Notice**" means a written notice by the Issuer that it will issue Notes hereunder, which Note Purchase Notice (a) sets forth the principal amount of Notes to be issued, (b) is accompanied by a general description of the anticipated use of the proceeds of such issuance, (c) contains the information required by Section 2.4 and (d) is substantially in the form of Exhibit A or such other form satisfactory to the Requisite Holders.

"**Notes**" means, collectively, the Initial Notes together with any Incremental Notes which may from time to time be issued pursuant to Section 2.2, as may be evidenced by a promissory note in the form of Exhibit B or such other form satisfactory to the Requisite Holders (such term shall also include any such notes in substitution therefore pursuant to Section 10.29 of this Agreement).

"**NYFRB**" means the Federal Reserve Bank of New York.

"**NYFRB Rate**" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Agent from a federal funds broker of recognized standing selected by the Agent in consultation with the Requisite Holders; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"NYMEX Pricing" shall mean, as of any date of determination with respect to any month (a) for crude oil, the closing settlement price for the WTI Light, Sweet Crude Oil futures contract for each month, and (b) for natural gas, the closing settlement price for the Henry Hub Natural Gas futures contract for such month, in each case as reported by Bloomberg or any successor thereto (as such pricing may be corrected or revised from time to time by Bloomberg in accordance with its rules and regulations and customary practice), or if not reported by Bloomberg or any successor thereto, as published by New York Mercantile Exchange (NYMEX) on its website currently located at www.nymex.com or any successor thereto.

"**Obligations**" means all liabilities and obligations of every type of each Note Party from time to time owed to Agent (including any former Agent), the Holders, any Indemnitee, or any of them, in each case, under any Note Document to which it is a party, whether for principal, interest (including, without limitation, interest accruing at any post-default rate and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, expenses, penalties, premiums (including, without limitation, any Make-Whole Amounts), reimbursements, indemnification or otherwise and whether primary, secondary, direct, indirect, contingent, fixed or otherwise (including obligations of performance) and all renewals, extensions and/or rearrangements of any of the above.

"**OFAC**" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"**Oil and Gas Properties**" means (a) Hydrocarbon Interests; (b) the Properties now or hereafter pooled or unitized with Hydrocarbon Interests; (c) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby (including all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests; (d) all operating agreements, contracts and other agreements, including production sharing contracts and agreements, which relate to any of the Hydrocarbon Interests or the production, sale, purchase, exchange or processing of Hydrocarbons from or attributable to such Hydrocarbon Interests; (e) all Hydrocarbons in and under and which may be produced and saved or attributable to the Hydrocarbon Interests, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests; (f) all tenements, hereditaments, appurtenances and Properties in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests and (g) all Properties, rights, titles, interests and estates described or referred to above, including any and all Property, real or personal, now owned or hereinafter acquired and situated upon, used, held for use or useful in connection with the operating, working or development of any of such Hydrocarbon Interests or Property (excluding drilling rigs, automotive equipment, rental equipment or other personal Property which may be on such premises for the purpose of drilling a well or for other similar temporary uses) and including any and all oil wells, gas wells, injection wells or other wells, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, 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.

"**Olmos Disposition**" means to the Issuer's divestiture of the Group Members' interest in the AWP Olmos Field that includes approximately 29,352 net acres and 491 wells in McMullen County, Texas initially listed for sale in December 2017.

"**Organizational Documents**" means (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to such corporation's jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"**Other Connection Taxes**" means with respect to the Agent or any Holder, Taxes imposed as a result of a present or former connection between the Agent or such Holder, as applicable, and the jurisdiction imposing such Tax (other than connections arising from the Agent or such Holder, as applicable, having executed, delivered, become a party to, performed its obligations under,

received payments under, received or perfected a security interest under, or sold or assigned any interest in any Note).

"**Other Taxes**" means any and all present or future stamp, registration, recording, filing, court or documentary or similar Taxes, fees, charges or similar levies arising from any payment made hereunder or from the execution, delivery, performance, or enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to or in connection with, any Note Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"**Overnight Bank Funding Rate**" means, for any day, the rate comprised of both overnight federal funds and overnight LIBOR borrowings by U.S.-managed banking offices of depository institutions, (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

"**Participant**" as defined in Section 10.7(g).

"**Participant Register**" as defined in Section 10.7(g).

"**Payment in Full**" means (a) the irrevocable payment in full in cash of all principal, interest (including interest accruing during the pendency of an insolvency or liquidation proceeding, regardless of whether allowed or allowable in such insolvency or liquidation proceeding) and premium (including any Make-Whole Amount), if any, on all Notes outstanding under this Agreement, (b) the irrevocable payment in full in cash in respect of all other obligations or amounts that are outstanding under this Agreement (other than indemnity obligations for which notice of potential claim has not been given), and (c) the termination of all Commitments under this Agreement.

"**PBGC**" means the Pension Benefit Guaranty Corporation or any successor thereto.

"**Pension Act**" means the Pension Protection Act of 2006, as it presently exists or as it may be amended from time to time, or any successor thereto.

"**Perfection Certificate**" means a perfection certificate substantially in the form of Exhibit J.

"**Permitted Holder**" means any Person that, on the Closing Date, is the beneficial owner, together with any of its Affiliates (but excluding any operating portfolio companies of the foregoing Persons), of Equity Interests representing 35% or more of the aggregate Voting Interests of the Issuer at such time.

"**Permitted Prior Liens**" means each Liens permitted under Sections 7.3(b) (other than Liens identified in clause (h) of the definition Excepted Liens and subject to the provisos at the end of such definition), 7.3(c) and 7.3(d).

"**Permitted Recipients**" as defined in Section 10.18.

"**Permitted Refinancing Indebtedness**" means Indebtedness (for purposes of this definition, "**New Debt**") incurred in exchange for, or proceeds of which are used to refinance, all of any other Indebtedness (the "**Refinanced Indebtedness**"); *provided* that:

(a) such New Debt is in an aggregate principal amount not in excess of the sum of (i) the aggregate principal amount then outstanding of the Refinanced Indebtedness (or, if the Refinanced Indebtedness is exchanged or acquired for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration thereof, such lesser amount) and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such exchange or refinancing,

(b) such New Debt has a stated maturity no earlier than the stated maturity of the Refinanced Indebtedness and an average life no shorter than the average life of the Refinanced Indebtedness and does not restrict the prepayment or repayment of the Obligations,

(c) such New Debt contains covenants, events of default, guarantees and other terms which (other than "market" interest rate, fees, funding discounts and redemption or prepayment premiums as determined at the time of issuance or incurrence of any such Indebtedness), (i) are "market" terms as determined on the date of issuance or incurrence and (ii) in any event are not more restrictive on the Issuer and each Group Member than the terms of this Agreement (as in effect at the time of such issuance or incurrence),

(d) no Subsidiary of the Issuer (other than a Guarantor or a Person who becomes a Guarantor in connection therewith) is an obligor under such New Debt, and

(e) such New Debt (and any guarantees thereof) is subordinated in right of payment to the Obligations (or, if applicable, the Guarantee and Collateral Agreement) to at least the same extent as the Refinanced Indebtedness and subordinated on terms satisfactory to the Requisite Holders.

"**Permitted Revolver Refinancing**" means any Indebtedness in the form of a first lien reserve based credit facility of the Issuer the net proceeds of which are used to refinance or replace a First Lien Credit Facility, in whole only, from time to time; provided that (a) the principal amount of such Indebtedness does not exceed the principal amount of the Indebtedness being so refinanced, plus accrued and unpaid interest, fees and premiums, plus reasonable costs and expenses incurred in connection therewith, (b) the covenant, default and remedy provisions of such Indebtedness are not materially more restrictive to the Issuer and its Subsidiaries than those imposed by the First Lien Credit Agreement, unless such provisions are proposed by the Issuer to be incorporated into the applicable Note Documents, (c) the mandatory prepayment, make-whole, prepayment premium, repurchase and redemption provisions of such Indebtedness are not more restrictive to the Issuer and its Subsidiaries than those imposed by the First Lien Credit Agreement, (d) such Indebtedness is subject to the Intercreditor Agreement, (e) no Subsidiary of the Issuer is required to guarantee or secure such Indebtedness unless such Subsidiary is (or concurrently with any such guarantee becomes) a Guarantor hereunder, (f) such Indebtedness is syndicated to (or initially placed only

with) one or more traditional commercial banks and (g) such Permitted Revolver Refinancing shall be limited to a reserve-based credit agreement determined or re-determined by the lenders, subject to a "borrowing base" and incurred in accordance with Sections 7.2(k) and 7.20.

"**Permitted Revolver Refinancing First Lien Credit Agreement**" means a credit agreement among the Issuer, as borrower, First Lien Administrative Agent, as administrative agent, and the other lenders and parties party thereto from time to time as amended, restated, modified or supplemented from time to time, in each case, subject to the Intercreditor Agreement and the terms hereof.

"**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"**Petroleum Industry Standards**" means the Definitions for Oil and Gas Reserves promulgated by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question.

"**Placement Agents**" as defined in Section 5.7.

"**Plan**" means any "employee pension benefit plan", as defined in Section 3(2) of ERISA, other than a Multiemployer Plan, that is subject to Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA and which (a) is currently or hereafter sponsored, maintained or contributed to by a Group Member or an ERISA Affiliate or (b) was at any time during the six calendar years immediately preceding the date hereof, sponsored, maintained or contributed to by a Group Member or an ERISA Affiliate or to which a Group Member or an ERISA Affiliate has any liability.

"**Prime Rate**" means the rate of interest per annum publicly quoted from time to time by *The Wall Street Journal* (or, if no longer quoted by *The Wall Street Journal*, such other national publication selected by the Agent in consultation with the Issuer and which is reasonable acceptable to the Requisite Holders) as the United States "prime rate".

"**Pro Rata Share**" means, as to any Holder, with respect to:

(a) Section 2.1, the percentage obtained by dividing (i) the Commitments of that Holder by (ii) the aggregate Commitments of all the Holders; and

(b) all payments, computations and other matters relating to the Notes of any Holder, the percentage obtained by dividing (i) the Exposure of that Holder by (ii) the aggregate Exposure of all the Holders.

"**Prohibited Transaction**" has the meaning assigned to such term in Section 406 of ERISA and Section 4975(c) of the Code.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including cash, securities, accounts and contract rights.

"Proved Developed Non-Producing Reserves" means oil and gas mineral reserves that, in accordance with Petroleum Industry Standards, are classified as both "Proved Reserves" and "Developed Non-Producing Reserves".

"Proved Developed Producing Reserves" means oil and gas mineral reserves that, in accordance with Petroleum Industry Standards, are classified as both "Proved Reserves" and "Developed Producing Reserves".

"Proved PV-10" means, as of any date of determination, with respect to the Proved Reserves constituting Oil and Gas Properties of the Note Parties, the net present value of future cash flows (discounted at ten percent (10%) per annum) set forth in the Initial Reserve Report or most recent Reserve Report delivered by the Issuer pursuant to Section 6.11 (which shall be based on calculations of expected future cash flow and shall be made in accordance with the then existing standards of the Society of Petroleum Engineers); provided that (a) the discounted net present value of future cash flows shall be calculated using the Strip Price as of such date of determination and costs determined in accordance with the definition of Reserve Report,(b) appropriate deductions shall be made for severance and ad valorem taxes, and for operating, gathering, transportation and marketing costs required for the production and sale of such reserves (provided that to the extent consistent with the Initial Reserve Report, certain gathering and transportation costs shall not be subject to a markup and shall be run at cost), (c) appropriate adjustments to the Strip Price shall be made for commodity and basis hedging activities permitted by this Agreement for the volumes actually hedged, (d) the cash-flows derived from the pricing assumptions set forth in clause (c) above shall be further adjusted to account for the forward-looking differential; (d) the value attributable to the Proved Undeveloped Reserves of the Note Parties will not account for more than twenty five (25%) of the total Proved PV-10 of the Note Parties, (f) the value attributable to the Proved Developed Non-Producing Reserves of the Note Parties shall be 85% of the value that would otherwise be attributed to such Proved Developed Non-Producing Reserves; and (g) the Proved PV-10 as of any date of determination shall be calculated on a pro forma basis to give effect to all to extensions, discoveries and other additions and upward (and downward) revisions of estimates of Proved Reserves due to exploration, development or exploitation, production or other activities, acquisitions, Dispositions and production, in each case, since the date of such Reserve Report; and which such calculation shall be made by the Issuer in good faith in accordance with its reasonable judgment and consistent with past practice and reasonably acceptable to the Requisite Holders acting in good faith.

"**Proved Reserves**" means oil and gas mineral 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".

"Proved Undeveloped Reserves" means oil and gas mineral reserves that, in accordance with Petroleum Industry Standards, are classified as both "Proved Reserves" and "Undeveloped Reserves".

"PV-9" has the meaning given to such term in the First Lien Credit Agreement or any functionally equivalent term in a Permitted Revolver Refinancing First Lien Credit Agreement.

"**Qualified Institutional Buyer**" as defined in Section 5.11.

"**Quarterly Date**" means December 15, March 15, June 15 and September 15 of each Fiscal Year and if such day is not a Business Day, then the next succeeding Business Day.

"**Quarterly Period**" means the period commencing on the day following any Quarterly Date and ending on the next succeeding Quarterly Date.

"**Recipient**" as defined in Section 10.18.

"**Redemption**" means with respect to any Indebtedness, the repurchase, redemption, prepayment, repayment, defeasance or any other acquisition or retirement for value (or the segregation of funds with respect to any of the foregoing) of such Indebtedness. "**Redeem**" has the correlative meaning thereto.

"**Reference Period**" has the meaning assigned to such term in the definition of "EBITDA".

"**Register**" as defined in Section 2.6(b).

"**Reinvestment Yield**" means, with respect to the Called Principal of any Note, 50 basis points (one-half of one percent) over the yield to maturity implied by (a) the yields reported as of 10:00 a.m. (New York, New York time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1 on Bloomberg) or, if Page PX1 (or its successor screen on Bloomberg) is unavailable, the Telerate Access Service screen which corresponds most closely to Page PX1 for the most recently issued actively traded U.S. Treasury securities having a maturity equal to the Remaining Life of such Called Principal as of such Settlement Date, or (b) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between (A) the actively traded U.S. Treasury security with the maturity closest to and greater than such Remaining Life and (B) the actively traded U.S. Treasury security with the maturity closest to and less than such Remaining Life. The Reinvestment Yield shall be rounded to two decimal places.

"**Related Fund**" means, with respect to any Holder that is an investment fund, any other investment fund that is engaged in investing in similar commercial loans and that is managed, advised or sub-advised by the same investment advisor as such Holder or by an Affiliate of such investment advisor. Related Fund shall, with respect to any Holder, also include any swap, special purpose vehicles purchasing or acquiring security interests in collateralized loan obligations of such

Holder or any other vehicle through which such Holder's investment advisors may leverage its investments from time to time.

"**Release**" means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

"**Remaining Life**" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the Make-Whole Expiry Date.

"**Remaining Scheduled Payments**" means, with respect to the Called Principal of any Note, all payments of Interest in respect of such Called Principal that would be due after the Settlement Date through the Make-Whole Expiry Date with respect to such Called Principal if no payment of such Called Principal were made (assuming that the LIBOR prevailing at the time the applicable notice of prepayment is delivered or, if no such notice is given, the time of such prepayment applies through the applicable period).

"**Repayment Fee**" as defined in Section 2.12(g).

"**Reportable Event**" means any of the events set forth in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Plan, other than those events as to which the 30-day notice has been waived in regulations issued by the PBGC.

"**Requisite Holders**" means the Holders having or holding Exposure representing more than fifty percent (50%) of the sum of the aggregate Exposure of all the Holders.

"**Reserve Report**" means the Initial Reserve Report and any other subsequent report, in form and substance reasonably satisfactory to the Requisite Holders, setting forth, as of the dates set forth in Section 6.11(a) the oil and gas reserves attributable to the Oil & Gas Properties of the Issuer and the Guarantors, together with a projection of the rate of production and future net income, taxes, operating expenses and capital expenditures with respect thereto as of such date, consistent with SEC reporting requirements at such time.

"**Reserve Report Certificate**" has the meaning set forth in Section 6.11(b).

"**Responsible Officer**" means, as to any Person, the chief executive officer, the president, any vice president, any corporate secretary, any Financial Officer or general counsel of such Person. Unless otherwise specified, all references to a Responsible Officer herein shall mean a Responsible Officer of the Issuer.

"**Restricted Payment**" means any dividend or other distribution or return of capital (whether in cash, securities or other Property) with respect to any Equity Interests in any Person, or any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of (a) any such Equity Interests or (b) any option, warrant or other right to acquire any such Equity Interests.

"**Restricted Subsidiary**" means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Ratings Group, a division of The McGraw Hill Corporation, and any successor thereto that is a nationally recognized rating agency.

"**Sanctioned Country**" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (as of the Closing Date, Belarus, Burundi, Central African Republic, Crimea, Cuba, Iran, Libya, North Korea, Somalia, Sudan and Syria).

"**Sanctioned Person**" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"**Sanctions**" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by OFAC or the U.S. Department of State.

"**SEC**" means the Securities and Exchange Commission or any successor Governmental Authority.

"**Second Offer**" as defined in Section 2.10(e).

"**Secured Parties**" means, collectively, the Agent, the Holders, and any other Person owed Obligations, and "Secured Party" means any of them individually.

"**Securities Account**" has the meaning assigned to such term in the UCC.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"**Security Instruments**" means each of the Guarantee and Collateral Agreement, the Mortgages, the Intercreditor Agreement and all other instruments, documents and agreements delivered by any Note Party pursuant to this Agreement or any of the other Note Documents in order to (a) grant to Agent, for the benefit of the Secured Parties, a Lien on any Collateral or (b) set forth the relative priorities of any Lien on any Collateral, as any of the foregoing may be amended, restated, supplemented or otherwise modified from time to time.

"**Settlement Date**" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 2.9 or Section 2.10 as the context requires.

"**Specified Change in Control**" means a "Change in Control" or "Change of Control" (or any other defined term having a similar purpose or meaning) as defined in any First Lien Loan Document.

"**Specified Excluded Date**" means March 31, May 31, June 30, September 30, November 30 and December 31 of each calendar year and if such day is not a Business Day, then the immediately preceding Business Day.

"Strip Price" shall mean, at any time, (a) for each remaining month of the current calendar year, the monthly NYMEX Pricing for the remaining contracts in the current calendar year, (b) for each of the succeeding five complete calendar years, the monthly NYMEX Pricing for each of the twelve months in each such calendar year, and (c) for the succeeding sixth complete calendar year, and for each calendar year thereafter, the annual monthly average of the sum of the NYMEX Pricing of the preceding fifth calendar year.

"**Subsidiary**" means, as to any Person, a corporation, partnership, limited liability company or other entity of which a majority of the Voting Interests are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a direct or indirect Subsidiary or Subsidiaries of the Issuer.

"**Swap Agreement**" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter" or otherwise, involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of any Group Member shall be a Swap Agreement.

"**Swap Mark-to-Market Value**" means, as of any date of determination, the net mark to market value of the Group Members' Swap Agreements with Approved Counterparties in respect of commodities then in effect.

"**Swap Obligation**" means, with respect to any person, any obligation to pay or perform under any Swap.

"**Swap Termination Value**" means, in respect of any one or more Swap Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, (a) for any date on or after the date such Swap Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and any unpaid amounts 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 Swap Agreements, as determined by the counterparties to such Swap Agreements.

"**Tax**" means any present or future tax, levy, impost, duty, assessment, charge, fee, deduction or withholding of any nature and whatever called, imposed, levied, collected, withheld or assessed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Tax on the Overall Net Income**" of a Person means any net income (however denominated), franchise or branch profits Tax imposed on a Person by the jurisdiction (or any political subdivision thereof) (a) in which a Person is organized or in which that Person's applicable principal office (and/or, in the case of a Holder, its Applicable Office) is located or (b) in which that Person (and/or, in the case of a Holder, its Applicable Office) is deemed to be doing business or as a result of a present or former connection between such Person and the jurisdiction imposing such Tax (other than a jurisdiction in which such Person is treated as doing business or having a connection as a result of its entering into any Note Document or its participation in the transactions governed thereby).

"**Tax Related Person**" means any Person (including a beneficial owner of an interest in a pass-through entity) who is required to include in income amounts realized (whether or not distributed) by Agent, a Holder or any Tax Related Person of any of the foregoing.

"**Total Assets**" means, as of any date of determination with respect to any Person, the amount that would, in accordance with GAAP, be set forth opposite the caption "total assets" (or any like caption) on a balance sheet of such Person at such date.

"**Total Net Indebtedness**" means, at any date, all Indebtedness (other than Indebtedness under clauses (f) with respect to guarantees of Indebtedness not constituting Total Debt, (i) and (l) of the definition thereof) of the Issuer and the Consolidated Restricted Subsidiaries on a consolidated basis, excluding the undrawn portion and/or contingent obligations arising under, or in respect of letters of credit, bank guarantees and surety or other bonds and similar instruments; provided that net Swap Obligations to the extent such obligations are due and payable and not paid on such date shall constitute Total Debt, calculated net of unrestricted Cash and Cash Equivalents, in each case, held by the Issuer and its Consolidated Restricted Subsidiaries; provided that such unrestricted Cash and Cash Equivalents and restricted Cash and Cash Equivalents (x) shall be determined in accordance with GAAP and (y) for purposes of this definition shall not exceed $15,000,000, in the aggregate.

"**Transactions**" means the transactions contemplated by the Note Documents to occur on the Closing Date.

"**U.S. Person**" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"**U.S. Tax Compliance Certificate**" as defined in Section 2.14(e)(iii).

"**UCC**" means 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.

"**Unrestricted Subsidiary**" means any Subsidiary of the Issuer which the Issuer has designated in writing to the Agent to be an Unrestricted Subsidiary pursuant to Section 6.17(c) and satisfies the requirements to be an Unrestricted Subsidiary as set forth in Section 6.17.

"**Unwind**" means, with respect to any Swap Agreement, the early termination, unwind, cancelation or other Disposition of any such Swap Agreement. "**Unwound**" shall have a meaning correlative to the foregoing.

"**USA PATRIOT Act**" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56), as amended.

"**Voting Interest**" of any specified Person as of any date means the Equity Interest of such Person entitling the holders thereof (whether at all times or only so long as no senior class of Equity Interest has voting power by reason of any contingency) to vote in the election of members of the Board of Directors of such Person; provided that with respect to a limited partnership or other entity which does not have a Board of Directors, Voting Interest means the Equity Interest of the general partner of such limited partnership or other business entity with the ultimate authority to manage the business and operations of such Person.

"**Wholly-Owned Subsidiary**" means any Subsidiary of which all of the outstanding Equity Interests (other than any directors' qualifying shares mandated by applicable law), on a fully-diluted basis, are owned by the Issuer, the Guarantors and/or one or more of the Wholly-Owned Subsidiaries.

"**Wholly-Owned Material Subsidiary**" means any Material Subsidiary of which all of the outstanding Equity Interests (other than any directors' qualifying shares mandated by applicable law), on a fully-diluted basis, are owned by the Issuer, the Guarantors and/or one or more of the Wholly-Owned Subsidiaries.

"**Wholly-Owned Domestic Subsidiary**" means any Domestic Subsidiary of which all of the outstanding Equity Interests (other than any directors' qualifying shares mandated by applicable law), on a fully-diluted basis, are owned by the Issuer, the Guarantors and/or one or more of the Wholly-Owned Subsidiaries.

"**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.

1.3 **Accounting Terms**. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all financial statements and certificates and reports as to financial matters required to be furnished to the Agent or the Holders hereunder shall be prepared, in accordance with GAAP, applied on a basis consistent with the financial statements delivered pursuant to Section 4.4(a), except for Accounting Changes (as defined below) with which the Issuer's independent certified public accountants concur and which are disclosed to the Agent on the next date on which financial statements are required to be delivered to the Holders pursuant to Section 6.1(a). In the event that any "Accounting Change" shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Issuer and the Requisite Holders agree to enter into negotiations in order to amend such provisions of this

Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Issuer's financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Issuer, the Agent and the Requisite Holders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

1.4 **Interpretation, etc**. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. References herein to a Schedule shall be considered a reference to such Schedule as of the Closing Date. The use herein of the word "include" or "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not no limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. Unless otherwise indicated, any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); provided that, subject to the restrictions on amendments of the First Lien Credit Facility set forth herein, with respect to terms used herein that have the meanings ascribed to them in the First Lien Credit Agreement or any functionally equivalent term, such terms shall have the meaning ascribed to them on the date hereof if any such amendment, supplement or modification to the meaning of such terms in the First Lien Credit Agreement or Permitted Revolver Refinancing First Lien Credit Agreement, as applicable, would be adverse to the Holders. The use herein of the phrase "to the knowledge of" with respect to a Note Party shall be a reference to the knowledge the Responsible Officers of the applicable Note Party. Unless otherwise specified, whenever any obligation required hereunder shall be stated to be due or performed on a day that is not a Business Day, such obligation shall be required on the next succeeding Business Day and such extension of time shall be included in the satisfaction of the obligation required hereunder.

Article II.

PURCHASE AND SALE OF NOTES

2.1 **Note Purchase**. Subject to the terms and conditions hereof, on the Closing Date, Issuer shall issue to each Holder, and each Holder shall purchase from Issuer (so long as all conditions precedent required hereby shall have then been satisfied or waived), a Note in an aggregate principal amount equal to such Holder's Pro Rata Share of $200,000,000.

2.2 **Incremental Facility**.

(a) General. Subject to the conditions set forth in Section 3.2, the Issuer and any one or more Holders (including New Holders) may from time to time after the Closing Date agree that the Issuer shall issue additional Notes ("**Incremental Notes**") to such Holders by executing and delivering to the Agent an Increased Facility Activation Notice specifying (i) the amount of such increase, (ii) the applicable Increased Facility Closing Date, (iii) the applicable interest for such Incremental Notes and (iv) the maturity date for such Incremental Notes, which may not be earlier than the Maturity Date; provided, that if the total yield (calculated for both the Incremental Notes and the existing Notes, including any upfront fees, any interest rate floors, and any original issue discount, but excluding any arrangement, underwriting or similar fee paid by the Issuer in respect of any Incremental Notes exceeds by more than 0.50% per annum the total yield for the existing Notes (it being understood that any such increase may take the form of original issue discount, with original issue discount being equated to the interest rates in a manner determined by the Agent equal to the average life to maturity of the Incremental Notes), then the interest for the existing Notes shall be increased so that the total yield in respect of such Incremental Notes is no more than 0.50% higher than the total yield for the existing Notes. In addition, (1) the aggregate principal amount of Incremental Notes issued shall not exceed the Incremental Amount, (2) without the consent of the Agent, (x) each increase effected pursuant to this Section 2.2(a) shall be in a minimum amount of at least $25,000,000 and in $5,000,000 increments in excess thereof and (y) no more than six (6) Increased Facility Closing Dates may be selected by the Issuer after the Closing Date, (3) such Incremental Notes shall not have (x) a shorter weighted average life to maturity than the Initial Notes or (y) provide for any voluntary, or require any mandatory, prepayments other than those set forth in this Agreement and on a pro rata basis, and (4) the Incremental Notes shall rank pari passu in right of payment and security with the outstanding Notes. No Holder shall have any obligation to participate in any increase described in this Section 2.2(a) unless it agrees to do so in its sole discretion.

(b) New Holder Supplement. Any additional bank, financial institution or other entity which elects to become a "Holder" under this Agreement in connection with any transaction described in Section 2.2(a) shall be approved by the Agent (such approval not to be unreasonably withheld) and execute a New Holder Supplement (each, a "**New Holder Supplement**"), substantially in the form of Exhibit F, whereupon such bank, financial institution or other entity (a "**New Holder**") shall become a Holder for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

(c) Amendments. In addition to the foregoing, each of the parties hereto hereby agrees that, on each Increased Facility Activation Date, this Agreement shall be amended to the extent (but only to the extent) appropriate to effectuate the existence and terms of the Incremental Notes evidenced thereby. Any such deemed amendment may be effected in writing by the Agent and the Issuer and furnished to the other parties hereto.

2.3 **The Notes**. The obligation of Issuer to repay to each Holder the aggregate amount of all Notes held by such Holder, together with interest accruing in connection therewith, shall be evidenced by Notes, as applicable, made by Issuer payable to such Holder or its registered assigns with appropriate insertions. Interest on each Note shall accrue and be due and payable as provided herein or in the applicable Note. Each Note shall be due and payable as provided herein and shall be due and payable in full on the Maturity Date. Issuer may not issue, repay, and reissue hereunder or under the Notes.

2.4 **Requests for Notes**. Issuer must give to Agent written or electronic notice (or telephonic notice promptly confirmed in writing) of any requested Note Purchase of Notes to be issued to, and purchased by, the Holders. Each such notice constitutes a "**Note Purchase Notice**" hereunder and must:

(a) specify the aggregate amount of any such Note Purchase and the date on which such Notes are to be purchased (which date shall not be a Specified Excluded Date); and

(b) be received by Agent no later than 10:00 a.m., New York, New York time, three (3) Business Days prior to the date on which any such Notes are to be purchased, which Note Purchase Notice shall be delivered to the Holders from the Agent no later 10:00 a.m., New York, New York time one Business Day following receipt by the Agent thereof (provided that the Note Purchase Notice for the Notes purchased on the Closing Date may be delivered to the Agent and the Holders on the Closing Date).

Each such written request or confirmation must be made in the form and substance of the Note Purchase Notice, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by Issuer as to the matters that are required to be set out in such written confirmation. Upon receipt of any such Note Purchase Notice, Agent shall give each Holder prompt notice of the terms thereof. If all conditions precedent to such new Notes have been met, each Holder will on the date requested promptly remit to Agent, at Agent's Account, the amount of such Holder's new Note in immediately available funds, and upon receipt of such funds, the Agent shall promptly make such funds available to the Issuer and the Issuer will deliver such Notes to the Agent or counsel for the Holders who shall promptly make such Notes available to each Holder. The failure of any Holder to purchase any Note hereunder shall not relieve any other Holder of its obligation hereunder, if any, to purchase its Note, but no Holder shall be responsible for the failure of any other Holder to purchase any Note hereunder.

2.5 **Use of Proceeds**. The proceeds of the Notes shall be used on the Closing Date to repay certain "Loans" (as defined in the First Lien Credit Agreement) under the First Lien Credit Agreement and on the Closing Date and thereafter to fund working capital, pay fees and expenses incurred in connection with the Transactions and provide working capital for exploration,

development and production operations, to finance acquisitions in compliance with the terms of this Agreement (including under Section 7.7) and for general corporate purposes.

2.6 **Evidence of Indebtedness; Register; the Holders' Books and Records; Notes**.

(a) The Holders' Evidence of Indebtedness. Each Holder shall maintain in its internal records an account or accounts evidencing the Obligations of the Issuer to such Holder, including the amounts of the Notes held by such Holder and each repayment and prepayment in respect thereof. The failure to make any such recordation, or any error in such recordation, shall not affect any Obligations in respect of any applicable Notes. In the event of any inconsistency between the Register and any Holder's records, the recordations in the Register shall govern.

(b) Register. Agent shall maintain at Agent's Office a register for the recordation of the names and addresses of the Holders and principal amounts (and stated interest) of the Notes owing to, each Holder pursuant to the terms hereof from time to time (the "**Register**"). The Register shall be available for inspection by the Issuer, and a redacted version of the Register showing the entries with respect to any Holder shall be available for inspection by such Holder, at any reasonable time and from time to time upon reasonable prior notice. The entries in the Register shall be conclusive and binding on the Note Parties, the Agent and each Holder, absent manifest error; provided, failure to make any such recordation, or any error in such recordation, shall not affect the Note Parties' Obligations in respect of any Note. The Issuer, the Agent and the Holders shall treat each Person in whose name any Note shall be registered as the owner and the Holder thereof for all purposes hereof. The Issuer hereby designates the entity serving as Agent to serve as the Issuer's agent solely for purposes of maintaining the Register as provided in this Section 2.6, and the Agent shall be entitled to all of the rights, privileges and immunities afforded to it hereunder in the performance of such duties.

2.7 **Interest; Fees**.

(a) Interest. Each Note shall at all times bear interest at a rate equal to the Applicable Margin then in effect (as such amount may be increased pursuant to Section 2.7(c)), paid in cash ("**Interest**").

(b) Interest Payment Dates. Interest on each Note shall be due and payable on each Interest Payment Date to the Holders of record in the Register on such Interest Payment Date; provided that, if Interest on any Note is required to be paid on any Settlement Date pursuant to Section 2.9 or Section 2.10, and such Settlement Date is not a Quarterly Date, then the amount of Interest due and payable on the next succeeding Interest Payment Date will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to such Section 2.9 or Section 2.10. All interest payable hereunder shall be computed on the basis of a year of 360 days, unless such computation would exceed the Highest Lawful Rate, in which case interest shall be computed on the basis of a year of 365 days (or 366 days in a leap year), except that interest computed by reference to the ABR at times when the ABR is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) Default Interest. Notwithstanding the foregoing, (i) if an Event of Default under Sections 8.1(a), (b), (h) or (i) has occurred and is continuing the principal amount of all Notes outstanding and, to the extent permitted by applicable law, any due and unpaid interest payments on the Notes or any fees or other amounts owed hereunder (other than default interest occurring under this Section 2.7(c)) shall thereafter bear interest (including post-petition interest in any proceeding under the Bankruptcy Code or other applicable bankruptcy laws, whether or not allowed in such a proceeding) payable in Cash on demand at a rate that is two percent (2.0%) per annum in excess of the interest rate otherwise payable hereunder with respect to the Notes (without giving effect to this Section 2.7(c)) and (ii) if any other Event of Default has occurred and is continuing, and the Requisite Holders so elect, the principal amount of all Notes outstanding and, to the extent permitted by applicable law, any due and unpaid interest payments on the Notes or any fees or other amounts owed hereunder (other than default interest occurring under this Section 2.7 (c)), shall from the date of occurrence of such Event of Default bear interest (including post-petition interest in any proceeding under the Bankruptcy Code or other applicable bankruptcy laws, whether or not allowed in such a proceeding) payable in Cash on demand at a rate that is two percent (2.0%) per annum in excess of the interest rate otherwise payable hereunder with respect to the Notes (without giving effect to this Section 2.7(c)) (which election may be revoked by the Requisite Holders notwithstanding any provision of Section 10.6(b) requiring the consent of "each Holder that would be affected thereby" for reductions of interest rates on the Notes). Payment or acceptance of the increased rates of interest provided for in this Section 2.7(c) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Agent or any Holder.

(d) Agent Fee. Issuer will pay to Agent for its own account, a fee as set forth in the Collateral Agent and Loan Agency Services, dated as of November 20, 2017, between the Agent and the Issuer.

(e) Calculations. The Agent shall as soon as practicable (but in any event no later than three (3) Business Days prior to any Interest Payment Date or the date of any other amount payable under this Section 2.7) notify the Issuer and the Holders of the effective date and the amount of each Interest, fee or other payment under this Section 2.7. Each determination of an interest rate, interest payment amount or fee payment amount by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Issuer and the Holders in the absence of manifest error. Concurrent with each notice delivered pursuant to this Section 2.7(e), the Agent shall deliver to the Issuer and each Holder a statement showing the quotations used by the Agent in determining any interest rate, if applicable, and the calculations related to any interest payment amount or fee payment amount.

2.8 **Repayment of Notes**. If any principal or interest amount payable under the Notes remains outstanding on the Maturity Date, such amount will be paid in full by Issuer to the Agent on behalf of the Holders in immediately available funds on the Maturity Date, together with any amounts required to be paid pursuant to Section 2.7 and Section 2.12(g).

2.9 **Voluntary Prepayments**. The Issuer may prepay the Notes on any Business Day (other than a Specified Excluded Date) in whole or in part (together with any amounts due pursuant

to Section 2.7 and Section 2.12(g)) in an aggregate minimum amount equal to (a) if being paid in whole, the Obligations and (b) if being paid in part, $5,000,000 and integral multiples of $1,000,000 in excess of that amount. All such prepayments shall be made upon not less than eight (8) Business Days prior written or telephonic notice, in each case given to Agent by 12:00 p.m. (New York, New York time) on the date required and, if given by telephone, promptly confirmed in writing to Agent and which notice shall be delivered to the Holders from the Agent no later than 12:00 p.m. (New York, New York time) one Business Day following receipt by the Agent thereof. Upon the giving of any such notice, the principal amount of the Notes specified in such notice shall become due and payable on the prepayment date specified therein; provided, that any notice of prepayment described above may provide that such prepayment is conditioned upon the satisfaction of one of more conditions precedent. Any such voluntary prepayment shall be applied as specified in Section 2.11.

2.10 **Mandatory Prepayments**.

(a) Asset Sales and Hedge Receipts.

(i) Other than with respect to Net Asset Sale Proceeds attributable to an Asset Sale permitted by Section 7.11(a), (c), (f) and (g), to the extent that the aggregate Cash consideration in respect of any Asset Sale and/or Unwind is equal to or in excess of $25,000,000 individually or, together with all other such Asset Sales and Unwinds during the term of this Agreement, $100,000,000 in the aggregate, in each case excluding Net Asset Sale Proceeds attributable to the Olmos Disposition:

(A) if, on a *pro forma* basis after giving effect to such Asset Sale(s) and/or Unwinds(s), the Asset Coverage Ratio for the Issuer and its Consolidated Restricted Subsidiaries as of such date is equal to or less than 1.25 to 1.00, then, within 10 days after receipt of such Net Asset Sale Proceeds and/or Hedge Receipts the Issuer (x) may (and if required thereunder, shall) apply such Net Asset Sale Proceeds and/or Hedge Receipts to prepay the Loans (as defined in the First Lien Credit Agreement or any functionally equivalent term in a Permitted Revolver Refinancing First Lien Credit Agreement) in accordance with clause (C)(1) below and/or (y) to the extent such Net Asset Proceeds and Hedge Receipts are not fully applied under clause (x) above, make an offer to all the Holders to apply such Net Asset Sale Proceeds and/or Hedge Receipts to prepay the Notes under this Agreement in accordance with Section 2.10(a)(ii); and

(B) if, on a *pro forma* basis after giving effect to such Asset Sale(s) and/or Unwinds(s), the Asset Coverage Ratio for the Issuer and its Consolidated Restricted Subsidiaries as of such date is greater than 1.25 to 1.00, then, within 365 days after date of receipt of such Net Asset Sale Proceeds and/or Hedge Receipts, the Issuer shall apply such Net Asset Sale Proceeds and/or Hedge Receipts in any one or more of the options under the following clause (C);

(C) (1) prepay Loans (as defined in the First Lien Credit Agreement or any functionally equivalent term in a Permitted Revolver Refinancing First Lien Credit Agreement); provided that in connection with any such prepayment

of Loans, the Issuer will cause the related maximum aggregate credit amount, Borrowing Base, and commitments under the First Lien Credit Agreement or Permitted Revolver Refinancing First Lien Credit Agreement in existence on the date of such prepayment (if any) to be permanently reduced by an amount equal to the principal amount so retired (for the avoidance of doubt and notwithstanding anything herein to the contrary, these provisions will not prohibit the Issuer and the Note Parties from increasing the maximum aggregate credit amounts, Borrowing Base and commitments under the First Lien Credit Agreement or Permitted Revolver Refinancing First Lien Credit Agreement at a later date); provided, further, that nothing will restrict the Issuer from temporarily prepaying Loans under the First Lien Credit Agreement or Permitted Revolver Refinancing First Lien Credit Agreement pending application of such amounts pursuant to this Section 2.10(a)(i)(C); (2) offer to prepay the Notes outstanding under this Agreement in accordance with Section 2.10(a)(ii); and/or (3) so long as no Event of Default has occurred or is continuing, invest in Oil and Gas Properties (including drilling and completion costs of existing Oil and Gas Properties); provided that (x) Net Asset Sale Proceeds and Hedge Receipts attributable to Collateral may only be invested in assets that are or will become Collateral and (y) promptly following any determination by the Issuer of an election to invest Net Asset Sale Proceeds and/or Hedge Receipts pursuant to this Section 2.10(a)(i)(C)(3), the Issuer shall deliver to the Agent (for delivery to the Holders) a certificate of a Responsible Officer of the Issuer specifying that the Issuer intends to reinvest such Net Asset Sale Proceeds and/or Hedge Receipts.

(ii) Any Net Asset Sale Proceeds and/or Hedge Receipts from Asset Sale(s) and/or Unwind(s) that are received in the case of Section 2.10(a)(i)(A) or are not applied or invested as required by Section 2.10(a)(i)(B) will be deemed to constitute "**Excess Proceeds**". On or before, (x) the 10th day referenced in Section 2.10(a)(i)(A), in the case of Section 2.10(a)(i)(A), (y) the date elected by the Issuer in the case of Section 2.10(a)(i)(C)(3)(y), and (z) the 365th day in case of Section 2.10(a)(i)(B), if the Issuer has not earlier made an offer to prepay under Section 2.10(a)(i)(C)(3)(y), in each case after an applicable Asset Sale and/or Unwind, the Issuer shall make an offer (a "**Specified Offer**") in accordance with Sections 2.10(d) and 2.10(e) to all the Holders to prepay the maximum principal amount of Notes that may be prepaid out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest to the date of purchase, in accordance with the procedures established by the Requisite Holders for such offer. To the extent that the aggregate amount of Notes so validly offered for prepayment or tendered and not properly withdrawn pursuant to a Specified Offer in accordance with Section 2.10(e) is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for working capital and general corporate purposes and to repay any other Indebtedness, subject to the other covenants contained in this Agreement. If the aggregate principal amount of Notes offered for prepayment or surrendered by the Holders, collectively, exceeds the amount of Excess Proceeds, the Agent shall select the Notes to be prepaid or purchased on a pro rata basis based on the aggregate principal amount of tendered Notes. Upon completion of the Specified Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer shall make each offer for prepayment under this Section 2.10 in accordance with Sections 2.10 and 2.12.

(b) Insurance/Condemnation Proceeds. Promptly after the date of receipt by or on behalf of the Issuer or any of its Restricted Subsidiaries (or any Affiliate on behalf thereof), or Agent as sole loss payee of any Net Insurance/Condemnation Proceeds, the Issuer shall offer to prepay the Notes in an aggregate amount equal to such Net Insurance/Condemnation Proceeds within 10 days from the later of the date of such event giving rise to such Net Insurance/Condemnation Proceeds or the receipt of such Net Insurance/Condemnation Proceeds; provided that, so long as no Event of Default shall have occurred and is continuing, the Issuer shall have the option at any time to invest such Net Insurance/Condemnation Proceeds within 365 days after receipt thereof in assets of the general type used in the business of the Group Members (including drilling and completion costs of existing Oil and Gas Properties and related assets); provided that (i) Net Insurance/Condemnation Proceeds attributable to an event in respect of Collateral may only be invested in assets that are or will become Collateral, and (ii) if the Issuer abandons its intent to reinvest such Net Insurance/Condemnation Proceeds or any such Net Insurance/Condemnation Proceeds are not reinvested with 365 days of the event giving rise to such Net Insurance/Condemnation Proceeds, any remaining portion of the Net Insurance/Condemnation Proceeds shall be deemed to be Excess Proceeds under Section 2.10(a)(ii) and the Issuer shall be required to make an offer to prepay the Notes in the same manner as contemplated under Section 2.10(a)(ii) as if Net Insurance/Condemnation Proceeds were Excess Proceeds under Section 2.10(a)(ii) that had not been applied or reinvested with 365 days. In connection with any offer of prepayment under this Section 2.10(b), the Issuer shall provide to Agent a notice in accordance with Section 2.10(d).

(c) Issuance of Indebtedness. On the date of receipt by or on behalf of the Issuer or any of its Restricted Subsidiaries (or any Affiliate on behalf thereof) of any Cash proceeds from the incurrence of any Indebtedness (other than Indebtedness that is permitted hereunder) of such Note Party, the Issuer shall, offer to prepay the Notes in an aggregate amount equal to one hundred percent (100%) of such proceeds (net of (x) any amounts required to be prepaid under the First Lien Credit Facility and (y) any underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses). In connection with any prepayment under this Section 2.10(c), the Issuer shall immediately provide to Agent a prepayment notice in accordance with Section 2.10(d) to prepay the Notes eight (8) Business Days after delivery of such notice.

(d) Prepayment Notice. In connection with any offer to make prepayment required by Sections 2.10(a), 2.10(b) and 2.10(c), the Issuer shall provide prior written or telephonic notice thereof, in each case given to Agent by 12:00 p.m. (New York, New York time) at least eight (8) Business Days' prior to the date of such prepayment, if given by telephone, promptly confirmed in writing to Agent and which notice shall be delivered to the Holders from the Agent no later than 12:00 p.m. (New York, New York time) one Business Day following receipt by the Agent of such written notice (or written confirmation, if telephonic notice thereof is given). Each such notice shall include the calculation of the amount of the applicable proceeds giving rise to the prepayment and the amount that is available to prepay the Notes. In the event that the Issuer shall subsequently determine that the actual amount received exceeded the amount set forth in such notice, the Issuer

shall promptly make an additional offer to make prepayment of the Notes in an amount equal to such excess, and the Issuer shall concurrently therewith deliver to Agent a notice of offer to make such prepayment demonstrating the calculation of such excess.

(e) Holder Right to Waive. Notwithstanding anything in this Agreement to the contrary, each Holder, in its sole discretion, may, but is not obligated to, decline the Issuer's offer to make any prepayment pursuant to this Section 2.10, in each case, with respect to such Holder's Pro Rata Share of such prepayment. Promptly after the date of receipt of the notice required by Section 2.10(d), the Agent shall provide written notice (the "**First Offer**") to the Holders of the amount available to prepay the Notes within one (1) Business Day of receipt of the applicable notice. Any Holder declining such prepayment (a "**Declining Holder**") shall give written notice thereof to the Agent by 10:00 a.m. New York, New York time no later than five (5) Business Days after the date of such notice from the Agent (the "**First Offer Deadline**") and on such date the Agent shall provide notice of the aggregate amount accepted for prepayment pursuant to the First Offer to the Issuer. The Issuer shall prepay the Notes accepted for prepayment pursuant to the First Offer no later than the date specified for such prepayment in the First Offer in the amount set forth in the applicable notice from the Agent. Additionally, on the First Offer Deadline (or earlier if the Agent has received responses from all Holders) the Agent shall then provide written notice (the "**Second Offer**") to the Holders other than the Declining Holders (such Holders being the "**Accepting Holders**") of the additional amount available (due to such Declining Holders' declining such prepayment) to prepay Notes owing to such Accepting Holders, such available amount to be allocated on a pro rata basis among the Accepting Holders that accept the Second Offer. Any Holders declining prepayment pursuant to such Second Offer shall give written notice thereof to the Agent by 10:00 a.m. New York, New York time no later than five (5) Business Days after the date of such notice of a Second Offer. The Issuer shall prepay the Notes accepted for prepayment pursuant to the Second Offer within one Business Day after its receipt of notice from the Agent of the aggregate amount of such prepayment. Amounts remaining after the allocation of accepted amounts with respect to the First Offer and the Second Offer to Accepting Holders shall be retained by the Issuer in accordance with Section 2.10.

(f) Notwithstanding anything in this Section 2.10 to the contrary, the Issuer shall not be required to make any mandatory prepayment of the Notes pursuant to this Section 2.10(a) and (b) if the proceeds otherwise required to be applied to such mandatory prepayment are required to be applied to a prepayment under the First Lien Credit Agreement.

2.11 **Application of Payments**. Any payment of any Note made pursuant to Sections 2.8, 2.9 or 2.10 shall be applied as follows:

(a) first, to payment or reimbursement of that portion of the Obligations constituting fees, expenses and indemnities payable to the Agent in its capacity as such;

(b) second, pro rata to payment or reimbursement of that portion of the Obligations constituting fees, expenses and indemnities payable to the Holders and the other Indemnitees listed under Section 10.3 under the Note Documents;

(c) third, pro rata to payment of accrued Interest (including interest at the Default Rate, if any) on the Notes;

(d) fourth, pro rata to pay the Make-Whole Amount, Repayment Fee or other amount due and payable pursuant to Section 2.12(g), if any, on the Notes (including, for the avoidance of doubt, any Make-Whole Amount, any Repayment Fee or other amount due and payable pursuant to Section 2.12(g) resulting from the prepayment of principal under clause fifth below);

(e) fifth, pro rata to payment of principal outstanding on the Notes which have not yet been reimbursed by or on behalf of the Issuer at such time;

(f) sixth, pro rata to any other Obligations; and

(g) seventh, any excess, after all of the Obligations shall have been indefeasibly paid in full in cash, shall be paid to the Issuer or as otherwise required by any Governmental Requirement.

2.12 **General Provisions Regarding Payments**.

(a) All payments by the Issuer of principal, interest, fees and other Obligations shall be made in Dollars in same day funds without recoupment, setoff, counterclaim or other defense, and delivered to Agent not later than 12:00 p.m. (New York, New York time) on the date due to Agent's Account for the account of the Holders; funds received by Agent after that time on such due date shall be deemed to have been paid by the Issuer on the next Business Day.

(b) All prepayments in respect of the principal amount of any Note shall be accompanied by payment of accrued interest on the principal amount being repaid or prepaid.

(c) Agent shall promptly distribute to each Holder at such address as such Holder shall indicate in writing, such Holder's applicable Pro Rata Share of all payments and prepayments of principal and interest due hereunder, together with all other amounts due thereto, including all fees payable with respect thereto, to the extent received by Agent.

(d) Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest hereunder. No payment shall be made on a Specified Excluded Date.

(e) Agent shall deem any payment by or on behalf of the Issuer hereunder that is not made in same day funds at or prior to 12:00 p.m. (New York, New York time) to be a non-conforming payment. Any such payment shall not be deemed to have been received by Agent until the later of (i) the time such funds become available funds, and (ii) the next Business Day. Interest and fees shall continue to accrue on any principal as to which a non-conforming payment is made until such funds become available funds (but in no event less than the period from the date of such payment to the next succeeding Business Day) at the applicable rate determined pursuant to

Section 2.7(a) from the date such amount was due and payable until the date such amount is paid in full.

(f) If an Event of Default shall have occurred and not otherwise been waived, all payments or proceeds received by Agent hereunder in respect of any of the Obligations shall be applied first, to payment or reimbursement of that portion of the Obligations constituting fees, expenses and indemnities payable to the Agent (including any costs and expenses related to foreclosure or realization upon, or protecting, Collateral) in its capacity as such, second, pro rata to payment or reimbursement of that portion of the Obligations constituting fees, expenses and indemnities payable to the Holders and the other Indemnitees listed under Section 10.3 under the Note Documents, third, pro rata to payment of accrued Interest (including interest at the Default Rate, if any) on the Notes, fourth, pro rata to pay the Make-Whole Amount, Repayment Fee or other amount due and payable pursuant to Section 2.12(g), if any, on the Notes (including, for the avoidance of doubt, any Make-Whole Amount, any Repayment Fee or other amount due and payable pursuant to Section 2.12(g) resulting from the prepayment of principal under clause fifth below), fifth, pro rata to payment of principal outstanding on the Notes which have not yet been reimbursed by or on behalf of the Issuer at such time, sixth, pro rata to any other Obligations, and seventh, any excess, after all of the Obligations shall have been indefeasibly paid in full in cash, shall be paid to the Issuer or as otherwise required by any Governmental Requirement.

(g) Make Whole Amount; Repayment Fee. Upon any prepayment of the Notes (except for any prepayment made pursuant to Section 2.10(a) or (b) while no Event of Default has occurred and is continuing), whether such prepayment occurs as a result of an acceleration of the Notes pursuant to Section 8.2 (whether automatic or optional acceleration) following an Event of Default or otherwise or at the Issuer's option, which the Issuer may, upon notice as provided below, make for all (or any portion) of the Notes, the Issuer shall make an additional payment to the Agent for the account of the Holders in an aggregate amount equal to (x) if such prepayment or acceleration occurs on or prior to the twenty-four (24) month anniversary of the Closing Date (the "**Make-Whole Expiry Date**"), the Make-Whole Amount determined for the prepayment date with respect to such principal amount plus 2.0% of the principal of such prepaid or accelerated amount plus any accrued and unpaid interest and other amounts due thereon or (y) if such prepayment or acceleration occurs thereafter, a fee (the "**Repayment Fee**"), in an amount equal to the product of (X) if such prepayment or acceleration occurs following the Make-Whole Expiry Date but on or prior to the thirty-six (36) month anniversary of the Closing Date, 2.0% of the principal of such prepaid or accelerated amount, (Y) if such prepayment occurs following the thirty-six (36) month anniversary of the Closing Date but on or prior to the forty-eighth (48) month anniversary of the Closing Date, 1.0% of the principal of such prepaid or accelerated amount, and (Z) if such prepayment occurs following the forty-eighth (48) month anniversary of the Closing Date, 0.0% of such prepaid or accelerated amount plus in each case, any accrued and unpaid interest and other amounts due thereon.

(h) Presentment of the Notes by the Holder is not a condition to receipt of payment on the Maturity Date or any earlier redemption.

2.13 **Ratable Sharing.** Holders hereby agree among themselves that, except as otherwise provided in the Security Instruments with respect to amounts realized from the exercise of rights

with respect to Liens on the Collateral, if any of them shall, whether by voluntary payment (other than a voluntary prepayment of Notes purchased and applied in accordance with the terms hereof), through the exercise of any right of set off or banker's lien, by counterclaim or cross action or by the enforcement of any right under the Note Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code, receive payment or reduction of a proportion of the aggregate amount of principal, interest, fees and other amounts then due and owing to such Holder hereunder or under the other Note Documents (collectively, the "**Aggregate Amounts Due**" to such Holder) which is greater than the proportion received by any other Holder in respect of the Aggregate Amounts Due to such other Holder, then the Holder receiving such proportionately greater payment shall (a) notify Agent and each other Holder of the receipt of such payment and (b) apply a portion of such payment to purchase Notes (which it shall be deemed to have purchased from each seller of a Note simultaneously upon the receipt by such seller of its portion of such payment) in the ratable Aggregate Amounts Due to the other the Holders so that all such recoveries of Aggregate Amounts Due shall be shared by all the Holders in proportion to the Aggregate Amounts Due to them; provided, if all or part of such proportionately greater payment received by such purchasing Holder is thereafter recovered from such Holder upon the bankruptcy or reorganization of the Issuer or otherwise, those purchases to that extent shall be rescinded and the purchase prices paid for such Notes shall be returned to such purchasing Holder ratably to the extent of such recovery, but without interest. The Issuer expressly consents to the foregoing arrangement and agrees that any Holder of a Note so purchased may exercise any and all rights of banker's lien, set off or counterclaim with respect to any and all monies owing by the Issuer to that Holder with respect thereto as fully as if that Holder were owed the amount of the Note held by that Holder.

2.14 **Taxes; Withholding, etc**.

(a) Payments to Be Free and Clear. All sums payable by or on account of any Note Party hereunder and under the other Note Documents shall (except to the extent otherwise required by law) be paid free and clear of, and without any deduction or withholding on account of, any Tax imposed, levied, collected, withheld or assessed by any Governmental Authority.

(b) Withholding of Taxes. If any Note Party or the Agent is required by law to make any deduction or withholding for or on account of any Tax from any sum paid or payable under any of the Note Documents: (i) the Issuer shall notify the Agent of any such requirement or any change in any such requirement as soon as the Issuer becomes aware of it; (ii) the Issuer or the Agent shall be entitled to make such deduction or withholding and shall pay (or cause to be paid) any such Tax to the relevant Governmental Authority before the date on which penalties attach thereto; (iii) if such Tax is an Indemnified Tax, the sum payable by such Note Party in respect of which the relevant deduction or withholding is required shall be increased to the extent necessary to ensure that after any such deduction or withholding of Indemnified Tax, the Agent or such Holder, as the case may be, and each of their Tax Related Persons receives on the due date a net sum equal to what it would have received had no such deduction or withholding been required; and (iv) within thirty (30) days after making any such deduction or withholding, the Issuer shall deliver to the Agent evidence satisfactory to the other affected parties of such deduction or withholding and of the remittance thereof to the relevant taxing or other authority; provided, no such additional amount shall be required to be paid to any Holder or the Agent under clause (iii) above for, (A) in the case

of a Holder, any U.S. federal withholding Tax in effect and applicable (1) as of the date hereof (in the case of each Holder listed on the signature pages hereof on the Closing Date) or, in the case of a Tax Related Person, the date the Tax Related Person becomes a beneficiary of any Equity Interests in the applicable Holder, (2) on the effective date of the Assignment Agreement pursuant to which such Holder became a Holder (in the case of each other Holder), or (3) on the date the Holder changes its Applicable Office, except in each case to the extent that, pursuant to this Section 2.14, amounts with respect to such U.S. federal withholding Taxes were payable to such Holder's assignor (including each of their Tax Related Persons) immediately before such Holder becomes a party hereto or such Holder immediately before such Holder changed its Applicable Office, (B) any Tax on the Overall Net Income of the Holder or its Tax Related Persons, (C) any U.S. federal withholding Tax imposed under FATCA or (D) any Tax attributable to the Holder's or the Agent's failure to comply with Section 2.14(e) (all such amounts described in (A), (B), (C) and (D), "**Excluded Taxes**").

(c) Other Taxes. In addition and without duplication, the Note Parties shall pay all Other Taxes to the relevant Governmental Authorities in accordance with applicable law. The Note Parties shall deliver to Agent official receipts or other evidence of such payment reasonably satisfactory to the Requisite Holders in respect of any Taxes or Other Taxes payable hereunder promptly after payment of such Taxes or Other Taxes.

(d) Indemnification. The Note Parties shall indemnify the Agent and each Holder and their respective Tax Related Persons, within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes paid or incurred by the Agent or such Holder or their respective Tax Related Persons, as the case may be, relating to, arising out of, or in connection with any Note Document or any payment or transaction contemplated hereby or thereby, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority and all reasonable expenses and costs arising therefrom or with respect thereto. Any indemnification under this Section 2.14(d) shall be made such that after all required deductions and payments of all Indemnified Taxes and any reasonable expenses and costs, the Agent, each relevant Holder and their respective Tax Related Persons receives and retains an amount equal to the sum it would have received and retained from the Note Parties had it not paid or incurred or been subject to such Indemnified Taxes or expenses and costs. A certificate as to the amount of such payment or liability delivered to the Issuer by a Holder (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Holder, shall be conclusive absent manifest error. Notwithstanding the foregoing, the Note Parties shall not be required to indemnify the Agent and the Holders under this Section 2.14(d) in duplication of Indemnified Taxes covered by Sections 2.14(b) or (c).

(e) Administrative Requirements; Forms Provision. Each Holder that is a U.S. Person for U.S. federal income tax purposes shall deliver to the Issuer and the Agent, on or prior to the Closing Date (in the case of each Holder listed on the signature pages hereof on the Closing Date) or on or prior to the date of the Assignment Agreement pursuant to which it becomes a Holder (in the case of each other Holder), and at such other times as may be necessary in the determination of the Issuer or Agent (each in the reasonable exercise of its discretion), two executed copies of Internal Revenue Service (the "**IRS**") Form W-9 establishing an exemption from U.S. federal backup withholding tax. Each Holder that is a Non-U.S. Holder shall, to the extent it is legally entitled to

do so, deliver to the Issuer and the Agent, on or prior to the Closing Date (in the case of each Holder listed on the signature pages hereof on the Closing Date) or on or prior to the date of the Assignment Agreement or joinder agreement pursuant to which it becomes a Holder (in the case of each other Holder), and at such other times as may be necessary in the determination of the Issuer or Agent (each in the reasonable exercise of its discretion), whichever of the following described in clauses (i) through (iv) below is applicable, accurately completed and in a manner reasonably acceptable to the Issuer and the Agent:

(i) in the case of a Non-U.S. Holder claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Note Document, two executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty, and (y) with respect to any other applicable payments under any Note Document, two executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) two executed copies of IRS Form W-8ECI;

(iii) in the case of a Non-U.S. Holder claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (A) a certificate substantially in the form of Exhibit G-1 to the effect that such Non-U.S. Holder is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Issuer within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (B) two executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(iv) to the extent a Non-U.S. Holder is not the beneficial owner of a Note, two executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Holder is a partnership and one or more direct or indirect partners of such Non-U.S. Holder are eligible to claim the portfolio interest exemption, such Non-U.S. Holder shall provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such direct and indirect partner.

Each Holder required to deliver any forms, certificates or other evidence with respect to U.S. federal income tax withholding matters pursuant to this Section 2.14(e) hereby agrees, from time to time after the initial delivery by such Holder of such forms, certificates or other evidence, whenever a lapse in time or change in circumstances renders such forms certificates or other evidence obsolete or inaccurate in any respect, that such Holder shall promptly deliver to Agent and the Issuer two new executed copies of IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8IMY or IRS Form W-8ECI (or any successor form(s) of any of the foregoing), and as applicable, a U.S. Tax Compliance Certificate properly completed and duly executed by such Holder, and such other

documentation required under the Code and reasonably requested by the Issuer to confirm or establish that such Holder is not subject to deduction or withholding of U.S. federal income Tax with respect to payments to such Holder under the Note Documents or is subject to deduction or withholding at a reduced rate, or notify Agent and the Issuer of its inability to deliver any such forms, certificates or other evidence.

On or before the date on which the Agent (and an successor replacement Agent) becomes the Agent, it shall deliver to the Issuer two executed copies of either (i) IRS Form W-9 or (ii) a U.S. branch withholding certificate on IRS Form W-8IMY evidencing its agreement with the Issuer to be treated as a United States person within the meaning of Section 7701(a)(30) of the Code (with respect to amounts received on account of any Lender) and IRS Form W-8ECI (with respect to amounts received on its own account), with the effect that, in either case, the Issuer will be entitled to make payments hereunder to the Agent without withholding or deduction on account of U.S. federal withholding Tax and backup withholding tax. The Agent (or, upon assignment or replacement, any assignee or successor) agrees that if any form or certification it previously delivered expires or becomes obsolete, it shall update such form or certification or promptly notify the Issuer in writing of its inability to do so.

(f) If a payment made to a Holder under any Note Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Holder 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 Holder shall deliver to the Issuer and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Issuer or the 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 Issuer or the Agent as may be necessary for the Issuer and the Agent to comply with their obligations under FATCA and to determine that such Holder has complied with such Holder's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.14(f), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(g) The parties agree that for U.S. federal and other applicable income tax purposes, (i) the Notes shall be treated as "debt", and (ii) the Notes shall not be treated as "contingent payment debt instruments" under Section 1.1275-4 of the United States Treasury Regulations (or any corresponding provision of state income tax law).

2.15 **Alternate Rate of Interest**.

(a) If prior to the commencement of any Interest Period:

(i) the Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining LIBOR (including, without limitation, because the LIBO Screen Rate is not available or published on a current basis), for such Interest Period; or

(ii) the Agent is advised by the Requisite Holders that LIBOR for such Interest Period will not adequately and fairly reflect the cost to such Holders (or Holder) of its purchasing or maintaining their Notes (or its Note) for such Interest Period;

then the Agent shall give notice thereof to the Issuer and the Holders by telephone as promptly as practicable thereafter and, until the Agent notifies the Issuer and the Holders that the circumstances giving rise to such notice no longer exist, (A) any Notes requested to be issued and purchased on the first day of such Interest Period shall be issued and purchased as ABR Notes and (B) any outstanding Notes shall be converted, on the last day of the then-current Interest Period, to ABR Notes .

(b) If at any time the Agent determines (which determination shall be conclusive and binding absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but the supervisor for the administrator of the LIBO Screen Rate or a Governmental Authority has made a public statement identifying a specific date after which the LIBOR Screen Rate shall no longer be used for determining interest rates, the Requisite Holders and the Issuer shall negotiate in good faith to establish an alternate rate of interest to LIBOR that gives due consideration to the then prevailing market convention in the United States at such time for determining a rate of interest for notes or loans comparable in character to the outstanding Notes, and the Issuer, the Agent and the Requisite Holders shall enter into an amendment to this Agreement (which shall be binding on all Holders) to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.15(b), only to the extent the LIBOR Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any Notes requested to be issued and purchased shall be issued and purchased as ABR Notes and (y) any outstanding Notes shall be converted, on the last day of the then-current Interest Period, to ABR Notes.

Article III.

CONDITIONS PRECEDENT

3.1 **Closing Date**. The obligation of each Holder to purchase Notes on the Closing Date is subject to the satisfaction, or waiver in accordance with Section 10.6, of the following conditions on or before the Closing Date:

(a) Note Documents. The Agent (for delivery to the Holders) shall have received sufficient copies of each Note Document originally executed and delivered by each Note Party.

(b) Organizational Documents; Incumbency. The Agent shall have received a certificate of a Responsible Officer of each Note Party setting forth (i) resolutions of its board of directors or other appropriate governing body with respect to the authorization of such Note Party to execute and deliver the Note Documents to which it is a party and to enter into the transactions contemplated in those documents, (ii) the officers of such Note Party (A) who are authorized to sign the Note Documents to which such Note Party is a party and (B) who will, until replaced by

another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with this Agreement and the transactions contemplated hereby, (iii) specimen signatures of such authorized officers and (iv) the articles or certificate of incorporation and by-laws or other applicable Organizational Documents of such Note Party, certified by a Responsible Officer as being true and complete. The Agent and the Holders may conclusively rely on such certificate until the Agent receives notice in writing from such Note Party to the contrary.

(c) Corporate Status; Good Standing Certificates. The Agent shall have received certificates of the appropriate State agencies with respect to the existence, qualification and good standing of each Note Party in each jurisdiction where any such Note Party is organized.

(d) Title to Oil and Gas Properties. The Agent (for delivery to the Holders) shall have received title information as the Requisite Holders may require, reasonably satisfactory to the Requisite Holders, setting forth the status of title to at least 85% of the PV-9 of the Oil and Gas Properties constituting Proved Reserves evaluated in the Initial Reserve Report.

(e) Purchase Date. The date of purchase of the Notes shall be a Business Day but not a Specified Excluded Date.

(f) Initial Reserve Report. The Agent (for delivery to the Holders) shall have received a copy of the Initial Reserve Report in a form reasonably satisfactory to the Requisite Hlders.

(g) Personal Property Collateral. In order to create in favor of the Agent, for the benefit of the Secured Parties, a valid, perfected second priority security interest in substantially all personal property Collateral of the Note Parties, the Agent shall have received:

(i) evidence reasonably satisfactory to the Requisite Holders of the compliance by each Note Party of its respective obligations under the Guarantee and Collateral Agreement and the other Security Instruments to which it is party (including its obligation to deliver UCC financing statements); and

(ii) (A) the results of a recent search satisfactory to the Requisite Holders, of all effective UCC financing statements made with respect to any personal or mixed property of each Note Party in the applicable jurisdictions, together with copies of all such filings disclosed by such search that will not be terminated on the Closing Date and (B) UCC termination statements for filing in all applicable jurisdictions as may be necessary to terminate any effective UCC financing statements disclosed in such search that do not constitute Liens permitted by Section 7.3;

(h) Environmental Reports. The Agent (for delivery to the Holders) shall have received reports and/or other information, in form, scope and substance reasonably satisfactory to the Requisite Holders, regarding environmental matters relating to the Oil and Gas Properties.

(i) Evidence of Insurance. The Agent (for delivery to the Holders) shall have received evidence satisfactory to the Requisite Holders in their reasonably discretion that all insurance required to be maintained pursuant to Section 6.6 is in full force and effect, together with all other endorsements and other requirements set forth in Section 6.6.

(j) Opinions of Counsel to Note Parties. The Agent (for delivery to the Holders) shall have received an opinion of (i) Vinson & Elkins LLP, counsel for the Note Parties and (ii) local counsel in any jurisdictions where Security Instruments will be recorded to perfect second priority Liens on any Oil and Gas Properties, in each case in form and of substance reasonably satisfactory to the Requisite Holders.

(k) Expenses. The Issuer shall have paid to the Agent all invoiced amounts (with reasonable detail) payable pursuant to Section 10.2.

(l) Solvency Certificate. The Agent shall have received a solvency certificate, duly executed by a Financial Officer and dated as of the Closing Date and addressed to Agent and the Holders, and in form, scope and substance reasonably satisfactory to the Requisite Holders.

(m) Closing Date Certificate. The Issuer shall have delivered to Agent (for delivery to the Holders) an originally executed Closing Date Certificate, together with all attachments thereto.

(n) Due Diligence. Each Holder and its counsel shall be satisfied with a due diligence review of each Note Party's material agreements, including, but not limited to, satisfactory review of operating agreements, marketing agreements, transportation agreements, processing agreements and other material agreements governing or relating to the Note Parties' Oil and Gas Properties. Each Holder and its counsel shall be satisfied with a due diligence review of the Issuer and each Note Party.

(o) No Material Adverse Effect. Since December 31, 2016, no event, circumstance or change shall have occurred that has caused or could reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect.

(p) Funds Flow. The Agent shall have received at least two (2) Business Days prior to the Closing Date (or such shorter time period that is acceptable to the Requisite Holders) a funds flow memorandum, in form and substance reasonably satisfactory to the Requisite Holders.

(q) Note Purchase Notice. The Agent shall have received a fully-executed Note Purchase Notice.

(r) Other Indebtedness. The Requisite Holders shall be satisfied that the Note Parties have no outstanding Indebtedness except for Indebtedness permitted pursuant to Section 7.2 and the Note Parties shall not be in default with respect to such Indebtedness.

(s) Financial Statements. The Agent (for delivery to the Holders) shall have received the Initial Financial Statements.

(t) Fees. The Issuer shall have paid any other amounts due on or prior to the Closing Date under and as set forth in the Fee Letter.

(u) First Lien Loan Documents. The Agent (for delivery to the Holders) shall have received certified copies of the First Lien Credit Agreement and, to the extent requested by the Requisite Holders, any other First Lien Loan Documents, in each case including all amendments thereto, fully executed by all parties thereto, each of which shall be in form and substance reasonably satisfactory to the Requisite Holders.

(v) Representations and Warranties. The representations and warranties of the Issuer set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date except to the extent any representation or warranty set forth in this Agreement contains qualifiers such as "material", "in all material respects," "except as could not reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect" or similar qualifying language or similar qualifiers, then such representation or warranty shall be true and correct as of such date (unless such representations and warranties are stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(w) No Default or Event of Default. At the time of and immediately after giving effect to the issuance of such Notes, (i) no Default or Event of Default shall have occurred and be continuing and (ii) no Default (as defined in the First Lien Credit Agreement) or Event of Default (as defined in the First Lien Credit Agreement) shall have occurred and be continuing.

(x) No Litigation. There shall not exist any action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or threatened in any court or before any arbitrator or Governmental Authority that, in the reasonable opinion of the Requisite Holders, singly or in the aggregate, impairs any of the transactions contemplated by the Note Documents.

(y) Discount. The Notes shall be purchased net of the discount described in Discount Letter.

The Agent shall notify the Issuer and the Holders of the Closing Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Holders to purchase Notes hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.6) at or prior to 4:00 p.m., New York, New York time, on December 29, 2017 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

3.2 **Conditions to Purchase of Incremental Notes**. The obligation of each Holder to purchase any Incremental Note is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Issuer set forth in this Agreement shall be true and correct in all material respects on and as of the date of any such purchase of Incremental Notes except to the extent any representation or warranty set forth in this Agreement

contains qualifiers such as “material”, “in all material respects,” “except as could not reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect” or similar qualifying language or similar qualifiers, then such representation or warranty shall be true and correct as of such date (unless such representations and warranties are stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(b) At the time of and immediately after giving effect to the issuance of such Incremental Notes, (i) no Default or Event of Default shall have occurred and be continuing and (ii) no Default (as defined in the First Lien Credit Agreement on the date hereof, or any functionally equivalent term) or Event of Default (as defined in the First Lien Credit Agreement on the date hereof, or any functionally equivalent term) has occurred and is continuing (and that has not been waived).

(c) The Issuer shall have delivered an Incremental Facility Activation Notice executed by a Responsible Officer of the Issuer and shall comply with any other requirements set forth in Section 2.2.

(d) The Agent shall have received a fully-executed Note Purchase Notice.

(e) The Issuer shall have delivered a certificate of a Responsible Officer of the Issuer, certifying that and otherwise demonstrating in reasonable detail that, as of the date of issuance of such Incremental Notes, the Issuer’s Asset Coverage Ratio (determined by reference to the most recently delivered Reserve Report or another Reserve Report with an effective date reasonably acceptable to the Holders purchasing such Incremental Notes) calculated on a pro forma basis (upon and after giving effect to the issuance of Incremental Notes) will not be less than 1.25 to 1.00 as of the last day of the most recently ended Fiscal Quarter for which financial statements have been delivered hereunder.

(f) The date of purchase of the Incremental Notes shall be a Business Day but not a Specified Excluded Date.

(g) The Agent (for delivery to the Holders) shall have received reports and/or other information, in form, scope and substance reasonably satisfactory to the Requisite Holders purchasing the Incremental Notes, regarding the Issuer and each Note Party’s compliance with the Minimum Mortgage Requirement.

Each issuance of Incremental Notes shall be deemed to constitute a representation and warranty by the Issuer on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section 3.2.

Article IV.

REPRESENTATIONS AND WARRANTIES

In order to induce the Holders to enter into this Agreement and to purchase their respective Notes, the Issuer represents and warrants to Agent and each Holder that:

4.1 **Organization; Powers**. Each Group Member is (a)(i) duly organized, validly existing and (ii) in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority, and has all governmental licenses, authorizations, consents and approvals necessary, to own its assets and to carry on its business as now conducted, and is qualified to do business in, and (c) is in good standing in, every material jurisdiction where such qualification is required, except, for purposes of clauses (a)(ii), (b) and (c) hereof, to the extent that a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

4.2 **Authority; Enforceability**. The Transactions are within each Group Member's corporate or equivalent powers and have been duly authorized by all necessary corporate or equivalent and, if required, owner action. Each Note Document to which a Note Party is a party has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, as applicable, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

4.3 **Approvals; No Conflicts**. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other third Person, nor is any such consent, approval, registration, filing or other action necessary for the validity or enforceability of any Note Document or the consummation of the transactions contemplated thereby, except such as have been obtained or made and are in full force and effect other than the recording and filing of financing statements and the Security Instruments as required by this Agreement (b) will not violate (i) in any material respect, any applicable law or regulation or any order of any Governmental Authority or (ii) the Organizational Documents of any Note Party, (c) will not violate or result in a default under any indenture, note, credit agreement or other similar instrument binding upon any Group Member or its Properties, or give rise to a right thereunder to require any payment to be made by any Group Member and (d) will not result in the creation or imposition of any Lien on any Property of any Group Member (other than the Liens created by the Note Documents and the Liens under the First Lien Loan Documents).

4.4 **Financial Condition; No Material Adverse Change**.

(a) The Issuer has heretofore furnished to the Holders its consolidated balance sheet and statements of income, stockholders equity and cash flows as of and for the fiscal year ended December 31, 2016, reported on by BDO USA, LLP independent public accountants. Such financial statement presents fairly, in all material respects, the financial position and results of operations and cash flows of the Issuer and its Consolidated Restricted Subsidiaries as of such dates and for such periods.

(b) The most recent financial statements furnished pursuant to Section 6.1(a), present fairly, in all material respects, the financial condition of Issuer and its Consolidated Restricted Subsidiaries on a consolidated basis, as of the dates and for the periods set forth above in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the unaudited quarterly financial statements.

(c) Since the later of (i) the date hereof and (ii) date of the financial statements most recently delivered pursuant to Section 6.1(a), and after giving effect to the Transactions, there has been no event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

(d) Neither the Issuer nor any other Group Member has on the date of this Agreement any Indebtedness (including Disqualified Capital Stock) or any contingent liabilities, off-balance sheet liabilities or partnerships, liabilities for taxes, or unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments other than in respect of the Obligations and First Lien Secured Obligations.

4.5 **Litigation**. There are no actions, suits, investigations or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Issuer, threatened by, against or affecting any Group Member any of their respective properties or revenues that (a) are not fully covered by insurance (except for normal deductibles) as to which there is a reasonable possibility of an adverse determination that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (b) involve any Note Document or the Transactions.

4.6 **Environmental Matters**. Except for such matters that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(a) the Group Members and any property with respect to which any Group Member has any interest or obligation are in compliance with all, and have not violated any, applicable Environmental Laws;

(b) (i) the Group Members and all relevant Persons for any property with respect to which any Group Member has any interest or obligation hold and are in compliance with all, and have not violated any, Environmental Permits required for their respective operations and each of their respective properties; (ii) all such Environmental Permits are in full force and effect; and (iii) no Group Member has received any notice or otherwise has knowledge that any such Environmental Permit may be revoked, adversely modified, or not renewed, or that any application for any Environmental Permit may be protested or denied or that the anticipated terms thereof may be adversely modified;

(c) (i) there are no actions, claims, demands, suits, investigations or proceedings under any Environmental Laws or regarding any Hazardous Materials that are pending or, to the Issuer's knowledge, threatened, against any Group Member or regarding any property with respect to which any Group Member has any interest or obligation, or as a result of any operations of any Group Member or any other Person regarding any property with respect to which any Group Member has any interest or obligation; and (ii) there are no consent decrees or other decrees, consent orders, administrative orders or other administrative, arbitral or judicial requirements outstanding under any Environmental Laws or regarding any Hazardous Materials, directed to any Group Member or as to which any Group Member is a party, or regarding any property with respect to which any Group Member has any interest or obligation;

(d) (i) there has been no Release or, to the Issuer's knowledge, threatened Release, of Hazardous Materials attributable to the operations of any Group Member at, on, under or from any Group Member's current or formerly owned, leased or operated property or at any other location (including, to the Issuer's knowledge, any location to which Hazardous Materials have been sent for re-use, recycling, treatment, storage or disposal) for which any Group Member could be liable, and (ii) Hazardous Materials are not otherwise present at any such properties or other locations, in either (i) or (ii) above, in amounts or concentrations or under conditions which constitute a violation of any applicable Environmental Law, could reasonably be expected to give rise to any liability, or, with respect to any Mortgaged Property, could reasonably be expected to impair its fair saleable value;

(e) no Group Member, nor to the Issuer's knowledge any other Person for any property with respect to which any Group Member has any interest or obligation, has received any written notice of violation, alleged violation, non-compliance, liability or potential liability or request for information regarding Environmental Laws or Hazardous Materials, and, to the Issuer's knowledge, there are no conditions or circumstances that would reasonably be expected to result in the receipt of any such notice or request for information;

(f) no Group Member has assumed or retained any liability under applicable Environmental Laws or regarding Hazardous Materials that could reasonably be expected to result in liability to any Group Member; and

(g) to the extent reasonably requested by the Requisite Holders, the Group Members have provided to Holders complete and correct copies of all environmental site assessment reports, investigations, studies, analyses, and correspondence on environmental matters (including matters relating to any alleged non-compliance with or liability under Environmental Laws) that are in any Group Member's possession or control and relating to their respective Properties or operations thereon.

4.7 **Compliance with Laws and Agreements; No Defaults**.

(a) Each Group Member is in compliance with all Governmental Requirements applicable to it or its Property and all agreements and other instruments binding upon it or its Property, and possesses all licenses, permits, franchises, exemptions, approvals and other governmental authorizations necessary for the ownership of its Property and the conduct of its business, except to the extent that any failure of the foregoing could not reasonably be expected to result in a Material Adverse Effect.

(b) No Default has occurred and is continuing.

4.8 **Investment Company Act**. No Group Member is an "investment company" or a company "controlled" by an "investment company," within the meaning of, or subject to regulation under, the Investment Company Act of 1940, as amended.

4.9 **Taxes**. Each Group Member has timely filed or caused to be filed all income Tax returns and material other Tax returns and reports required to have been filed (taking into account

any extension of time to file) and has paid or caused to be paid all material Taxes required to have been paid by it, except Taxes that are being contested in good faith by appropriate proceedings and for which the applicable Group Member has set aside on its books adequate reserves in accordance with GAAP. To the knowledge of Issuer, no material proposed tax assessment has been asserted with respect to any Group Member.

4.10 **ERISA**. Except as could not, whether individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect:

(a) each Plan is, and has been, operated, administered and maintained in compliance with, and the Issuer and each ERISA Affiliate have complied with, ERISA, the terms of the applicable Plan and, where applicable, the Code;

(b) no act, omission or transaction has occurred which could result in imposition on any the Issuer or any ERISA Affiliate (whether directly or indirectly) of (i) either a civil penalty assessed pursuant to subsections (c), (i) or (l) of Section 502 of ERISA or a tax imposed pursuant to Chapter 43 of Subtitle D of the Code or (ii) breach of fiduciary duty liability damages under Section 409 of ERISA;

(c) no liability to the PBGC (other than required premiums payments which are not past due after giving effect to any applicable grace periods) by the Issuer or any ERISA Affiliate has been or is expected by any Group Member or any ERISA Affiliate to be incurred with respect to any Plan and no ERISA Event with respect to any Plan has occurred;

(d) the actuarial present value of the benefit liabilities under each Plan which is subject to Title IV of ERISA does not (determined as of the end of the most recent plan year) exceed the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities. The term "actuarial present value of the benefit liabilities" shall have the meaning specified in Section 4041 of ERISA; and

(e) neither the Issuer nor any ERISA Affiliate sponsors, maintains or contributes to, or has at any time in the six-year period immediately preceding the date hereof sponsored, maintained or contributed to, or had any actual or contingent liability to any Multiemployer Plan.

4.11 **Disclosure; No Material Misstatements**

. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Group Members to the Agent or any Holder or any of their Affiliates in connection with the negotiation of this Agreement or any other Note Document or delivered hereunder or under any other Note Document (as modified or supplemented by other information so furnished) contain any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that, with respect to projected financial information, the Group Members represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time and it further being understood that projections concerning volumes attributable to the Oil and Gas Properties and production and cost estimates contained in each Reserve Report are necessarily

based upon professional opinions, estimates and projections and the Group Members do not warrant that such opinions, estimates and projections will ultimately prove to have been accurate.

4.12 **Insurance**. For the benefit of each Note Parties, the Issuer has (a) all insurance policies sufficient for the compliance by the Note Parties with all material Governmental Requirements and all material agreements and (b) insurance coverage, or self-insurance, in at least such amounts and against such risk (including public liability) that are usually insured against by companies similarly situated and engaged in the same or a similar business for the assets and operations of the Note Parties. Schedule 4.12, as of the date hereof, sets forth a list of all insurance maintained by the Issuer.

4.13 **Restriction on Liens**. No Group Member is subject to any order, judgment, writ or decree, which either restricts or purports to restrict its ability to grant Liens to the Agent and the Holders on or in respect of their Properties to secure the Obligations and the Note Documents.

4.14 **Group Members**. There are no Group Members, except as set forth on Schedule 4.14 or as disclosed in writing to the Agent (which shall promptly furnish a copy to the Holders), which shall be a supplement to Schedule 4.14. Each Group Member's jurisdiction of organization, name as listed in the public records of its jurisdiction of organization, organizational identification number in its jurisdiction of organization, and the location of its principal place of business and chief executive office is stated on Schedule 4.14 (or as set forth in a notice delivered pursuant to Section 6.1(j)). No Group Member is a Foreign Group Member (other than any Foreign Group Member as of the Closing Date).

4.15 **Location of Business and Offices**. The Issuer's jurisdiction of organization is Delaware; the name of the Issuer as listed in the public records of its jurisdiction of organization is SilverBow Resources, Inc.; and the organizational identification number of the Issuer in its jurisdiction of organization is set forth on Schedule 4.14 (or, in each case, as set forth in a notice delivered to the Agent pursuant to Section 6.1(j) in accordance with Section 10.1. The Issuer's principal place of business and chief executive offices are located at the address specified in Section 10.1 (or as set forth in a notice delivered pursuant to Section 6.1(j)) and Section 10.1).

4.16 **Properties; Titles, Etc**.

(a) Each Group Member has good and defensible title to the Oil and Gas Properties evaluated in the most recently delivered Reserve Report and good title to all its material personal Properties other than Properties sold, transferred or otherwise disposed of (i) on or prior to the Closing Date or (ii) after the Closing Date, in compliance with Section 7.11 from time to time, in each case, free and clear of all Liens except Liens permitted by Section 7.3. After giving full effect to the Excepted Liens and the dispositions referenced in the prior sentence, the Group Member specified as the owner owns the net interests in production attributable to the Hydrocarbon Interests as reflected in the most recently delivered Reserve Report, and except as otherwise provided by statute, regulation or the standard and customary provisions of any applicable joint operating agreement, the ownership of such Properties shall not in any material respect obligate the Group Member 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 Group Member's net revenue interest in such Property.

(b) (i)All leases and agreements necessary for the conduct of the business of the Group Members are valid and subsisting, in full force and effect, and (ii) there exists no default or event or circumstance which with the giving of notice or the passage of time or both would give rise to a default under any such lease or leases, which, in the case of either (i) or (ii), could reasonably be expected to have a Material Adverse Effect.

(c) The rights and Properties presently owned, leased or licensed by the Group Members including all easements and rights of way, include all rights and Properties necessary to permit the Group Members to conduct their business in the same manner as its business is conducted on the date hereof except where the failure of the foregoing could not reasonably be expected to result in a Material Adverse Effect.

(d) Except for Properties being repaired, all of the Properties of the Group Members which are reasonably necessary for the operation of their businesses are in good working condition and are maintained in accordance with prudent business standards, except where the failure of the foregoing could not reasonably be expected to result in a Material Adverse Effect.

(e) Each Group Member owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual Property necessary to operate its business, and the use thereof by the Group Member does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Group Members either own or have valid licenses or other rights to use all databases, geological data, geophysical data, engineering data, seismic data, maps, interpretations and other technical information used in their businesses as presently conducted, subject to the limitations contained in the agreements governing the use of the same, which limitations are customary for companies engaged in the business of the exploration and production of Hydrocarbons, with such exceptions as could not reasonably be expected to have a Material Adverse Effect.

4.17 **Maintenance of Properties**. The Oil and Gas Properties (and Properties unitized therewith) of the Group Members have been maintained, operated and developed in a good and workmanlike manner and in conformity with all Governmental Requirements in all material respects and in conformity with the provisions of all leases, subleases or other contracts comprising a part of the Hydrocarbon Interests and other contracts and agreements forming a part of the Oil and Gas Properties of the Group Members in all material respects. All pipelines, wells, gas processing plants, platforms and other material improvements, fixtures and equipment owned in whole or in part by the Group Members that are necessary to conduct normal operations are being maintained in a state adequate to conduct normal operations, and with respect to such of the foregoing which are operated by the Group Members, in a manner consistent with the Group Members' past practices (other than those the failure of which to maintain in accordance with this Section 4.17 could not reasonably be expected to have a Material Adverse Effect).

4.18 **Gas Imbalances; Prepayments**. Except as set forth on Schedule 4.18 or on the most recent certificate delivered pursuant to Section 6.11(b), on a net basis there are no gas imbalances, take or pay or other prepayments which would require any Group Member to deliver Hydrocarbons produced from their Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor exceeding one percent (1.0%) of the aggregate volumes of Hydrocarbons (on an Mcf equivalent basis) listed in the most recent Reserve Report.

4.19 **Marketing of Production**. Except for contracts listed and in effect on the date hereof on Schedule 4.19, and thereafter either disclosed in writing to the Agent or included in the most recently delivered Reserve Report, (a) the Group Members are receiving a price for all production sold thereunder which is computed substantially in accordance with the terms of the relevant contract and are not having deliveries curtailed substantially below the subject Property's delivery capacity and (b) no material agreements exist which are not cancelable on 60 days' notice or less without penalty or detriment for the sale of production from the Group Members' Hydrocarbons (including calls on or other rights to purchase, production, whether or not the same are currently being exercised) that (i) pertain to the sale of production at a fixed price and (ii) have a maturity or expiry date of longer than six (6) months from the date of such agreement.

4.20 **Security Documents**. The Security Instruments are effective to create in favor of the Agent, for the benefit of the Holders, a legal, valid and enforceable security interest in the Mortgaged Property and Collateral and proceeds thereof. The Obligations are and have been at all times secured by a legal, valid and enforceability second priority perfected Liens (subject only to Permitted Prior Liens) in favor of the Agent, covering and encumbering (a) from and after the Mortgage Deadline at least 85% of (i) the PV-9 of the Oil and Gas Properties of the Note Parties constituting Proved Reserves as set forth in the most recent Reserve Report delivered to the Agent and the Holders pursuant to Section 6.11 and (ii) the book value of Oil and Gas Properties of the Note Parties other than Proved Reserves as of the Issuer's most recently ended fiscal quarter (including the fiscal year end) for which its financial statements are available and (b) the Collateral granted pursuant to the Guarantee and Collateral Agreement, including the pledged Equity Interests and the Deposit Accounts and Securities Accounts, in each case to the extent perfection has occurred, as the case may be, by the recording of a mortgage, the filing of a UCC financing statement, or, in the case of Deposit Accounts and Securities Accounts, by obtaining of "control" or, with respect to Equity Interests represented by certificates, by possession (in each case, to the extent available in the applicable jurisdiction); provided that, except in the case of pledged Equity Interests, Liens permitted by Section 7.3 may exist.

4.21 **Swap Agreements**. Schedule 4.21, as of the Closing Date, and after the date hereof, each report required to be delivered by the Issuer pursuant to Section 6.1(d), as of the last Business Day of the period covered by such report, sets forth, a true and complete list of all Swap Agreements of the Group Members, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark to market value thereof, all credit support agreements relating thereto (including any margin required or supplied, but excluding the Security Instruments) and the counterparty to each such agreement.

4.22 **Use of Proceeds**. The proceeds of the Notes shall be used (a) to repay certain outstanding First Lien Secured Obligations and (b) to fund capital expenditures, pay fees and expenses incurred in connection with the Transactions and provide for other general corporate purposes of the Issuer and its Subsidiaries. No Group Member is engaged principally, or as one of its or their important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying margin stock (within the meaning of Regulation T, U or X of the Board). No part of the proceeds of any Note will be used for any purpose which violates the provisions of Regulations T, U or X of the Board.

4.23 **Solvency**. After giving effect to the Transactions (a) the sum of the debt and liabilities (including subordinated and contingent liabilities) of the Issuer and its Subsidiaries, taken as a whole, does not exceed the fair value of the present assets of the Issuer and its Subsidiaries, taken as a whole, (b) the present fair saleable value of the assets of the Issuer and its Subsidiaries, taken as a whole, is greater than the total amount that will be required to pay the probable debt and liabilities (including subordinated and contingent liabilities) of the Issuer and its Subsidiaries as they become absolute and matured, (c) the Issuer and its Subsidiaries, taken as a whole, have not incurred, or believe that they will incur, debts or other liabilities including current obligations beyond their ability to pay such debt as they mature in the ordinary course of business and (d) the capital of the Issuer and its Subsidiaries, taken as a whole, is not unreasonably small to engage in the business of the Issuer and its Subsidiaries, taken as a whole. For the purpose of this Section 4.23, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

4.24 **Foreign Corrupt Practices**. Neither the Issuer nor any of its Subsidiaries, nor any director, officer, employee or Affiliate of the Issuer or any of its Subsidiaries, nor to the knowledge of the Issuer, any agent of the Issuer or any of its Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is aware of or has taken any action, directly or indirectly, that would result in a material violation by such Persons of the FCPA, including without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA; and, the Issuer, its Subsidiaries and its and their Affiliates have conducted their business in material compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

4.25 **Anti-Corruption Laws; Sanctions; OFAC**.

(a) The Issuer has implemented and maintains in effect policies and procedures designed to ensure compliance by the Issuer, its Subsidiaries and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws and applicable Sanctions.

(b) The Issuer, its Subsidiaries, their respective officers and employees and, to the knowledge of the Issuer, its directors and agents are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in any Group Member being designated as a Sanctioned Person.

(c) None of (i) the Issuer, any Subsidiary or any of their respective directors, officers or employees, or (ii) to the knowledge of the Issuer, any agent of the Issuer that will act in any capacity in connection with or benefit from the Notes issued hereby, is a Sanctioned Person. The Issuer will not directly or, to its knowledge, indirectly use the proceeds from the Notes or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, for the purpose of financing the activities of any Person currently subject to any applicable Sanctions.

4.26 **EEA Financial Institution**. No Note Party is an EEA Financial Institution.

4.27 **Private Offering**. Neither the Issuer nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Holders and not more than ten (10) other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Issuer nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Article V.

REPRESENTATIONS OF HOLDERS.

In order to induce Issuer to issue and sell the Notes to the Holders, (including the issuance of any Incremental Notes to the Holders and, for purposes of this Article V, each Holder acquiring an Incremental Note shall be considered a Holder), each Holder hereby represents and warrants to Issuer, on the Closing Date and each date of purchase of Incremental Notes, and acknowledges as follows:

5.1 **Organization and Standing**. Such Holder is a corporation or other entity duly incorporated or formed and validly existing under the laws of the jurisdiction of its incorporation or formation.

5.2 **Authorization; Enforceability**. Such Holder has the full power and authority to enter into this Agreement, and (assuming due execution by the other parties hereto) this Agreement constitutes its valid and legally binding obligation, enforceable against it in accordance with its terms, except to the extent the enforceability thereof may be limited by (a) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (b) general principles of equity (regardless of whether such enforceability

is considered in a proceeding in equity or at law) and (c) implied covenants of good faith and fair dealing.

5.3 **Investment**. Such Holder acquired each such Note solely for its own account, for investment purposes, with no intention of distributing or reselling such Note in any public offering or in any transaction that would be in violation of applicable securities laws of the United States or any other applicable jurisdiction or any state or province thereof, without prejudice, however, to such Holder's right at all times to sell or otherwise dispose of all or any part of the Note under an effective registration statement under the Securities Act and applicable state securities or "blue sky" laws (it being understood that Issuer has no obligation or intention to undertake any such registration), or an exemption from such registration requirements and in compliance with applicable securities laws. Such Holder has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Note by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D of the Securities Act, or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

5.4 **Accredited Investor**. Such Holder, at the time that it committed to enter into this Agreement was, and now is, an "accredited investor" as that term is defined in Rule 501 of Regulation D under the Securities Act.

5.5 **No Resale or Repurchase**. No person has made to such Holder any written or oral representations (a) that any person will resell or repurchase the Notes (except in accordance with the Organizational Documents of Issuer), (b) that any person will refund the purchase price of the Notes, or (c) as to the future price or value of the Notes.

5.6 **Private Placement**. Such Holder understands that the Notes are being offered for sale only on a "private placement" basis and that the sale and delivery of the Notes is conditional upon such sale being exempt from the requirements as to the filing of a prospectus or registration statement or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or delivering an offering memorandum and, as a consequence, (a) such Holder is restricted from using most of the civil remedies available under applicable securities legislation, (b) such Holder may not receive information that would otherwise be required to be provided to it under applicable securities legislation, and (c) Issuer is relieved from certain obligations that would otherwise apply under applicable securities legislation.

5.7 **Knowledge and Experience**. Without limiting the force and effect of the representations and warranties of any party to a Note Document, such Holder (a) has such knowledge and experience in financial and business matters, as to enable it to evaluate the merits and risks of entering into this Agreement and receiving the Notes, (b) is able to bear the economic risk of the transaction, (c) is able to hold its interest indefinitely unless a subsequent disposition thereof is registered under the Securities Act or is exempt from registration and is completed in compliance with applicable securities laws, (d) has been independently advised as to restrictions with respect to trading in the Notes imposed by applicable securities laws, (e) confirms that no representation (written or oral) has been made to it (with respect to trading restrictions imposed by applicable securities laws) by or on behalf of Issuer or Agent with respect thereto, (f) has conducted its own

investigation of the Issuer and the terms of the Note, (g) (i) confirms it has had access to information as it deemed necessary to make its decision to purchase the Notes, and (ii) has been offered the opportunity to ask questions of the Issuer and receive answers thereto, as it deemed necessary in connection with the decision to purchase the Notes, (h) acknowledges that it is aware of the characteristics of the Notes, and the risks relating to an investment therein and (i) acknowledges and agrees that neither J.P. Morgan Securities LLC, as placement agent, or any other financial institution acting in a similar capacity (collectively, the "**Placement Agents**") nor any of their respective Affiliates or representatives has any has any responsibility with respect to the completeness or accuracy of any information or materials furnished to such Holder in connection with the transactions contemplated hereby.

5.8 **No Materials**. Without limiting the representations and warranties set forth in the Note Documents, such Holder has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature describing or purporting to describe the business and affairs of Issuer which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Notes.

5.9 **Transfer Restrictions**. Such Holder acknowledges and agrees that none of the Notes has been registered under the Securities Act or the securities laws of any country or state, and none of them may be sold or otherwise transferred in the absence of an effective registration thereunder unless an exemption from registration is available. Such Holder also acknowledges and agrees that the Notes are subject to resale restrictions in the United States, may be subject to resale restrictions in jurisdictions other than the United States under applicable securities laws, and that any sale or transfer will be completed in compliance with applicable securities laws.

5.10 **Offers and Sales Only in Certain Circumstances**. If such Holder decides to offer, sell, pledge or otherwise transfer any of the Notes, it will not offer, sell, pledge or otherwise transfer any of such Notes, directly or indirectly, unless: (a) the sale is made pursuant to registration of the Notes under the Securities Act; (b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the Securities Act and in compliance with applicable local securities laws and regulations; (c) the sale is made pursuant to the exemption from the registration requirements of the Securities Act provided by Rule 144 or Rule 144A thereunder, if available, and, in either case, in accordance with any applicable state securities or "blue sky" laws; or (d) the Notes are sold in any other transaction that does not require registration under the Securities Act or any applicable state securities or "blue sky" laws.

5.11 **Subsequent Purchaser Notification**. Such Holder will take reasonable steps to inform, and cause each of its Affiliates and Related Funds that is a U.S. person (as defined in Section 902 of Regulation S under the Securities Act) to take reasonable steps to inform, any person acquiring Notes from such Holder, Affiliate or Related Fund, as the case may be, in the United States that the Notes (a) have not been and will not be registered under the Securities Act, (b) are being sold to them without registration under the Securities Act in reliance on Rule 144A or in accordance with another exemption from registration under the Securities Act and (c) may not be offered, sold or otherwise transferred except (i) outside the United States in accordance with

Regulation S and in compliance with applicable local securities laws and regulations, (ii) inside the United States in accordance with Rule 144A to a person whom the seller reasonably believes is a qualified institutional buyer, as defined in Rule 144A ("**Qualified Institutional Buyer**") that is purchasing such Notes for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the offer, sale or transfer is being made in reliance on Rule 144A or (iii) pursuant to another available exemption from registration under the Securities Act.

Article VI.

AFFIRMATIVE COVENANTS

Until Payment in Full, the Issuer covenants and agrees with the Holders that:

6.1 **Financial Statements; Other Information**. The Issuer will furnish to Agent (for delivery to the Holders):

(a) Annual Financial Statements. As soon as available, but in any event in accordance with then applicable law and not later than 90 days after the end of each Fiscal Year of the Issuer, its (i) audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous Fiscal Year of the Issuer, all reported on by an independent public accountant reasonably acceptable to the Requisite Holders (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Issuer and its Consolidated Subsidiaries on a consolidated basis and the other Group Members (as applicable), on a consolidated basis, in each case, in accordance with GAAP consistently applied and (ii) its unaudited balance sheet, income statement and related statement of cash flows as of the end of and for the Fiscal Year most recently ended which provides consolidating statements, including statements demonstrating eliminating entries, if any, with respect to any Unrestricted Subsidiaries, in such form as would be presentable to the auditors of the Issuer.

(b) Quarterly Financial Statements. As soon as available, but in any event in accordance with then applicable law and not later than 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Issuer, its (i) consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such Fiscal Quarter and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Issuer and its Consolidated Restricted Subsidiaries on a consolidated basis and the other Group Members (as applicable), on a consolidated basis, in each case, in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes and (ii) its unaudited balance sheet, income statement and related statement of cash flows as of the end of and for the Fiscal Quarter most recently ended which provides consolidating statements, including statements

demonstrating eliminating entries, if any, with respect to any Unrestricted Subsidiaries, in such form as would be presentable to the auditors of the Issuer.

(c) Certificate of Financial Officer - Compliance. Concurrently with any delivery of financial statements under Section 6.1(a) and Section 6.1(b), a Compliance Certificate executed by a Financial Officer (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) certifying that (A) the Issuer has been in compliance with Section 7.1 at such times as required therein and (B) in connection therewith, setting forth reasonably detailed calculations demonstrating such compliance, (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the most recently delivered financial statements referred to in Section 6.1(a) and Section 6.1(b) and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate and (iv) stating whether there are any Subsidiaries which are to become Note Parties in order to comply with Section 6.13 and, if any such Subsidiaries exist, specifying the actions proposed to be taken in connection therewith.

(d) Certificate of Financial Officer - Swap Agreements. Concurrently with any delivery of financial statements pursuant to Section 6.1(a) and Section 6.1(b), a certificate of a Financial Officer, in form and substance reasonably satisfactory to the Requisite Holders, setting forth as of the last Business Day of such Fiscal Quarter or Fiscal Year, a true and complete list of all Swap Agreements of the Issuer and each Group Member, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark-to-market value therefor (as of the last Business Day of such Fiscal Quarter or Fiscal Year), any new credit support agreements relating thereto not listed on Schedule 4.21, any margin required or supplied under any credit support document, and the counterparty to each such agreement.

(e) Production Report and Lease Operating Statements. Within 60 days after the end of each Fiscal Quarter, a report setting forth, for each calendar month during the then current Fiscal Year to date, the volume of total production and sales attributable to production (and the prices at which such sales were made and the revenues derived from such sales) for each such calendar month from the Oil and Gas Properties of the Group Members, and setting forth the related ad valorem, severance and production taxes and lease operating expenses attributable thereto and incurred for each such calendar month.

(f) Certificate of Insurer - Insurance Coverage. Within five (5) Business Days following each material change in the insurance maintained in accordance with Section 6.6, certificates of insurance coverage with respect to the insurance required by Section 6.6, in form and substance satisfactory to the Requisite Holders, and, if reasonably requested by the Agent or any Holder, all copies of the applicable policies.

(g) SEC and Other Filings; Reports to Shareholders. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by any Group Member with the SEC or with any national securities exchange.

(h) Notices Under Material Instruments. Concurrently with the furnishing thereof, copies of any financial statement, report or notice (including any notice of default) furnished to or by any Person pursuant to the terms of any preferred stock designation, indenture, loan or credit or other similar agreement evidencing Material Indebtedness (excluding this Agreement but including, without limitation, any First Lien Loan Document) that has not been previously furnished to the Holders pursuant to any other provision of this Section 6.1.

(i) Issuances and Incurrences of Debt. Two (2) Business Days prior written notice of the incurrence by any Group Member of any Permitted Refinancing Indebtedness or, if in excess of $10,000,000, any other Indebtedness as well as the amount thereof, the anticipated closing date and definitive documentation for the foregoing and any other related information reasonably requested.

(j) Information Regarding Issuer and Guarantors. Prompt written notice of (and in any event within five (5) Business Days prior thereto or such other time as the Agent may agree in its sole discretion) any change (i) in a Note Party's corporate name or in any trade name used to identify such Person in the conduct of its business or in the ownership of its Properties, (ii) in the location of the Note Party's chief executive office or principal place of business, (iii) in the Note Party's identity or corporate structure or in the jurisdiction in which such Person is incorporated or formed, (iv) in the Note Party's jurisdiction of organization, and (v) in the Note Party's federal taxpayer identification number.

(k) USA Patriot Act. Promptly upon request, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

(l) Notices Related to Oil and Gas Properties and Swap Agreements.

(i) Notice of Sales of Oil and Gas Properties and Unwinds of Swap Agreements. In the event the Issuer or any other Group Member intends to (A) sell, transfer, assign or otherwise dispose of any Oil and Gas Properties constituting Proved Reserves (or any Equity Interests of any Group Member that owns Oil and Gas Properties constituting Proved Reserves) and/or (B) Unwind Swap Agreements, prior written notice of the foregoing (of at least five (5) Business Days or such shorter time as the Requisite Holders may agree), the price thereof, in the case of Oil and Gas Properties constituting Proved Reserves (or any Equity Interests of any Group Member that owns Oil and Gas Properties constituting Proved Reserves), and, in each case, the anticipated decline in the mark-to-market value thereof or net cash proceeds therefrom, in the case of Swap Agreements, and, in each case, the anticipated date of closing and any other details thereof reasonably requested by the Agent or any Holder (including any definitive documentation).

(ii) Notices of Acquisitions of Oil and Gas Properties. Promptly, but in any event within five (5) Business Days, written notice of any acquisition of Oil and Gas Properties by the Group Members in one or a series of related transaction having a Fair Market Value in excess of $10,000,000 or where the consideration paid exceeded $10,000,000.

(iii) Notice of Casualty Events. Promptly, but in any event within five (5) Business Days, written notice of the occurrence of any Casualty Event or the commencement of any action or proceeding that could reasonably be expected to result in a Casualty Event, in each case, of any Property of any Group Member having a Fair Market Value in excess of $2,500,000.

(m) Notices of Certain Changes. Promptly, but in any event within five (5) Business Days after the execution thereof, copies of any material amendment, modification or supplement to the certificate or articles of incorporation, by-laws, any preferred stock designation or any other Organizational Document of the Issuer or any Group Member.

(n) Take-or-Pay, Ship-or-Pay or Other Prepayments. Concurrently with the delivery of any Reserve Report to the Agent pursuant to Section 6.11 (commencing with the Reserve Report as of December 31, 2017), written notice of the occurrence of the Issuer or any other Group Member entering into a take-or-pay, ship-or-pay or other prepayments arrangement with respect to the Oil and Gas Properties of the Issuer or any other Group Member.

(o) Other Requested Information. Promptly, but in any event within five (5) Business Days following any request therefor, such other information regarding the operations, business affairs and financial condition of the Issuer or any Subsidiary (including any Plan or Multiemployer Plan to which any Group Member or any of their respective ERISA Affiliates contributes or has an obligation to contribute and any reports or other information, in either case with respect thereto, required to be filed under ERISA), or compliance with the terms of this Agreement or any other Note Document, as the Agent or the Requisite Holders may reasonably request in writing.

(p) First Lien Loan Document Information. Promptly, but in any event within five (5) Business Days after the furnishing or receipt thereof (provided that any material amendments or written modifications contemplated in clause (iii) below shall be provided one (1) Business Day before their execution), copies of (i) any notice of a redetermination or adjustment of the Borrowing Base pursuant to the First Lien Credit Facility, (ii) any notice of a Borrowing Base Deficiency, any notice of default or any notice related to the exercise of remedies, in each case pursuant to the First Lien Credit Facility and (iii) any amendment or other written modification of the First Lien Credit Facility, in each case not otherwise required to be furnished to Agent or the Holders pursuant to any other provisions of the Note Documents.

(q) Annual Budget and Projections. Prior to or concurrently with the delivery of each December 31 Reserve Report hereunder, a certificate of a Financial Officer, in form and substance satisfactory to the Requisite Holders, setting forth (i) an annual business plan and (ii) an operating budget of the Group Members for the such Fiscal Year (on a Fiscal Quarter basis).

Documents required to be delivered pursuant to this Section 6.1 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which a Group Member posts such documents to its publicly-accessible website or to EDGAR (or such other publicly-accessible internet database that may be established and maintained by the SEC as a substitute for or successor to EDGAR) or (ii) on which such documents are posted on the Issuer's

behalf on IntraLinks/IntraAgency or another relevant website, if any, to which each Holder and the Agent have access (whether a commercial, third-party website or whether sponsored by the Agent); *provided* that the Issuer shall notify (which may be by facsimile or electronic mail) the Agent of the posting of any such documents and provide to the Agent by electronic mail electronic versions of any such documents.

6.2 **Notices of Material Events**. The Issuer will furnish to the Agent (for delivery to the Holders) within three (3) Business Days written notice of the following:

(a) Defaults. The occurrence of any Default or Event of Default;

(b) Governmental Matters. The filing or commencement of, or the threat in writing of, any action, suit, proceeding, investigation or arbitration by or before any arbitrator or Governmental Authority against or affecting Group Members thereof not previously disclosed in writing to the Holders or any material adverse development in any action, suit, proceeding, investigation or arbitration (whether or not previously disclosed to the Holders) that, in either case, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) ERISA Events. The occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Issuer or any Group Member in an aggregate amount exceeding $2,500,000; and

(d) Material Adverse Effect. Any other development that results in, or could reasonably be expected to result in a Material Adverse Effect.

Each notice delivered under this Section 6.2 shall be accompanied by a statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

6.3 **Existence; Conduct of Business**. The Issuer will, and will cause each Group Member to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises necessary to the conduct of its business and maintain, if necessary, its qualification to do business in each other material jurisdiction in which its Oil and Gas Properties is located or the ownership of its Properties requires such qualification, except to the extent that the failure to be so qualified could not reasonably be expected to cause a Material Adverse Effect; *provided* that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.10.

6.4 **Payment of Obligations**. The Issuer will, and will cause each other Group Member to, pay its material obligations (other than Material Indebtedness), including tax liabilities of the Issuer and all of the other Group Members before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings and (b) the Issuer or such other Group Member has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

6.5 **Operation and Maintenance of Properties**. The Issuer, at its own expense, will, and will cause each other Group Member to:

(a) operate its Oil and Gas Properties (i) in accordance with the customary practices of the industry and (ii) in compliance with all applicable contracts and agreements and in compliance with all applicable Governmental Requirements, in the case of clauses (i) and (ii) above, in all material respects, including applicable pro ration requirements and applicable Environmental Laws, and all applicable laws, rules and regulations of every other Governmental Authority from time to time constituted to regulate the development and operation of its Oil and Gas Properties and the production and sale of Hydrocarbons and other minerals therefrom in all material respects;

(b) keep and maintain all Property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, in accordance with the standard of a prudent operator;

(c) promptly pay and discharge, or make reasonable and customary efforts to cause to be paid and discharged, all material delay rentals, royalties, expenses and indebtedness accruing under the leases or other agreements affecting or pertaining to its Oil and Gas Properties and will do all other things necessary, in accordance with industry standards, to keep unimpaired their rights with respect thereto and prevent any forfeiture thereof or default thereunder, in each case, in all material respects;

(d) promptly perform or make reasonable and customary efforts to cause to be performed, in accordance with customary industry standards, the obligations required by each and all of the assignments, deeds, leases, sub-leases, contracts and agreements affecting its interests in its Oil and Gas Properties and other material Properties, in each case, in all material respects; and

(e) to the extent the Issuer is not the operator of any Property, the Issuer shall use reasonable efforts to cause the operator to comply with this Section 6.5.

6.6 **Insurance**. The Issuer will maintain, with financially sound and reputable insurance companies, insurance covering all Group Members, in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. The loss payable clauses or provisions in the applicable insurance policy or policies insuring the Group Members or their Property shall be endorsed in favor of and made payable to the Agent as "loss payee" or other formulation reasonably acceptable to the Requisite Holders and such liability policies shall name the Agent and the Holders as "additional insureds" and provide that the insurer will endeavor to give at least 30 days prior notice of any cancellation to the Agent.

6.7 **Books and Records; Inspection Rights**. The Issuer will, and will cause each Restricted Subsidiary to, keep proper books of record and account in which full, true and correct entries in conformity with GAAP, prudent accounting practice and all Governmental Requirements shall be made of all dealings and transactions in relation to its business and activities. The Issuer will, and will cause each Restricted Subsidiary to, permit any representatives designated by the Agent or the Requisite Holders, upon reasonable prior written notice, to visit and inspect its

Properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times during normal business hours and as often as reasonably requested.

6.8 **Compliance with Laws**. The Issuer will, and will cause each Group Member to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its Property in all material respects. The Issuer will maintain in effect and enforce policies and procedures designed to ensure compliance by the Group Members and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws and applicable Sanctions.

6.9 **Environmental Matters**.

(a) The Issuer will, and will cause each Group Member to; (i) comply with all applicable Environmental Laws, and undertake reasonable efforts to ensure that all tenants and subtenants (if any), and all Persons with whom any Group Member has contracted for the exploration, development, production, operation, or other management of an oil or gas well or lease, comply with all applicable Environmental Laws; and (ii) generate, use, treat, store, release, transport, dispose of, and otherwise manage all Hazardous Materials in a manner that could not reasonably be expected to result in any liability to any Group Member or to adversely affect any real property owned, leased or operated by any of them, and take reasonable efforts to prevent any other Person from generating, using, treating, storing, releasing, transporting, disposing of, or otherwise managing Hazardous Materials in a manner that could reasonably be expected to result in a liability to any Group Member, or with respect to any Mortgaged Property, could reasonably be expected to adversely affect its fair saleable value (for the avoidance of doubt, with respect to activities on properties neighboring such real property, such reasonable efforts shall not include any obligation to monitor such activities or properties); it being understood that this clause (a) shall be deemed not breached by a noncompliance with any of the foregoing (i) or (ii) if, upon learning of such noncompliance or any condition that results from such noncompliance, any affected Group Member promptly develops and diligently implements a response to such noncompliance and any such condition that is consistent with principles of prudent environmental management and all applicable Environmental Laws, and *provided* that such response and condition, in the aggregate with any other such responses and conditions, could not reasonably be expected to have a Material Adverse Effect.

(b) The Issuer will promptly, but in no event later than five (5) days after learning of any action, investigation, demand or inquiry contemplated by this Section 6.9(b), notify the Agent and the Holders in writing of any action, investigation, demand, or inquiry by any Person threatened in writing or commenced against the Issuer or any Group Member, or any of their property or any property with respect to which a Group Member has any interest or obligation, in connection with any applicable Environmental Laws or regarding any Hazardous Materials (excluding routine testing and corrective action), unless the Issuer reasonably determines, based on the information reasonably available to it at the time, that such action, investigation, demand or inquiry is unlikely to result in costs and liabilities in excess of $2,500,000 (it being understood that the amount will be determined in the aggregate with the costs and liabilities of all related similar actions, investigations, demands or inquiries) and in any case could not reasonably be expected to have a Material Adverse Effect (it being understood that the Issuer shall be deemed to have given notice under this Section 6.9(b)

regarding the matters set forth on Schedule 6.9(b) to this Agreement to the extent such matters are described thereon).

(c) If an Event of Default has occurred or is reasonably anticipated, or if any event or circumstance has occurred or is reasonably suspected that could reasonably be expected to result in a material diminution in the value of any of the Mortgaged Properties, the Agent may (but shall not be obligated to), at the expense of the Issuer (such expenses to be reasonable in light of the circumstances), conduct such investigation as it reasonably deems appropriate to determine the nature and extent of any noncompliance with applicable Environmental Laws, the nature and extent of the presence of any Hazardous Material and the nature and extent of any other environmental conditions that may exist at or affect any of the Mortgaged Properties, and the Note Parties and each relevant Group Member shall reasonably cooperate with the Agent in conducting such investigation and in implementing any response to such noncompliance, Hazardous Material or other environmental condition as the Agent reasonably deems appropriate. Such investigation and response may include, without limitation, a detailed visual inspection of the Mortgaged Properties, including all storage areas, storage tanks, drains and dry wells and other structures and locations, as well as the taking of soil samples, surface water samples, and ground water samples and such other investigations or analyses as the Agent deems appropriate, and any containment, cleanup, removal, repair, restoration, remediation or other remedial work. Upon reasonable request and notice, the Agent and its officers, employees, agents and contractors shall have and are hereby granted the right to enter upon the Mortgaged Properties for the foregoing purposes.

6.10 **Further Assurances**.

(a) The Issuer at its sole expense will, and will cause each other Group Member to, promptly execute and deliver to the Agent all such other documents, agreements and instruments reasonably requested by the Agent to (i) further evidence and more fully describe the collateral intended as security for the Obligations, (ii) correct any omissions in this Agreement or the Security Instruments, (iii) state more fully the obligations secured therein, (iv) perfect, protect or preserve any Liens created pursuant to this Agreement or any of the Security Instruments or the priority thereof, or (v) make any recordings, file any notices or obtain any consents, all as may be reasonably necessary or appropriate, in the reasonable discretion of the Agent to ensure that the Agent, on behalf of the Secured Parties, has a perfected security interest in all assets of the Note Parties. In addition, at the Agent's request, the Issuer, at its sole expense, shall provide any information requested to identify any Collateral, including an updated Perfection Certificate, a customary "lease to well" reconciliation schedule, list or similar item, exhibits to Mortgages in form and substance reasonably satisfactory to the Requisite Holders (which such exhibits shall be in recordable form for the applicable jurisdiction) or any other information requested in connection with the identification of any Collateral.

(b) The Issuer hereby authorizes the Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Mortgaged Property without the signature of the Issuer or any other Note Party where permitted by law, which financing statements may contain a description of collateral that describes such property in any manner as the Agent may reasonably determine is necessary or advisable to ensure the perfection

of the security interest in the Collateral consistent with the terms of the Note Documents, including describing such property as "all assets" or "all property" or words of similar effect. A carbon, photographic or other reproduction of the Security Instruments or any financing statement covering the Mortgaged Property or any part thereof shall be sufficient as a financing statement where permitted by law.

6.11 **Reserve Reports**.

(a) On or before April 1st and October 1st of each year, the Issuer shall furnish to the Agent and the Holders a Reserve Report evaluating the Oil and Gas Properties constituting Proved Reserves of the Issuer and its Subsidiaries as of the immediately preceding December 31st and June 30th, as applicable. (i) Each Reserve Report as of December 31st and delivered on or before April 1st of each year (the "December 31 Reserve Report"), shall be prepared by one or more Approved Petroleum Engineers, and (ii) each Reserve Report as of June 30th delivered on or before October 1st of each year shall be prepared by one or more Approved Petroleum Engineers or internally under the supervision of the chief engineer of the Issuer who shall certify such Reserve Report to be true and accurate in all material respects and to have been prepared in accordance with the procedures used in the immediately preceding December 31 Reserve Report.

(b) With the delivery of each Reserve Report, the Issuer shall provide to the Agent and the Holders a Reserve Report Certificate substantially in the form of Exhibit I from a Responsible Officer certifying that in all material respects: (i) the information contained in the Reserve Report and any other information delivered in connection therewith is true and correct, (ii) except as set forth on an exhibit to the certificate, the Issuer or the other Note Parties own good and defensible title to the Oil and Gas Properties evaluated in such Reserve Report and such Oil and Gas Properties are free of all Liens except for Liens permitted by Section 7.3, (iii) except as set forth on an exhibit to the certificate, (A) on a net basis there are no gas imbalances, take or pay or other prepayments in excess of the volume specified in Section 4.18 with respect to the Oil and Gas Properties evaluated in such Reserve Report which would require the Issuer or any other Group Member 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 and (B) there are no take-or-pay or ship-or-pay contracts that have not been disclosed in a previous Reserve Report Certificate, (iv) none of their Oil and Gas Properties constituting Proved Reserves have been sold (other than Hydrocarbons sold in the ordinary course of business) since the date of the last certificate delivered pursuant to this section except as set forth on an exhibit to the certificate, which exhibit shall list all of its Oil and Gas Properties constituting Proved Reserves sold (other than Hydrocarbons sold in the ordinary course of business) and in such detail as reasonably required by the Requisite Holders, (v) attached to the certificate is a list of all marketing agreements entered into by a Group Member subsequent to the later of the date hereof or the most recently delivered Reserve Report which the Issuer could reasonably be expected to have been obligated to list on Schedule 4.19 had such agreement been in effect on the date hereof and (vi) attached thereto is a schedule of the Oil and Gas Properties evaluated by such Reserve Report that are Mortgaged Properties and demonstrating the percentage of the PV-10 of the Oil and Gas Properties that the value of such Mortgaged Properties represent and that such percentage is in compliance with Section 6.13(a) (the certificate described herein, the "Reserve Report Certificate"). For the avoidance of doubt, the

requirement to provide a Reserve Report Certificate shall require the delivery of such Reserve Report Certificate at the time each Reserve Report is delivered.

6.12 **Title Information**.

(a) On or before the delivery to the Agent and the Holders of each Reserve Report required by Section 6.11(a), the Issuer shall deliver title information in form and substance reasonably acceptable to the Requisite Holders covering enough of the Oil and Gas Properties constituting Proved Reserves evaluated by such Reserve Report that were not included in the immediately preceding Reserve Report, so that the Requisite Holders shall have received reasonably satisfactory title information on Hydrocarbon Interests constituting at least 85% of the PV-9 of the Oil and Gas Properties constituting Proved Reserves evaluated by such Reserve Report.

(b) If the Issuer has provided title information for additional Properties under Section 6.12(a), the Issuer shall, within 60 days of notice from the Agent or the Requisite Holders that title defects or exceptions exist with respect to such additional Properties (or such longer period as the Requisite Holders may approve in their discretion), either (i) cure any such title defects or exceptions (including defects or exceptions as to priority) which are not permitted by Section 7.3 raised by such information, (ii) substitute acceptable Mortgaged Properties with no title defects or exceptions except for Liens permitted by Section 7.3 having an equivalent or greater value or (iii) deliver title information in form and substance acceptable to the Requisite Holders so that the Agent and the Holders shall have received, together with title information previously delivered to the Agent and the Holders, satisfactory title information on Hydrocarbon Interests constituting at least 85% of the PV-9 of the Oil and Gas Properties evaluated by such Reserve Report.

6.13 **Additional Collateral; Additional Guarantors; Flood Insurance**.

(a) At all times from and after the thirtieth (30th) day following the Closing Date (or such later date as the Requisite Holders may agree in their sole discretion) (such date, the "**Mortgage Deadline**"), the Issuer shall, and shall cause each other Note Party, at all times from and after the Mortgage Deadline to maintain a perfected Lien, superior in prior to all Liens other than Permitted Prior Liens, in favor of Agent for the benefit of the Secured Parties on Oil and Gas Properties constituting at least (i) 85% of the PV-9 of the Note Parties' Proved Reserves as set forth in the most recent Reserve Report delivered to the Issuer pursuant to Section 6.11 (after giving effect to all to extensions, discoveries and other additions and upward (and downward) revisions of estimates of Proved Reserves due to exploration, development or exploitation, production or other activities, acquisitions, Dispositions and production, in each case, since the date of such Reserve Report) and (ii) 85% of the book value of the Note Parties' Oil and Gas Properties other than Proved Reserves as of Issuer's most recently ended fiscal quarter (including the fiscal year end) for which its financial statements are available (the "**Minimum Mortgage Requirement**"). In connection with the delivery of each Reserve Report, the Issuer shall review the Reserve Report and the list of current Mortgaged Properties (as described in Section 6.11(b)(vi)) to ascertain whether the Mortgaged Properties satisfy the Minimum Mortgage Requirement. In the event that the Mortgaged Properties do not at any time satisfy the Minimum Mortgage Requirement, then the Issuer shall, and shall cause the other Note Parties to, grant, within thirty (30) days of delivery of the Reserve Report Certificate required under Section 6.11(b), to the Agent as security for the

Obligations a second priority Lien interest (*provided* that Excepted Liens of the type described in clauses (a) to (d) and (f) of the definition thereof may exist, but subject to the provisos at the end of such definition) on additional Oil and Gas Properties not already subject to a Lien of the Security Instruments such that after giving effect thereto, the Mortgaged Properties will satisfy the Minimum Mortgage Requirement. All such Liens will be created and perfected by and in accordance with the provisions of deeds of trust, security agreements and financing statements or other Security Instruments, all in form and substance reasonably satisfactory to the Requisite Holders and with sufficient executed (and acknowledged where necessary or appropriate) counterparts for recording purposes. In order to comply with the foregoing, if any Subsidiary grants a Lien on its Oil and Gas Properties pursuant to this Section 6.13(a) and such Subsidiary is not a Guarantor, then it shall become a Guarantor and comply with Section 6.13(b). In the event that the Issuer or any other Note Party grants a Lien on any Property to secure any First Lien Secured Obligations, the Issuer will, and will cause such Subsidiary to, contemporaneously grant to the Agent, to secure the Obligations, a Lien on the same property pursuant to Security Instruments in form and substance satisfactory to the Agent.

(b) The Issuer shall promptly cause each Domestic Subsidiary Group Member that is a Wholly-Owned Material Subsidiary and each Restricted Subsidiary that guarantees or otherwise become obligated with respect to Indebtedness incurred in reliance on Sections 7.2(k) or 7.2(l) to guarantee and secure the Obligations pursuant to the Guarantee and Collateral Agreement, including pursuant to a supplement or joinder thereto. In connection with any such guaranty and security interest grant, the Issuer shall, or shall cause (i) such Material Subsidiary to promptly execute and deliver such Guarantee and Collateral Agreement (or a supplement thereto, as applicable), (ii) the owners of the Equity Interests of such Material Subsidiary who are Group Members to pledge all of the Equity Interests of such Material Subsidiary (including delivery of original stock certificates evidencing the Equity Interests of such Subsidiary pursuant to the Intercreditor Agreement, together with an appropriate undated stock powers for each certificate duly executed in blank by the registered owner thereof) and (iii) such Material Subsidiary or other Person, as applicable, to promptly execute and deliver such other additional closing documents, legal opinions and certificates as shall reasonably be requested by the Requisite Holders.

(c) In the event that any Note Party becomes the owner of (i) a first tier Foreign Group Member or (ii) a Domestic Subsidiary Group Member, then the parent Note Party shall (A) pledge (x) 65% of all Equity Interests of such Foreign Group Member or (y) 100% of all the Equity Interests of such Domestic Subsidiary Group Member, in each case, that are owned by such Note Party (including, in each case, delivery of original stock certificates, if any, evidencing such Equity Interests pursuant to the Intercreditor Agreement, together with appropriate stock powers for each certificate duly executed in blank by the registered owner thereof) and (along with such Foreign Group Member or Subsidiary Group Member, as applicable) execute and deliver such other additional closing documents, legal opinions and certificates as shall reasonably be requested by the Requisite Holders.

(d) The Issuer will at all times cause the other material tangible and intangible assets of the Issuer and each other Note Party to be subject to a Lien of the Security Instruments.

(e) Notwithstanding any provision in this Agreement or any other Note 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 is hereby encumbered by this Agreement or any other Note Document.

6.14 **ERISA Compliance**. The Issuer will promptly furnish and will cause each Subsidiary of the Issuer and any ERISA Affiliate to promptly furnish to the Agent (a) immediately upon becoming aware of the occurrence of any ERISA Event or of any Prohibited Transaction, which could reasonably be expected to result in liability of the Issuer or Group Member in an aggregate amount exceeding $25,000,000, in connection with any Plan or any trust created thereunder, a written notice of the Issuer or such other Group Member or ERISA Affiliate, as the case may be, specifying the nature thereof, what action such Person is taking or proposes to take with respect thereto, and, when known, any action taken or proposed by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto, and (b) immediately upon receipt thereof, copies of any notice of the PBGC's intention to terminate or to have a trustee appointed to administer any Plan. With respect to each Plan, the Issuer will, and will cause each Subsidiary and ERISA Affiliate to, (A) satisfy in full and in a timely manner, without incurring any late payment or underpayment charge or penalty and without giving rise to any lien, all of the contribution and funding requirements of Section 412 of the Code and of Section 302 of ERISA, and (B) pay, or cause to be paid, to the PBGC and in a timely manner, without incurring any late payment or underpayment charge or penalty and without giving rise to any lien, after giving effect to any applicable grace period, all premiums required pursuant to Sections 4006 and 4007 of ERISA. Promptly following receipt thereof from the administrator or plan sponsor, but in any event within five (5) Business Days following any request therefor, the Issuer will furnish or will cause any applicable Subsidiary and any applicable ERISA Affiliate to furnish to the Agent copies of any documents described in Sections 101(k) or 101(l) of ERISA that any Note Party or any ERISA Affiliate may request with respect to any Multiemployer Plan to which any Note Party or any ERISA Affiliate contributes or has an obligation to contribute; *provided*, *that* if the Group Members or any of their ERISA Affiliates have not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, then, upon reasonable request of the Agent, the Group Members and/or their ERISA Affiliates shall promptly, but in any event within five (5) Business Days following such request, make a request for such documents or notices from such administrator or sponsor and the Issuer shall provide copies of such documents and notices to the Agent promptly, but in any event within five (5) Business Days following receipt thereof.

6.15 **Marketing Activities**. The Issuer will not, and will not permit any of the other Group Members to, engage in marketing activities for any Hydrocarbons or enter into any contracts related thereto other than (i) contracts for the sale of Hydrocarbons scheduled or reasonably estimated to be produced from their proved Oil and Gas Properties during the period of such contract, (ii) contracts for the sale of Hydrocarbons scheduled or reasonably estimated to be produced from proved Oil and Gas Properties of third parties during the period of such contract associated with the Oil and Gas Properties of the Issuer and the other Group Members that the Issuer or one of the other Group Members has the right to market pursuant to joint operating agreements, unitization agreements or other similar contracts that are usual and customary in the oil and gas business and

(iii) other contracts for the purchase and/or sale of Hydrocarbons of third parties (A) which have generally offsetting provisions (i.e. corresponding pricing mechanics, delivery dates and points and volumes) such that no "position" is taken and (B) for which appropriate credit support has been taken to alleviate the material credit risks of the counterparty thereto.

6.16 **Account Control Agreements**. Within forty five (45) days after the Closing Date or such longer period as agreed to by the Requisite Holders, the Issuer will, and will cause each other Note Party to, cause all of their respective Deposit Accounts and/or any Securities Accounts (other than an Excluded Account for so long as it is an Excluded Account) at all times to be a Controlled Account and with respect to any Deposit Account and/or Security Account established, held or maintained on or after the Closing Date promptly, but in any event within five (5) Business Days of the establishment of such account, cause such Deposit Account and/or Securities Account (other than an Excluded Account for so long as it is an Excluded Account) to be a Controlled Account.

6.17 **Unrestricted Subsidiaries**.

(a) The Issuer may designate any Restricted Subsidiary as an Unrestricted Subsidiary and, subject to Section 6.17 (c), any Unrestricted Subsidiary as a Restricted Subsidiary upon delivery to the Agent of written notice from the Issuer; *provided* that (i) such Restricted Subsidiary has, after giving effect to such designation as an Unrestricted Subsidiary and any releases or terminations executed in connection therewith, no Indebtedness other than Indebtedness that is Non-Recourse Debt, (ii) such Restricted Subsidiary is a Person which neither the Issuer nor any of its Restricted Subsidiaries has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results, (iii) such Restricted Subsidiary does not guarantee or otherwise directly provides credit support for any Indebtedness of the Issuer or any of its Restricted Subsidiaries, except to the extent such guarantee or other credit support would be released or terminated upon such designation, (iv) such Restricted Subsidiary is concurrently designated as an Unrestricted Subsidiary under and in accordance with the First Lien Credit Agreement, (v) such Restricted Subsidiary has not been previously designated as an Unrestricted Subsidiary and (vi) immediately before and after such designation, (A) no Default or Event of Default shall have occurred and be continuing, (B) the Issuer shall be in pro forma compliance with Section 7.1 and (C) the representations and warranties of the Issuer and the Guarantors set forth in this Agreement and in the other Note Documents shall be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct) on and as of the date of such designation, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date of such designation, such representations and warranties shall continue to be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct) as of such specified earlier date. All Subsidiaries of an Unrestricted Subsidiary shall also be Unrestricted Subsidiaries.

(b) The designation of any Restricted Subsidiary as an Unrestricted Subsidiary and any Disposition of Property to an Unrestricted Subsidiary shall constitute (i) an Investment

under Section 7.5 as of the date of designation or Disposition, as applicable, in an amount equal to the Fair Market Value of the Issuer's investment therein and (ii) a Disposition as of the date of designation or Disposition for purposes of any determination of EBITDA.

(c) The Issuer may designate any Unrestricted Subsidiary as a Restricted Subsidiary once upon delivery of written notice to the Agent; *provided* that such designation (i) shall constitute the incurrence at the time of designation of any Indebtedness and Liens of such Subsidiary existing at such time, (ii) shall constitute a reduction in any Investment under Section 7.5 to the extent that such Investment was attributable to such Restricted Subsidiary being an Unrestricted Subsidiary at the date of designation in an amount equal to the Fair Market Value of the Issuer's investment therein, it being understood that any incurrence of Indebtedness and Liens in connection herewith shall require compliance with Section 7.2 and Section 7.3, as applicable, and (iii) shall require the Issuer to be in compliance with Section 7.1 immediately before such designation and in pro forma compliance immediately after such designation.

Any designation of a Restricted Subsidiary of the Issuer as an Unrestricted Subsidiary, any designation of a Unrestricted Subsidiary as a Restricted Subsidiary and any Disposition to an Unrestricted Subsidiary will require the Issuer to provide the Agent a certificate signed by a Responsible Officer of the Issuer certifying that such designation complied with the preceding conditions in Section 6.17(b) or Section 6.17(c), as applicable.

6.18 **Swap Agreements**. The Issuer will (a) within ninety (90) days after the Closing Date (or such later date with the consent of the Requisite Holders in their sole discretion), enter into Swap Agreements reasonably satisfactory to the Requisite Holders with Approved Counterparties pursuant to which the Note Parties have hedged notional volumes not less than 75% of the reasonably anticipated projected production (based on the Initial Reserve Report) of crude oil and natural gas, calculated separately, from Proved Developed Producing Reserves of Oil and Gas Properties of the Note Parties for each month during the subsequent thirty-six (36) calendar month period immediately following the Closing Date (it being understood that the Swap Agreements to which the Note Parties are party as of the Closing Date are reasonably satisfactory to the Requisite Holders) and (b) maintain as of the end of each Fiscal Quarter Swap Agreements reasonably satisfactory to the Requisite Holders with Approved Counterparties pursuant to which the Note Parties shall hedge notional volumes not less than 50% of the reasonably anticipated projected production (based on the then most recently delivered Reserve Report hereunder) of crude oil and natural gas, calculated separately, from Proved Developed Producing Reserves of Oil and Gas Properties of the Note Parties for each month during the subsequent twenty-four (24) calendar month period immediately following any the end of such Fiscal Quarter.

Article VII.

NEGATIVE COVENANTS

Until Payment in Full, the Issuer covenants and agrees with the Holders that:

7.1 **Ratio of Total Net Indebtedness to EBITDA**. The Issuer will not, as of the last day of any Fiscal Quarter, commencing with the Fiscal Quarter ending December 31, 2017, permit

the ratio of Total Net Indebtedness as of such day to EBITDA for the Reference Period then ending, to be greater than 4.5 to 1.0.

7.2 **Indebtedness**. The Issuer will not, and will not permit any other Group Member to, incur, create, assume or suffer to exist any Indebtedness, except:

(a) the Notes or other Obligations;

(b) Indebtedness of the Group Members existing on the date hereof set forth on Schedule 7.2 as well as any Permitted Refinancing Indebtedness in respect thereof;

(c) accounts payable and accrued expenses or other obligations to pay the deferred purchase price of Property or services, from time to time incurred in the ordinary course of business which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(d) purchase money Indebtedness or Capital Lease Obligations not to exceed $15,000,000 in the aggregate at any one time outstanding;

(e) unsecured Indebtedness associated with worker's compensation claims, bonds or surety obligations required by Governmental Requirements or by third parties in the ordinary course of business in connection with the operation of, or provision for the abandonment and remediation of, the Oil and Gas Properties;

(f) (i) Indebtedness among the Issuer and its Subsidiaries which are Note Parties, (ii) Indebtedness between the Subsidiaries of the Issuer which are not Note Parties and (iii) Indebtedness extended to the Issuer and its Subsidiaries which are Note Parties by any Group Members; provided that (A) such Indebtedness is not held, assigned, transferred, negotiated or pledged to any Person other than a Note Party and (B) any such Indebtedness owed by either the Issuer or a Guarantor shall be subordinated to the Obligations on terms satisfactory to the Agent;

(g) endorsements of negotiable instruments for collection in the ordinary course of business;

(h) any guarantee of any other Indebtedness permitted to be incurred hereunder;

(i) unsecured Indebtedness in respect of Swap Agreements entered into in compliance with Section 7.17;

(j) [reserved];

(k) Indebtedness in respect of the First Lien Credit Facility that is subject to the terms of the Intercreditor Agreement; provided that (i) such Indebtedness is a single conforming commercial banking revolving or term loan borrowing base facility for oil and gas secured loan transactions with no differentiation among the First Lien Lenders and all such Indebtedness is *pari passu* in right of payment, pricing, maturity, security and liquidation thereof and (ii) the Person selected to be the administrative agent thereunder is JPMorgan Chase Bank, N.A. or another

administrative agent recognized as being an established administrative agent for commercial banking borrowing base lending facilities for oil and gas secured transactions; and

(l) other Indebtedness not to exceed $25,000,000 in the aggregate at any one time outstanding.

7.3 **Liens**

. The Issuer will not, and will not permit any Group Member to, create, incur, assume or permit to exist any Lien on any of its Properties (now owned or hereafter acquired), except:

(a) Liens securing the payment of any Obligations;

(b) Liens existing on the Closing Date and disclosed on Schedule 7.3 and Excepted Liens;

(c) Liens securing purchase money Indebtedness or Capital Leases Obligations permitted by Section 7.2(d) but only on the Property that is the subject of any such Indebtedness or lease, accessions and improvements thereto, insurance thereon, and the proceeds of the foregoing;

(d) Liens securing the First Lien Secured Obligations, including any refinancing or replacement thereof; provided that such Liens shall be subject to the Intercreditor Agreement; and

(e) Liens on Property not constituting Collateral that secure Indebtedness and that are not otherwise permitted by the foregoing clauses of this Section 7.3; provided that the aggregate or principal or face amount of all debt secured by such Liens pursuant to this Section 7.3(e), and the Fair Market Value of the Properties subject to such Liens (determined as of the date such Liens are incurred), shall not exceed $25,000,000 in the aggregate at any time outstanding.

7.4 **Restricted Payments, Restrictions on Amendments of Permitted First Lien Debt**.

(a) Restricted Payments. The Issuer will not, and will not permit any of the other Group Members to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except (i) the Issuer may declare and pay Restricted Payments with respect to its Equity Interests payable solely in additional shares of its Equity Interests (other than Disqualified Capital Stock), (ii) Wholly-Owned Subsidiaries may make Restricted Payments ratably to the holders of their Equity Interests, (iii) the Issuer may make Restricted Payments pursuant to and in accordance with stock option plans, other equity compensation plans or other benefit plans for management, employees or other individual service providers of the Issuer and the other Group Members which plans have been approved by the Issuer's board of directors, to the extent such Restricted Payments are made in the ordinary course of business and (iv) provided that no Default, Event of Default or Borrowing Base Deficiency has occurred or is continuing, the Issuer may declare and pay Restricted Payments with respect to its Equity Interests in an aggregate amount not to exceed the sum of $25,000,000 *plus* the net cash proceeds obtained from the issuance of Equity Interests (other than

Disqualified Capital Stock) of the Issuer *minus* the amount of such net cash proceeds that have been applied as Investments pursuant to Section 7.5(h).

(b) Redemptions. The Issuer will not, and will not permit any other Group Member to prior to the date that is ninety-one (91) days after the Maturity Date, call, make or offer to make any optional or voluntary Redemption of or otherwise optionally or voluntarily Redeem (whether in whole or in part), (i) [reserved], (ii) any other Indebtedness of the type set forth in clauses (a), (h) and (k) of the definition of Indebtedness (excluding (A) the Obligations, (B) the First Lien Secured Obligations and (C) in the case of such other Indebtedness of the type set forth in clause (a) of the definition of Indebtedness, Redemptions in an aggregate amount paid not to exceed $5,000,000) and (iii) any Permitted Refinancing Indebtedness in respect of the foregoing (such Indebtedness (other than the First Lien Secured Obligations), collectively, the "**Specified Indebtedness**"); provided that the Issuer may prepay such Specified Indebtedness with the proceeds of any Permitted Refinancing Indebtedness in respect thereof or with the net cash proceeds of Equity Interests (other than Disqualified Capital Stock) of the Issuer so long as no Default, Event of Default or Borrowing Base Deficiency has occurred and is continuing or would occur as a result of such Redemption.

(c) Amendments. The Issuer will not, and will not permit any other Group Member to amend, modify, waive or otherwise change, consent or agree to any amendment, modification, waiver or other change to any Specified Indebtedness if doing so would (i) increase the rate of interest thereon, (ii) require the payment of a fee (whether, without limitation, a consent fee, arrangement fee or any other fee, but excluding any customary upfront fees owed by the Note Parties in connection with a Borrowing Base redetermination under the First Lien Credit Agreement) unless any such fee paid, when combined with any other such fees and any Investment made in reliance of Section 7.5(h), does not exceed $5,000,000 or (iii) (A) [reserved] and (B) with respect to any other Specified Indebtedness, shorten the average maturity or average life of such Specified Indebtedness.

7.5 **Investments, Loans and Advances**. The Issuer will not, and will not permit any other Group Member to, make or permit to remain outstanding any Investments in or to any Person, except that the foregoing restriction shall not apply to:

(a) Investments which are disclosed to the Holders in Schedule 7.5;

(b) accounts receivable arising in the ordinary course of business;

(c) Investments in Cash Equivalents;

(d) Investments (i) made among the Issuer and the other Subsidiaries which are Note Parties, (ii) made among the Subsidiaries of the Issuer which are not Note Parties or (iii) made by any Group Member in or to the Issuer or to its Subsidiaries which are Note Parties;

(e) loans or advances to employees, officers or directors in the ordinary course of business of the Issuer or any of the other Note Parties, in each case only as permitted by applicable

law, including Section 402 of the Sarbanes-Oxley Act of 2002, but in any event not to exceed $2,000,000 in the aggregate at any time;

(f) Investments in stock, obligations or securities received in settlement of debts arising from Investments permitted under this Section 7.5 owing to the Issuer or any other Group Member as a result of a bankruptcy or other insolvency proceeding of the obligor in respect of such debts or upon the enforcement of any Lien in favor of the Issuer or any of the other Group Members; provided that the Issuer shall give the Administrative Agent prompt written notice in the event that the aggregate amount of all Investments held at any one time under this Section 7.5(f) exceeds $2,000,000;

(g) Investments pursuant to Swap Agreements otherwise permitted under this Agreement;

(h) other Investments, when combined with any fees paid under Section 7.4(c)(ii), not to exceed, in the aggregate, the sum of (x) $25,000,000, which amount may be in the form of cash or Property in equal Fair Market Value, *plus* (y) the net cash proceeds obtained from the issuance of Equity Interests (other than Disqualified Capital Stock) of the Issuer (it being understood that the amount of Investments permitted in reliance on this clause (h)(y) may only be effected in the form of cash) *minus* the amount of such net cash proceeds that have been applied as Restricted Payments pursuant to Section 7.4(a)(iv), in the aggregate at any time;

(i) loans, advances or extensions of credit to suppliers or contractors under applicable contracts or agreements in the ordinary course of business in connection with oil and gas development activities of such Issuer or such Subsidiary; and

(j) Investments in Unrestricted Subsidiaries, provided that the aggregate amount of all such Investments at any one time shall not exceed $15,000,000.

The amount of all Investments under Sections 7.5(h)(x) and (j) (other than cash) will be the Fair Market Value on the date of the Investment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Investment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined, (x) in the case of amounts under $10,000,000, by a Responsible Officer of the Issuer and certified in writing to the Agent (for delivery to the Holders) and (y) in the case of amounts greater than or equal to $10,000,000 by the Board of Directors of Issuer whose resolution with respect thereto will be delivered to the Agent (for delivery to the Holders).

7.6 **Nature of Business; No International Operations**. The Issuer and the other Group Members, taken as a whole, will not allow any material change to be made in the character of its business as an independent oil and gas exploration and production company. The Group Members will not acquire or make any other expenditures (whether such expenditure is capital, operating or otherwise) in or related to, any Oil and Gas Properties not located within the geographical boundaries of the United States of America or in the offshore federal waters of the United States of America.

7.7 **Proceeds of the Notes**. The Issuer will not permit the proceeds of the Notes to be used for any purpose other than those permitted by Section 4.22. No Note Party nor any Person acting on behalf of the Issuer has taken or will take any action which may cause any of the Note Documents to violate Regulations T, U or X or any other regulation of the Board or to violate Section 7 of the Securities Exchange Act of 1934 or any rule or regulation thereunder, in each case as now in effect or as the same may hereinafter be in effect. If requested by the Agent, the Issuer will furnish to the Agent and each Holder a statement to the foregoing effect in conformity with the requirements of FR Form U-1 or such other form referred to in Regulation U, Regulation T or Regulation X of the Board, as the case may be. The Issuer will not issue any Note, and the Issuer shall not directly or, to the knowledge of the Issuer, indirectly use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not directly or, to the knowledge of such Person, indirectly use, the proceeds of any Note (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 Sanctioned Country to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or (c) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

7.8 **ERISA Compliance**. Except as would not, whether individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Issuer will not, and will not permit any ERISA Affiliate to, at any time:

(a) engage in any transaction in connection with which the Issuer or any ERISA Affiliate, could be subject 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) terminate, or permit any ERISA Affiliate to terminate, any Plan in a manner, or take any other action with respect to any Plan, which could result in any liability of the Issuer or any Subsidiary or any ERISA Affiliate to the PBGC;

(c) fail to make, or permit any ERISA Affiliate to fail to make, after giving effect to any applicable grace period, full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, the Issuer, a Subsidiary or any ERISA Affiliate is required to pay as contributions thereto;

(d) fail to satisfy, or allow any ERISA Affiliate to fail to satisfy, the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA), in any case whether or not waived, with respect to any Plan; and

(e) acquire, or permit any ERISA Affiliate to acquire, an interest in any Person that causes such Person to become an ERISA Affiliate with respect to any Subsidiary or with respect to any ERISA Affiliate if such Person sponsors, maintains or contributes to, or at any time in the six-year period immediately preceding such acquisition has sponsored, maintained, or contributed to, (1) any Multiemployer Plan, or (2) any other Plan that is subject to Title IV of ERISA under which the actuarial present value of the benefit liabilities under such Plan exceeds the current value

of the assets (computed on a plan termination basis in accordance with Title IV of ERISA and determined as of the end of the most recent plan year) of such Plan allocable to such benefit liabilities.

7.9 **Sale or Discount of Receivables**. Except for receivables obtained by the Group Members out of the ordinary course of business or the settlement of joint interest billing accounts in the ordinary course of business or discounts granted to settle collection of accounts receivable or the sale of defaulted accounts arising in the ordinary course of business in connection with the compromise or collection thereof and not in connection with any financing transaction, the Issuer will not, and will not permit any other Group Member to, discount or sell (with or without recourse) any of its notes receivable or accounts receivable.

7.10 **Mergers, Etc.** The Issuer will not, and will not permit any of its Restricted Subsidiaries to, merge into or with or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its Property to any other Person, (whether now owned or hereafter acquired) or liquidate or dissolve (any such transaction, a "**consolidation**"), except that (a) any Note Party may consolidate with or into the Issuer (*provided* the Issuer shall be the continuing or surviving entity), (b) any Restricted Subsidiary may consolidate with any Subsidiary of the Issuer which is a Note Party (*provided* such Subsidiary which is a Note Party shall be the continuing or surviving entity) and (c) any Subsidiary which is not a Note Party may consolidate with any other Subsidiary which is not a Note Party, in each case, so long as no Default or Event of Default has occurred and is continuing or would occur as a result of such consolidation and notice of such consolidation is provided to the Agent five (5) Business Days prior to such consolidation.

7.11 **Sale of Properties and Termination of Hedging Transactions**. The Issuer will not, and will not permit any Group Member to, sell, assign, farm-out, convey or otherwise transfer any Property except for:

(a) the sale of Hydrocarbons in the ordinary course of business;

(b) if no Default or Event of Default has occurred and is continuing, the sale or other Disposition (including any farmout or similar agreement) of Oil and Gas Properties not included in the calculation of the Borrowing Base (which, for avoidance of doubt, includes Oil and Gas Properties not constituting Proved Reserves);

(c) the sale or transfer of equipment that (i) is no longer necessary for the business of the Issuer or such other Group Member or (ii) is replaced by equipment of at least comparable value and use;

(d) subject to Section 7.10, the sale or other Disposition (including Casualty Events or in connection with any condemnation proceeding) of any Oil and Gas Property constituting Proved Reserves or any interest therein, 100% of the Equity Interests of any Subsidiary owning no other assets or interest other than Oil and Gas Properties constituting Proved Reserves or the Unwind of Swap Agreements; provided that

(i) not less than 80% of the consideration received in respect of such sale or other Disposition shall be cash (provided that Oil and Gas Properties received as consideration in connection with an asset swap may be deemed to be cash in an amount equal to the Fair Market Value of the Oil and Gas Properties received so long as the aggregate amount of such deemed cash consideration does not to exceed 10% of the Borrowing Base then in effect at the time of such sale or other Disposition),

(ii) no Default or Event of Default has occurred and is continuing nor would a Default, Event of Default or Borrowing Base Deficiency (after giving effect to any prepayment of the Notes made with the proceeds of such sale or other Disposition) result therefrom, and

(iii) (other than in respect of Casualty Events) the consideration received in respect of a sale or other Disposition of any Oil and Gas Property, Equity Interest or interest therein shall be equal to or greater than the Fair Market Value of the Oil and Gas Property, Equity Interest or interest therein subject of such sale or other Disposition (as reasonably determined by a Responsible Officer of the Issuer and if requested by the Agent, the Issuer shall deliver a certificate of a Responsible Officer of the Issuer certifying to the foregoing);

(e) sales and other Dispositions for cash of Properties having a Fair Market Value in aggregate not to exceed $10,000,000;

(f) (i) transfers of Properties between or among any Note Parties, (ii) transfers of Properties between Subsidiaries of the Issuer that are not Note Parties and (iii) transfers of property from any Group Member to any Note Party; and

(g) any transaction permitted by Section 7.5.

Notwithstanding the foregoing, the Issuer shall not, and shall not permit any Group Member to, consummate any sale, assignment, farm-out, conveyance or transfer any Property permitted by Section 7.11(b), (d) or (e) if a "Default" or "Event of Default" (each as defined in the First Lien Credit Agreement) has occurred and is continuing at the time of such transaction or would result from such transaction.

7.12 **Sale and Leasebacks**. The Issuer will not, and will not permit any other Group Member to enter into any arrangement with any Person providing for the leasing by any Group Member of real or personal property that has been or is to be sold or transferred by such Group Member to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Group Member.

7.13 **Environmental Matters**. The Issuer will not, and will not permit any of its Restricted Subsidiaries to, undertake (or allow to be undertaken at any property subject to its control) anything which will subject any such property to any obligation to conduct any investigation or remediation under any applicable Environmental Laws or regarding any Hazardous Material that could reasonably be expected to have a Material Adverse Effect, it being understood that the foregoing

will not be deemed to limit (i) any obligation under applicable Environmental Law to disclose any relevant facts, conditions or circumstances to the appropriate Governmental Authority as and to the extent required by any such Environmental Law, (ii) any investigation or remediation required to be conducted under applicable Environmental Law, (iii) any investigation reasonably requested by a prospective purchaser of any property, *provided* that such investigation is subject to conditions and limitations (including indemnification and insurance obligations regarding the conduct of such investigation) that are reasonably protective of the Issuer and any Restricted Subsidiary, or (iv) any investigation or remediation required pursuant to any lease agreements with the owners of any Properties.

7.14 **Transactions with Affiliates**. Except for payment of Restricted Payments permitted by Section 7.4, the Issuer will not, and will not permit any other Group Member to, enter into any transaction, including any purchase, sale, lease or exchange of Property or the rendering of any service, with any Affiliate (other than between the Issuer and other Note Parties) unless such transactions are otherwise not prohibited under this Agreement and are upon fair and reasonable terms no less favorable to it than it would obtain in a comparable arm's length transaction with a Person not an Affiliate.

7.15 **Subsidiaries**. The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, sell, assign or otherwise Dispose of any Equity Interests in any Group Members except in compliance with Section 7.9. The Issuer shall not, and shall not permit any other Group Member to, have any foreign Subsidiaries (other than those in existence on the Closing Date).

7.16 **Negative Pledge Agreements; Dividend Restrictions**. The Issuer will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or suffer to exist any contract, agreement or understanding which in any way prohibits or restricts (a) the granting, conveying, creation or imposition of any Lien on any of its Property to secure the Obligations or which (i) requires the consent of other Persons in connection therewith or (ii) provides that any such occurrence shall constitute a default or breach of such agreement or (b) the Issuer or any Restricted Subsidiary from (i) paying dividends or making distributions to any Note Party, (ii) paying any Indebtedness owed to any Note Party (other than any restrictions imposed on any Note Party making any such payment pursuant to the Note Documents during an Event of Default or pursuant to the terms of any First Lien Loan Documents having the same restrictions as the Note Documents), (iii) making loans or advances to, or other Investments in, any Note Party (other than any restrictions imposed on any Note Party making such loan or advance pursuant to the Note Documents during an Event of Default or pursuant to the terms of any First Lien Loan Documents having the same restrictions as the Note Documents) or (iv) prepaying or repaying Obligations; *provided* that (A) the foregoing shall not apply to restrictions and conditions under the Note Documents and (B) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement for purchase money Indebtedness or Capital Lease Obligations permitted by this Agreement if such restrictions or conditions apply only to the Property securing such purchase money Indebtedness or Capital Lease Obligations.

7.17 **Swap Agreements.**

(a) The Issuer will not, and will not permit any other Group Member to, enter into any Swap Agreements with any Person other than:

(i) Swap Agreements with an Approved Counterparty in respect of commodities entered into not for speculative purposes the notional volumes for which (when aggregated with other commodity Swap Agreements then in effect other than basis differential swaps on volumes already hedged pursuant to other Swap Agreements) do not exceed, as of the date such Swap Agreement is entered into (A) ninety percent (90%) of the reasonably anticipated projected production (as such production is projected in the most recent Reserve Report delivered pursuant to the terms of this Agreement) from Proved Reserves from the Issuer's and its Restricted Subsidiaries' Oil and Gas Properties for each month during the period which such Swap Agreement is in effect for each of crude oil, natural gas and natural gas liquids, calculated separately (it being understood that natural gas liquids may be hedged with Swap Agreements for natural gas, in which case any such Swap Agreements for natural gas shall be measured as counting toward the amount notional volumes of natural gas liquids which are permitted to be subject to Swap Agreements hereunder on a BTU equivalent basis), for the period of twenty-four (24) months following the date such Swap Agreement is entered into and (B) ninety percent (90%) of the reasonably anticipated projected production (as such production is projected in the most recent Reserve Report delivered pursuant to the terms of this Agreement) from the Issuer's and its Restricted Subsidiaries' proved, developed, producing Oil and Gas Properties for each month during the period which such Swap Agreement is in effect for each of crude oil, natural gas and natural gas liquids, calculated separately (it being understood that natural gas liquids may be hedged with Swap Agreements for natural gas, in which case any such Swap Agreements for natural gas shall be measured as counting toward the amount notional volumes of natural gas liquids which are permitted to be subject to Swap Agreements hereunder on a BTU equivalent basis) for the period of twenty-five (25) to sixty (60) months following the date such Swap Agreement is entered into; provided that (x) the Issuer may update the projections referenced in Section 7.17 (a)(i)(A) and Section 7.17(a)(i)(B) above (as well as Section 7.17(a)(ii)(A) below) by providing the Agent an internal report prepared by or under the supervision of the chief engineer of the Issuer and its other Group Members and any additional informational reasonably requested by the Agent that is, in each case, reasonably satisfactory to the Agent (and shall include new reasonably anticipated Hydrocarbon production from new wells or other production improvements and any dispositions, well shut-ins and other reductions of, or decreases to, production) and (y) any Swap Agreements shall not, in any case, have a tenor of greater than five (5) years; provided further that the foregoing limitations shall not apply to purchased put options or floors for Hydrocarbons that are not related to corresponding calls, collars or swaps and with respect to which any Group Member has no payment obligation other than premiums and charges the total amount of which are fixed and known at the time such transaction is entered into;

(ii) in connection with a proposed acquisition by the Issuer or its Restricted Subsidiaries of Oil and Gas Properties pursuant to a binding and enforceable

purchase and sale agreement and in addition to the Swap Agreements permitted to be entered into pursuant to Section 7.17(a)(i), Swap Agreements with Approved Counterparties in respect of commodities entered into not for speculative purposes; provided that:

(A) the notional volumes for which (exclusive of puts, floors and basis differential swaps on volumes already hedged pursuant to other Swap Agreements for which the total amount of obligations thereunder are known and fixed at the time such transaction is entered into) do not exceed, as of the date such Swap Agreement is entered into (as such production is projected in the most recent Reserve Report delivered pursuant to the terms of this Agreement (subject to the terms of the proviso in Section 7.17(a)(i)(x))) and for each month during the period during which such Swap Agreement is in effect) fifteen percent (15%) of the reasonably anticipated production from Proved Reserves from the Issuer's and its Restricted Subsidiaries' Oil and Gas Properties for each month during the period which such Swap Agreement is in effect for each of crude oil, natural gas and natural gas liquids, calculated separately (it being understood that natural gas liquids may be hedged with Swap Agreements for natural gas in which case any such Swap Agreements for natural gas shall be measured as counting toward the amount notional volumes of natural gas liquids which are permitted to be subject to Swap Agreements hereunder on a BTU equivalent basis) for the period of thirty-six (36) months following the date such Swap Agreement is entered into;

(B) such Swap Agreements are entered into on or after the date on which the Issuer or any of its Restricted Subsidiaries signs such a binding and enforceable purchase and sale agreement in connection with such proposed acquisition of Oil and Gas Properties;

(C) such Swap Agreements shall not, in any case, have a tenor of greater than three (3) years; and

(D) the Issuer shall Unwind such Swap Agreements to the extent necessary to be in compliance with the limitations set forth in Section 7.17(a)(i) on the earliest of (1) the date of consummation of such proposed acquisition of Oil and Gas Properties, (2) the date that is 90 days after the execution of the purchase and sale agreement relating to such acquisition to the extent that such acquisition has not been consummated by such date, and (3) any Note Party knows with reasonable certainty that such acquisition will not be consummated or such purchase and sale agreement is terminated; and

(iii) Swap Agreements in respect of interest rates with an Approved Counterparty, which effectively convert interest rates from floating to fixed, the notional amounts of which (when aggregated with all other Swap Agreements of the Issuer and its Subsidiaries then in effect effectively converting interest rates from floating to fixed) do not exceed 80% of the then outstanding principal amount of all the Issuer's Indebtedness for borrowed money which bears interest at a floating rate;

(b) in no event shall any Swap Agreement contain any requirement, agreement or covenant for any Group Member to post collateral or margin to secure their obligations under such Swap Agreement or to cover market exposures (other than under the Security Instruments);

(c) Swap Agreements shall only be entered into in the ordinary course of business (and not for speculative purposes);

(d) no Swap Agreement in respect of commodities shall be terminated, unwound, cancelled or otherwise disposed of except to the extent permitted by Section 7.11; and

(e) if, after the end of any calendar month, the aggregate volume of all Swap Agreements in respect of commodities for which settlement payments were calculated in such calendar month and the preceding calendar month (other than basis differential swaps on volumes hedged by other Swap Agreements) exceeded, or will exceed, 100% of actual production of crude oil, natural gas and natural gas liquids, calculated separately, in such calendar months, then the Issuer shall terminate, create off-setting positions, allocate volumes to other production the Issuer or any Subsidiary is marketing, or otherwise Unwind existing Swap Agreements such that, at such time, future hedging volumes will not exceed 100% of reasonably anticipated projected production from proved, developed producing Oil and Gas Properties for each of crude oil, natural gas and natural gas liquids, calculated separately, for the then-current and any succeeding calendar months.

7.18 **Amendments to Organizational Documents and Material Contracts**. The Issuer shall not, and shall not permit any other Group Member to, amend, supplement or otherwise modify (or permit to be amended, supplemented or modified) its Organizational Documents or the First Lien Loan Documents in any material respect that could reasonably be expected to be materially adverse to the interests of the Administrative Agent or the Holders without the consent of the Requisite Holders.

7.19 **Changes in Fiscal Periods**. The Issuer shall not, and shall not permit any other Group Member to have its Fiscal Year end on a date other than December 31 or change the its method of determining Fiscal Quarters.

7.20 **Amendments to Senior Debt; Collateral; Borrowing Base**.

(a) The Issuer and Note Parties shall not amend, waive, modify or supplement and shall not consent to any amendment, waiver, modification or supplement to the First Lien Loan Documents (as defined in the Intercreditor Agreement) or incur, create, assume or suffer to exist any First Lien Obligations (as defined in the Intercreditor Agreement), including pursuant to any Permitted Revolver Refinancing, under any First Lien Documents, if the effect thereof would be to (i) modify a covenant, event of default or any other provision in the First Lien Loan Documents in a manner that prohibits or restricts one or more Group Members from making payments of principal, interest or otherwise in respect of the Obligations in a manner that is more restrictive than as permitted under the First Lien Loan Documents as in effect on the Closing Date, (ii)(A) subordinate in right of payment any First Lien Obligations to any other Indebtedness or subordinate the Liens securing First Lien Obligations to any other Lien (other than any DIP Financing Lien as defined in the Intercreditor Agreement) or (B) other than by operation of law, permit any Indebtedness (other than

the First Lien Obligations) to be senior in right of payment or senior or *pari passu* in right of Lien priority to the Obligations (for avoidance of the doubt, the foregoing shall preclude the 'layering' of Indebtedness of the type set forth in clause (a) of the definition of Indebtedness that is senior in right of payment, or senior or *pari passu* in right of Lien priority to the Obligations), (iii) increase the applicable margin or any other component of yield under the under the First Lien Loan Documents such that the yield under the First Lien Credit Agreement (excluding increases resulting from the accrual of interest at the default rate) exceeds by more than 300 basis points the yield under the First Lien Credit Agreement on the Closing Date at any Borrowing Base utilization level (for the purpose of making such determination, the LIBO Rate (as defined in the First Lien Credit Agreement on the date hereof) will be calculated in accordance with the then existing First Lien Credit Agreement (it being understood (A) for avoidance of doubt, that fluctuations in the LIBO Rate shall not be included in such determination of yield and (B) arrangement fees, structuring fees, commitment fees, underwriting fees or other fees payable to any lead arranger (or its affiliates) in connection with arranging such amendment, restatement, supplement, modification or Refinancing shall not be included in such determination of yield)), (iv) permit the Borrowing Base to not be subject to a customary scheduled redetermination for a conforming commercial banking borrowing base facility at least once in each eighteen (18) calendar month period, or (v) contravene any provision of the Intercreditor Agreement; and

(b) Issuer will not, and will not permit any Subsidiary, to grant a Lien on any Property to secure obligations outstanding under the First Lien Credit Facility without substantially contemporaneously granting to the Agent, as security for the Obligations, a second priority Lien on the same property pursuant to the Security Instruments (it being understood that if any Security Instruments need to be executed to grant such Lien they shall be in form and substance reasonably satisfactory to the Requisite Holders (provided that, prior to Discharge of First Lien Non-Excluded Obligations, such documentation when entered into shall be substantially similar to the applicable corresponding First Lien Collateral Document(s)).

Article VIII.

EVENTS OF DEFAULT; REMEDIES

8.1 **Events of Default**. One or more of the following events shall constitute an "Event of Default":

(a) the Issuer shall fail to pay any principal of, or premium on, any Note when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof, by acceleration or otherwise;

(b) the Issuer shall fail to pay any interest on any Note or any fee or any other amount (other than an amount referred to in Section 8.1(a)) payable under any Note Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) days;

(c) any representation or warranty made or deemed made by or on behalf of the Issuer or any other Group Member in or in connection with any Note Document or any amendment or modification of any Note Document or waiver under such Note Document, or in any report, notice, certificate, financial statement or other document furnished pursuant to or in connection with any Note Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Issuer or any other Group Member shall fail to observe or perform any covenant, condition or agreement contained in Section 6.1(j), Section 6.2, Section 6.3 (only with respect to the Issuer's existence), Section 6.17 or in Article VII;

(e) the Issuer or any other Group Member shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in Section 8.1(a), Section 8.1(b), Section 8.1(c) or Section 8.1(d)) or any other Note Document, and such failure shall continue unremedied for a period of 30 days after the earlier to occur of (A) notice thereof from the Agent to the Issuer (which notice will be given at the request of any Holder) or (B) a Responsible Officer of the Issuer or such other Group Member otherwise becoming aware of such default;

(f) the Issuer or any other Group Member shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness (including the First Lien Credit Facility), when and as the same shall become due and payable and such failure continues after the applicable grace or notice period, if any, specified in the relevant document for such Material Indebtedness;

(g) (i) any other event or condition occurs that results in any Material Indebtedness (other than the Indebtedness under the First Lien Credit Facility) of any Group Member becoming due prior to its scheduled maturity or that enables or permits (after giving effect to any applicable notice periods, if any, and any applicable grace periods) the holder or holders of any such Material Indebtedness or any trustee or agent on its or their behalf to cause any such Material Indebtedness to become due, or to require the Redemption thereof or any offer to Redeem to be made in respect thereof, prior to its scheduled maturity or require the Issuer or any other Group Member to make an offer in respect thereof or (ii) any event or condition occurs that results in any Indebtedness under the First Lien Credit Facility becoming due prior to its scheduled maturity or subject to a mandatory prepayment to be made in respect thereof, prior to its scheduled maturity; provided, however that this clause (g)(ii) shall not apply to Indebtedness under the First Lien Credit Facility that becomes due as a result of (x) any Borrowing Base Deficiency or (y) the sale, transfer or other disposition of property or assets securing such Indebtedness permitted under the terms thereof;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Group Member, or its or their debts, or of a substantial part of its or their assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer or any other Group Member or for a substantial part of its or their assets, and, in any such case, such

proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Issuer or any other Group Member shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in Section 8.1(h), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer or any other Group Member or for a substantial part of its or their assets, (iv) file an answer admitting the material allegations of a petition filed against it or them in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) take any action for the purpose of effecting any of the foregoing; or any partner, or stockholder of the Issuer shall make any request or take any action for the purpose of calling a meeting of the partners or stockholders, as applicable, of the Issuer to consider a resolution to dissolve and wind up the Issuer's affairs or (vii) become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) (i) one or more judgments for the payment of money in an aggregate amount in excess of $10,000,000 (to the extent not covered by independent third party insurance as to which the insurer does not dispute coverage and is not subject to an insolvency proceeding) or (ii) any one or more non-monetary judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, shall be rendered against any Group Member or any combination thereof and the same shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed;

(k) the Note Documents after delivery thereof shall for any reason, except to the extent permitted by the terms thereof, cease to be in full force and effect and valid, binding and enforceable in accordance with their terms against the Issuer or a Note Party that is a party thereto or shall be repudiated by any of them, or cease to create a valid and perfected Lien of the priority required thereby on any Collateral purported to be covered thereby, except to the extent permitted by the terms of this Agreement, or the Issuer or any other Note Party or any of their Affiliates shall so state or assert in writing; or

(l) a Change in Control shall occur.

8.2 **Remedies**.

(a) In the case of an Event of Default other than one described in Section 8.1(h) or Section 8.1(i), at any time thereafter during the continuance of such Event of Default, the Agent may (acting at the request of the Requisite Holders), and at the request of the Requisite Holders, shall, by notice to the Issuer, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Notes then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Notes so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Issuer and the other Note Parties accrued

hereunder and under the Notes and the other Note Documents, shall become due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by the Issuer and the other Note Parties; and in case of an Event of Default described in Section 8.1(h) or Section 8.1(i), the Commitments shall automatically terminate and the Notes and the principal of the Notes then outstanding, together with accrued interest thereon and all fees and the other obligations of the Issuer and the other Note Parties accrued hereunder and under the Notes and the other Note Documents, shall automatically and immediately become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by the Issuer and the other Note Parties. In the case of the occurrence of an Event of Default, the Agent and the Holders will have all other rights and remedies available at law and equity.

(b) All proceeds realized from the liquidation or other disposition of Collateral or otherwise received after maturity of the Notes, whether by acceleration or otherwise, shall be applied:

(i) first, to payment or reimbursement of that portion of the Obligations constituting fees, expenses and indemnities payable to the Agent in its capacity as such (including any costs and expenses related to foreclosure or realization upon, or protecting, Collateral);

(ii) second, pro rata to payment or reimbursement of that portion of the Obligations constituting fees, expenses and indemnities payable to the Holders and the other Indemnitees under Section 10.3;

(iii) third, pro rata to payment of accrued Interest (including interest at the Default Rate, if any) on the Notes;

(iv) fourth, pro rata to pay the Make-Whole Amount, Repayment Fee or other amount due and payable pursuant to Section 2.12(g), if any, on the Notes (including, for the avoidance of doubt, any Make-Whole Amount, any Repayment Fee or other amount due and payable pursuant to Section 2.12(g) resulting from the prepayment of principal under clause fifth below);

(v) fifth, pro rata to payment of principal outstanding on the Notes which have not yet been reimbursed by or on behalf of the Issuer at such time;

(vi) sixth, pro rata to any other Obligations; and

(vii) seventh, any excess, after all of the Obligations shall have been indefeasibly paid in full in cash, shall be paid to the Issuer or as otherwise required by any Governmental Requirement.

Without limiting the generality of the foregoing, it is understood and agreed that if the Obligations are accelerated or otherwise become due prior to the Maturity Date, in each case, in

respect of any Event of Default (including, but not limited to, upon the occurrence of a bankruptcy or insolvency event (including the acceleration of claims by operation of law)), the Make-Whole Amount with respect to an optional prepayment of the Notes will also be due and payable as though the Notes were optionally prepaid and shall constitute part of the Obligations, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Holder's lost profits as a result thereof. Any premium payable above shall be presumed to be the liquidated damages sustained by each Holder as the result of the early prepayment and the Issuer agrees that it is reasonable under the circumstances currently existing. The premium shall also be payable in the event the Loans are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means. THE ISSUER EXPRESSLY WAIVES (TO THE FULLEST EXTENT IT MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Issuer expressly agrees (to the fullest extent it may lawfully do so) that: (A) the premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the premium shall be payable notwithstanding the then prevailing market rates at the time payment is made; (C) there has been a course of conduct between Holders and the Issuer giving specific consideration in this transaction for such agreement to pay the premium; and (D) the Issuer shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Company expressly acknowledges that its agreement to pay the premium to the Holders as herein described is a material inducement to Holders to purchase the Notes.

Article IX.

AGENT

9.1 **Appointment of Agent**. U.S. Bank National Association is hereby appointed Agent hereunder and under the other Note Documents and each Holder hereby authorizes U.S. Bank National Association, in such capacity, to act as its agent (including as collateral agent) in accordance with the terms hereof and the other Note Documents. Agent hereby agrees to act upon the express conditions contained herein and the other Note Documents, as applicable. The provisions of this Section 9.1 are solely for the benefit of Agent and the Holders and no Note Party shall have any rights as a primary or third party beneficiary of any of the provisions thereof, except as expressly set forth herein. In performing its functions and duties hereunder, Agent shall act solely as an agent of the Holders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for any Note Party or any Affiliate thereof.

9.2 **Powers and Duties**. Each Holder irrevocably authorizes Agent to take such action on such Holder's behalf and to exercise such powers, rights and remedies and perform such duties hereunder and under the other Note Documents as are specifically delegated or granted to Agent by the terms hereof and thereof, together with such actions, powers, rights and remedies as are reasonably incidental thereto. Agent shall have only those duties and responsibilities that are expressly specified herein and the other Note Documents. Without limiting the generality of the foregoing, Agent shall not have or be deemed to have, by reason hereof or any of the other Note

Documents, a fiduciary relationship in respect of any Holder; and nothing herein or any of the other Note Documents, expressed or implied, is intended to or shall be so construed as to impose upon Agent any obligations in respect hereof or any of the other Note Documents except as expressly set forth herein or therein.

9.3 **General Immunity**.

(a) No Responsibility for Certain Matters. Agent shall not be responsible to any Holder for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Note Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by Agent to the Holders or by or on behalf of any Note Party to Agent or any Holder in connection with the Note Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Note Party or any other Person liable for the payment of any Obligations, nor shall Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Note Documents or as to the use of the proceeds of the Notes or as to the existence or possible existence of any Event of Default or Default or to make any disclosures with respect to the foregoing. Agent shall not be responsible for the satisfaction of any condition set forth in Article III or elsewhere in any Note Document, other than to confirm receipt of items expressly required to be delivered to Agent. Agent will not be required to take any action that is contrary to applicable law or any provision of this Agreement or any Note Document. Anything contained herein to the contrary notwithstanding, Agent shall not have any liability arising from confirmations of the amount of outstanding Notes or the component amounts thereof.

(b) Exculpatory Provisions. Subject to clause (b)(ii) hereof further limiting the liability of Agent, neither Agent nor any of its officers, partners, directors, employees or agents shall be liable to the Holders for any action taken or omitted by Agent under or in connection with any of the Note Documents, except to the extent caused by Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, nonappealable order. Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Note Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder, except powers and authority expressly contemplated hereby or thereby, unless and until Agent shall have received written instructions in respect thereof from Requisite Holders (or the Holders as may be required to give such instructions under Section 10.6) or in accordance with the applicable Security Instrument, and, upon receipt of such instructions from Requisite Holders (or the Holders, as the case may be), or in accordance with the other applicable Security Instrument, as the case may be, Agent shall act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected and free from liability in relying on opinions and judgments of attorneys (who may be attorneys for the Note Parties),

accountants, experts and other professional advisors selected by it; and (ii) no Holder shall have any right of action whatsoever against Agent as a result of Agent acting or (where so instructed) refraining from acting hereunder or any of the other Note Documents in accordance with the instructions of Requisite Holders (or the Holders as may be required to give such instructions under Section 10.6) or in accordance with the applicable Security Instrument. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Note Document unless Agent shall first receive such advice or concurrence of the Holders (as required by this Agreement) and until such instructions are received, Agent shall act, or refrain from acting, as it deems advisable. If Agent so requests, it shall first be indemnified to its reasonable satisfaction by the Holders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Note Document in accordance with a request or consent of the Requisite Holders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Holders. No provision of this Agreement or any other Note Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby shall require Agent to: (i) expend or risk its own funds or provide indemnities in the performance of any of its duties hereunder or the exercise of any of its rights or power or (ii) otherwise incur any financial liability in the performance of its duties or the exercise of any of its rights or powers. Agent shall not be responsible for (i) perfecting, maintaining, monitoring, preserving or protecting the security interest or lien granted under this Agreement, any other Note Document or any agreement or instrument contemplated hereby or thereby, (ii) the filing, re-filing, recording, re- recording or continuing of any document, financing statement, mortgage, assignment, notice, instrument of further assurance or other instrument in any public office at any time or times, or (iii) providing, maintaining, monitoring or preserving insurance on or the payment of taxes with respect to any of the Collateral. The actions described in items (i) through (iii) of the immediately preceding sentence shall be the responsibility of the Holders and the Note Parties. Agent shall not be required to qualify in any jurisdiction in which it is not presently qualified to perform its obligations as Agent. Agent has accepted and is bound by the Note Documents executed by Agent as of the date of this Agreement and, as directed in writing by the Requisite Holders, Agent shall execute additional Note Documents delivered to it after the date of this Agreement; provided, however, that such additional Note Documents do not adversely affect the rights, privileges, benefits and immunities of Agent. Agent will not otherwise be bound by, or be held obligated by, the provisions of any loan agreement, indenture or other agreement governing the Obligations (other than this Agreement and the other Note Documents to which such Agent is a party). No written direction given to Agent by the Requisite Holders or any Note Party that in the sole judgment of Agent imposes, purports to impose or might reasonably be expected to impose upon Agent any obligation or liability not set forth in or arising under this Agreement and the other Note Documents will be binding upon Agent unless Agent elects, at its sole option, to accept such direction. Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement or the other Note Documents arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; terrorism; wars and other military disturbances; sabotage; epidemics; riots; business interruptions; loss or malfunctions of utilities, computer (hardware or software) or communication services; accidents; labor disputes; acts of civil or military authority and governmental action. Beyond the exercise of reasonable care in the custody of the Collateral in the possession or control

of the Agent or its bailee, Agent will not have any duty as to any other Collateral or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto. Agent will be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and Agent will not be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by Agent in good faith. Agent will not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence or willful misconduct on the part of Agent, as determined by a court of competent jurisdiction in a final, nonappealable order, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of any grantor to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. Agent hereby disclaims any representation or warranty to the present and future holders of the Obligations concerning the perfection of the Liens granted hereunder or in the value of any of the Collateral. In the event that Agent is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out any fiduciary or trust obligation for the benefit of another, which in Agent's sole discretion may cause Agent to be considered an "owner or operator" under any environmental laws or otherwise cause Agent to incur, or be exposed to, any environmental liability or any liability under any other federal, state or local law, Agent reserves the right, instead of taking such action, either to resign as Agent or to arrange for the transfer of the title or control of the asset to a court appointed receiver. Agent will not be liable to any person for any environmental liability or any environmental claims or contribution actions under any federal, state or local law, rule or regulation by reason of Agent's actions and conduct as authorized, empowered and directed hereunder or relating to any kind of discharge or Release or threatened discharge or Release of any Hazardous Materials into the environment. Each Holder authorizes and directs Agent to enter into this Agreement and the other Note Documents to which it is a party. Each Holder agrees that any action taken by Agent or Requisite Holders in accordance with the terms of this Agreement or the other Note Documents and the exercise by Agent or Requisite Holders of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Holders.

(c) Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to Events of Default in the payment of principal, interest and fees required to be paid to Agent for the account of the Holders, unless Agent shall have received written notice from a Holder or the Issuer in accordance with the notice requirements of Section 10.1 herein referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." Agent will notify the Holders of its receipt of any such notice, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Holders.

(d) Exculpation of the Placement Agent.

(i) The Holders acknowledge that the Placement Agents have not made any representations and warranties with respect to the Issuer or the investment contemplated by this Agreement, and the Holders will not rely on any statements made by the Placement Agents, orally or in writing, to the contrary.

(ii) The Holders acknowledge that they have negotiated the investment contemplated by this Agreement directly with the Issuer, and the Placement Agents will not be responsible for the ultimate success of any such investment.

(iii) In light of the Holders' representations and warranties set forth in Article V and Section 9.03(ii) of this Agreement and the foregoing, to the fullest extent permitted by law, the Holders release the Placement agents and their respective employees, officers and affiliates from any liability with respect to the Holders' participation, or proposed participation, in the investment contemplated by this Agreement. This Section 9.03(d) shall survive any termination of this Agreement. The Placement Agents have introduced the Holders to the Issuer in reliance on the Holders' understanding and agreement to this Section 9.03(d).

9.4 **The Holders' Representations, Warranties and Acknowledgment**.

(a) Each Holder represents and warrants to Agent that it has made its own independent investigation of the financial condition and affairs of each Note Party, without reliance upon Agent or any other Holder and based on such documents and information as it has deemed appropriate, in connection with Note Purchases hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of each Note Party. Agent shall not have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of the Holders or to provide any Holder with any credit or other information with respect thereto, whether coming into its possession before the purchase of the Notes or at any time or times thereafter, and Agent shall not have any responsibility with respect to the accuracy of or the completeness of any information provided to the Holders.

(b) Each Holder, by delivering its signature page to this Agreement or a joinder agreement and funding its Note, shall be deemed to have acknowledged receipt of, and consented to and approved, each Note Document and each other document required to be approved by Agent, Requisite Holders or the Holders, as applicable.

9.5 **Successor Agent**.

(a) Subject to the appointment and acceptance of a successor Agent as provided in this Section 9.5, the Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the Requisite Holders, and the Issuer. Agent may be removed as Agent at the request of the Requisite Holders. Upon any such notice of resignation or removal, Requisite Holders shall have the right (in consultation with the Issuer unless an Event of Default shall have occurred and is continuing), to appoint a successor Agent. If no successor shall have been so appointed by the

Requisite Holders and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation, then the retiring Agent's resignation shall nevertheless thereupon become effective and the Requisite Holders shall perform all of the duties of Agent, as applicable, hereunder until such time, if any, as the Requisite Holders appoint a successor Agent as provided for above. In such case, the Requisite Holders shall appoint one Person to act as Agent for purposes of any communications with the Issuer, and until the Issuer shall have been notified in writing of such Person and such Person's notice address as provided for in Section 10.1, the Issuer shall be entitled to give and receive communications to/from the resigning Agent. Upon the acceptance of any appointment as Agent hereunder by a successor Agent and the payment of the outstanding fees and expenses of the resigning or removed Agent, that successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent and the retiring or removed Agent shall promptly (i) transfer to such successor Agent all sums and other items of Collateral held under the Security Instruments, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Agent under the Note Documents, and (ii) execute and deliver to such successor Agent such amendments to financing statements, and take such other actions, as may be reasonably requested in connection with the assignment to such successor Agent of the security interests created under the Security Instruments (the reasonable out-of-pocket expenses of which shall be borne by the Issuer), whereupon such retiring or removed Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation or any Agent's removal hereunder as Agent, the provisions of this Section 9.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent hereunder.

(b) Delegation of Duties. Agent may perform any and all of its duties and exercise its rights and powers under this Agreement or under any other Note Document by or through any one or more sub-agents appointed by Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. Agent shall not be responsible for the acts or omissions of its sub-agents so long as they are appointed with due care. The exculpatory, indemnification and other provisions of Section 9.3 shall apply to any Affiliates of Agent and shall apply to their respective activities in connection with the syndication of the Notes issued hereby. All of the rights, benefits and privileges (including the exculpatory and indemnification provisions) of Section 9.3 shall apply to any such sub-agent and to the Affiliates of any such sub-agent, and shall apply to their respective activities as sub-agent.

9.6 **Security Instruments**.

(a) Agent under Security Instruments; Releases. Each Holder and other Secured Party hereby irrevocably authorizes the Agent, on behalf of and for the benefit of the Holders and the other Secured Parties, to be the agent for and representative of the Holders and the other Secured Parties with respect to the Security Instruments and to enter into such other agreements with respect to the Collateral (including intercreditor agreements) as it may deem necessary with the consent of the Requisite Holders. The Agent is expressly authorized to execute any documents or instruments or take other actions necessary to (i) release any Lien (x) encumbering any item of Collateral that is the subject of a sale or other disposition of assets permitted hereby (including, without limitation, any collateral owned by a Restricted Subsidiary that is redesignated as an Unrestricted Subsidiary

in accordance with Section 6.17) or (y) with respect to which release the Requisite Holders (or the Holders as may be required to give such consent under Section 10.6) have consented to, or (ii) release any Guarantor from the guarantee pursuant to the Guarantee and Collateral Agreement with respect to (x) any Person that no longer constitutes a Subsidiary as a result of a transaction permitted hereby or (y) which release the Requisite Holders (or such other Holders as may be required to give such consent under Section 10.6) have consented to.

(b) Right to Realize on Collateral and Enforce Guaranty. Anything contained in any of the Note Documents to the contrary notwithstanding, the Issuer, Agent and each Holder hereby agree that (i) no Holder shall have any right individually to realize upon any of the Collateral or to enforce any guaranty or exercise any other remedy provided under the Note Documents (other than the right of set-off), it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by Agent (acting at the written direction of the Requisite Holders), on behalf of the Holders in accordance with the terms hereof and all powers, rights and remedies under this Agreement and the Security Instruments may be exercised solely by Agent (acting at the written direction of the Requisite Holders), and (ii) in the event of a foreclosure by Agent on any of the Collateral pursuant to a public or private sale, Agent or its nominee may be the purchaser of any or all of such Collateral at any such sale and Agent, as agent for and representative of the Holders (but not any Holder or the Holders in its or their respective individual capacities unless the Requisite Holders 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 arising under the Note Documents as a credit on account of the purchase price for any collateral payable by Agent at such sale.

9.7 **Posting of Approved Electronic Communications**.

(a) Delivery of Communications. Each Note Party hereby agree, unless directed otherwise by Agent or unless the electronic mail address referred to below has not been provided by Agent to such Person, that it will provide to Agent all information, documents and other materials that it is obligated to furnish to Agent or to the Holders pursuant to the Note Documents, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) is or relates to a Note Purchase Notice, (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under this Agreement or any other Note Document, or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any Note or other Note Purchase hereunder (all such non-excluded communications being referred to herein collectively as "**Communications**"), by transmitting the Communications in an electronic/soft medium that is properly identified in a format acceptable to the Issuer and Agent to an electronic mail address as directed by Agent. In addition, each Note Party agrees to continue to provide the Communications to Agent or the Holders, as the case may be, in the manner specified in the Note Documents.

(b) No Prejudice to Notice Rights. Nothing herein shall prejudice the right of Agent or any Holder to give any notice or other communication pursuant to any Note Document in any other manner specified in such Note Document.

9.8 **Proofs of Claim**. The Holders and each Note Party hereby agree that after the occurrence of an Event of Default pursuant to Sections 8.1(h) or (i), in case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Note Party, Agent (irrespective of whether the principal of any Note shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Agent shall have made any demand on any Note Party) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Notes and any other Obligations that are owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Holders, Agent and other agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Holders, Agent and other agents and their agents and counsel and all other amounts due the Holders, Agent and other agents hereunder) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, interim trustee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to Agent and, in the event that Agent shall consent to the making of such payments directly to the Holders, to pay to Agent any amount due for the compensation, expenses, disbursements and advances of Agent and its agents and counsel, and any other amounts due Agent and other agents hereunder. Nothing herein contained shall be deemed to authorize Agent to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Holders or to authorize Agent to vote in respect of the claim of any Holder in any such proceeding. Further, nothing contained in this Section 9.8 shall affect or preclude the ability of any Holder to (i) file and prove such a claim in the event that Agent has not acted within ten (10) days prior to any applicable bar date and (ii) require an amendment of the proof of claim to accurately reflect such Holder's outstanding Obligations.

9.9 **Intercreditor Agreement**. Each Holder (and each Person that becomes a Holder hereunder pursuant to Section 10.7) hereby authorizes the Agent to enter into, join or otherwise become party to the Intercreditor Agreement on behalf of such Holder, in each case, as needed to effectuate the transactions permitted by this Agreement and agrees that the Agent may take such actions on its behalf as is contemplated by the terms of Intercreditor Agreement. Without limiting the provisions of Sections 9.2 10.2 and 10.3, each Holder hereby consents to the Agent and any successor serving in such capacity and agrees not to assert any claim (including as a result of any conflict of interest) against the Agent, or any such successor, arising from the role of the Agent or such successor under the Note Documents or any such intercreditor agreement so long as it is either acting in accordance with the terms of such documents and otherwise has not engaged in gross negligence or willful misconduct (as determined in a final and non-appealable judgment by a court of competent jurisdiction). In addition, the Agent, or any such successor, shall be authorized, with the consent of the Requisite Holders, to execute or to enter into amendments of, and amendments

and restatements of, the Security Instruments, the Intercreditor Agreement and any additional and replacement intercreditor agreements, as is contemplated by the terms of the Intercreditor Agreement.

Article X.

MISCELLANEOUS

10.1 **Notices**. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given to a Note Party or the Agent, shall be sent to such Person's address as set forth on Appendix B or in the other relevant Note Document, and in the case of any Holder, the address as indicated on Appendix B or otherwise indicated to Agent in writing. Each notice hereunder shall be in writing and may be personally served, sent by telefacsimile, electronic transmission or United States certified or registered mail or courier service and shall be deemed to have been given when delivered and signed for against receipt thereof, or upon confirmed receipt of telefacsimile or electronic transmission (which confirmation shall be made by telephone call by the sender to the Agent; confirmation by electronic messaging shall not be deemed to be confirmation of receipt).

10.2 **Expenses**. Each Note Party shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Agent, the Holders and their Affiliates, including, without limitation, the reasonable and documented fees, charges and disbursements of one firm of counsel to the Holders and an additional firm of counsel to the Agent and other outside consultants for the Agent and the Holders, the reasonable travel, photocopy, mailing, courier, telephone and other similar expenses, and the cost of environmental audits and surveys and appraisals, in connection with the issuance of the Notes provided for herein, the preparation, negotiation, execution, delivery and administration (both before and after the execution hereof and including advice of counsel to the Agent and the Holders as to the rights and duties of the Agent and the Holder with respect thereto) of this Agreement and the other Note 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 and Other Taxes incurred by the Agent or any Holder in connection with any filing, registration, recording or perfection of any security interest contemplated by this Agreement or any Security Instrument or any other document referred to therein and (iii) all out-of-pocket expenses incurred by the Agent or any Holder, including the fees, charges and disbursements of counsel in connection with the enforcement or protection of its rights in connection with this Agreement or any other Note Document, including its rights under this Section 10.2, or in connection with the Notes issued hereunder, including, without limitation, all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Notes.

10.3 **Indemnity**. In addition to the payment of expenses pursuant to Section 10.2, whether or not any or all of the transactions contemplated hereby shall be consummated, each Note Party agrees to defend (provided that counsel shall be limited to (x) one (1) counsel to such Indemnitees, taken as a whole, one (1) local counsel in each relevant jurisdiction and one (1) regulatory counsel to all such Indemnitees with respect to a relevant regulatory matter, taken as a whole, (y), solely in the event of a conflict of interest, one (1) additional counsel (and, if necessary, one (1) regulatory

counsel and one (1) local counsel in each relevant jurisdiction or for each matter), indemnify, pay and hold harmless, Agent and each Holder, their Affiliates and its and their respective officers, members, shareholders, partners, directors, trustees, employees, advisors (including attorneys, accountants and experts), representatives and agents and each of their respective successors and assigns and each Person who controls any of the foregoing (each, an "**Indemnitee**"), from and against any and all Indemnified Liabilities, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR SOLE NEGLIGENCE OF SUCH INDEMNITEE**; provided, no Note Party shall have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities if such Indemnified Liabilities arise from the gross negligence, willful misconduct or bad faith of that Indemnitee as determined by a court of competent jurisdiction in a final, nonappealable order, provided that each Note Party shall not indemnify any Indemnitee for (i) claims among the Holders and Agent or between the Holders and their related parties to the extent not related to a breach of an obligation of a Note Party or (ii) losses, claims, damages, liabilities or related expenses that are determined by a court of competent jurisdiction by final and nonappealable judgment to be a direct result of a breach of this Agreement by an Indemnitee. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 10.3 may be unenforceable in whole or in part because they are violative of any law or public policy, the applicable Note Party shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them

(b) To the extent permitted by applicable law, no party hereto and no Note Party shall assert, and each party hereto and each Note Party hereby waives, releases and agrees not to sue upon any claim against any other party hereto and any Indemnitee, on any theory of liability, for special, indirect, exemplary, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement, any Note Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Note or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each party hereto and each Note Party hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(c) Each Note Party hereby acknowledges and agrees that an Indemnitee may now or in the future have certain rights to indemnification provided by other sources ("**Other Sources**"). Each Note Party hereby agrees that (i) it is the indemnitor of first resort (i.e., its obligations to the Indemnitees are primary and any obligation of the Other Sources to provide indemnification for the same Indemnified Liabilities are secondary to any such obligation of the Note Party), (ii) that it shall be liable for the full amount of all Indemnified Liabilities, without regard to any rights the Indemnitees may have against the Other Sources, and (iii) it irrevocably waives, relinquishes and releases the Other Sources and the Indemnitees from any and all claims (A) against the Other Sources for contribution, indemnification, subrogation or any other recovery of any kind in respect thereof and (B) that an Indemnitee must seek expense advancement or

reimbursement, or indemnification, from the Other Sources before the Note Party must perform its obligations hereunder. No advancement or payment by the Other Sources on behalf of an Indemnitee with respect to any claim for which such Indemnitee has sought indemnification from a Note Party shall affect the foregoing. The Other Sources shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery which the Indemnitee would have had against a Note Party if the Other Sources had not advanced or paid any amount to or on behalf of the Indemnitee.

10.4 **Set Off**. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default each Holder and its/their respective Affiliates is hereby authorized by each Note Party at any time or from time to time subject to the consent of Agent (such consent to be given or withheld at the written direction of the Requisite Holders), without notice to any Note Party or to any other Person (other than Agent), any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts (in whatever currency)) and any other Indebtedness at any time held or owing by such Holder to or for the credit or the account of any Note Party (in whatever currency) against and on account of the obligations and liabilities of any Note Party to such Holder hereunder, and under the other Note Documents, including all claims of any nature or description arising out of or connected hereto or any other Note Document, irrespective of whether or not (a) such Holder shall have made any demand hereunder, (b) the principal of or the interest on the Notes or any other amounts due hereunder shall have become due and payable pursuant to Article II and although such obligations and liabilities, or any of them, may be contingent or unmatured, or (c) such obligation or liability is owed to a branch or office of such Holder different from the branch or office holding such deposit or obligation or such Indebtedness.

10.5 **Sharing of Payments by the Holders**. If any Holder shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest in any of its Notes or other Obligations hereunder resulting in such Holder receiving payment of a proportion of the aggregate amount of its Notes and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Holder receiving such greater proportion shall (a) notify Agent of such fact, and (b) purchase (for Cash at face value) participations in the Notes and other Obligations of the Holders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Holders ratably in accordance with the aggregate amount of principal and accrued interest on their respective Notes and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (A) any payment made by the Issuer pursuant to and in accordance with the express terms of this Agreement, or (B) any payment obtained by a Holder as consideration for the assignment of or sale of a participation in any of its Notes or Obligations to any assignee

or participant, other than to the Issuer or any Restricted Subsidiary thereof (as to which the provisions of this paragraph shall apply).

The Issuer consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Holder acquiring a participation pursuant to the foregoing arrangements may exercise against the Issuer rights of setoff and counterclaim with respect to such participation as fully as if such Holder were a direct creditor of the Issuer in the amount of such participation.

10.6 **Amendments and Waivers**.

(a) Requisite Holders' Consent. Subject to Sections 10.6(b) and 10.6(c), no amendment, modification, termination or waiver of any provision of the Note Documents, or consent to any departure by any Note Party therefrom, shall in any event be effective without the written concurrence of (i) in the case of this Agreement, the Issuer, Agent and the Requisite Holders or (ii) in the case of any other Note Document, the Issuer and Agent with the consent of the Requisite Holders.

(b) Affected Holders' Consent. Without the written consent of each Holder that would be affected thereby, no amendment, modification, or consent shall be effective if the effect thereof would:

(i) extend the scheduled final maturity of any Note of such Holder;

(ii) waive, reduce or postpone any scheduled repayment due such Holder (but not prepayment);

(iii) reduce the rate of interest on any Note of such Holder or reduce any fee payable hereunder;

(iv) increase the Commitment of such Holder;

(v) extend the time for payment of any such interest or fees to such Holder;

(vi) reduce the principal amount of any Note;

(vii) release (A) the Liens securing all or substantially all of the Collateral (including as a result of releasing Guarantors) or (B) all or substantially all of the Guarantors from the Guarantee and Collateral Agreement;

(viii) amend, modify, terminate or waive any provision of Sections 2.11, 2.12(f), 2.12(g), 2.13, 10.5, or Section 10.6(b); or

(ix) amend the definition of "Material Subsidiary", "Subsidiary", "Requisite Holders" or "Pro Rata Share";

(c) Other Consents. No amendment, modification, termination, or waiver of any provision of the Note Documents, or consent to any departure by any Note Party therefrom, shall amend, modify, terminate or waive any provision of Article IX as the same applies to Agent or any Indemnitee Agent Party, or any other provision hereof as the same applies to the rights or obligations of Agent, in each case without the consent of Agent or any Indemnitee Agent Party.

(d) Execution of Amendments, etc. Agent shall, at the direction of the Holders, execute amendments, modifications, waivers or consents on behalf of the Holders. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Note Party shall entitle any Note Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 10.6(d) shall be binding upon each Holder at the time outstanding, each future Holder and, if signed by a Note Party, on such Note Party. Agent will deliver executed or true and correct copies of each amendment, modification, waiver, or consent effected pursuant to this Section 10.6 to each Holder promptly following the date on which it is executed and delivered, or receives the consent or approval of the requisite percentage of the Holders applicable thereto.

(e) Note Parties. Except as permitted or required under Sections 2.9 or 2.10, no Note Party will, and Issuer will not permit any of its Subsidiaries or any of the Note Parties to, directly or indirectly, offer to purchase, prepay, redeem or otherwise acquire any outstanding Notes.

(f) Amendment Consideration. None of Issuer or any of its Affiliates or any other party to any Note Documents, directly or indirectly, will pay or cause to be paid any remuneration, directly or indirectly, or grant any security as an inducement for, any proposed amendment or waiver of any of the provisions of this Agreement or any of the other Note Documents unless each Holder of the Notes (irrespective of the kind and amount of Notes then owned by it) shall be informed thereof by Issuer and, if such Holder is entitled to the benefit of any such provision proposed to be amended or waived, shall be afforded the opportunity of considering the same, shall be supplied by Issuer and any other party hereto with sufficient information to enable it to make an informed decision with respect thereto and shall paid such remuneration and granted such security on the same terms. For the avoidance of doubt, nothing in this Section 10.6(f) is intended to restrict or limit the amendment requirements otherwise set forth herein.

(g) Consent in Contemplation of Transfer. Any consent given pursuant to this Section 10.6 or any other Note Document by a Holder that has transferred or has agreed to transfer its Note to any Person in connection with, or in anticipation of, such Person acquiring, making a tender offer for or merging with the Issuer, any Note Party and/or any of their Affiliates, shall be void and of no force or effect except solely as to such Holder, and any amendments, modifications or terminations effected or waivers or consents granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of the Holders that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such Holder.

10.7 **Successors and Assigns; Assignments**.

(a) Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of the Holders. No Note Party's rights or obligations hereunder nor any interest therein may be assigned or delegated by any such Person without the prior written consent of all the Holders (and any attempted assignment or transfer by any such Person without such consent shall be null and void). 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 and, to the extent expressly contemplated hereby, Affiliates of each of Agent and the Holders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments. Any Holder may at any time sell, assign or otherwise transfer to one or more Eligible Assignees any Notes and all or any portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments and the Notes held by it).

(c) Mechanics. The assigning Holder and the assignee thereof shall execute and deliver to Agent an Assignment Agreement, together with (i) a $3,500 processing and recordation fee payable to Agent for its own account (other than in the case of an assignment from a Holder to its Affiliate or a Related Fund) and (ii) such forms, certificates or other evidence, if any, with respect to United States federal income tax withholding matters as the assignee under such Assignment Agreement may be required to deliver to Agent pursuant to Section 2.14(e).

(d) Notice of Assignment. Upon its receipt and acceptance of a duly executed and completed Assignment Agreement, any forms, certificates or other evidence required by this Agreement in connection therewith, Agent shall record the information contained in such Assignment Agreement in the Register, shall give prompt notice thereof to the Issuer and shall maintain a copy of such Assignment Agreement.

(e) Representations and Warranties of Assignee. Each Holder upon executing and delivering an Assignment Agreement, represents and warrants as of the applicable Effective Date (as defined in the applicable Assignment Agreement) that (i) it has experience and expertise in the making of or investing in notes; and (ii) it will make or invest in, as the case may be, its Notes for its own account in the ordinary course of its business and without a view to distribution of such Notes within the meaning of the Securities Act or the Exchange Act or other federal securities laws (it being understood that, subject to the provisions of this Section 10.7(e), the disposition of Notes or any interests therein shall at all times remain within its exclusive control). In addition, each Holder becoming party hereto after the Closing Date, upon executing and delivering an Assignment Agreement, shall be deemed to have made the representations and warranties contained in Article V as of the applicable Effective Date (as defined in the applicable Assignment Agreement).

(f) Effect of Assignment. Subject to the terms and conditions of this Section 10.7(f), as of the "Effective Date" specified in the applicable Assignment Agreement and recordation in the Register: (i) the assignee thereunder shall have the rights and obligations of a

"Holder" hereunder to the extent such rights and obligations hereunder have been assigned to it pursuant to such Assignment Agreement and shall thereafter be a party hereto and a "Holder" for all purposes hereof; (ii) the assigning Holder thereunder shall, to the extent that rights and obligations hereunder have been assigned thereby pursuant to such Assignment Agreement, relinquish its rights (other than any rights which survive the termination hereof under Section 10.8) and be released from its obligations hereunder (and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Holder's rights and obligations hereunder, such Holder shall cease to be a party hereto; provided, anything contained in any of the Note Documents to the contrary notwithstanding such assigning Holder shall continue to be entitled to the benefit of all indemnities hereunder as specified herein with respect to matters arising out of the prior involvement of such assigning Holder as a Holder hereunder); and (iii) if any such assignment occurs after the issuance of any Note hereunder, the assigning Holder shall, upon the effectiveness of such assignment or as promptly thereafter as practicable, surrender its applicable Note to Agent for cancellation, and thereupon the Issuer shall issue and deliver a new Note, if so requested by the assignee and/or assigning Holder, to such assignee and/or to such assigning Holder, with appropriate insertions, to reflect the outstanding principal balance under the Notes of the assignee and/or the assigning Holder. Notes shall not be transferred in denominations of less than $100,000 (unless transferred by any Holder to an Affiliate and/or a Related Fund of such Holder), provided, that if necessary to enable the registration of transfer by a Holder of its entire holding of Notes, a Note may be in a denomination of less than $100,000; provided, further, that transfers by a Holder, its Affiliates and its Related Funds shall be aggregated for purposes of determining whether or not such $100,000 threshold has been reached.

(g) Participations. Each Holder shall have the right at any time to sell one or more participations to any Person (other than a natural Person, any Note Party or any of their respective Affiliates) (each, a "**Participant**") in all or any part of such Holder's rights and/or obligations under this Agreement (including all or a portion of its Notes or any other Obligation); provided that (i) such Holder's obligations under this Agreement shall remain unchanged, (ii) such Holder shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Issuer, Agent, and the Holders shall continue to deal solely and directly with such Holder in connection with such Holder's rights and obligations under this Agreement.

(h) Notwithstanding anything to the contrary set forth in this Agreement or in any other Note Document, any Holder shall be permitted to assign in its internal records or recordkeeping system a unique identifier or name to any outstanding Note that it has purchased or assumed pursuant to the terms of this Agreement (each unique group of Notes, a "**Note Grouping**") and, upon compliance with any applicable assignment requirements set forth in this Section 10.07, such Holder shall be permitted to assign to its Affiliates or Related Funds one or more Note Groupings without any requirement to assign a proportionate or equal amount of any other Note.

Any agreement or instrument pursuant to which a Holder sells such a participation shall provide that such Holder shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Holder will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 10.6 that affects such Participant. The

Issuer agrees that each Participant shall be entitled to the benefits of Section 2.14 (subject to the requirements and limitations therein, including the requirements under Section 2.14(e)) (it being understood that the documentation required under Section 2.14 (e) shall be delivered by the Participant to the applicable Holder) to the same extent as if it were a Holder and had acquired its interest by assignment pursuant to paragraph (c) of this Section 10.7; provided that such Participant shall not be entitled to receive any greater payment under Section 2.14 than the applicable Holder would have been entitled to receive with respect to the participation sold to such Participant, unless such greater payment results from a change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant shall be entitled to the benefits of Section 10.4 as though it were a Holder; provided that such Participant agrees to be subject to Section 10.5 as though it were a Holder. Each Holder that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Issuer, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Notes or other Obligations under the Note Documents (the "**Participant Register**"); provided that no Holder shall have any obligation to disclose all or a portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Note Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Treasury Regulation Section 5f.103-1(c), proposed Treasury Regulation Section 1.163-5 or any applicable temporary, final or other successor regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Holder shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(i) Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

(j) Any Holder may at any time, assign all or a portion of its rights and obligations with respect to Notes under this Agreement to a Person who is or will become, after such assignment, an Affiliated Holder subject to the following limitations:

(i) the assigning Holder and the Affiliated Holder purchasing such Holder's Notes shall execute and deliver to the Agent an assignment agreement substantially in the form of Exhibit K hereto (an "**Affiliated Holder Assignment and Assumption**");

(ii) the Affiliated Holder will not receive information provided solely to Holders by the Agent or any Holder and will not be permitted to attend or participate in conference calls or meetings attended solely by the Holders and the Agent, other than the right to receive notices of prepayments and other administrative notices in respect of its Notes required to be delivered to Holders pursuant to Article II; and

(iii) as a condition to each assignment pursuant to this clause (j), the Agent shall have been provided an Affiliated Holder Notice in the form of Exhibit L to this Agreement in connection with each assignment to an Affiliated Holder or a Person that upon effectiveness of such assignment would constitute an Affiliated Holder pursuant to which such Affiliated Holder shall waive any right to bring any action in connection with such Notes against the Agent, in its capacity as such.

Each Affiliated Holder agrees to notify the Agent promptly (and in any event within ten (10) Business Days) if it acquires any Person who is also a Holder, and each Holder agrees to notify the Agent promptly (and in any event within ten (10) Business Days) if it becomes an Affiliated Holder. Such notice shall contain the type of information required and be delivered to the same addressee as set forth in Exhibit L.

(k) Notwithstanding anything in Section 10.6 or the definition of "Requisite Holders," to the contrary, for purposes of determining whether the Requisite Holders have (i) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Note Document or any departure by any Note Party therefrom unless subject to Section 10.7(l), any plan of reorganization pursuant to the Bankruptcy Code, (ii) otherwise acted on any matter related to any Note Document or (iii) directed or required the Agent or any Holder to undertake any action (or refrain from taking any action) with respect to or under any Note Document, no Affiliated Holder shall have any right to consent (or not consent), otherwise act or direct or require the Agent or any Holder to take (or refrain from taking) any such action and (A) all Notes held by any Affiliated Holders shall be deemed to be not outstanding for all purposes of calculating whether the Requisite Holders have taken any actions and (B) all Notes held by Affiliated Holder shall be deemed to be not outstanding for all purposes of calculating whether all Holders have taken any action unless the action in question affects such Affiliated Holder in a disproportionately adverse manner than its effect on other Holders.

(l) Notwithstanding anything in this Agreement or the other Note Documents to the contrary, each Affiliated Holder hereby agrees that and each Affiliated Holder Assignment and Assumption shall provide a confirmation that, if a proceeding under any Debtor Relief Law shall be commenced by or against the Issuer or any other Note Party at a time when such Holder is an Affiliated Holder, such Affiliated Holder will vote with respect to the Notes held by such Affiliated Holder in the same manner as the Requisite Holders; provided that such Affiliated Holder shall be entitled to vote in accordance with its sole discretion in connection with any plan of reorganization to the extent any such plan of reorganization proposes to treat any Obligations held by such Affiliated Holder in a disproportionately adverse manner to such Affiliated Holder than the proposed treatment of similar Obligations held by Holders that are not Affiliated Holders.

10.8 **Survival of Representations, Warranties and Agreements**. All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of any Note Purchase. Notwithstanding anything herein or implied by law to the contrary, the agreements of each Note Party set forth in Sections 2.14, 10.2, 10.3 and 10.4 and the agreements of the Holders set forth in Sections 2.13, 9.3(b) and 9.5 shall survive the payment of the Notes, and the termination hereof.

10.9 **No Waiver; Remedies Cumulative**. No failure or delay on the part of Agent or any Holder in the exercise of any power, right or privilege hereunder or under any other Note Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. The rights, powers and remedies given to Agent and each Holder hereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the other Note Documents. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

10.10 **Marshalling; Payments Set Aside**. Neither Agent nor any Holder shall be under any obligation to marshal any assets in favor of any Note Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any Note Party makes a payment or payments to Agent or the Holders (or to Agent, on behalf of the Holders), or Agent or the Holders enforce any security interests or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement or setoff had not occurred.

10.11 **Severability**. In case any provision in or obligation hereunder or any Note or other Note Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.12 **Obligations Several; Independent Nature of the Holders' Rights**. The obligations of the Holders hereunder are several and no Holder shall be responsible for the obligations or Commitment of any other Holder hereunder. Nothing contained herein or in any other Note Document, and no action taken by the Holders pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Holder shall be a separate and independent debt, and each Holder shall be entitled to protect and enforce its rights arising out hereof and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

10.13 **[Reserved]**.

10.14 **Headings**. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

10.15 **APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.**

10.16 **CONSENT TO JURISDICTION. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY NOTE PARTY ARISING OUT OF OR RELATING HERETO OR ANY OTHER NOTE DOCUMENT, OR ANY OF THE OBLIGATIONS, SHALL BE BROUGHT IN STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH NOTE PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (A) ACCEPTS GENERALLY AND UNCONDITIONALLY THE JURISDICTION AND VENUE OF SUCH COURTS; (B) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (C) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE NOTE PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10.1 IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE NOTE PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (D) AGREES THAT AGENT AND THE HOLDERS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY NOTE PARTY IN THE COURTS OF ANY OTHER JURISDICTION.**

10.17 **WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER NOTE DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR THE HOLDER/ISSUER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL**

WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10.17 AND EXECUTED BY EACH OF THE PARTIES HERETO THAT IS PARTY TO SUCH JUDICIAL PROCEEDING), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER NOTE DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE NOTES PURCHASED HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.18 **Confidentiality**. All information furnished from time to time (either before, on or after the date hereof) by or on behalf of the Issuer or any other Note Party to Agent or a Holder or any of their representatives or advisors (each, a "**Recipient**") is so furnished on a confidential basis (such information, the "**Confidential Information**") and the Recipients will maintain the confidentiality thereof in accordance with the terms hereof; provided however, that a Recipient may disclose such information (a) to its Affiliates, partners, prospective partners, members and prospective members and its and their respective directors, managers, officers, employees, attorneys, accountants, advisors, auditors, consultants, agents or representatives, in each case, on a need to know such Confidential Information (collectively "**Permitted Recipients**"), (b) to any potential assignee or transferee of any of its rights or obligations hereunder (including without limitation, in connection with a sale of any or all of the Notes) or any of their agents and advisors (provided that such potential assignee or transferee shall have been advised of and agree in writing to be bound by the provisions of this Section 10.18), (c) if such information (i) becomes publicly available other than as a result of a breach of this Section 10.18 or (ii) becomes available to a Recipient or any of its Permitted Recipients on a non- confidential basis from a source other than the Note Parties and other than any other source that such Recipient or Permitted Recipient had reason to believe is subject to confidentially obligations with respect thereto, (iii) to enable it to enforce or otherwise exercise any of its rights and remedies under any Note Document or (iv) as consented to by the Issuer. Notwithstanding anything to the contrary set forth in this Section 10.18 or otherwise, nothing herein shall prevent a Recipient or its Permitted Recipients from complying with any legal requirements (including, without limitation, pursuant to any rule, regulation, stock exchange requirement, self-regulatory body, supervisory authority, other applicable judicial or governmental order or legal process) to disclose any Confidential Information. In addition, the Recipient and its Permitted Recipients may disclose Confidential Information if so requested by a governmental, self-regulatory or supervisory authority (in which case, such Recipient or Permitted Recipient shall use commercially reasonable efforts to notify the Issuer thereof (without any liability for a failure to so notify the Issuer) to the extent lawfully permitted to do so). Each Note Party hereby acknowledges and agrees that, subject to the restrictions on disclosure of Confidential Information as provided in this Section 10.18, the Recipient and their respective Affiliates are in the business of making investments in and otherwise engaging in businesses which may or may not be in competition with the Note Parties or otherwise related to their and their Affiliates' respective business and that nothing herein shall, or shall be construed to, limit the Holders' or their Affiliates' ability to make such investments or engage in such businesses. Notwithstanding any other provision of this Section 10.18, the parties (and each employee, representative, or other agent of the parties) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and any facts that may be relevant to the Tax structure of the transactions contemplated by this Agreement and the

other Note Documents; provided, however, that no party (and no employee, representative, or other agent thereof) shall disclose any other information that is not relevant to an understanding of the Tax treatment and Tax structure of the transaction (including the identity of any party and any information that could lead another to determine the identity of any party), or any other information to the extent that such disclosure could reasonably result in a violation of any applicable securities law. Notwithstanding the foregoing, it is understood and agreed that Recipient and Permitted Recipients shall use the Confidential Information only for the express purposes contained herein and shall not use the Confidential Information to compete in any way with the Issuer or any other Note Party during the term of this Agreement.

10.19 **Usury Savings Clause**. Notwithstanding any other provision herein, the aggregate interest rate charged or agreed to be paid with respect to any of the Obligations, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate. If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate, the outstanding amount of the Notes purchased hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Notes purchased hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Issuer shall pay to Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of the Holders and the Issuer to conform strictly to any applicable usury laws. Accordingly, if any Holder contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Holder's option be applied to the outstanding amount of the Notes purchased hereunder or be refunded to the Issuer. In determining whether the interest contracted for, charged, or received by Agent or a Holder exceeds the Highest Lawful Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest, throughout the contemplated term of the Obligations hereunder.

10.20 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

10.21 **USA Patriot Act**. Each Holder and Agent (for itself and not on behalf of any Holder) hereby notifies each Note Party that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies such Note Party, which information includes the name and address of such Note Party and other information that will allow such Holder or Agent, as applicable, to identify such Note Party in accordance with the USA Patriot Act.

10.22 **Disclosure**. Each Note Party and each Holder hereby acknowledge and agree that Agent and/or its Affiliates and their respective Related Funds from time to time may hold investments in, and make loans to, or have other relationships with any of the Note Parties and their respective Affiliates, including the ownership, purchase and sale of Equity Interest in any Note Party and their respective Affiliates and each Holder hereby expressly consents to such relationships.

10.23 **Appointment for Perfection**. Each Holder hereby appoints each other Holder as its agent for the purpose of perfecting Liens, for the benefit of Agent and the Holders, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession. Should any Holder obtain possession of any such Collateral, such Holder shall notify Agent thereof, and, promptly upon Agent's request therefor shall deliver such Collateral to Agent or otherwise deal with such Collateral in accordance with Agent's instructions.

10.24 **Advertising and Publicity**. No Holder shall issue or disseminate to the public (by advertisement, including without limitation any "tombstone" advertisement, press release or otherwise), submit for publication or otherwise cause or seek to publish any information describing the credit or other financial accommodations made available by the Holders pursuant to this Agreement and the other Note Documents without the prior written consent of the Issuer (such consent of the Issuer not to be unreasonably withheld, conditioned or delayed) and the Issuer shall not identify in any such public disclosure any Holder party hereto with the consent of such Holder (such consent of such Holder not to be unreasonably withheld, conditioned or delayed). Nothing in the foregoing shall be construed to prohibit (i) any Note Party from making any submission or filing which it is required to make by applicable law (including SEC filing and reporting requirements and other securities laws, rules and regulations), stock exchange rules or pursuant to judicial process; provided, that, (a) such filing or submission shall contain only such information as is necessary to comply with applicable law, rule or judicial process and (b) unless specifically prohibited by applicable law, rule or court order, the Issuer shall promptly notify Agent of the requirement to make such submission or filing and provide Agent with a copy thereof or (ii) any Holder from publicly disclosing its purchase of Notes hereunder from and after the date of public disclosure by the Issuer of its execution of this Agreement and the other Note Documents.

10.25 **Acknowledgments and Admissions**. The Issuer each hereby acknowledges and admits that:

(a) it has been advised by counsel in the negotiation, execution and delivery of the Note Documents;

(b) it has made an independent decision to enter into this Agreement and the other Note Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by Agent or any Holder, whether written, oral or implicit, other than as expressly set out in this Agreement or in another Note Document delivered on or after the date hereof;

(c) there are no representations, warranties, covenants, undertakings or agreements by Agent or any Holder or any of the Placement Agents as to the Note Documents except as expressly set out in this Agreement and the other Note Documents;

(d) none of Agent or any Holder or any of the Placement Agents has any fiduciary obligation toward it with respect to any Note Document or the transactions contemplated thereby;

(e) no partnership or joint venture exists with respect to the Note Documents between any Note Party, on the one hand, and Agent or any Holder, on the other;

(f) Agent is not any Note Party's agent except as otherwise provided herein;

(g) Latham & Watkins LLP is not counsel for any Note Party;

(h) should an Event of Default or Default occur or exist, each of Agent and each Holder will determine in its discretion and for its own reasons what remedies and actions it will or will not exercise or take at that time;

(i) without limiting any of the foregoing, no Note Party is relying upon any representation or covenant by any of Agent or any Holder (including the Placement Agent), or any representative thereof, and no such representation or covenant has been made, that any of Agent or any Holder will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the Note Documents with respect to any such Event of Default or Default or any other provision of the Note Documents; and

(j) Agent and the Holders have all relied upon the truthfulness of the acknowledgments in this Section 10.24 in deciding to execute and deliver this Agreement and to become obligated hereunder.

10.26 **Third Party Beneficiaries**. The Placement Agents are the only third party beneficiaries to this Agreement and may rely upon the representations, warranties, covenants and agreements of each of the Note Parties, their Subsidiaries and the Holders contained in Article IV, Article V, Section 9.03(d) and Article X herein as a third party beneficiaries.

10.27 **Entire Agreement**. This Agreement, and the other Note Documents represent the final agreement among the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements among the parties.

10.28 **Transferability of Securities; Restrictive Legend**. Each note, certificate or other instrument evidencing the Notes issued by Issuer shall be stamped or otherwise imprinted with a legend in substantially the following forms:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION."

Notwithstanding the foregoing, the restrictive legend set forth above shall not be required after the date on which the securities evidenced by such note, certificate or other instrument bearing such restrictive legend no longer constitute "restricted securities" (as defined in Rule 144 promulgated under the Securities Act), and upon the request of the Holder of such Notes, Issuer, without expense to such Holder, shall issue a new note, certificate or other instrument as applicable not bearing the restrictive legend otherwise required to be borne thereby.

10.29 **Replacement of Notes**. Upon receipt by Issuer of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note, and (a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the Holder of such Note is, or is a nominee for, another Holder with a minimum net worth of at least $10,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or (b) in the case of mutilation, upon surrender and cancellation thereof, Issuer at its own expense shall execute and deliver, in lieu thereof, a new Note of the same series, dated and, in the case of a Note, bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

10.30 **Acknowledgement and Consent to Bail-In of EEA Financial Institutions**. Notwithstanding anything to the contrary in any Note 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 Note Document 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) conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, 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 Note 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.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Note Purchase Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

ISSUER: SILVERBOW RESOURCES, INC.

By: /s/ G. Gleeson Van Riet
Name: G. Gleeson Van Riet
Title: Executive Vice President and Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION, as Agent

By: /s/ Laurel A. Melody-Casasanta
Name: Laurel A. Melody-Casasanta
Title: Vice President

SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT

HOLDERS:

EIG GLOBAL PRIVATE DEBT FUND-A, L.P.
By: EIG Credit Management Company, LLC, its manager

By:/s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By:/s/ Nicholas Fersen
Name:Nicholas Fersen
Title: Vice President

EIG GLOBAL PRIVATE DEBT FUND-A (UL), L.P.
By: EIG Credit Management Company, LLC, its manager

By:/s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By:/s/ Nicholas Fersen
Name:Nicholas Fersen
Title: Vice President

EIG GLOBAL PRIVATE DEBT FINCO-B (UL), LLC

By:/s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By:/s/ Nicholas Fersen
Name:Nicholas Fersen
Title: Vice President

TRILOMA EIG ENERGY INCOME FUND

By: /s/ Deryck Harmer
Name: Deryck Harmer
Title: President

TRILOMA EIG ENERGY INCOME FUND – TERM I

By: /s/ Deryck Harmer
Name: Deryck Harmer
Title: President

SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT

ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of Allianz L-PD Fonds

By: EIG Management Company, LLC, acting in its capacity as Manager for the account of Allianz L-PD Fonds

By:/s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By:/s/ Nicholas Fersen
Name: Nicholas Fersen
Title: Vice President

ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of Allianz PK-PD Fonds

By: EIG Management Company, LLC, acting in its capacity as Manager for the account of Allianz PK-PD Fonds

By:/s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By:/s/ Nicholas Fersen
Name: Nicholas Fersen
Title: Vice President

ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of Allianz PKV-PD Fonds

By: EIG Management Company, LLC, acting in its capacity as Manager for the account of Allianz PKV-PD Fonds

By:/s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By:/s/ Nicholas Fersen
Name: Nicholas Fersen
Title: Vice President

ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of Allianz SE-PD Fonds

By: EIG Management Company, LLC, acting in its capacity as Manager for the account of Allianz SE-PD Fonds

By:/s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By:/s/ Nicholas Fersen
Name: Nicholas Fersen
Title: Vice President

ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of Allianz V-PD Fonds

By: EIG Management Company, LLC, acting in its capacity as Manager for the account of Allianz V-PD Fonds

By: /s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By: /s/ Nicholas Fersen
Name: Nicholas Fersen
Title: Vice President

EIG SUNSUPER CO-INVESTMENT FINCO, LLC

By: EIG Sunsuper Co-Investment, L.P., its sole member
By: EIG Credit Management Company, LLC, its manager

By: /s/ Robert H. Johnson, Jr.
Name: Robert H. Johnson, Jr.
Title: Managing Director

By: /s/ Nicholas Fersen
Name: Nicholas Fersen
Title: Vice President

SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT

FS ENERGY AND POWER
By: FS Investment Advisor, its investment advisor

By: /s/ Sean Coleman
Name: Sean Coleman
Title: Chief Credit Officer

SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT

APPENDIX A

COMMITMENTS

Holder	Commitment	Pro Rata Share
EIG GLOBAL PRIVATE DEBT FUND-A, L.P.	$3,023,306.38	1.51%
EIG GLOBAL PRIVATE DEBT FUND-A (UL), L.P.	$23,695,820.19	11.85%
EIG GLOBAL PRIVATE DEBT FINCO-B (UL), LLC	$12,380,873.43	6.19%
TRILOMA EIG ENERGY INCOME FUND	$2,400,000.00	1.20%
TRILOMA EIG ENERGY INCOME FUND – TERM I	$1,600,000.00	0.80%
ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ L-PD FONDS	$78,504,000.00	39.25%
ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ PK-PD FONDS	$6,492,000.00	3.25%
ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ PKV-PD FONDS	$11,004,000.00	5.50%
ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ SE-PD FONDS	$8,196,000.00	4.10%
ALLIANZ GLOBAL INVESTORS GMBH, acting on behalf of ALLIANZ V-PD FONDS	$15,804,000.00	7.90%
EIG SUNSUPER CO-INVESTMENT FINCO, LLC	$ 21,900,000.00	10.95%
FS ENERGY AND POWER FUND	$15,000,000.00	7.50%
Total	**$200,000,000**	**100.00%**

APPENDIX A TO NOTE PURCHASE AGREEMENT

APPENDIX B

NOTICE ADDRESSES

Issuer's Office:	SilverBow Resources, Inc. 575 North Dairy Ashford, Suite 1200 Houston, Texas 77079 Attention: G. Gleeson Van Riet and Chris Abundis Fax No.: (281) 423-0040 Email: Gleeson.VanRiet@sbow.com; chris.abundis@sbow.com
Agent's Office:	U.S. BANK NATIONAL ASSOCIATION Global Corporate Trust Services 214 North Tryon Street - 27th Floor Charlotte, NC 28202-1078 | CN-NC-H27Q Attn: Lisa Dowd Email: Lisa.Dowd@usbank.com Tel: (704) 335-4576 With a copy to (correspondence, and documents evidencing collateral security only): U.S. Bank National Association Global Corporate Trust Services 225 Asylum Street- 23rd Floor Hartford, CT 06103 Attn: Laurel Casasanta Email: Laurel.Casasanta@usbank.com Tel: (860) 241-6822

The Holders' Offices:	EIG GLOBAL PRIVATE DEBT FUND-A, L.P. EIG GLOBAL PRIVATE DEBT FUND-A (UL), L.P. c/o EIG Credit Management Company, LLC 1700 Pennsylvania Ave Suite 800, NW Washington, DC 20006 Attn: Nicholas Fersen & Bryan Lothrop Email: Nicholas.Fersen@eigpartners.com; bryan.lothrop@eigpartners.com; cc to wdc@eigpartners.com Fax: 202.600.3409
	EIG GLOBAL PRIVATE DEBT FINCO-B (UL), LLC c/o EIG Credit Management Company, LLC 1700 Pennsylvania Ave Suite 800, NW Washington, DC 20006 Attn: Nicholas Fersen & Bryan Lothrop Email: Nicholas.Fersen@eigpartners.com; bryan.lothrop@eigpartners.com; cc to wdc@eigpartners.com Fax: 202.600.3409
	TRILOMA EIG ENERGY INCOME FUND TRILOMA EIG ENERGY INCOME FUND – TERM I c/o EIG Credit Management Company, LLC 1700 Pennsylvania Ave Suite 800, NW Washington, DC 20006 Attn: Nicholas Fersen & Bryan Lothrop Email: Nicholas.Fersen@eigpartners.com; bryan.lothrop@eigpartners.com; cc to wdc@eigpartners.com Fax: 202.600.3409

	ALLIANZ L-PD FONDS ALLIANZ PK-PD FONDS ALLIANZ PKV-PD FONDS ALLIANZ SE-PD FONDS ALLIANZ V-PD FONDS ALLIANZ GLOBAL INVESTORS GMBH c/o EIG Management Company, LLC 1700 Pennsylvania Ave Suite 800, NW Washington, DC 20006 Attn: Nicholas Fersen & Bryan Lothrop Email: Nicholas.Fersen@eigpartners.com; bryan.lothrop@eigpartners.com; cc to wdc@eigpartners.com Fax: 202.600.3409
	EIG SUNSUPER CO-INVESTMENT FINCO, LLC c/o EIG Credit Management Company, LLC 1700 Pennsylvania Ave Suite 800, NW Washington, DC 20006 Attn: Nicholas Fersen & Bryan Lothrop Email: Nicholas.Fersen@eigpartners.com; bryan.lothrop@eigpartners.com; cc to wdc@eigpartners.com Fax: 202.600.3409
	FS ENERGY AND POWER FUND FS Investments 201 Rouse Boulevard Philadelphia, PA 19112 Attn: Fund Management, 3rd Floor Email: FSEP_Team@fsinvestments.com

APPENDIX B TO NOTE PURCHASE AGREEMENT

(Back To Top)

Section 4: EX-10.3 (EXHIBIT 10.3)

INTERCREDITOR AGREEMENT

dated as of

December 15, 2017

among

SilverBow Resources, Inc.,
as Borrower,

each of the other GRANTORS party hereto,

JPMorgan Chase Bank, N.A.,
as First Lien Administrative Agent,

and

U.S. Bank National Association,
as Second Lien Collateral Agent

THIS IS THE INTERCREDITOR AGREEMENT REFERRED TO IN THE LOAN DOCUMENTS REFERRED TO HEREIN.

TABLE OF CONTENTS

INTERCREDITOR AGREEMENT dated as of December 15, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "Agreement"), among SilverBow Resources, Inc. (f/k/a Swift Energy Company), a Delaware corporation (the "Borrower"), each of the undersigned Grantors (as defined below), JPMorgan Chase Bank, N.A., as agent for the First Lien Secured Parties (as defined below) (in such capacity, together with its successors and assigns in such capacity, the "First Lien Administrative Agent") and U.S. Bank National Association, in its capacity as "Agent" under the Second Lien Note Purchase Agreement (as defined below) for the Second Lien Secured Parties (as defined below) (in such capacity, together with its successors and assigns in such capacity, the "Second Lien Collateral Agent").

PRELIMINARY STATEMENT

Reference is made to (a) the First Amended and Restated Credit Agreement dated as April 19, 2017 (as amended, restated, amended and restated, supplemented, modified or Refinanced from time to time in accordance with the terms of this Agreement, the "First Lien Credit Agreement"), among the Borrower, the lenders from time to time party thereto (the "First Lien Lenders") and the First Lien Administrative Agent, (b) the Note Purchase Agreement dated as of even date hereof (as amended, restated, amended and restated, supplemented, modified or Refinanced from time to time in accordance with the terms of this Agreement, the "Second Lien Note Purchase Agreement"), by and among the Borrower, holders from time to time party thereto and the Second Lien Collateral Agent, and (c) the Security Documents referred to in the First Lien Credit Agreement and the Second Lien Note Purchase Agreement.

RECITALS

A. Pursuant to (i) the First Lien Credit Agreement, the Borrower and certain of its Subsidiaries entered, and agreed to cause certain current and future Subsidiaries to enter, into (A) the First Amended and Restated Guaranty and Collateral Agreement, dated as of April 19, 2017 (as may be amended, restated, amended and restated, supplements or otherwise modified from time to time) to guarantee the First Lien Secured Obligations and grant a security interest in favor of the First Lien Administrative Agent to secure such obligations and (B) certain other First Lien Security Documents, including mortgages, to secure such First Lien Secured Obligations and (ii) the Second Lien Note Purchase Agreement, the Borrower and certain of its Subsidiaries are entering into, and agreed to cause certain current and future Subsidiaries to enter into, (A) the Second Lien Guaranty and Collateral Agreement (as may be amended, restated, amended and restated, supplements or otherwise modified from time to time), dated as of the date hereof, to guarantee the Second Lien Secured Obligations and grant a security interest in favor of the Second Lien Collateral Agent to secure such obligations and (B) certain other Second Lien Security Documents, including mortgages, to secure such Second Lien Secured Obligations;

B. The obligations of (i) the Borrower under the First Lien Credit Agreement, (ii) the Borrower and/or any Guarantor under any Swap Agreements with Secured Swap

Providers, (iii) the Borrower and/or any Guarantor with respect to any Cash Management Agreements entered into with any Secured Cash Management Bank and (iv) any guarantees of the Borrower and the other Guarantors under the First Lien Security Documents will be secured on a first lien priority basis by security interests and liens granted by the Borrower and each Grantor on the Collateral, pursuant to the terms of the First Lien Security Documents;

C. The obligations of the Borrower under the Second Lien Note Purchase Agreement and the guarantees of the Guarantors under the Second Lien Collateral Documents will be secured on a second lien priority basis by security interests and liens granted by the Borrower and each Grantor on the Collateral, pursuant to the terms of the Second Lien Collateral Documents;

D. The First Lien Loan Documents (as defined below) and the Second Lien Note Documents (as defined below) provide, among other things, that the parties thereto shall set forth in this Agreement their respective rights and remedies with respect to the Collateral; and

E. In consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, each of the First Lien Administrative Agent (on behalf of each First Lien Secured Party) and the Second Lien Collateral Agent (on behalf of each Second Lien Secured Party), intending to be legally bound, hereby agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Certain Defined Terms. Terms defined above shall have the meanings ascribed to them. Unless otherwise indicated, capitalized terms used but not defined herein shall have the meaning given such terms in the First Lien Credit Agreement as in effect as of the date hereof; and, if not defined therein, such terms shall have the meaning given such terms in the Second Lien Note Purchase Agreement as in effect as of the date hereof. As used in this Agreement, the following terms shall have the following meanings:

Section 1.02 Other Defined Terms. As used in the Agreement, the following terms shall have the meanings specified below:

"Additional First Lien Administrative Agent" shall have the meaning assigned to such term in Section 7.02(a).

"Additional First Lien Loan Documents" shall have the meaning assigned to such term in Section 7.02(a).

"Additional First Lien Obligations" shall have the meaning assigned to such term in Section 7.02(a).

"Additional Second Lien Collateral Agent" shall have the meaning assigned to such term in Section 7.02(b).

"Additional Second Lien Note Documents" shall have the meaning assigned to such term in Section 7.02(b).

"Additional Second Lien Obligations" shall have the meaning assigned to such term in Section 7.02(b).

"Affiliate" shall have the meaning assigned to such term in the First Lien Credit Agreement on the date hereof.

"Agreement" shall have the meaning assigned to such term in the preamble to this Agreement.

"Bankruptcy Code" shall mean Title 11 of the United States Code entitled "Bankruptcy," as now and hereinafter in effect, or any successor statute.

"Bankruptcy Law" shall mean the Bankruptcy Code and any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law.

"Borrower" shall have the meaning assigned to such term in the preamble to this Agreement.

"Borrowing Base" shall mean, at any time, the US Dollar amount determined to be the "Borrowing Base" in accordance with the terms of the First Lien Credit Agreement, including any redetermination or adjustment thereof in accordance with the terms of the First Lien Credit Agreement.

"Borrowing Base Deficiency" shall mean, as of any date of determination, the US Dollar amount determined to be the "Borrowing Base Deficiency" in accordance with the terms of the First Lien Credit Agreement.

"Borrowing Base Deficiency Advances" shall mean, at any time of determination, and in each case calculated for the period from and including the first date on which the then-existing Borrowing Base Deficiency was created through and including such time of determination, the sum of (a)(i) the principal amount of any loans advanced and (ii) the face amount of any letters of credit (other than any extension or renewal of outstanding letters of credit in amounts not exceeding the outstanding face amounts) being issued, as the case may be, under the First Lien Credit Agreement while a Borrowing Base Deficiency exists and (b)(i) the principal amount of any loans advanced and (ii) the face amount of any letters of credit issued under the First Lien Credit Agreement to the extent advancing such loans or issuing such letters of credit (other than any extensions or renewal of outstanding letters of credit in amounts not exceeding the outstanding face amounts) would cause a Borrowing Base Deficiency (it being understood that, for purposes of this clause (b) only the portion

of such loans or letters of credit in excess of the Borrowing Base shall be included in such calculation).

"Business Day" shall mean each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York, Houston, Texas, or in the place of payment are authorized or required by law to close.

"Cash Management Agreement" shall mean means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

"Collateral" shall mean, collectively, the First Lien Collateral and the Second Lien Collateral.

"Conforming Borrowing Base" shall mean, at any time, the US Dollar amount that would constitute the borrowing base under a Conforming Borrowing Base Facility under the First Lien Credit Agreement at such time (it being understood that a borrowing base amount determined in accordance with Section 2.07 of the First Lien Credit Agreement as in effect on the date hereof would cause the Borrowing Base and Conforming Borrowing Base to be equivalent numbers).

"Conforming Borrowing Base Deficiency" shall mean, at any time, the greater of (a) $0.00 and (b) the amount equal to (i) the First Lien Capped Obligations at such time minus (ii) the Conforming Borrowing Base at such time.

"Conforming Borrowing Base Facility" shall mean, with respect to a First Lien Credit Agreement, at any time of determination, that the amount of First Lien Capped Obligations is subject to a conforming commercial banking borrowing base for oil and gas secured loan transactions, as determined by the First Lien Lenders, in accordance with their customary oil and gas lending criteria as they exist at such time and in accordance with the First Lien Credit Agreement, including customary mechanisms for periodic redeterminations of, and adjustments to, such borrowing base.

"Defaulting First Lien Secured Party" shall have the meaning assigned to such term in Section 3.01(e).

"Defaulting First Lien Secured Party Obligation" shall mean, as of any date of determination and with respect to any Defaulting First Lien Secured Party, any First Lien Secured Obligations of such Defaulting First Lien Secured Party as of such date.

"DIP Financing" shall have the meaning assigned to such term in Section 6.01(a)(ii).

"DIP Financing Liens" shall have the meaning assigned to such term in Section 6.01(a)(ii).

"DIP Purchase Price" shall have the meaning assigned to such term in Section 6.01(b)(i).

"Discharge of Excess First Lien Obligations" shall mean, subject to Section 7.02 and Section 7.04, (a) the Discharge of First Lien Obligations has occurred, (b) payment in full in cash of the principal of and interest (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding), expenses (including all legal fees) and premium, if any, on all Indebtedness outstanding under the First Lien Loan Documents constituting Excess First Lien Obligations and (c) payment in full of all other First Lien Capped Obligations constituting Excess First Lien Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made).

"Discharge of First Lien Obligations" shall mean, subject to Section 7.02 and Section 7.04:

(a) payment in full in cash of the principal of and interest (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding) and expenses (including all legal fees) on all First Lien Secured Obligations outstanding under the First Lien Loan Documents and constituting First Lien Obligations;

(b) payment in full in cash of all other First Lien Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made);

(c) cancellation of or the entry into arrangements reasonably satisfactory to the First Lien Administrative Agent and each LC Issuer with respect to all letters of credit issued and outstanding under the First Lien Credit Agreement and constituting First Lien Obligations (it being understood that the cash collateralization of such letters of credit in an amount equal to 105% of the face amount thereof shall be deemed satisfactory);

(d) payment of the aggregate Swap Termination Value of all Secured Swap Agreements and all related fees, expenses and other amounts owed to the holders of the Secured Swap Obligations in connection therewith (or, with respect to any particular Secured Swap Agreement, such other arrangements as have been made by the Borrower and the applicable counterparty which is a party to such Secured Swap Agreement (and communicated to the First Lien Administrative Agent) as provided in the First Lien Credit Agreement);

(e) termination, assignment, novation, or collateralization of all Secured Cash Management Obligations and other obligations associated therewith on terms satisfactory to the applicable Secured Cash Management Bank in its sole discretion and consistent with the respective Cash Management Agreement related thereto; and

(f) termination or expiration of all commitments to lend and all obligations to issue or extend letters of credit under the First Lien Credit Agreement.

"Discharge of First Lien Non-Excluded Obligations" has the same meaning as "Discharge of First Lien Obligations" except that all references to "First Lien Obligations" in the definition of "Discharge of First Lien Obligations" shall be deemed for purposes of this definition to be references to "First Lien Obligations (other than Defaulting First Lien Secured Party Obligations)".

"Discharge of Second Lien Obligations" shall mean, subject to Section 7.02 and Section 7.04, (a) payment in full in cash of the principal of and interest (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding), expenses (including all legal fees) and premium, if any, on all Second Lien Secured Obligations outstanding under the Second Lien Note Documents and constituting Second Lien Obligations and (b) payment in full in cash of all other Second Lien Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made).

"Disposition" shall mean any sale, lease, exchange, transfer or other disposition. "Dispose" shall have a correlative meaning.

"Dollars" and the sign "$" shall mean the lawful money of the United States of America.

"Enforcement Action" shall mean any action to:

(a) foreclose, execute, levy, or collect on, take possession or control of, sell or otherwise realize upon (judicially or non-judicially), or lease, license, or otherwise dispose of (whether publicly or privately), Collateral, or otherwise exercise or enforce remedial rights with respect to Collateral under the First Lien Loan Documents or the Second Lien Note Documents (including by way of setoff, recoupment, notification of a public or private sale or other disposition pursuant to the UCC or other applicable law, notification to account debtors, notification to depositary banks under deposit account control agreements, or exercise of rights under landlord consents, if applicable);

(b) solicit bids from third Persons, approve bid procedures for any proposed disposition of Collateral, to conduct the liquidation or disposition of Collateral or engage or retain sales brokers, marketing agents, investment bankers, accountants, appraisers, auctioneers, or other third Persons for the purposes of marketing, promoting, and selling Collateral, in each case under the First Lien Loan Documents or the Second Lien Note Documents;

(c) exercise remedies to cause a transfer of Collateral in satisfaction of any obligations secured thereby;

(d) otherwise enforce a security interest or exercise a remedy, as a secured creditor or pursuant to the First Lien Loan Documents or the Second Lien Note Documents (including the commencement of applicable legal proceedings or other actions with respect to all or any portion of the Collateral to facilitate the actions described in the preceding clauses and exercising voting rights in respect of equity interests comprising Collateral); or

(e) Dispose of Collateral by any Grantor after the occurrence and during the continuation of an event of default under any Loan Document to satisfy a requirement to Dispose of Collateral imposed upon the Grantor by any First Lien Secured Party or Second Lien Secured Party, as applicable, in connection with any waiver or forbearance relating to such event of default in either case with the consent of First Lien Administrative Agent or the Second Lien Collateral Agent, as applicable.

"Excess First Lien Obligations" shall mean any obligations that would constitute First Lien Obligations if not for clause (c) of the definition of First Lien Obligations.

"Excluded First Lien Obligations" shall mean, with respect to the First Lien Secured Obligations, (a) the Excess First Lien Obligations, (b) Defaulting First Lien Secured Party Obligations of all Defaulting First Lien Secured Parties and (c) and any indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made.

"First Lien Administrative Agent" shall have the meaning assigned to such term in the preamble of this Agreement.

"First Lien Cap Amount" shall mean, at any time, in respect of First Lien Secured Obligations constituting First Lien Capped Obligations, an amount equal to the lesser of:

(a) the sum of (i) the Borrowing Base under the First Lien Credit Agreement in effect at such time plus (ii) an amount equal to (A) the Borrowing Base Deficiency under the First Lien Credit Agreement, if any, at such time minus (B) the Borrowing Base Deficiency Advances, if any, at such time; *provided* that in no event shall such difference calculated under this clause (a)(ii) be less than $0.00; and

(b) the sum of (i) the Conforming Borrowing Base at such time plus (ii) the amount equal to (A) the Conforming Borrowing Base Deficiency at such time minus (B) the Non-Conforming Advances, if any, at such time; *provided* that in no event shall such difference calculated under this clause (b)(ii) be less than $0.00.

For the avoidance of doubt, the calculation of the "First Lien Cap Amount" refers only to the First Lien Capped Obligations and does not include obligations in respect of Secured Swap Agreements, Cash Management Agreements or any other liability constituting a part of the First Lien Obligations.

"First Lien Capped Obligations" shall mean the outstanding principal balance of loans extended pursuant to the First Lien Loan Documents and the face amount of

outstanding letters of credit under the First Lien Loan Documents (including, without duplication, unreimbursed letter of credit obligations outstanding under the First Lien Loan Documents).

"First Lien Collateral" shall mean all Property of any Grantor, whether real, personal or mixed, now or at any time hereafter subject to Liens securing any First Lien Secured Obligations.

"First Lien Credit Agreement" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"First Lien Lenders" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"First Lien Loan Documents" shall mean the "Loan Documents", as defined in the First Lien Credit Agreement.

"First Lien Obligations" shall mean, subject to clause (c) hereof, the following:

(a) all First Lien Secured Obligations and other obligations outstanding under, and all other obligations in respect of, the First Lien Credit Agreement, the other First Lien Loan Documents, each Secured Swap Agreement and each Cash Management Agreement;

(b) to the extent any payment with respect to any First Lien Secured Obligation (whether by or on behalf of any Grantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, any Second Lien Secured Party, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the First Lien Secured Parties and the Second Lien Secured Parties, be deemed to be reinstated and outstanding as if such payment had not occurred. To the extent that any interest, fees, expenses or other charges (including post-petition interest) to be paid pursuant to the First Lien Loan Documents are disallowed, disgorged or recharacterized by order of any court, including by order of a court of competent jurisdiction presiding over an Insolvency Proceeding, such interest, fees, expenses and charges (including post-petition interest) shall, as between the First Lien Secured Parties and the Second Lien Secured Parties, be deemed to continue to accrue and be added to the amount to be calculated as the "First Lien Obligations"; and

(c) notwithstanding the foregoing (but solely for purposes of defining the respective rights and obligations between the First Lien Secured Parties and the Second Lien Secured Parties under this Agreement), if the sum of the First Lien Capped Obligations is in excess of the First Lien Cap Amount, then only that portion of the First Lien Capped Obligations equal to the First Lien Cap Amount shall be included in First Lien Obligations, and interest, fees, reimbursement obligations and other amounts with respect to such First

Lien Capped Obligations shall constitute and be entitled to the benefits accorded to First Lien Obligations only to the extent related to First Lien Capped Obligations so included in the First Lien Obligations. First Lien Capped Obligations in excess of the First Lien Cap Amount and all interest, fees and other obligations related to such excess shall constitute Excess First Lien Obligations under this Agreement. Nothing in this clause (c) shall apply to, impair or have any effect whatsoever on, the obligations of the Borrower or any other Grantor owing to (x) the First Lien Secured Parties under the First Lien Loan Documents or (y) to the Second Lien Secured Parties under the Second Lien Note Documents.

"First Lien Refinancing Notice" shall have the meaning assigned to such term in Section 7.02(a).

"First Lien Required Lenders" shall mean the "Required Lenders", as defined in the First Lien Credit Agreement.

"First Lien Secured Obligations" shall mean the "Secured Obligations" as defined in the First Lien Credit Agreement.

"First Lien Secured Parties" shall mean, at any time, the "Secured Parties" as defined in the First Lien Credit Agreement and, if applicable, the Additional First Lien Loan Documents.

"First Lien Security Documents" shall mean the "Security Instruments", as defined in the First Lien Credit Agreement.

"First Priority Liens" shall mean all Liens on the First Lien Collateral securing the First Lien Obligations, including any judgment lien.

"Grantors" shall mean (a) the Borrower, (b) each other Person that shall have created or purported to create any Lien on all or any part of its Property to secure any First Lien Secured Obligations or Second Lien Secured Obligations, (c) each other Person that shall have provided a guaranty or other similar credit support for either the First Lien Secured Obligations or the Second Lien Secured Obligations and (d) each other Person that executes and delivers an assumption agreement pursuant to Section 7.05.

"Guarantors" shall mean, collectively, each Person that has guaranteed, or that from time to time hereafter guarantees, the First Lien Secured Obligations or the Second Lien Secured Obligations.

"Insolvency Proceeding" shall mean:

(a) any voluntary or involuntary proceeding under the Bankruptcy Code or any other Bankruptcy Law with respect to any Grantor;

(b) any voluntary or involuntary appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Grantor or for a substantial part of the Property of any Grantor;

(c) any voluntary or involuntary winding-up or liquidation of any Grantor; or

(d) a general assignment for the benefit of creditors by any Grantor.

"Lien" shall mean any interest in Property securing an obligation owed to, or securing a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including but not limited to (a) the lien or security interest arising from a mortgage, encumbrance, pledge, charge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes or (b) production payments and the like payable out of Oil and Gas Properties. The term "Lien" shall include easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations granted to secure or evidence any such obligation or claim. For the purposes of this Agreement, a Grantor shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, or leases under a financing lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person in a transaction intended to create a financing.

"Loan Documents" shall mean, collectively, the First Lien Loan Documents and the Second Lien Note Documents.

"Non-Conforming Advances" shall mean, at any time of determination, and in each case calculated for the period from and including the first date on which the then-existing Conforming Borrowing Base Deficiency was created through and including such time of determination, the sum of (a)(i) the principal amount of any loans advanced and (ii) the face amount of any letters of credit (other than any extensions or renewals of outstanding letters of credit in amounts not exceeding the outstanding face amounts) being issued, as the case may be, under the First Lien Credit Agreement while a Conforming Borrowing Base Deficiency exists and (b)(i) the principal amount of any loans advanced and (ii) the face amount of any letters of credit issued under the First Lien Credit Agreement to the extent advancing such loans or issuing such letters of credit (other than any extensions or renewals of outstanding letters of credit in amounts not exceeding the outstanding face amounts) would cause a Conforming Borrowing Base Deficiency (it being understood that, for purposes of this clause (b) only the portion of such loans or letters of credit in excess of the Conforming Borrowing Base shall be included in such calculation).

"Oil and Gas Properties" shall have the meaning assigned to such term in the First Lien Credit Agreement on the date hereof.

"Other Pledged or Controlled Collateral" shall have the meaning assigned to such term in Section 5.02.

"Person" shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Pledged or Controlled Collateral" shall have the meaning assigned to such term in Section 5.01.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including cash, securities, accounts and contract rights.

"Refinance" shall mean, in respect of any Secured Obligations, to refinance, extend, renew, defease, amend, modify, supplement, restructure, replace, refund or repay, or to issue other Debt in exchange or replacement for, such Secured Obligations in whole or in part, regardless of whether the principal amount of such Refinancing Indebtedness is the same, greater than or less than the principal amount of the Refinanced Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" shall mean indebtedness that Refinances First Lien Secured Obligations or Second Lien Secured Obligations pursuant to Article VII.

"Release" shall have the meaning assigned to such term in Section 3.04.

"Second Lien Collateral" shall mean all Property of any Grantor, whether real, personal or mixed, now or at any time hereafter subject to Liens securing any Second Lien Secured Obligations.

"Second Lien Collateral Agent" shall have the meaning assigned to such term in the preamble to this Agreement.

"Second Lien Collateral Documents" shall mean, collectively, the "Collateral Documents" as defined in the Second Lien Note Purchase Agreement.

"Second Lien Note Documents" shall mean, collectively, the "Note Documents", as defined in the Second Lien Note Purchase Agreement.

"Second Lien Note Purchase Agreement" shall have the meaning assigned to such term in the preliminary statement to this Agreement.

"Second Lien Obligations" shall mean the following:

(a) all Second Lien Secured Obligations and other obligations outstanding under, and all other obligations in respect of, the Second Lien Note Documents; and

(b) to the extent any payment with respect to any Second Lien Secured Obligation (whether by or on behalf of any Grantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, any receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the First Lien Secured

Parties and the Second Lien Secured Parties, be deemed to be reinstated and outstanding as if such payment had not occurred. To the extent that any interest, fees, expenses or other charges (including post-petition interest) to be paid pursuant to the Second Lien Note Documents are disallowed by order of any court, including by order of a court of competent jurisdiction presiding over an Insolvency Proceeding, such interest, fees, expenses and charges (including post-petition interest) shall, as between the First Lien Secured Parties and the Second Lien Secured Parties, be deemed to continue to accrue and be added to the amount to be calculated as the "Second Lien Obligations".

"Second Lien Permitted Actions" shall have the meaning assigned to such term in Section 3.01(a).

"Second Lien Purchasers" shall have the meaning assigned to such term in Section 3.01(d).

"Second Lien Refinancing Notice" shall have the meaning assigned to such term in Section 7.02(b).

"Second Lien Required Holders" shall mean the "Required Holders" (as defined in the Second Lien Note Purchase Agreement).

"Second Lien Secured Obligations" shall collectively mean the "Obligations" (as defined in the Second Lien Note Purchase Agreement).

"Second Lien Secured Parties" shall mean, at any time, the "Agent" and the "Secured Parties" (each as defined in the Second Lien Note Documents).

"Second Priority Liens" shall mean all Liens on the Second Lien Collateral securing the Second Lien Obligations, including any judgment lien.

"Secured Cash Management Bank" means any First Lien Lender or any Affiliate of a First Lien Lender that is a counterparty to a Cash Management Agreement with the Borrower or any other Subsidiary.

"Secured Cash Management Obligations" shall mean any First Lien Secured Obligations arising from time to time under any Cash Management Agreement with a Secured Cash Management Bank .

"Secured Obligations" means the First Lien Secured Obligations and the Second Lien Secured Obligations.

"Secured Swap Agreement" means each Swap Agreement between the Borrower or any Guarantor with any Secured Swap Provider.

"Secured Swap Obligations" means any First Lien Secured Obligations arising under any Secured Swap Agreement.

"Secured Swap Provider" means any (a) Person that is a party to a Swap Agreement with the Borrower or any Guarantor that entered into such Swap Agreement before or while such Person was a First Lien Lender or an Affiliate of a First Lien Lender, whether or not such Person at any time ceases to be a First Lien Lender or an Affiliate of a First Lien Lender, as the case may be, or (b) assignee of any Person described in clause (a) above so long as such assignee is a First Lien Lender or an Affiliate of a First Lien Lender.

"Security Documents" shall mean the First Lien Security Documents and the Second Lien Collateral Documents.

"Standstill Period" shall have the meaning assigned to such term in Section 3.02(a).

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter" or otherwise, involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; *provided* that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or its Subsidiaries shall be a Swap Agreement.

"Swap Termination Value" shall mean, in respect of any one or more Swap Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, (a) for any date on or after the date such Swap Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and any unpaid amounts 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 Swap Agreements, as determined by the counterparties to such Swap Agreements.

"Uniform Commercial Code" or "UCC" shall mean the Uniform Commercial Code (or any similar or equivalent legislation) as in effect from time to time in any applicable jurisdiction.

Section 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise:

(a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restriction or consent requirements with respect to, such amendments, supplements or modifications set forth herein or in any Loan Documents),

(b) any reference herein (i) to any Person shall be construed to include such Person's successors and assigns and (ii) to the Borrower or any other Grantor shall be construed to include the Borrower or such Grantor as debtor and debtor-in-possession and any receiver or trustee for the Borrower or any other Grantor, as the case may be, in any Insolvency Proceeding,

(c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and

(d) all references herein to Articles or Sections shall be construed to refer to Articles or Sections of this Agreement.

Section 1.04 Intent. The parties agree that the existence of the terms Conforming Borrowing Base, Conforming Borrowing Base Deficiency and Non-Conforming Advances or the usage of the terms herein do not indicate that Second Lien Collateral Agent or Second Lien Secured Parties intend for there to be, or consent to, the Borrower permitting the First Lien Credit Agreement to cease to be a Conforming Borrowing Base Facility.

ARTICLE II

LIEN PRIORITIES

Section 2.01 Relative Priorities. Notwithstanding (a) the date, time, method, manner or order of grant, attachment or perfection of any Second Priority Lien or any First Priority Lien, (b) any provision of the UCC or any other applicable law or the provisions of any Security Document or any other Loan Document, (c) any defect in, or non-perfection, setting aside, or avoidance of a Lien or a First Lien Loan Document or a Second Lien Note Document, (d) subject to Section 7.01, the modification of a First Lien Loan Document or a Second Lien Note Document, (e) the exchange of any security interest in any Collateral for a security interest in other Collateral, (f) the commencement of an Insolvency Proceeding or (g) any other circumstance whatsoever, including a circumstance that might be a defense available to, or a discharge of, a Grantor in respect of a First Lien Secured Obligation or a Second Lien Secured Obligation or holder of such obligation, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, hereby agrees that, so long as the Discharge of First Lien Non-Excluded Obligations has not occurred:

(i) any First Priority Lien now or hereafter held by or for the benefit of any First Lien Secured Party shall be senior in right, priority, operation, effect and all other respects to any and all Second Priority Liens,

(ii) any Second Priority Lien now or hereafter held by or for the benefit of any Second Lien Secured Party shall be junior and subordinate in right, priority, operation, effect and all other respects to any and all First Priority Liens, and

(iii) the First Priority Liens shall be and remain senior in right, priority, operation, effect and all other respects to any Second Priority Liens for all purposes, whether or not any First Priority Liens are subordinated in any respect to any other Lien securing any other obligation of the Borrower, any other Grantor or any other Person;

provided that the First Lien Administrative Agent, on behalf of itself and the other First Lien Secured Parties, hereby acknowledges and agrees that any Liens securing the Excess First Lien Obligations and Defaulting First Lien Secured Party Obligations are hereby junior and subordinate in right, priority, operation, effect and all other respects to any and all Second Priority Liens on any Collateral granted to secure the Second Lien Obligations.

Section 2.02 Prohibition on Contesting Liens. Each of (x) the First Lien Administrative Agent, for itself and on behalf of the other First Lien Secured Parties and (y) the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that it will not, and hereby waives any right to, contest or support any other Person in contesting, in any proceeding (including any Insolvency Proceeding), the priority, perfection, validity or enforceability of any Second Priority Lien or any First Priority Lien, as the case may be; *provided* that nothing in this Agreement shall be construed to prevent or impair the rights of the First Lien Administrative Agent, Second Lien Collateral Agent, any other First Lien Secured Party or any Second Lien Secured Party to enforce this Agreement.

Section 2.03 No New Liens. The parties hereto agree that, so long as the Discharge of First Lien Obligations has not occurred, the Borrower shall not, and shall not permit any of its Subsidiaries or equity owners to:

(a) grant or permit any additional Liens on any Property to secure any Second Lien Secured Obligation unless it has granted, or concurrently therewith grants, a senior Lien on such Property to secure the First Lien Secured Obligations, or

(b) grant or permit any additional Liens on any Property to secure any First Lien Secured Obligations unless it has granted, or concurrently therewith grants, a second Lien on such Property to secure the Second Lien Secured Obligations, with each such Lien to be subject to the provisions of this Agreement. To the extent that the provisions of this Section 2.03 are not complied with for any reason, without limiting any other right or remedy available to the First Lien Administrative Agent or the other First Lien Secured Parties, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that any amounts received by or distributed to any Second Lien Secured Party pursuant to or as a result of any Lien granted in contravention of this Section 2.03 shall be subject to Section 4.02.

Section 2.04 Similar Liens and Agreements. Except as set forth in Section 2.03, the parties hereto acknowledge and agree that it is their intention that the First Lien Collateral and the Second Lien Collateral be identical. To the extent that, notwithstanding this Section 2.04, the First Lien Collateral and Second Lien Collateral are not identical, the Second Lien

Collateral Agent, on behalf of itself and the other Second Lien Secured Parties, agrees that any amounts received by or distributed to any Second Lien Secured Party pursuant to or as a result of Liens on Second Lien Collateral that is not First Lien Collateral, shall be subject to Section 4.02. In furtherance of the foregoing, the parties hereto agree:

(a) to cooperate in good faith in order to determine, upon any reasonable request by the First Lien Administrative Agent or the Second Lien Collateral Agent, the specific Property included in the First Lien Collateral and the Second Lien Collateral, the steps taken to perfect the First Priority Liens and the Second Priority Liens thereon and the identity of the respective parties obligated under the First Lien Loan Documents and the Second Lien Note Documents;

(b) on the date hereof and on any date when any new First Lien Security Documents are entered into to add Collateral or add additional Guarantors, the Second Lien Collateral Documents shall be in all material respects in the same form as the First Lien Security Documents, other than with respect to the first priority and second priority nature of the Liens created or evidenced thereunder, the identity of the Secured Parties that are parties thereto or secured thereby and other matters contemplated by this Agreement (it being understood that the foregoing shall not require the Second Lien Secured Parties to forgo having the Second Lien Secured Obligations secured by any Collateral or guaranteed by any Guarantor contemplated by the Second Lien Note Documents);

(c) that at no time shall there be any Guarantor in respect of the Second Lien Secured Obligations that is not also a Guarantor in respect of the First Lien Secured Obligations, and *vice versa*; and

(d) that the First Lien Administrative Agent (i) shall use, and shall instruct its legal counsel to use, commercially reasonable efforts to cooperate with the Second Lien Collateral Agent, the Second Lien Secured Party holding a plurality of the Second Lien Obligations and its legal counsel in connection with them conducting customary title diligence on the Oil and Gas Properties of the Borrower and its Subsidiaries and (ii) shall share, and instruct its legal counsel to share, on a non-reliance basis and without any representation or warranty, its one-line summary spreadsheet showing (A) the Oil and Gas Properties that have been mortgaged, (B) the Oil and Gas Properties for which the status of title has been confirmed by them and (C) its summary calculations of the percentage of the total present value of the Grantors' proved Oil and Gas Properties that have been mortgaged and for which the status of title has been confirmed.

Section 2.05 Judgment Creditors. In the event that any Second Lien Secured Party becomes a judgment lien creditor as a result of its enforcement of its rights as an unsecured creditor, such judgment Lien shall be subject to the terms of this Agreement for all purposes (including in relation to the First Priority Liens and the First Lien Secured Obligations) to the same extent as all other Liens securing the Second Lien Secured Obligations are subject to the terms of this Agreement.

Section 2.06 Perfection of Liens. Except for the arrangements contemplated by Section 5.01, neither the First Lien Administrative Agent nor the other First Lien Secured Parties shall be responsible for perfecting and maintaining the perfection of Liens with respect to the Collateral for the benefit of the Second Lien Collateral Agent or the other Second Lien Secured Parties. Neither the Second Lien Collateral Agent nor the other Second Lien Secured Parties shall be responsible for perfecting and maintaining the perfection of Liens with respect to the Collateral for the benefit of the First Lien Administrative Agent or the other First Lien Secured Parties. In the event that the First Lien Administrative Agent, the other First Lien Secured Parties, Second Lien Collateral Agent or the other Second Lien Secured Parties identify that a Lien granted under the Security Documents is not perfected or the perfection of such Lien is not maintained or risks not being maintained and notifies the First Lien Administrative Agent, in the case where such issue is identified by Second Lien Collateral Agent or the other Second Lien Secured Parties, or the Second Lien Collateral Agent, in the case where such issue is identified by the First Lien Administrative Agent or the other First Lien Secured Parties, as the case may be, the First Lien Administrative Agent or Second Lien Collateral Agent shall as promptly as reasonably practicable perfect such Lien or ensure that the perfection of such Lien is maintained. The provisions of this Agreement are intended solely to govern the respective Lien priorities as between the First Lien Secured Parties on the one hand and the Second Lien Secured Parties on the other hand and such provisions shall not impose on the First Lien Administrative Agent, the other First Lien Secured Parties, the Second Lien Collateral Agent, the other Second Lien Secured Parties or any agent or trustee therefor any obligations in respect of the disposition of proceeds of any Collateral which would conflict with prior-perfected claims therein in favor of any other Person or any order or decree of any court or Governmental Authority or any applicable law.

Section 2.07 No Payment Subordination. Without prejudice to Section 4.01, nothing contained in this Agreement is intended to payment subordinate (as opposed to lien subordinate) any payment claim by a Second Lien Secured Party to a payment claim by a First Lien Secured Party. All payment claims of the First Lien Secured Parties and the Second Lien Secured Parties are intended to be *pari passu*.

ARTICLE III

ENFORCEMENT OF RIGHTS; MATTERS RELATING TO COLLATERAL

Section 3.01 Exercise of Rights and Remedies.

(a) So long as the Discharge of First Lien Non-Excluded Obligations has not occurred, the First Lien Administrative Agent and the other First Lien Secured Parties shall have the exclusive right to (i) commence and maintain any Enforcement Action (including rights to set-off or credit bid, except that the Second Lien Secured Parties shall have the credit bid rights set forth in Section 3.01(a)(v) on the terms set forth therein) whether or not any Insolvency Proceeding has been commenced, (ii) subject to Section 3.04, when an Insolvency Proceeding or Enforcement Action has commenced, make determinations regarding the release or Disposition of, or restrictions with respect to, the Collateral, and

(iii) otherwise enforce the rights and remedies of a secured creditor under the UCC and Bankruptcy Laws of any applicable jurisdiction, without any consultation with or the consent of the Second Lien Collateral Agent or any other Second Lien Secured Party so long as any proceeds received by the First Lien Administrative Agent in excess of those necessary to achieve a Discharge of First Lien Non-Excluded Obligations are distributed in accordance with Section 4.01; *provided* that, notwithstanding the foregoing,

(i) in any Insolvency Proceeding, any Second Lien Secured Party may file a proof of claim or statement of interest with respect to the Second Lien Secured Obligations;

(ii) the Second Lien Collateral Agent may take any action to preserve or protect the validity and enforceability of the Second Priority Liens, *provided* that, in each case, no such action (A) results in a Lien on the Collateral that is not subject to the terms of Section 2.01 or (B) is otherwise inconsistent with the terms of this Agreement, including the automatic release of Second Priority Liens provided in Section 3.04;

(iii) the Second Lien Secured Parties may file any responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Second Lien Secured Parties, including any claims secured by the Collateral or otherwise make any agreements or file any motions pertaining to the Second Lien Secured Obligations, in each case, to the extent not inconsistent with the terms of this Agreement;

(iv) the Second Lien Secured Parties may exercise rights and remedies as unsecured creditors, as provided in Section 3.03;

(v) the Second Lien Secured Parties may (A) present a cash bid for or purchase Collateral or purchase Collateral for cash at any Section 363 hearing or at any private, public or judicial foreclosure sale and (B) credit bid for Collateral pursuant to *Section 363(k)* of the Bankruptcy Code (*provided* that such credit bid may only be made if it results or will concurrently result in the repayment in full in cash of all First Lien Obligations (other than Excess First Lien Obligations and any indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made) due to a cash bid for such Collateral in addition to such credit bid); *provided*, *however*, in no event shall the bid pursuant to this Section 3.01(a)(v) be less than the amount in cash that would be necessary to purchase the First Lien Obligations pursuant to Section 3.01(d) hereof;

(vi) the Second Lien Secured Parties shall be entitled to support or vote their claims to accept any plan of reorganization so long as such plan (a) results in the repayment in full in cash of all First Lien Obligations (other than Excess First Lien Obligations and any indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made) on the effective

date of such plan of reorganization (in the case of a vote in favor of a plan of reorganization) or (b) is supported by the First Lien Secured Parties;

(vii) subject to Section 3.02(a), the Second Lien Collateral Agent and the other Second Lien Secured Parties may enforce any of their rights and exercise any of their remedies with respect to the Collateral after the termination of the Standstill Period;

(viii) the Second Lien Secured Parties may inspect or appraise the Collateral (and engage or retain investment bankers or appraisers for the sole purposes of appraising or valuing the Collateral) to the extent that such inspections and/or appraisals do not interfere in any material respect with an exercise of remedies by the First Lien Administrative Agent, or to receive information or reports concerning the Collateral that are prepared by the Borrower and its representatives (but, subject to Section 2.04(d), not reports prepared by or on behalf of any First Lien Secured Party);

(ix) subject to Section 6.01(a), in any Insolvency Proceeding, the Second Lien Secured Parties shall be entitled to propose and provide a debtor-in-possession or post-petition financing for the Borrower and its Subsidiaries, as applicable, under *Section 364* of the Bankruptcy Code or any comparable provision of any other Bankruptcy Law; and

(x) subject to Section 6.01(c), in any Insolvency Proceeding, the Second Lien Administrative Agent and the Second Lien Secured Parties may seek and accept such adequate protection of their interests in the Collateral as they choose;

(the actions described in clauses (i) through (x) above being referred to herein as the "Second Lien Permitted Actions"). Except for the Second Lien Permitted Actions, unless and until the Discharge of First Lien Non-Excluded Obligations has occurred, the sole right of the Second Lien Collateral Agent and the other Second Lien Secured Parties with respect to the Collateral shall be to receive the proceeds of the Collateral, if any, remaining after the Discharge of First Lien Non-Excluded Obligations has occurred and in accordance with the Second Lien Note Documents and Section 4.01.

(b) In exercising rights and remedies with respect to the Collateral, the First Lien Administrative Agent and the other First Lien Secured Parties may enforce the provisions of the First Lien Loan Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to Dispose of Collateral upon foreclosure, to incur expenses in connection with any such Disposition and to exercise all the rights and remedies of a secured creditor under the Uniform Commercial Code, the Bankruptcy Code or any other Bankruptcy Law. The First Lien Secured Parties will endeavor to provide at least five (5) Business Days' prior written notice to the Second Lien Collateral Agent of their intention to take any Enforcement Action, *provided* that any failure to provide such prior notice shall not constitute a breach of this Agreement.

(c) The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, hereby acknowledges and agrees that the rights of any First Lien Secured Party to enforce any provision of this Agreement or any First Lien Loan Document will not be prejudiced or impaired by (i) any act or failure to act of any Grantor, any other First Lien Secured Party or the First Lien Administrative Agent, or (ii) subject to Section 3.02(a), noncompliance by any Person other than the First Lien Administrative Agent and such First Lien Secured Party with any provision of this Agreement, any First Lien Loan Document or any Second Lien Note Document.

(d) Notwithstanding anything in this Agreement to the contrary, following the earliest to occur of (i) the acceleration of the First Lien Secured Obligations then outstanding under the First Lien Credit Agreement, (ii) a payment default under the First Lien Loan Documents that has not been cured within thirty (30) days of the occurrence thereof, (iii) the commencement of an Insolvency Proceeding with respect to the Borrower or any Guarantor, (iv) the commencement of any Enforcement Action with respect to the Collateral, (v) [reserved] or (vi) an event of default under Section 10.01(f) or Section 10.01(g) of the First Lien Credit Agreement (or any substantially equivalent provisions under the First Lien Credit Agreement (it being understood that as of the date hereof there are no such substantially equivalent provisions)) has occurred and remains uncured for more than sixty (60) days, upon ten (10) days prior notice from the Second Lien Collateral Agent to the First Lien Administrative Agent and the Borrower (or such shorter time to which the First Lien Administrative Agent may agree) of any Second Lien Purchaser's exercise of its purchase option under this Section 3.01(d), the First Lien Secured Parties shall transfer and assign to the Second Lien Secured Parties and their Affiliates (or any subset thereof) (the "Second Lien Purchasers"), without warranty or representation or recourse (except for the amount of the First Lien Obligations being purchased and the representations and warranties required to be made by assigning lenders pursuant to the Assignment and Assumption Agreement (as such term is defined in the First Lien Credit Agreement on the date hereof)), pursuant to customary transfer and assignment documentation (or such other documentation approved by the First Lien Administrative Agent and the Second Lien Purchasers), all (but not less than all) of the First Lien Obligations (excluding or including, at the option of the Second Lien Purchasers, any Excluded First Lien Obligations), subject to the following requirements:

(A) the Second Lien Purchasers shall have paid to the First Lien Administrative Agent, for the account of the First Lien Secured Parties, in immediately available funds, an amount equal to 100% of the principal of the First Lien Obligations (excluding any Excluded First Lien Obligations) plus all accrued and unpaid interest thereon plus all accrued and unpaid fees and expenses thereon then owed by the Borrower and Guarantors to the First Lien Secured Parties;

(B) with respect to the aggregate face amount of the letters of credit outstanding under the First Lien Credit Agreement, the amount paid shall be cash collateral in an amount in cash equal to 105% of the aggregate face amount of the letters of credit outstanding under the First Lien Credit Agreement (it being understood that any such

cash collateral amounts shall be returned to the Second Lien Purchasers to the extent any such letters of credit expire or are terminated without being drawn upon); and

(C) with respect to Secured Swap Agreements that constitute First Lien Secured Obligations, the amount paid shall be equal to 100% of the aggregate Swap Termination Value of such Secured Swap Agreements.

(e) In order to effectuate the foregoing, the First Lien Administrative Agent shall calculate, upon the written request of any Second Lien Secured Party from time to time, the amount in cash that would be necessary to purchase the First Lien Obligations (other than, as applicable, any Excluded First Lien Obligations), and such calculation shall be conclusive and binding absent manifest error. Notwithstanding anything herein to the contrary, each party hereto agrees that any transfer and assignment of First Lien Obligations (excluding or including, at the option of the Second Lien Purchasers, any Excluded First Lien Obligations) may be effectuated pursuant to transfer and assignment documents executed by the First Lien Administrative Agent and Second Lien Purchasers only and that neither the Borrower nor any other First Lien Secured Party need be a party thereto (and each First Lien Secured Party hereby appoints the First Lien Administrative Agent, and any officer or agent of the First Lien Administrative Agent, with full power of substitution, as the attorney-in-fact of such First Lien Secured Party for the purpose of carrying out the provisions of Section 3.01(d) and taking any action and executing any documents that the First Lien Administrative Agent may deem necessary or advisable to accomplish the purposes of Section 3.01(d), which appointment is irrevocable and coupled with an interest). Each First Lien Secured Party will retain all rights to indemnification provided by the Borrower in the relevant First Lien Loan Documents for all claims and other amounts relating to periods prior to the purchase of the First Lien Obligations pursuant to this Section 3.01. Out of an abundance of caution, the Second Lien Collateral Agent, on behalf of itself and the other Second Lien Secured Parties, hereby acknowledges and agrees that (A) the obligations of the First Lien Secured Parties to sell their respective First Lien Obligations under Section 3.01(d) are several and not joint and several, (B) to the extent any First Lien Secured Party breaches its obligation to sell its First Lien Obligations under Section 3.01(d) (a "Defaulting First Lien Secured Party"), nothing in Section 3.01(d) shall be deemed to require the First Lien Administrative Agent or any other First Lien Secured Party to purchase such Defaulting First Lien Secured Party's First Lien Obligations for resale to the Second Lien Secured Parties and (C) in all cases, the First Lien Administrative Agent and each First Lien Secured Party complying with the terms of this Section 3.01(d) shall not be deemed to be in default of this Agreement or otherwise be deemed liable for any action or inaction of any Defaulting First Lien Secured Party; *provided* that nothing in Section 3.01(d) shall (1) require the Second Lien Secured Parties to purchase less than all of the First Lien Obligations (other than the Excluded First Lien Obligations) or (2) prohibit the Second Lien Secured Parties from purchasing less than all of the First Lien Obligations of a First Lien Secured Party that becomes a Defaulting First Lien Secured Party. In the event that one or more Second Lien Secured Parties exercises and consummates the purchase option set forth in Section 3.01(d) and upon the receipt by the First Lien Administrative Agent of all amounts payable pursuant to Section 3.01(d), if no Excluded First Lien Obligations remain outstanding, the Second

Lien Secured Parties shall have the right but not the obligation to require the First Lien Administrative Agent to resign in its capacity as First Lien Administrative Agent under the First Lien Loan Documents promptly according to customary resignation documentation.

(f) In furtherance of the foregoing Section 3.01(d), the First Lien Administrative Agent shall endeavor to provide notice to the Second Lien Collateral Agent of any of the events set forth in Section 3.01(d)(i), 3.01(d)(ii), 3.01(d)(iv) and 3.01(d)(v) or the exercise of any rights or remedies under the First Lien Loan Documents; *provided* that the First Lien Administrative Agent's failure to give such notice under this Section 3.01(f) shall not create any claim or cause of action on the part of any Second Lien Secured Party against the First Lien Administrative Agent for any reason whatsoever; and *provided, further*, that nothing in this Section 3.01 shall impose any duty on the Second Lien Collateral Agent to monitor payments or defaults under the First Lien Credit Agreement.

Section 3.02 No Interference. The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that, whether or not any Insolvency Proceeding has been commenced, the Second Lien Secured Parties:

(a) except for Second Lien Permitted Actions, will not, so long as the Discharge of First Lien Non-Excluded Obligations has not occurred, commence any Enforcement Action; *provided, however*, that the Second Lien Collateral Agent may, subject to the other provisions of this Agreement (including the turnover provisions of Article IV), enforce or exercise any or all such rights and remedies, or commence, join with any Person in commencing, or petition for or vote in favor of any resolution for, any such action or proceeding, after a period of 180 days has elapsed since the date that is the earlier to occur of (i) the date on which the Second Lien Collateral Trustee has delivered to the First Lien Administrative Agent written notice of the existence of an Event of Default (as defined in the Second Lien Note Purchase Agreement) and (ii) the date on which the Second Lien Collateral Agent has delivered to the First Lien Administrative Agent written notice that the Second Lien Secured Obligations then outstanding under the Second Lien Note Purchase Agreement have been accelerated (the "Standstill Period"), so long as such event of default has not been cured or waived and such acceleration, if applicable, has not been rescinded; *provided further, however*, that notwithstanding the expiration of the Standstill Period or anything herein to the contrary, except for Second Lien Permitted Actions, in no event shall any Second Lien Secured Party commence an Enforcement Action with respect to any Collateral, or commence, join with any Person in commencing, or petition for or vote in favor of any resolution for, any such Enforcement Action, if the First Lien Administrative Agent or any other First Lien Secured Party shall have commenced prior to the expiration of the Standstill Period, and shall be diligently pursuing (or shall have sought or requested relief from or modification of the automatic stay or any other stay in any Insolvency Proceeding to enable the commencement and pursuit thereof), an Enforcement Action with respect to any material portion of the Collateral;

(b) will not contest, protest or object to any Enforcement Action brought by the First Lien Administrative Agent or any other First Lien Secured Party, including any Enforcement Action by any First Lien Secured Party relating to the Collateral;

(c) subject to the rights of the Second Lien Secured Parties under clause (a) above, will not object to the forbearance by the First Lien Administrative Agent or any other First Lien Secured Party from commencing or pursuing any Enforcement Action with respect to the Collateral;

(d) will not, so long as the Discharge of First Lien Non-Excluded Obligations has not occurred and except for Second Lien Permitted Actions, take or receive any Collateral, or any proceeds thereof or payment with respect thereto, in connection with the exercise of any Enforcement Action with respect to any Collateral or in connection with any insurance policy award under a policy of insurance relating to any Collateral or any condemnation award (or deed in lieu of condemnation) relating to any Collateral;

(e) will not, except for Second Lien Permitted Actions, take any action that would, or could reasonably be expected to, hinder, in any manner, any exercise of remedies under the First Lien Loan Documents, including any Disposition of any Collateral, whether by foreclosure or otherwise;

(f) will not, except for Second Lien Permitted Actions, object to the manner in which the First Lien Administrative Agent or any other First Lien Secured Party may seek to enforce or collect the First Lien Obligations or the First Priority Liens, regardless of whether any action or failure to act by or on behalf of the First Lien Administrative Agent or any other First Lien Secured Party is, or could be, adverse to the interests of the Second Lien Secured Parties, and will not assert, and hereby waive, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or claim the benefit of any marshalling or other similar right that may be available under applicable law with respect to the Collateral or any similar rights a junior secured creditor may have under applicable law; and

(g) will not attempt, directly or indirectly, whether by judicial proceeding or otherwise, to challenge or question the validity or enforceability of any First Lien Secured Obligation or any First Lien Security Document, including this Agreement, or the validity or enforceability of the priorities, rights or obligations established by this Agreement;

provided, however, that, in the case of clauses (a) through (g) above, it is the intention of the parties hereto that the Liens granted to secure the Second Lien Obligations of the Second Lien Secured Parties shall attach to any proceeds remaining from any such Enforcement Action taken by the First Lien Administrative Agent or any First Lien Secured Party in accordance with this Agreement after application of such proceeds to effectuate a Discharge of First Lien Non-Excluded Obligations in accordance with Section 4.01.

Section 3.03 Rights as Unsecured Creditors. Notwithstanding anything herein to the contrary, the Second Lien Collateral Agent and the other Second Lien Secured Parties

may, in accordance with the terms of the Second Lien Note Documents and applicable law, enforce rights and exercise remedies against the Borrower and any Guarantor as unsecured creditors; *provided* that no such action is otherwise expressly prohibited by the terms of this Agreement. Nothing in this Agreement shall prohibit the acceleration of the Second Lien Secured Obligations, the receipt by the Second Lien Collateral Agent or any other Second Lien Secured Party of the required payments of principal, premium, interest, fees and other amounts due under the Second Lien Note Documents so long as such receipt is not the direct or indirect result of the enforcement or exercise by the Second Lien Collateral Agent or any other Second Lien Secured Party of rights or remedies as a secured creditor (including any right of setoff) or enforcement in contravention of this Agreement of any Second Priority Lien. Any judgment Lien that applies to the Collateral and results from the exercise of remedies available to an unsecured creditor shall be subordinated to the Liens securing the First Lien Secured Obligations under this Agreement.

Section 3.04 Automatic Release of Second Priority Liens.

(a) If, in connection with an Enforcement Action, the First Lien Administrative Agent, for itself and on behalf of the other First Lien Secured Parties, (x) releases any of the First Priority Liens, or (y) releases any Guarantor from its obligations under its guarantee of the First Lien Secured Obligations (in each case, a "Release"), other than any such Release granted after the occurrence of the Discharge of First Lien Non-Excluded Obligations, then the Second Priority Liens on such Collateral, and the obligations of such Guarantor under its guarantee of the Second Lien Secured Obligations, shall be automatically, unconditionally and simultaneously released, and the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, shall promptly execute and deliver to the First Lien Administrative Agent, the relevant Grantor or such Guarantor, at such Grantor's or Guarantor's sole cost and expense, such termination statements, releases and other documents as the First Lien Administrative Agent or the relevant Grantor or Guarantor may reasonably request to effectively confirm such Release; *provided* that, any proceeds received from such Disposition in connection with an Enforcement Action with respect to the Collateral shall be applied in accordance with the priorities set forth in Section 4.01 to reduce the First Lien Obligations and, if applicable, the Second Lien Obligations as set forth therein.

(b) Until the Discharge of First Lien Non-Excluded Obligations occurs, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, hereby appoints the First Lien Administrative Agent, and any officer or agent of the First Lien Administrative Agent, with full power of substitution, as the attorney-in-fact of each Second Lien Secured Party for the purpose of carrying out the provisions of this Section 3.04 and taking any action and executing any instrument that the First Lien Administrative Agent may deem necessary or advisable to accomplish the purposes of this Section 3.04 (including any endorsements or other instruments of transfer or release), which appointment is irrevocable and coupled with an interest.

(c) Until the Discharge of First Lien Non-Excluded Obligations occurs, to the extent that the First Lien Administrative Agent or the First Lien Secured Parties have released

any Lien on Collateral or any Grantor from its obligation under its guaranty and any such Liens or guaranty are later reinstated, then the Second Lien Collateral Agent, for itself and for the Second Lien Secured Parties, shall be granted a Lien on any such Collateral, subject to the lien subordination provisions of this Agreement, and an additional guaranty, as the case may be, in each case, at the time of such reinstatement of the Lien or guaranty in favor of the First Lien Administrative Agent.

Section 3.05 Notice of Exercise of Second Liens. The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that upon termination of the Standstill Period or such longer period as provided in Section 3.02, if any Second Lien Secured Party or other representative of such Second Lien Secured Party intends to commence any Enforcement Action, then such Second Lien Secured Party or other representative shall endeavor to first deliver notice thereof in writing to the First Lien Administrative Agent not less than five (5) Business Days prior to taking any such Enforcement Action. Such notices may be given during the Standstill Period, *provided* that the Second Lien Collateral Agent's failure to give such notice under this Section 3.05 shall not create any claim or cause of action on the part of any First Lien Secured Party against the Second Lien Collateral Agent for any reason whatsoever.

Section 3.06 Insurance and Condemnation Awards. So long as the Discharge of First Lien Non-Excluded Obligations has not occurred, the First Lien Administrative Agent and the other First Lien Secured Parties shall have the exclusive right, subject to the rights of the Grantors under the First Lien Loan Documents, to settle and adjust claims in respect of Collateral under policies of insurance covering Collateral and to approve any award granted in any condemnation or similar proceeding, or any deed in lieu of condemnation, in respect of the Collateral. All proceeds of any such policy and any such award, or any payments with respect to a deed in lieu of condemnation, shall be paid pursuant to the priorities set forth in Section 4.01. Until the Discharge of First Lien Non-Excluded Obligations has occurred, if the Second Lien Collateral Agent or any other Second Lien Secured Party shall, at any time, receive any proceeds of any such insurance policy or any such award or payment, it shall transfer and pay over such proceeds to the First Lien Administrative Agent in accordance with Section 4.02.

ARTICLE IV

PAYMENTS

Section 4.01 Application of Proceeds. Regardless of whether an Insolvency Proceeding has been commenced, any Collateral or proceeds thereof received in connection with any Disposition of, or collection on, such Collateral following an Enforcement Action shall be applied:

(a) first, to the payment in full in cash or cash collateralization of all First Lien Obligations (other than any indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made);

(b) second, upon the Discharge of First Lien Non-Excluded Obligations, to the payment in full in cash of the Second Lien Obligations (other than any indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made);

(c) third, upon the Discharge of Second Lien Obligations, to the payment in full in cash of any Excess First Lien Obligations;

(d) fourth, upon the Discharge of Excess First Lien Obligations, to the Borrower or as otherwise required by applicable law.

Notwithstanding the foregoing, any non-cash Collateral or non-cash proceeds will be held by the First Lien Administrative Agent as Collateral unless the failure to apply such amounts would be commercially unreasonable. Upon the Discharge of First Lien Non-Excluded Obligations, the First Lien Administrative Agent shall deliver to the Second Lien Collateral Agent any remaining Collateral and any proceeds thereof then held by it in the same form as received, together with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct, to be applied by the Second Lien Collateral Agent in accordance with Section 4.01 until the Discharge of the Second Lien Obligations.

Section 4.02 Payment Over. So long as the Discharge of First Lien Non-Excluded Obligations has not occurred, any Collateral, or any proceeds thereof or payment with respect thereto (together with Property or proceeds subject to Liens referred to in the final sentence of Section 2.03), received by the Second Lien Collateral Agent or any other Second Lien Secured Party in connection with any Disposition of, or collection on, such Collateral upon the enforcement or the exercise of any right or remedy (including any right of setoff) with respect to the Collateral, shall be segregated and held in trust and forthwith transferred or paid over to the First Lien Administrative Agent for the benefit of the First Lien Secured Parties in the same form as received, together with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. Until the Discharge of First Lien Non-Excluded Obligations occurs, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, hereby appoints the First Lien Administrative Agent, and any officer or agent of the First Lien Administrative Agent, with full power of substitution, the attorney-in-fact of each Second Lien Secured Party for the purpose of carrying out the provisions of this Section 4.02 and taking any action and executing any instrument that the First Lien Administrative Agent may deem necessary or advisable to accomplish the purposes of this Section 4.02, which appointment is irrevocable and coupled with an interest.

Section 4.03 Certain Agreements with Respect to Unenforceable Liens. Notwithstanding anything to the contrary contained herein, if in any Insolvency Proceeding a determination is made that any Lien encumbering any Collateral is not enforceable for any reason, then the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that any distribution or recovery they may receive with respect to, or allocable to, the value of the Property intended to constitute such Collateral or any proceeds thereof shall (for so long as the Discharge of First Lien Non-Excluded

Obligations has not occurred) be segregated and held in trust and forthwith paid over to the First Lien Administrative Agent for the benefit of the First Lien Secured Parties in the same form as received without recourse, representation or warranty (other than a representation of the Second Lien Collateral Agent that it has not otherwise sold, assigned, transferred or pledged any right, title or interest in and to such distribution or recovery) but with any necessary endorsements or as a court of competent jurisdiction may otherwise direct until such time as the Discharge of First Lien Non-Excluded Obligations has occurred. Until the Discharge of First Lien Non-Excluded Obligations occurs, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, hereby appoints the First Lien Administrative Agent, and any officer or agent of the First Lien Administrative Agent, with full power of substitution, the attorney-in-fact of each Second Lien Secured Party for the limited purpose of carrying out the provisions of this Section 4.03 and taking any action and executing any instrument that the First Lien Administrative Agent may deem necessary or advisable to accomplish the purposes of this Section 4.03, which appointment is irrevocable and coupled with an interest.

ARTICLE V

BAILMENT

Section 5.01 Bailment for Perfection of Certain Security Interests.

(a) The First Lien Administrative Agent agrees that if it shall at any time hold a First Priority Lien on any Collateral that can be perfected by the possession or control of such Collateral or of any account in which such Collateral is held, and if such Collateral or any such account is in fact in the possession or under the control of the First Lien Administrative Agent, or of agents or bailees of the First Lien Administrative Agent (such Collateral being referred to herein as the "Pledged or Controlled Collateral"), the First Lien Administrative Agent shall, solely for the purpose of perfecting the Second Priority Liens granted under the Second Lien Note Documents and subject to the terms and conditions of this Article V, also hold such Pledged or Controlled Collateral as bailee for the Second Lien Secured Parties. The First Lien Administrative Agent shall not charge the Second Lien Secured Parties for holding such Collateral as bailee pursuant hereto.

(b) So long as the Discharge of First Lien Non-Excluded Obligations has not occurred, the First Lien Administrative Agent shall be entitled to deal with the Pledged or Controlled Collateral in accordance with the terms of this Agreement and the other First Lien Loan Documents as if the Second Priority Liens did not exist until the expiration of the Standstill Period or such longer period as provided under Section 3.02. The obligations and responsibilities of the First Lien Administrative Agent to the Second Lien Collateral Agent and the other Second Lien Secured Parties under this Article V shall be limited solely to holding or controlling the Pledged or Controlled Collateral as bailee in accordance with this Article V. Without limiting the foregoing, the First Lien Administrative Agent shall have no obligation or responsibility to ensure that any Pledged or Controlled Collateral is genuine or owned by any of the Grantors. The First Lien Administrative Agent acting pursuant to this Article V shall not, by reason of this Agreement, any other Security Document or any

other document, have a fiduciary relationship in respect of any other First Lien Secured Party, the Second Lien Collateral Agent or any other Second Lien Secured Party.

(c) Upon the Discharge of First Lien Non-Excluded Obligations, the First Lien Administrative Agent shall transfer the possession and control of the Pledged or Controlled Collateral, together with any necessary endorsements but without recourse or warranty (other than a representation of the First Lien Administrative Agent that it has not otherwise sold, assigned, transferred or pledged any right, title or interest in and to such Pledged or Controlled Collateral) and at the Borrower's sole cost and expense, (i) if obligations under the Second Lien Note Purchase Agreement are outstanding at such time, to the Second Lien Collateral Agent and (ii) if no Second Lien Obligations or Excess First Lien Obligations are outstanding at such time, to the applicable Grantor or to whomever shall be entitled thereto, in each case so as to allow such Person to obtain possession and control of such Pledged or Controlled Collateral. Upon the Discharge of Second Lien Obligations, if the Second Lien Collateral Agent at such time holds any Pledged or Controlled Collateral, it shall transfer the possession and control of such Pledged or Controlled Collateral, together with any necessary endorsements but without recourse or warranty and at the Borrower's sole cost and expense, (A) if any Excess First Lien Obligations are outstanding at such time, to the First Lien Administrative Agent and (B) if no Excess First Lien Obligations are outstanding at such time, to the applicable Grantor, in each case so as to allow such Person to obtain possession and control of such Pledged or Controlled Collateral. In connection with any transfer under this Section 5.01(c), subject to the provisions of Section 5.01(d), the First Lien Administrative Agent (and the Second Lien Collateral Agent, as applicable) agrees to take all actions in its power as shall be reasonably requested by the Second Lien Collateral Agent (or the First Lien Administrative Agent, as applicable) to permit the Second Lien Collateral Agent or First Lien Administrative agent, as applicable, to obtain, for the benefit of the applicable Second Lien Secured Parties or First Lien Secured Parties, a first priority security interest in the Pledged or Controlled Collateral.

(d) Neither the Second Lien Collateral Agent nor the First Lien Administrative Agent shall be required to take any such action requested by any party that it in good faith believes exposes it to personal liability for expenses or other amounts unless it receives an indemnity satisfactory to it from the requesting party with respect to such action; *provided*, that nothing in this Section 5.01(d) shall require the Second Lien Collateral Agent or First Lien Administrative Agent to provide an indemnity in their individual capacity.

Section 5.02 Bailment for Perfection of Certain Security Interests – Other Control Collateral (Second Liens). Each of (x) the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties and (y) the First Lien Administrative Agent, on behalf of the First Lien Lenders, agrees that if it shall at any time hold a Lien on any Collateral that can be perfected by the possession or control of such Collateral or of any account in which such Collateral is held, and if such Collateral or any such account is in fact in the possession or under the control of such Person or of their respective agents or bailees (such Collateral being referred to herein as the "Other Pledged or Controlled Collateral"), such Person shall, solely for the purpose of perfecting the First Priority Liens

granted under the First Lien Loan Documents and the Second Priority Liens granted under the Second Lien Note Documents, also hold such Other Pledged or Controlled Collateral as bailee for the First Lien Administrative Agent and as bailee for the Second Lien Collateral Agent. No obligations shall be imposed on any Person by reason of this Section 5.02, and none of the First Lien Administrative Agent, the Second Lien Collateral Agent, any First Lien Lender or any other Second Lien Secured Party shall have a fiduciary relationship in respect of any other party. No party shall be required to take any action requested by any other party that such party in good faith believes exposes it to personal liability for expenses or other amounts unless such party receives an indemnity satisfactory to it from the party requesting action. No Person shall charge the First Lien Administrative Agent or the Second Lien Collateral Agent for holding such Collateral as bailee pursuant hereto.

ARTICLE VI

INSOLVENCY PROCEEDINGS

Section 6.01 Finance and Sale Matters.

(a) Until the Discharge of First Lien Non-Excluded Obligations has occurred, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that, in the event of any Insolvency Proceeding, the Second Lien Secured Parties:

(i) will not oppose or object to the use of any Collateral constituting cash collateral under *Section 363* of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law, unless the First Lien Secured Parties, or a representative authorized by the First Lien Secured Parties, shall oppose or object to such use of cash collateral;

(ii) will not oppose or object to any post-petition financing, whether provided by the First Lien Secured Parties or any other Person, under *Section 364* of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law (a "DIP Financing"), or the Liens securing any DIP Financing ("DIP Financing Liens"), unless the First Lien Secured Parties, or a representative authorized by the First Lien Secured Parties, shall then oppose or object to such DIP Financing or such DIP Financing Liens, and, to the extent that such DIP Financing Liens are senior to, or rank *pari passu* with, the First Priority Liens, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, will subordinate the Second Priority Liens to the First Priority Liens and the DIP Financing Liens on the terms of this Agreement.

(iii) will agree that any customary "carve-out" or other similar administrative priority expense or claim consented to in writing by First Lien Administrative Agent to be paid prior to the Discharge of First Lien Non-Excluded Obligations be deemed for purposes of Section 6.01(a) (A) to be a use of cash

collateral and (B) not to be a principal amount of DIP Financing at the time of such consent;

(iv) will not provide DIP Financing to the Borrower or other Grantor secured by Liens equal or senior in priority to the Liens securing any First Lien Obligations unless (A) such DIP Financing results in the Discharge of the First Lien Obligations concurrently with the incurrence of such DIP Financing or (B) either (1) the First Lien Administrative Agent shall have stated in writing that it will not make a proposal for DIP Financing, (2) the First Lien Administrative Agent has stated in writing that it is ceasing its efforts to provide a DIP Financing for which it has previously made a proposal (on its own behalf or on behalf of another First Lien Secured Party) or has abandoned such efforts, or, upon written request, not reconfirmed its intention to provide a DIP Financing (on its own behalf or on behalf of another First Lien Secured Party) or (3) the Borrower or any of its Affiliates has delivered a request for DIP Financing to the First Lien Administrative Agent (which request the Borrower agrees to share concurrently with the Second Lien Collateral Agent) and ten (10) calendar days shall have expired without delivery of a bona fide proposal in good faith for DIP Financing to the Borrower from the First Lien Administrative Agent (on its own behalf or on behalf of another First Lien Secured Party), and each of the Borrower and the First Lien Administrative Agent agrees to promptly deliver copies of any proposal for DIP Financing to the Second Lien Collateral Agent and, in each case, such DIP Financing (I) does not include any provisions for "roll up", repayment or refinancing of the Second Lien Obligations, or any extension of Liens or administrative claims for the benefit of the Second Lien Obligations that are not subordinated to the liens for the benefit of the First Lien Obligations, or other forms of cross-collateralization with respect to the Second Lien Obligations, (II) shall expressly provide that the Second Lien Obligations shall continue to be subject to this Agreement, (III) does not require any asset sales or any structure of a plan of reorganization or milestones therefor, (IV) does not exceed the greater of (aa) $50,000,000 and (bb) fifteen percent (15%) of the sum of (x) the Borrowing Base in effect immediately prior to the commencement of such Insolvency Proceeding and (y) the amount of any Borrowing Base Deficiency that exists at such time and (V) shall entitle certain holders of the First Lien Obligations to purchase such DIP Financing at par at any time pursuant to Section 6.01(b);

(v) except to the extent permitted by Section 6.01(c), in connection with the use of cash collateral as described in clause (i) above or a DIP Financing, will not request adequate protection or any other relief in connection with such use of cash collateral, DIP Financing or DIP Financing Liens; and

(vi) will not oppose or object to any Disposition of any Collateral free and clear of the Second Priority Liens or other claims under *Section 363* of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law, if the First Lien Secured Parties, or a representative authorized by the First Lien Secured Parties, shall consent to such Disposition so long as the interests of the Second Lien

Secured Parties in the Collateral (and any post-petition Property subject to adequate protection liens, if any, in favor of the Second Lien Collateral Agent) attach to the proceeds thereof, subject to the terms of this Agreement.

(b) If, prior to the Discharge of the First Lien Non-Excluded Obligations, any Second Lien Secured Party provides any DIP Financing to the Borrower or any Guarantor, the Second Lien Secured Parties agree at any time, the First Lien Administrative Agent will have the right to exercise an option (on behalf of itself or on behalf of one or more First Lien Lenders that are commercial banks) to purchase the entire aggregate amount (but not less than the entirety) of outstanding obligations for such DIP Financing (including unfunded commitments under any DIP Financing documents) at the DIP Purchase Price without warranty or representation or recourse except as provided below, on a pro rata basis among the Second Lien Secured Parties party to such DIP Financing.

(i) The "DIP Purchase Price" will equal the sum of (A) the full amount of all DIP Financing obligations then-outstanding and unpaid at par (including principal, accrued but unpaid interest and fees and any other unpaid amounts, including breakage costs), (B) the cash collateral to be furnished to the DIP Financing lenders providing letters of credit under the DIP Financing documents in such amount (not to exceed 105% thereof) as such DIP Financing lenders determine is reasonably necessary to secure such DIP Financing lenders in connection with any such outstanding and undrawn letters of credit and (C) all accrued and unpaid fees, expenses and other amounts (including attorneys' fees and expenses) owed to the DIP Financing lenders under or pursuant to the DIP Financing documents on the date of purchase.

(ii) If the First Lien Administrative Agent exercises the purchase option pursuant to Section 6.01(b) above (whether on its own behalf or on behalf of First Lien Lenders as set forth in Section 6.01(b) above), it shall be exercised pursuant to documentation mutually acceptable to each of the First Lien Administrative Agent and the Second Lien Secured Parties party to such DIP Financing and the parties shall use commercially reasonable efforts to close promptly after such exercise. Each DIP Financing party will retain all rights to indemnification provided in the relevant DIP Financing documents for all claims and other amounts relating to periods prior to the purchase of the DIP Financing obligations pursuant to this Section 6.01.

(iii) The purchase and sale of the DIP Financing obligations under this Section 6.01(b) will be without recourse and without representation or warranty of any kind by the DIP Financing lenders, except that the DIP Financing lenders shall severally and not jointly represent and warrant to the First Lien Secured Parties that on the date of such purchase, immediately before giving effect to the purchase:

(A) the principal of and accrued and unpaid interest on the DIP Financing obligations, and the fees and expenses thereof owed to the respective DIP Financing lenders, are as stated in any assignment agreement

prepared in connection with the purchase and sale of the DIP Financing obligations; and

(B) the DIP Financing obligations purported to be owned by such DIP Financing lender is being sold free and clear of any Liens granted by it.

(c) The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that no Second Lien Secured Party shall contest, or support any other Person in contesting, (i) any request by the First Lien Administrative Agent or any other First Lien Secured Party for adequate protection or (ii) any objection, based on a claim of a lack of adequate protection, by the First Lien Administrative Agent or any other First Lien Secured Party to any motion, relief, action or proceeding. Notwithstanding the immediately preceding sentence, if, in connection with any DIP Financing or use of cash collateral, (A)(1) any First Lien Secured Party is granted adequate protection in the form of a Lien on additional collateral, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, may seek or request adequate protection in the form of a Lien on such additional collateral, which Lien will be subordinated to the First Priority Liens and DIP Financing Liens on the same basis as the other Second Priority Liens are subordinated to the First Priority Liens under this Agreement or (2) any Second Lien Secured Party is granted adequate protection in the form of a Lien on additional collateral, the First Lien Administrative Agent shall, for itself and on behalf of the other First Lien Secured Parties, be granted adequate protection in the form of a Lien on such additional collateral that is senior to such Second Priority Lien as security for the First Lien Obligations, (B) (1) any First Lien Secured Party is granted adequate protection in the form of cash interest, the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, may seek or request adequate protection in the form of cash interest (*provided* that the First Lien Administrative Agent shall in all cases retain its right to object to any such adequate protection in the form of cash interest) or (2) any Second Lien Secured Party is granted adequate protection in the form of cash interest, the First Lien Administrative Agent shall, for itself and on behalf of the other First Lien Secured Parties, be granted adequate protection in the form of cash interest and (C) in connection with any DIP Financing provided by any Second Lien Secured Party in accordance with this Agreement, the First Lien Collateral Agent, for itself and on behalf of the other First Lien Secured Parties will agree that any customary "carve-out" or other similar administrative priority expense or claim consented to in writing by the Second Lien Administrative Agent be deemed (x) to be a use of cash collateral and (y) not to be a principal amount of DIP Financing at the time of such consent.

(d) Notwithstanding the foregoing, the applicable provisions of Section 6.01(a)(ii), Section 6.01(a)(v) and Section 6.01 (c) shall only be binding on the Second Lien Secured Parties with respect to any DIP Financing to the extent that the maximum principal amount of Debt permitted under such DIP Financing does not exceed the sum of (i) the amount of First Lien Obligations refinanced with the proceeds thereof and (ii) an amount equal to the greater of (A) $50,000,000 and (B) fifteen percent (15%) of the sum of (1) the Borrowing

Base in effect immediately prior to the commencement of such Insolvency Proceeding plus (2) the amount of any Borrowing Base Deficiency that exists at such time.

Section 6.02 Relief from the Automatic Stay. The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that, so long as the Discharge of First Lien Non-Excluded Obligations has not occurred, no Second Lien Secured Party shall, without the prior written consent of the First Lien Administrative Agent, seek or request relief from or modification of the automatic stay or any other stay in any Insolvency Proceeding in respect of any part of the Collateral, any proceeds thereof or any Second Priority Lien, unless any First Lien Secured Party is also then seeking or requesting the corresponding relief from or modification of the automatic stay or any other stay in any Insolvency Proceeding in respect of any part of the Collateral, any proceeds thereof or any First Priority Lien.

Section 6.03 Reorganization Securities. If, in any Insolvency Proceeding, debt obligations of the reorganized debtor secured by Liens upon any Property of the reorganized debtor are distributed, pursuant to a plan of reorganization or similar dispositive restructuring plan, on account of both the First Lien Secured Obligations and the Second Lien Secured Obligations, then, to the extent the debt obligations distributed on account of the First Lien Secured Obligations and on account of the Second Lien Secured Obligations are secured by Liens upon the same Property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

Section 6.04 Post-Petition Interest.

(a) The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that no Second Lien Secured Party shall oppose or seek to challenge any claim by the First Lien Administrative Agent or any other First Lien Secured Party for allowance or payment in any Insolvency Proceeding of First Lien Obligations consisting of post-petition interest, fees or expenses.

(b) The First Lien Administrative Agent, for itself and on behalf of the other First Lien Secured Parties, agrees that no First Lien Secured Party shall oppose or seek to challenge any claim by the Second Lien Collateral Agent, or any other Second Lien Secured Party for allowance in any Insolvency Proceeding of Second Lien Obligations consisting of post-petition interest, fees or expenses.

Section 6.05 Certain Waivers by the Second Lien Secured Parties. The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, waives any claim any Second Lien Secured Party may hereafter have against any First Lien Secured Party arising out of (a) the election by any First Lien Secured Party of the application of *Section 1111(b)(2)* of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law, or (b) any use of cash collateral or financing arrangement, or any grant of a security interest in the Collateral in a manner consistent with this Agreement, in any Insolvency Proceeding.

Section 6.06 Certain Voting Matters. Each of (x) the First Lien Administrative Agent, on behalf of itself and the other First Lien Secured Parties and (y) the Second Lien Collateral Agent on behalf of itself and the other Second Lien Secured Parties, agrees that, without the written consent of the other, it will not seek to vote with the other as a single class in connection with any plan of reorganization in any Insolvency Proceeding. Except as provided in this Section 6.06 or Section 3.01(a)(vi), nothing in this Agreement is intended, or shall be construed, to limit the ability of the Second Lien Collateral Agent, or the other Second Lien Secured Parties to vote on any plan of reorganization.

Section 6.07 Separate Grants of Security and Separate Classification. Each of (x) the First Lien Administrative Agent, on behalf of the First Lien Secured Parties and (y) the Second Lien Collateral Agent, on behalf of itself and the other Second Lien Secured Parties, acknowledges and agrees that (a) the grants of Liens pursuant to the First Lien Loan Documents and the Second Lien Note Documents constitute two separate and distinct grants of Liens and (b) because of, among other things, their differing rights in the Collateral, the Second Lien Secured Obligations are fundamentally different from the First Lien Secured Obligations and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims against the First Lien Secured Parties and Second Lien Secured Parties in respect of the Collateral constitute only one secured claim (rather than separate classes of first lien and second lien senior secured claims), then the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, hereby acknowledges and agrees that all distributions shall be made as if there were separate classes of first lien and second lien senior secured claims against the Borrower and/or other Grantors in respect of the Collateral with the effect being that (i) to the extent that the aggregate value of the Collateral is sufficient (for this purpose ignoring all claims held by the Second Lien Secured Parties), the First Lien Secured Parties shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest before any distribution is made in respect of the claims held by the Second Lien Secured Parties and (ii) the Second Lien Secured Parties shall turn over to the First Lien Secured Parties amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Second Lien Secured Parties.

ARTICLE VII

OTHER AGREEMENTS

Section 7.01 Matters Relating to Loan Documents.

(a) The First Lien Loan Documents may be amended, restated, supplemented or otherwise modified in accordance with their terms, and the First Lien Secured Obligations under the First Lien Credit Agreement may be Refinanced (in an amount not to exceed the First Lien Cap Amount), in each case, without the consent of any Second Lien Secured Party (*provided*, that, the holders of the indebtedness resulting from any such Refinancing shall

agree in writing to be bound by the terms of this Agreement); *provided, however*, that, without the prior written consent of the Second Lien Collateral Agent (acting on the instructions of the Second Lien Required Holders), no such amendment, restatement, supplement, modification or Refinancing (or successive amendments, restatements, supplements, modifications or Refinancings) shall:

(i) contravene any provision of this Agreement,

(ii) increase the applicable margin or any other component of yield under the under the First Lien Loan Documents such that the yield under the First Lien Credit Agreement (excluding increases resulting from the accrual of interest at the default rate) exceeds by more than 300 basis points the yield under the First Lien Credit Agreement on the date hereof at any Borrowing Base utilization level (for the purpose of making such determination, the LIBO Rate (as defined in the First Lien Credit Agreement on the date hereof) will be calculated in accordance with the then existing First Lien Credit Agreement (it being understood (A) for avoidance of doubt, that fluctuations in the LIBO Rate shall not be included in such determination of yield and (B) arrangement fees, structuring fees, commitment fees, underwriting fees or other fees payable to any lead arranger (or its affiliates) in connection with arranging such amendment, restatement, supplement, modification or Refinancing shall not be included in such determination of yield)),

(iii) permit the Borrowing Base to not be subject to a customary scheduled redetermination for a conforming commercial banking borrowing base facility at least once in each eighteen (18) calendar month period, or

(iv) modify a covenant, event of default or any other provision in the First Lien Loan Documents in a manner that prohibits or restricts one or more Grantors from making payments of principal, interest or otherwise in respect of the Second Lien Secured Obligations in a manner that is more restrictive than as permitted under the First Lien Loan Documents as in effect on the date hereof.

It is understood that, under the Second Lien Note Purchase Agreement as in effect on the date hereof, the Borrower is subject to Section 7.1(k) and Section 7.20 of the Second Lien Note Purchase Agreement, and the parties hereto agree that the provisions of Section 7.1(k) and Section 7.20 of the Second Lien Note Purchase Agreement do not conflict with this Agreement.

(b) The Second Lien Note Documents may be amended, restated, supplemented or otherwise modified in accordance with their terms, and the Second Lien Secured Obligations under the Second Lien Note Purchase Agreement may be Refinanced, without the consent of any First Lien Secured Party (*provided*, that, the holders of the indebtedness resulting from any such Refinancing shall agree in writing to be bound by the terms of this Agreement); *provided, however*, that, until the Discharge of the First Lien Obligations occurs, without the prior written consent of the First Lien Administrative Agent (acting on the instructions of the First Lien Required Lenders), no Second Lien Note Document may

be amended, restated, supplemented or otherwise modified, or entered into, or Refinanced to the extent such amendment, restatement, supplement or modification, or the terms of such new Second Lien Note Document, or such Refinancing would:

(i) contravene the provisions of this Agreement,

(ii) increase the applicable margin or any other component of yield under the under the Second Lien Note Documents such that the yield under the Second Lien Note Purchase Agreement (excluding increases resulting from the accrual of interest at the default rate) exceeds by more than 600 basis points the yield under the Second Lien Note Purchase Agreement on the date hereof (for the purpose of making such determination, the LIBOR (as defined in the Second Lien Note Purchase Agreement on the date hereof) will be calculated in accordance with the then existing Second Lien Note Purchase Agreement (it being understood (A) for avoidance of doubt, that fluctuations in the LIBOR shall not be included in such determination of yield and (B) arrangement fees, structuring fees, commitment fees, underwriting fees or other fees payable to any lead arranger (or its affiliates) in connection with arranging such amendment, restatement, supplement, modification or Refinancing shall not be included in such determination of yield)),

(iii) change (to earlier dates) any dates upon which payments of principal and interest are due under the Second Lien Note Documents, or reduce the weighted average life to maturity of the Second Lien Obligations,

(iv) add to the Second Lien Collateral other than as specifically provided by this Agreement or as required pursuant to the terms of the Second Lien Note Documents as in effect on the date hereof, or

(v) modify a covenant, event of default or any other provision of the Second Lien Note Documents that prohibits or restricts one or more Grantors from making payments of principal, interest or otherwise in respect of the First Lien Obligations in a manner that is more restrictive than as permitted under the Second Lien Note Documents as in effect on the date hereof.

It is understood that, under the First Lien Credit Agreement as in effect on the date hereof, the Borrower is subject to Section 9.04(c) of the First Lien Credit Agreement, and the parties hereto agree that the provisions of Section 9.04(c) of the First Lien Credit Agreement do not conflict with this Agreement.

(c) Each of the Borrower and the Second Lien Collateral Agent agree that the Borrower shall cause each of the Second Lien Note Documents (other than the Guaranty Agreement as defined in the Second Lien Note Purchase Agreement) to contain the applicable provisions set forth on Annex I hereto, or similar provisions approved by the First Lien Administrative Agent, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 7.02 Effect of Refinancing of Indebtedness.

(a) First Lien Loan Documents. If the Borrower Refinances the First Lien Obligations (or any change to the terms thereof to the extent permitted by Section 7.01 hereof) and *provided* that (a) such Refinancing is permitted hereby and, subject to Section 7.01(b), by the terms of the Second Lien Note Purchase Agreement including Section 7.2(k) of the Second Lien Note Purchase Agreement and (b) the Borrower gives to the Second Lien Collateral Agent written notice (the "First Lien Refinancing Notice") electing the application of the provisions of this Section 7.02(a) to such Refinancing Indebtedness, then (i) a Discharge of First Lien Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement, (ii) such Refinancing Indebtedness and all other obligations under the loan documents evidencing such indebtedness (the "Additional First Lien Obligations") shall automatically be treated as First Lien Secured Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, (iii) the credit agreement and the other loan documents evidencing such Refinancing Indebtedness (the "Additional First Lien Loan Documents") shall automatically be treated as a First Lien Credit Agreement and as First Lien Loan Documents and, in the case of Additional First Lien Loan Documents that are security documents, as the First Lien Security Documents for all purposes of this Agreement, (iv) the Administrative Agent under the Additional First Lien Loan Documents (the "Additional First Lien Administrative Agent") shall be deemed to be the First Lien Administrative Agent for all purposes of this Agreement and (v) the lenders under the Additional First Lien Loan Documents shall be deemed to be the First Lien Lenders for all purposes of this Agreement. Upon receipt of a First Lien Refinancing Notice, which notice shall include the identity of the Additional First Lien Administrative Agent, the Second Lien Collateral Agent shall promptly enter into such documents and agreements (including amendments or supplements to this Agreement) as the Borrower or such Additional First Lien Administrative Agent may reasonably request in order to provide to the Additional First Lien Administrative Agent the rights and powers contemplated hereby, in each case consistent with the terms of this Agreement. The Borrower shall cause the agreement, document or instrument pursuant to which the Additional First Lien Administrative Agent is appointed to provide that the Additional First Lien Administrative Agent agrees to be bound by the terms of this Agreement. In furtherance of Section 2.03, if the Additional First Lien Obligations are secured by Property of the Grantors that do not also secure the Second Lien Obligations, the applicable Grantors shall substantially contemporaneously grant a Second Priority Lien on such Property to secure the Second Lien Obligations.

(b) Second Lien Note Documents. If the Borrower Refinances the Second Lien Obligations (including an increase thereof, or any change to the terms thereof to the extent permitted by Section 7.01 hereof) and *provided* that (a) such Refinancing is permitted hereby and, subject to Section 7.01(a), by the First Lien Credit Agreement and (b) the Borrower gives to the First Lien Administrative Agent written notice (the "Second Lien Refinancing Notice") electing the application of the provisions of this Section 7.02(b) to such Refinancing Indebtedness, then (i) such Refinancing Indebtedness and all other obligations under the debt documents evidencing such indebtedness (the "Additional Second Lien Obligations")

shall automatically be treated as Second Lien Secured Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, (ii) the Note Purchase Agreement, credit agreement and the other debt documents evidencing such Refinancing Indebtedness (the "Additional Second Lien Note Documents") shall automatically be treated as a Second Lien Note Purchase Agreement and as Second Lien Note Documents and, in the case of Additional Second Lien Note Documents that are security documents, as the Second Lien Collateral Documents for all purposes of this Agreement, (iii) the Second Lien Collateral Agent under the Additional Second Lien Note Documents (the "Additional Second Lien Collateral Agent") shall be deemed to be a Second Lien Collateral Agent for all purposes of this Agreement and (iv) the lenders or noteholders under the Additional Second Lien Note Documents shall be deemed to be the Second Lien Lenders for all purposes of this Agreement. Upon receipt of a Second Lien Refinancing Notice, which notice shall include the identity of the Additional Second Lien Collateral Agent, the First Lien Administrative shall promptly enter into such documents and agreements (including amendments or supplements to this Agreement) as the Borrower or such Additional Second Lien Collateral Agent may reasonably request in order to provide to the Additional Second Lien Collateral Agent the rights and powers contemplated hereby, in each case consistent with the terms of this Agreement. The Borrower shall cause the agreement, document or instrument pursuant to which the Additional Second Lien Collateral Agent is appointed to provide that the Additional Second Lien Collateral Agent agrees to be bound by the terms of this Agreement. In furtherance of Section 2.03, if the Additional Second Lien Obligations are secured by Property of the Grantors that do not also secure the First Lien Obligations, the applicable Grantors shall substantially contemporaneously grant a First Priority Lien on such Property to secure the First Lien Obligations.

Section 7.03 No Waiver by the First Lien Secured Parties. Other than with respect to the Second Lien Permitted Actions and as may otherwise be expressly provided herein, nothing contained herein shall prohibit or in any way limit the First Lien Administrative Agent or any other First Lien Secured Party from opposing, challenging or objecting to, in any Insolvency Proceeding or otherwise, any action taken, or any claim made, by the Second Lien Collateral Agent or any other Second Lien Secured Party, including any request by the Second Lien Collateral Agent or any other Second Lien Secured Party for adequate protection or any exercise by the Second Lien Collateral Agent or any other Second Lien Secured Party of any of its rights and remedies under the Second Lien Note Documents or otherwise.

Section 7.04 Reinstatement. If, in any Insolvency Proceeding or otherwise, all or part of any payment with respect to the First Lien Obligations or Second Lien Secured Obligations, as the case may be, previously made shall be rescinded for any reason whatsoever, then the First Lien Obligations or Second Lien Secured Obligations, as the case may be, shall be reinstated to the extent of the amount so rescinded and, if theretofore terminated, this Agreement shall be reinstated in full force and effect and such prior termination shall not diminish, release, discharge, impair or otherwise affect the Lien priorities and the relative rights and obligations of the First Lien Secured Parties and the Second Lien Secured Parties provided for herein.

Section 7.05 Further Assurances. Each of (x) the First Lien Administrative Agent, for itself and on behalf of the other First Lien Secured Parties, (y) the Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties and (z) the Borrower, for itself and on behalf of its Subsidiaries that are Grantors, agrees that it will execute, or will cause to be executed, any and all further documents, agreements and instruments, and take all such further actions, as may be required under any applicable law, or which the First Lien Administrative Agent or the Second Lien Collateral Agent may reasonably request, to effectuate the terms of this Agreement, including the relative Lien priorities provided for herein. The parties further agree that, notwithstanding any failure to take the actions required by the immediately preceding sentence, each Person that becomes a Grantor at any time (and any security granted by any such Person) will be subject to the provisions hereof as fully as if it constituted a Grantor party hereto and had complied with the requirements of the immediately preceding sentence. Each Grantor party hereto agrees to cause each of its Subsidiaries formed or acquired after the date hereof that is a Grantor to become a party for all purposes of this Agreement by executing and delivering an assumption agreement substantially in the form attached hereto as Annex II.

Section 7.06 Notice of Exercise of Remedies. Subject to the terms of this Agreement, each of the First Lien Administrative Agent and the Second Lien Collateral Agent shall endeavor to provide advance notice to each other of an acceleration of any First Lien Secured Obligations or Second Lien Secured Obligations, as the case may be (other than with respect to any automatic accelerations thereunder); *provided*, *however*, neither party's failure to give such notice under this Section 7.06 shall create any claim or cause of action on the part of any other party against the party failing to give such notice for any reason whatsoever. Nothing contained in this Section 7.06 shall limit, restrict, alleviate, or amend any notice requirement otherwise provided in this Agreement or otherwise required under applicable law.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

Section 8.01 Representations and Warranties of Each Party. Each party hereto (other than the Grantors) represents and warrants to the other parties hereto as follows:

(a) Such party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation and has all requisite power and authority to execute and deliver this Agreement and perform its obligations hereunder.

(b) This Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) The execution, delivery and performance by such party of this Agreement (i) do not require any consent or approval of, registration or filing with or any other action by any Governmental Authority and (ii) will not violate any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of such party or any order of any Governmental Authority or any provision of any indenture, agreement or other instrument binding upon such party.

Section 8.02 Representations and Warranties of First Lien Administrative Agent and Second Lien Collateral Agent. The First Lien Administrative Agent represents and warrants to the other parties hereto that it has been authorized by the First Lien Lenders to enter into this Agreement. The Second Lien Collateral Agent represents and warrants to the other parties hereto that it has been authorized by the Second Lien Secured Parties to enter into this Agreement.

ARTICLE IX

NO RELIANCE; NO LIABILITY; OBLIGATIONS ABSOLUTE

Section 9.01 No Reliance; Information. Each of the First Lien Administrative Agent and the Second Lien Collateral Agent, for itself and on behalf of the applicable other Secured Parties, acknowledges that (a) it and such Secured Parties have, independently and without reliance upon, in the case of the First Lien Secured Parties, any Second Lien Secured Party and, in the case of the Second Lien Secured Parties, any First Lien Secured Party, and based on such documents and information as they have deemed appropriate, made their own credit analyses and decisions to enter into the Loan Documents to which they are party and (b) it and such Secured Parties will, independently and without reliance upon, in the case of the First Lien Secured Parties, any Second Lien Secured Party and, in the case of the Second Lien Secured Parties, any First Lien Secured Party, and based on such documents and information as they shall from time to time deem appropriate, continue to make their own credit decisions in taking or not taking any action under this Agreement or any other Loan Document to which they are party, *provided*, that nothing in this Section 9.01 shall impose any duty on the Second Lien Collateral Agent to make any credit decisions. The First Lien Secured Parties and the Second Lien Secured Parties shall have no duty to disclose to any Second Lien Secured Party or to any First Lien Secured Party, respectively, any information relating to the Borrower or any of its Subsidiaries other than as expressly set forth herein, or any other circumstance bearing upon the risk of nonpayment of any of the First Lien Secured Obligations or the Second Lien Secured Obligations, as the case may be, that is known or becomes known to any of them or any of their Affiliates. In the event any First Lien Secured Party or any Second Lien Secured Party, in its sole discretion, undertakes at any time or from time to time to provide any such information in such circumstances to, respectively, any Second Lien Secured Party or any First Lien Secured Party, it shall be under no obligation (i) to make, and shall not make or be deemed to have made, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of the information so provided, (ii) to provide any additional information or to provide any such information on any subsequent occasion, (iii) to undertake

any investigation or (iv) to disclose any information, which pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

Section 9.02 No Warranties or Liability.

(a) The First Lien Administrative Agent, for itself and on behalf of the other First Lien Secured Parties, acknowledges and agrees that, except for the representations and warranties set forth in Article VIII, neither the Second Lien Collateral Agent nor any other Second Lien Secured Party has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the Second Lien Note Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, acknowledges and agrees that, except for the representations and warranties set forth in Article VIII, neither the First Lien Administrative Agent nor any other First Lien Secured Party has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the First Lien Loan Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon.

(b) The Second Lien Collateral Agent and the other Second Lien Secured Parties shall have no express or implied duty to the First Lien Administrative Agent or any other First Lien Secured Party, and the First Lien Administrative Agent and the other First Lien Secured Parties shall have no express or implied duty to the Second Lien Collateral Agent or any other Second Lien Secured Party, to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of a default or an event of default under any First Lien Loan Document and any Second Lien Note Document (other than, in each case, this Agreement), regardless of any knowledge thereof which they may have or be charged with.

(c) The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, agrees that no First Lien Secured Party shall have any liability to the Second Lien Collateral Agent or any other Second Lien Secured Party, and hereby waives any claim against any First Lien Secured Party, arising out of any and all actions which the First Lien Administrative Agent or the other First Lien Secured Parties may take or permit or omit to take with respect to (i) the First Lien Loan Documents (other than this Agreement), (ii) the collection of the First Lien Obligations in accordance with this Agreement or (iii) the maintenance of, the preservation of, the foreclosure upon or the Disposition of any Collateral in accordance with this Agreement. The First Lien Administrative Agent, for itself and on behalf of the other First Lien Secured Parties, agrees that no Second Lien Secured Party shall have any liability to the First Lien Administrative Agent or any other First Lien Secured Party, and hereby waives any claim against any Second Lien Secured Party, arising out of any and all actions which the Second Lien Collateral Agent or the other Second Lien Secured Parties may take or permit or omit to take with respect to (i) the Second Lien Note Documents (other than this Agreement), (ii) the collection of the Second Lien

Obligations in accordance with this Agreement or (iii) the maintenance of, the preservation of, the foreclosure upon or the Disposition of any Collateral in accordance with this Agreement.

Section 9.03 Obligations Absolute. The Lien priorities provided for herein and the respective rights, interests, agreements and obligations hereunder of the First Lien Administrative Agent and the other First Lien Secured Parties and the Second Lien Collateral Agent and the other Second Lien Secured Parties shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any Loan Document;

(b) subject to the limitations set forth in Section 7.01, any change in the time, place or manner of payment of, or in any other term of (including the Refinancing of), all or any portion of the First Lien Secured Obligations or the Second Lien Secured Obligations, it being specifically acknowledged that a portion of the First Lien Secured Obligations consists or may consist of obligations that are revolving in nature, and the amount thereof that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed;

(c) subject to the limitations set forth in Section 7.01, any change in the time, place or manner of payment of, or, in any other term of, all or any portion of the First Lien Secured Obligations or the Second Lien Secured Obligations;

(d) subject to the limitations set forth in Section 7.01, any amendment, waiver or other modification, whether by course of conduct or otherwise, of any Loan Document;

(e) the securing of any First Lien Secured Obligations or Second Lien Secured Obligations with any additional collateral or guaranty agreements, or any exchange, release, voiding, avoidance or non-perfection of any security interest in any Collateral or any other collateral or any release of any guaranty securing any First Lien Secured Obligations or Second Lien Secured Obligations, in each case not in violation of this Agreement; or

(f) any other circumstances that otherwise might constitute a defense available to, or a discharge of, the Borrower or any other Loan Party in respect of the First Lien Secured Obligations, or the Second Lien Secured Obligations or this Agreement, or any of the Second Lien Secured Parties in respect of this Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.01 Notices. (a) Notices Generally. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile:

(i) if to the Borrower or any other Grantor, to it at its address for notices set forth in the First Lien Credit Agreement and Second Lien Note Purchase Agreement; and

(ii) if to the First Lien Administrative Agent, to it at:

JPMorgan Chase Bank, N.A.
712 Main St., 5th Floor
Houston, Texas 77002
Attn: Jo Linda Papadakis
Facsimile No.: 713-216-7770
Email: jo.l.papadakis@jpmorgan.com

With a copy to:

Simpson Thacher & Bartlett LLP
600 Travis Street, Suite 5400
Houston, Texas 77002
Attn: Matthew Einbinder
Facsimile No.: 713-821-5602
Email: MEinbinder@stblaw.com

(iii) if to the Second Lien Collateral Agent, to it at:

U.S. Bank National Association
Global Corporate Trust Services
225 Asylum Street, 23rd Floor
Hartford, CT 06103
Attn: Laurel Casasanta
Email: laurel.casasanta@usbank.com

With a copy to:

Nicholas Fersen and Bryan Lothrop
Emails: Nicholas.Fersen@eigpartners.com and Bryan.Lothrop@eigpartners.com

With a further copy to:

Michael Chambers
Latham & Watkins LLP
811 Main Street, Suite 3700
Houston, TX 77002
Email: Michael.Chambers@lw.com

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent if the sender receives an acknowledgement of receipt (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in said subsection (b).

(b) Electronic Communications. Notices and other communications may be delivered or furnished by electronic communication (including e-mail) pursuant to procedures approved by the First Lien Administrative Agent and the Second Lien Collateral Agent, *provided* that the foregoing shall not apply to notices to any party if such party has notified the other parties hereto that it is incapable of receiving notices by electronic communication.

Unless the First Lien Administrative Agent or the Second Lien Collateral Agent, as applicable, otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc. Each of the First Lien Administrative Agent and the Second Lien Collateral Agent may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto.

Section 10.02 Integration/Conflicts. This Agreement, the First Lien Loan Documents and the Second Lien Note Documents represent the entire agreement of the Grantors, the First Lien Secured Parties and the Second Lien Secured Parties with respect to the subject matter hereof and thereof, and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. In the event of any conflict between the provisions of this Agreement and the provisions of the other Loan Documents, the provisions of this Agreement shall control.

Section 10.03 Effectiveness; Survival. This Agreement shall become effective when executed and delivered by the parties hereto. All covenants, agreements, representations and warranties made by any party in this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency Proceeding. The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, hereby waives any and all rights the Second

Lien Secured Parties may now or hereafter have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The First Lien Administrative Agent, for itself and on behalf of the other First Lien Secured Parties, hereby waives any and all rights the First Lien Secured Parties may now or hereafter have under applicable law to revoke this Agreement or any of the provisions of this Agreement.

Section 10.04 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). 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 10.05 Amendments; Waivers.

(a) No failure or delay on the part of any party hereto in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereto 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 consent to any departure by any party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 10.05, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the First Lien Administrative Agent and the Second Lien Collateral Agent; *provided* that no such agreement shall amend, modify or otherwise affect the rights or obligations of the Borrower or any Grantor (including, without limitation, Sections 2.03, 3.01(d), 5.01, 5.02, 6.01, 7.01, 7.02 and this Section 10.05 and the definitions of "Borrowing Base", "Conforming Borrowing Base Facility" and "First Lien Capped Amount") without such Person's prior written consent.

Section 10.06 Subrogation. The Second Lien Collateral Agent, for itself and on behalf of the other Second Lien Secured Parties, hereby waives any rights of subrogation it or they may acquire as a result of any payment hereunder until the Discharge of First Lien Non-Excluded Obligations has occurred; *provided, however,* that, any such payment that is paid over to the First Lien Administrative Agent pursuant to this Agreement shall be deemed a payment on the First Lien Obligations and shall be deemed not to reduce any of the Second Lien Obligations unless and until the Discharge of First Lien Non-Excluded Obligations

shall have occurred and the First Lien Administrative Agent redelivers any such payment to the Second Lien Collateral Agent.

Section 10.07 Applicable Law; Jurisdiction; Consent to Service of Process.

(a) THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK, COUNTY OF NEW YORK, OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREBY ACCEPTS FOR ITSELF AND (TO THE EXTENT PERMITTED BY LAW) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

(c) Each party to this Agreement agrees that service of process in any such action or proceeding may, to the extent permitted by applicable law, be effected by delivering a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to any other party, as the case may be at its address set forth in Section 10.01 or at such other address of which the other parties shall have been notified pursuant thereto. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 10.08 Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.08.

Section 10.09 Parties in Interest. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, as well as the other First Lien Secured Parties and Second Lien Secured Parties, all of whom are intended to be bound by, and to be third party beneficiaries of, this Agreement. No other Person shall have or be entitled to assert rights or benefits hereunder.

Section 10.10 Specific Performance. Each of the First Lien Administrative Agent and the Second Lien Collateral Agent may demand specific performance of this Agreement and, on behalf of itself and the respective other Secured Parties, hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense that might be asserted to bar the remedy of specific performance in any action which may be brought by the respective Secured Parties.

Section 10.11 Headings. Article and Section headings used herein and the Table of Contents hereto 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 10.12 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 10.03. Delivery of an executed signature page to this Agreement by facsimile or other electronic transmission (*e.g.*, .pdf) shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 10.13 Provisions Solely to Define Relative Rights. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the First Lien Secured Parties, on the one hand, and the Second Lien Secured Parties, on the other hand. Except as set forth in Section 10.09, no Person is a third-party beneficiary of this Agreement. Except for the sections and definitions referred to in Section 10.05 and as otherwise expressly provided in this Agreement, none of the Borrower, any other Grantor, any Guarantor or any other creditor thereof shall have any rights or obligations hereunder and none of the Borrower, any other Grantor or any Guarantor may rely on the terms hereof. Nothing in this Agreement is intended to or shall impair the obligations of the Borrower or any other Grantor or any Guarantor, which are absolute and unconditional, to pay the First Lien Secured Obligations and the Second Lien Secured Obligations as and when the same shall become due and payable in accordance with their terms.

Section 10.14 Sharing of Information. The Grantors agree that any information provided to the First Lien Administrative Agent, the Second Lien Collateral Agent, any First Lien Secured Party or any Second Lien Secured Party may be shared by such Person with any First Lien Secured Party, any Second Lien Secured Party, the First Lien Administrative Agent or the Second Lien Collateral Agent notwithstanding a request or demand by such Grantor that such information be kept confidential; *provided*, that such information shall otherwise be subject to the respective confidentiality provisions in the First Lien Credit Agreement and the Second Lien Note Purchase Agreement, as applicable.

Section 10.15 Agents. It is understood and agreed that (a) the First Lien Administrative Agent is entering into this Agreement in its capacity as administrative agent under the First Lien Credit Agreement and the provisions of Article XI of the First Lien Credit Agreement applicable to the Administrative Agent (as defined therein) thereunder shall also apply to the First Lien Administrative Agent hereunder and (b) the Second Lien Collateral Agent is entering into this Agreement in its capacity as "Agent" under the Second Lien Note Purchase Agreement and the provisions of Section 9 of the Second Lien Note Purchase Agreement applicable to the Agent (as defined therein) thereunder shall also apply to the Second Lien Collateral Agent hereunder.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

SILVERBOW RESOURCES, INC.
(F/K/A SWIFT ENERGY COMPANY),
a Delaware corporation

By:/s/ Christopher M. Abundis
Name: Christopher M. Abundis
Title: Senior Vice President, General Counsel and Secretary

GRANTORS:

SILVERBOW RESOURCES USA, INC. (F/K/A SWIFT ENERGY USA, INC.),
a Delaware corporation

By:/s/ Christopher M. Abundis
Name: Christopher M. Abundis
Title: Secretary

SILVERBOW RESOURCES OPERATING, LLC (F/K/A SWIFT ENERGY OPERATING, LLC),
a Texas limited liability company

By:/s/ Christopher M. Abundis
Name: Christopher M. Abundis
Title: Senior Vice President, General Counsel and Secretary

JPMORGAN CHASE BANK, N.A., as First Lien Administrative Agent

By:/s/ Greg Determann
Name: Greg Determann
Title: Authorized Officer

[*SIGNATURE PAGE TO INTERCREDITOR AGREEMENT***]**

U.S. BANK NATIONAL ASSOCIATION, as Second Lien Collateral Agent

By:/s/ Laurel A. Melody-Casasanta
Name: Laurel A. Melody-Casasanta
Title: Vice President

ANNEX I

Provision for the Second Lien Note Purchase Agreement

"Reference is made to the Intercreditor Agreement dated as of December 15, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), among the Issuer, each of the Grantors (as defined therein) party thereto, JPMorgan Chase Bank, N.A., as First Lien Administrative Agent (as defined therein), and U.S. Bank National Association, as Second Lien Collateral Agent (as defined therein). Each Holder hereunder (a) consents to the subordination of Liens provided for in the Intercreditor Agreement, and (b) agrees that it will be bound by and will take no actions contrary to the provisions of the Intercreditor Agreement as if it was a signatory thereto."

Provision for Certain Second Lien Collateral Documents

"Reference is made to the Intercreditor Agreement dated as of December 15, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), among the Borrower, each of the Grantors (as defined therein) party thereto, JPMorgan Chase Bank, N.A., as First Lien Administrative Agent (as defined therein), and U.S. Bank National Association, as Second Lien Collateral Agent (as defined therein). Notwithstanding anything herein to the contrary, the lien and security interest granted to the Agent, for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the Agent and the other Secured Parties hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the provisions of the Intercreditor Agreement and this Agreement, the provisions of the Intercreditor Agreement shall control."

ANNEX II

[FORM OF] SUPPLEMENT NO. [__] dated as of [_____], 20[__] (the "Supplement"), to the INTERCREDITOR AGREEMENT dated as of December 15, 2017 (the "Intercreditor Agreement"), among SilverBow Resources, Inc. (f/k/a Swift Energy Company), a Delaware corporation (the "Borrower"), the other Grantors party thereto, JPMORGAN CHASE BANK, N.A., as the First Lien Administrative Agent under the First Lien Credit Agreement, and U.S. BANK NATIONAL ASSOCIATION, as the Second Lien Collateral Agent under the Second Lien Note Purchase Agreement.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

B. The Grantors have entered into the Intercreditor Agreement. Pursuant to the First Lien Credit Agreement, the Second Lien Note Purchase Agreement, certain Additional First Lien Loan Documents, and certain Additional Second Lien Note Documents, certain newly acquired or organized Subsidiaries of the Borrower are required to enter into the Intercreditor Agreement. Section 7.05 of the Intercreditor Agreement provides that such Subsidiaries may become party to the Intercreditor Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "New Grantor") is executing this Supplement in accordance with the requirements of the First Lien Credit Agreement, the Second Lien Note Purchase Agreement, the Additional First Lien Loan Documents, and the Additional Second Lien Note Documents.

Accordingly, the New Grantor agrees and the First Lien Administrative Agent and the Second Lien Collateral Agent acknowledge as follows:

SECTION 1. In accordance with Section 7.05 of the Intercreditor Agreement, the New Grantor by its signature below becomes a Grantor under the Intercreditor Agreement with the same force and effect as if originally named therein as a Grantor, and the New Grantor hereby agrees to all the terms and provisions of the Intercreditor Agreement applicable to it as a Grantor thereunder. Each reference to a "Grantor" in the Intercreditor Agreement shall be deemed to include the New Grantor. The Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to the 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, except as such enforceability may be limited by Bankruptcy Laws and by general principles of equity.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the First Lien Administrative Agent and the Second Lien Collateral Agent shall have received a counterpart of this Supplement that bears the signature of the New Grantor. Delivery of an executed signature page to this

Supplement by facsimile transmission or other electronic method shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Intercreditor Agreement shall remain in full force and effect.

SECTION 5. **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Intercreditor Agreement shall not in any way be affected or impaired. 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 7. All communications and notices hereunder shall be in writing and given as provided in Section 10.01 of the Intercreditor Agreement. All communications and notices hereunder to the New Grantor shall be given to it in care of the Borrower as specified in the Intercreditor Agreement.

SECTION 8. The Grantors agree to reimburse the First Lien Administrative Agent and the Second Lien Collateral Agent for each of their reasonable fees and expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for each of the First Lien Administrative Agent and the Second Lien Collateral Agent as required by the applicable Loan Documents.

IN WITNESS WHEREOF, the New Grantor has duly executed this Supplement to the Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW SUBSIDIARY GRANTOR]

By: __

Name:
Title:

Annex II

(Back To Top)

Section 5: EX-99.1 (EXHIBIT 99.1)

575 N. DAIRY ASHFORD
SUITE 1200
HOUSTON, TX 77079

COMPANY CONTACT:
Doug Atkinson, CFA
Senior Manager – Finance & Investor Relations
(281) 874-2700, (800) 777-2412

FOR IMMEDIATE RELEASE

SilverBow Resources Announces Closing of $200 Million Senior Secured Second Lien Notes

Houston, TX – December 18, 2017 – SilverBow Resources, Inc. (NYSE: SBOW) ("SilverBow" or "the Company") today announced the closing of $200 million of Senior Secured Second Lien Notes (the "Notes") on December 15, 2017 with an interest rate of LIBOR + 7.50% maturing on December 15, 2024. The Company used the net proceeds from the Notes to pay down borrowings under the Company's revolving credit facility. The Notes may be prepaid at any time at the option of the Company, subject to a make-whole premium in years 1 and 2 and a 102% and 101% premium in years 3 and 4, respectively. The Company secured financing for the transaction from certain private funds managed by EIG Global Energy Partners and another third party.

The Company also announced that, as required, the borrowing base under its revolving credit facility was automatically reduced to $330 million from $370 million in connection with the issuance of the Notes.

G. Gleeson Van Riet, Chief Financial Officer commented, "The proceeds from the Senior Secured Second Lien Notes significantly increase our liquidity and enhance our balance sheet flexibility at an attractive cost of capital. The Company exits 2017 having successfully executed on a one rig drilling program while expanding our acreage position in the Eagle Ford. With over $250 million in liquidity, we are now well positioned to build upon our strategic growth objectives in 2018."

About SilverBow Resources
SilverBow Resources (NYSE: SBOW) is a Houston-based energy company actively engaged in the exploration, development, and production of oil and gas from the Eagle Ford Shale in South Texas. With almost 30 years of history operating in South Texas, the Company possesses a significant understanding of regional reservoirs which we leverage to assemble high quality drilling inventory while continuously enhancing our operations to maximize returns on capital invested.

Forward-Looking Statements

This release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The opinions, forecasts, projections, or other statements other than statements of historical fact, are forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurances can be given that such expectations will prove to have

been correct. Certain risks and uncertainties inherent in the company’s business are set forth in the filings of SilverBow Resources, Inc. with the Securities and Exchange Commission.

(Back To Top)