UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the Quarterly Period Ended June 30, 2020

OR

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

For the transition period from _____ to _____

Commission File Number: 333-225927

Riviera Resources, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**82-5121920**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
717 Texas Avenue, Suite 2000 **Houston, Texas**	**77002**
(Address of principal executive offices)	**(Zip Code)**

(281) 840-4000
(Registrant's telephone number, including area code)

600 Travis Street, Suite 1700, Houston, Texas 77002
(Former address of principal executive offices)

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

Title of each class	Trading symbol(s)	Name of exchange on which registered
None	**None**	**None**

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

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

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

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

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of July 31, 2020, there were 57,907,609 shares of common stock, par value $0.01 per share, outstanding.

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GLOSSARY OF TERMS

As commonly used in the oil and natural gas industry and as used in this Quarterly Report on Form 10-Q, the following terms have the following meanings:

Bbl. One stock tank barrel or 42 United States gallons liquid volume.

Btu. One British thermal unit, which is the heat required to raise the temperature of a one-pound mass of water from 58.5 degrees to 59.5 degrees Fahrenheit.

MBbls. One thousand barrels of oil or other liquid hydrocarbons.

MBbls/d. MBbls per day.

Mcf. One thousand cubic feet.

Mcfe. One thousand cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of oil, condensate or natural gas liquids.

MMBbls. One million barrels of oil or other liquid hydrocarbons.

MMBtu. One million British thermal units.

MMcf. One million cubic feet.

MMcf/d. MMcf per day.

MMcfe. One million cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of oil, condensate or natural gas liquids.

MMcfe/d. MMcfe per day.

MMMBtu. One billion British thermal units.

NGL. Natural gas liquids, which are the hydrocarbon liquids contained within natural gas.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2020	December 31, 2019
	(in thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55,641	$ 116,237
Accounts receivable – trade, net	22,551	51,355
Derivative instruments	7,059	7,283
Restricted cash	24,139	32,932
Other current assets	13,057	12,853
Assets held for sale	—	104,773
Total current assets	122,447	325,433
Noncurrent assets:		
Oil and natural gas properties (successful efforts method)	173,899	180,307
Less accumulated depletion and amortization	(136,566)	(35,603)
	37,333	144,704
Other property and equipment	397,057	388,851
Less accumulated depreciation	(72,872)	(50,381)
	324,185	338,470
Other noncurrent assets	5,555	7,652
	5,555	7,652
Total noncurrent assets	367,073	490,826
Total assets	$ 489,520	$ 816,259
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 36,294	$ 80,579
Derivative instruments	766	1,087
Other accrued liabilities	9,490	26,728
Liabilities held for sale	—	35,177
Total current liabilities	46,550	143,571
Noncurrent liabilities:		
Credit facilities	75,400	69,800
Asset retirement obligations and other noncurrent liabilities	19,317	29,337
Total noncurrent liabilities	94,717	99,137
Commitments and contingencies (Note 10)		
Equity:		
Preferred Stock ($0.01 par value, 30,000,000 shares authorized; no shares issued at June 30, 2020, or December 31, 2019)	—	—
Common Stock ($0.01 par value, 270,000,000 shares authorized; 57,907,609 shares and 58,168,756 shares issued and outstanding at June 30, 2020, and December 31, 2019, respectively)	579	581
Additional paid-in capital	759,186	861,764
Accumulated deficit	(411,512)	(288,794)
Total equity	348,253	573,551
Total liabilities and equity	$ 489,520	$ 816,259

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

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
	(in thousands, except per share amounts)			
Revenues and other:				
Oil, natural gas and natural gas liquids sales	$ 10,934	$ 66,757	$ 25,732	$ 143,102
Gains (losses) on commodity derivatives	(1,358)	20,249	6,721	7,008
Marketing revenues	21,864	53,394	55,786	120,741
Other revenues	9	5,150	40	11,153
	31,449	145,550	88,279	282,004
Expenses:				
Lease operating expenses	2,894	23,845	7,845	47,897
Transportation expenses	1,209	18,053	3,383	37,203
Marketing expenses	16,828	41,811	38,147	95,200
General and administrative expenses	11,219	13,489	21,123	32,480
Exploration costs	—	969	—	2,207
Depreciation, depletion and amortization	4,793	23,181	15,112	44,953
Impairment of assets held for sale and long-lived assets	14,874	18,390	121,658	18,390
Taxes, other than income taxes	1,375	2,599	2,590	8,899
(Gains) losses on sale of assets and other, net	(2,491)	9,885	(2,031)	(17,380)
	50,701	152,222	207,827	269,849
Operating (loss) income	(19,252)	(6,672)	(119,548)	12,155
Other income and (expenses):				
Interest expense, net of amounts capitalized	(739)	(2,103)	(1,668)	(3,074)
Other, net	(948)	476	(1,008)	(113)
	(1,687)	(1,627)	(2,676)	(3,187)
Reorganization items, net	(273)	(424)	(494)	(472)
(Loss) income before income taxes	(21,212)	(8,723)	(122,718)	8,496
Income tax (benefit) expense	—	(2,047)	—	2,446
Net (loss) income	$ (21,212)	$ (6,676)	$ (122,718)	$ 6,050
(Loss) income per share:				
Basic	$ (0.37)	$ (0.10)	$ (2.11)	$ 0.09
Diluted	$ (0.37)	$ (0.10)	$ (2.11)	$ 0.09
Weighted average shares outstanding – basic	58,041	65,005	58,098	66,900
Weighted average shares outstanding – diluted	58,041	65,089	58,098	67,079
Distributions declared per share	$ 0.75	$ —	$ 1.75	$ —

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

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

	Common Stock		Additional Paid in Capital	Accumulated Earnings (Deficit)	Total Equity
	Shares	Amount			
			(in thousands)		
December 31, 2019	58,169	$ 581	$ 861,764	$ (288,794)	$ 573,551
Net loss		—	—	(101,506)	(101,506)
Repurchases of common stock	(323)	(3)	(2,063)	—	(2,066)
Issuance of common stock	62	1	823	—	824
Distributions to shareholders		—	(57,908)	—	(57,908)
March 31, 2020	57,908	579	802,616	(390,300)	412,895
Net loss		—	—	(21,212)	(21,212)
Distributions to shareholders		—	(43,430)	—	(43,430)
June 30, 2020	57,908	$ 579	$ 759,186	$ (411,512)	$ 348,253
December 31, 2018	69,197	$ 692	$ 1,256,730	$ 4,952	$ 1,262,374
Net income		—	—	12,726	12,726
Repurchases of common stock	(2,488)	(25)	(34,412)	—	(34,437)
Issuance of common stock	82	1	1,485	—	1,486
March 31, 2019	66,791	668	1,223,803	17,678	1,242,149
Net loss		—	—	(6,676)	(6,676)
Repurchases of common stock	(3,170)	(32)	(43,275)	—	(43,307)
June 30, 2019	63,621	$ 636	$ 1,180,528	$ 11,002	$ 1,192,166

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

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30,	
	2020	**2019**
	(in thousands)	
Cash flow from operating activities:		
Net (loss) income	$ (122,718)	$ 6,050
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation, depletion and amortization	15,112	44,953
Impairment of assets held for sale and long-lived assets	121,658	18,390
Deferred income taxes	—	2,446
Gains on derivatives, net	(6,721)	(2,047)
Cash settlements on derivatives	6,843	(2,169)
Share-based compensation expenses	(3,901)	7,885
(Gains) losses on sale of assets and other, net	103	(19,631)
Other	(379)	4,220
Changes in assets and liabilities:		
Decrease in accounts receivable – trade, net	27,210	28,361
Decrease in other assets	1,566	10,901
Decrease in accounts payable and accrued expenses	(37,295)	(32,120)
Decrease in other liabilities	(13,763)	(8,438)
Net cash (used in) provided by operating activities	(12,285)	58,801
Cash flow from investing activities:		
Development of oil and natural gas properties	—	(56,078)
Purchases of other property and equipment	(25,628)	(48,597)
Proceeds from sale of properties and equipment and other	66,915	95,291
Net cash provided by (used in) investing activities	41,287	(9,384)
Cash flow from financing activities:		
Repurchases of shares	(2,653)	(77,744)
Proceeds from borrowings	5,600	115,225
Repayments of debt	—	(26,949)
Debt issuance costs paid	—	(3,040)
Distributions to shareholders	(101,338)	—
Net cash (used in) provided by financing activities	(98,391)	7,492
Net (decrease) increase in cash, cash equivalents and restricted cash	(69,389)	56,909
Cash, cash equivalents and restricted cash:		
Beginning	149,169	49,777
Ending	$ 79,780	$ 106,686

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

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 – Basis of Presentation

Unless otherwise indicated or the context otherwise requires, references herein to the "Company" refer to Riviera Resources, Inc. ("Riviera") and its consolidated subsidiaries. Unless otherwise indicated or the context otherwise requires, references herein to "LINN Energy" refer to Linn Energy, Inc. and its consolidated subsidiaries.

Nature of Business

Riviera is an independent oil and natural gas company quoted for trading on the OTCQX Market under the ticker "RVRA." The Company has two reporting segments: upstream and Blue Mountain. The Company's upstream reporting segment properties are located in two operating regions in the United States ("U.S."): the Mid-Continent and North Louisiana. The Blue Mountain reporting segment consists of a cryogenic natural gas processing facility, a network of gathering pipelines and compressors and produced water services and a crude oil gathering system located in the Merge/SCOOP/STACK play, each of which is owned by Blue Mountain Midstream LLC ("Blue Mountain Midstream"), a wholly owned subsidiary of the Company. During the first half of 2020, the Company divested all of its properties located in the Uinta Basin and East Texas operating regions. During 2019, the Company divested all of its properties located in the Hugoton Basin and Michigan/Illinois operating regions. See Note 3 for additional information.

Recent Developments and Outlook

The Company and the oil and gas industry has been adversely impacted by recent events, including the initial dramatic increase in output from the Organization of Petroleum Exporting Countries and other oil producing nations ("OPEC+") in the first quarter of 2020 and the destruction of demand resulting from the unprecedented global health and economic crisis sparked by the novel coronavirus disease ("COVID-19") global pandemic. While OPEC+ has agreed to cut production, downward pressure on commodity prices has continued. In order to reduce expenses, in April 2020, the Board of Directors of the Company made the decision to consolidate the management of Blue Mountain Midstream within the Company's existing executive management team. The Company plans to further reduce expenses by integration of the operations of the two companies wherever practical. The Company incurred severance expenses of approximately $4 million and $5 million for the three months and six months ended June 30, 2020, respectively, in connection with these activities.

As described further below, the Company recorded impairments on oil and natural gas properties and property, plant and equipment for the three months and six months ended June 30, 2020, due to declines in commodity prices and expected future volumes. The COVID-19 pandemic is still evolving and identification of all trends, events and uncertainties, including a possible widespread resurgence in COVID-19 infections in the second half of 2020 without the availability of generally effective therapeutics or a vaccine for the disease, that may impact the Company's financial condition and results of operations are unknown at this time, therefore the Company's results of operations for the three months and six months ended June 30, 2020, may not be indicative of its future results. If the pandemic and low commodity price environment continues, it may have a material adverse effect on the Company's operating cash flows, liquidity, and future development plans.

Principles of Consolidation and Reporting

The information reported herein reflects all normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of the results for the interim periods. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted under Securities and Exchange Commission rules and regulations; as such, this report should be read in conjunction with the consolidated financial statements and notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The results reported in these unaudited condensed consolidated financial statements should not necessarily be taken as indicative of results that may be expected for the entire year.

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated. Investments in noncontrolled entities over which the Company exercises significant influence are accounted for under the equity method.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

(Unaudited)

There have been no material changes in critical accounting policies during the six months ended June 30, 2020, as compared to the critical accounting policies described in Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Use of Estimates

The preparation of the accompanying condensed consolidated financial statements in conformity with GAAP requires management of the Company to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amount of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. The estimates that are particularly significant to the financial statements include estimates of the Company's reserves of oil, natural gas and natural gas liquids ("NGL"), future cash flows from oil and natural gas properties, depreciation, depletion and amortization, asset retirement obligations, certain revenues and operating expenses, and fair values of commodity derivatives.

As fair value is a market-based measurement, it is determined based on the assumptions that market participants would use. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates. Any changes in estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

Fair Value of Financial Instruments

The carrying values of the Company's receivables, payables and credit facilities are estimated to be substantially the same as their fair values at June 30, 2020, and December 31, 2019. See Note 8 for details about the fair value of the Company's derivative financial instruments.

Recently Issued Accounting Standards

The London Interbank Offered Rate ("LIBOR") is a benchmark interest rate referenced in a variety of agreements that are used by all types of entities. At the end of 2021, banks will no longer be required to report information that is used to determine LIBOR. As a result, LIBOR could be discontinued. At the present time, the Blue Mountain Credit Facility (see Note 6) has terms that extend beyond 2021. In March 2020, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") which provides optional guidance to ease the transition from LIBOR to an alternative reference rate. The ASU intends to address certain concerns relating to accounting for contract modifications and hedge accounting. These optional expedients and exceptions to applying GAAP, assuming certain criteria are met, are allowed through December 31, 2022. The Company is currently evaluating the provisions of the ASU and does not expect the transition to an alternative rate to have a material impact on its results of operations or financial position.

Recently Adopted Accounting Standard

In June 2016, the FASB issued an ASU that is intended to change the impairment model for trade receivables, net investments in leases, debt securities, loans and certain other instruments. The Company adopted this ASU effective January 1, 2020, using the modified retrospective effective date method. The Company's trade receivables due in one year or less represent substantially all the items that are within the scope of the new standard. The adoption of this ASU did not have a material impact on the Company's results of operations or financial position.

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses, current receivables aging, and existing industry and national economic data. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential recovery is remote. The balance in the Company's allowance for doubtful accounts related to trade accounts receivable was approximately $1 million at both June 30, 2020, and December 31, 2019.

Impairment of Assets Held for Sale and Long-Lived Assets

Proved Oil and Natural Gas Properties

The Company evaluates the impairment of its proved oil and natural gas properties on a field-by-field basis whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying values of proved properties are reduced to fair value when the expected undiscounted future cash flows of proved and risk-adjusted probable and possible reserves are less than net book value or there are alternative indications of impairment. The fair values of proved properties are measured using valuation techniques consistent with the income approach, converting future cash flows to a single discounted amount, or the Company takes into consideration contract prices from executed definitive agreements. Significant inputs used to determine the fair values of proved properties include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. These assumptions represent Level 3 inputs. These inputs require assumptions by the Company's management at the time of the valuation and are the most sensitive and subject to change. The underlying commodity prices embedded in the Company's estimated cash flows are the product of a process that begins with New York Mercantile Exchange ("NYMEX") forward curve pricing, adjusted for estimated location and quality differentials, as well as other factors that Company management believes will impact realizable prices.

Based on the analysis described above, during the three months ended June 30, 2020, the Company recorded noncash impairment charges of approximately $14 million associated with proved oil and natural gas properties. Of this, approximately $12 million related to properties to be divested located in North Louisiana and approximately $2 million related to divested properties located in East Texas. During the six months ended June 30, 2020, the Company recorded noncash impairment charges of approximately $101 million associated with proved oil and natural gas properties. Of this, approximately $85 million related to properties located in Oklahoma, approximately $12 million related to properties located in North Louisiana, and approximately $4 million related to properties located in East Texas. During the three months and six months ended June 30, 2019, the Company recorded a noncash impairment charge of approximately $18 million associated with Michigan proved oil and natural gas properties held for sale at June 30, 2019. The impairment charges in both periods were primarily due to a decline in commodity prices. The carrying values of the impaired proved properties were reduced to fair value, estimated using inputs characteristic of a Level 3 fair value measurement. The impairment charges are associated with the upstream reporting segment and are included in "impairment of assets held for sale and long-lived assets" on the condensed consolidated statements of operations. See Note 3 for additional information about divestitures.

Unproved Oil and Natural Gas Properties

The Company evaluates the impairment of its unproved oil and natural gas properties whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying values of unproved properties are reduced to fair value based on management's experience in similar situations and other factors such as the lease terms of the properties and the relative proportion of such properties on which proved reserves have been found in the past.

Based on the analysis described above, during the six months ended June 30, 2020, the Company recorded a noncash impairment charge of approximately $3 million associated with unproved oil and natural gas properties located in Oklahoma. There was no such charge during the three months ended June 30, 2020. The impairment was primarily due to a decline in commodity prices. The impairment charge is associated with the upstream reporting segment and is included in "impairment of assets held for sale and long-lived assets" on the condensed consolidated statement of operations.

Other Property and Equipment

The Company evaluates the impairment of its other property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying values of other property and equipment are reduced to fair value when the expected undiscounted future cash flows are less than net book value. Significant inputs used to determine the fair values of other property and equipment include estimates of future operating costs, future volumes and future commodity prices. These inputs require assumptions by the Company's management at the time of the valuation and are the most sensitive and subject to change.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

(Unaudited)

Based on the analysis described above, during the three months and six months ended June 30, 2020, the Company recorded noncash impairment charges of approximately $1 million and $18 million, respectively, associated with its crude oil gathering system assets. The impairments were primarily due to a decline in expected future volumes in the crude gathering business, related to the economics of customers drilling in the area. The impairment charges are associated with the Blue Mountain reporting segment and included in "impairment of assets held for sale and long-lived assets" on the condensed consolidated statements of operations.

Note 2 – Revenues

Disaggregation of Revenue

The following tables present the Company's disaggregated revenues by source and geographic area:

	Three Months Ended June 30, 2020						
	Natural Gas	Oil	NGL	Oil, Natural Gas and NGL Sales	Marketing Revenues	Other Revenues	Total
	(in thousands)						
Mid-Continent	$ 3,521	$ 4,030	$ 1,008	$ 8,559	$ —	$ 10	$ 8,569
East Texas (1)	(308)	30	234	(44)	655	—	611
North Louisiana	2,188	148	43	2,379	187	(1)	2,565
Uinta Basin (1)	2	2	—	4	—	—	4
Other divested properties	36	—	—	36	—	—	36
Blue Mountain	—	—	—	—	21,022	—	21,022
Total	$ 5,439	$ 4,210	$ 1,285	$ 10,934	$ 21,864	$ 9	$ 32,807

(1) During 2020, the Company divested all of its properties located in these operating regions.

	Three Months Ended June 30, 2019						
	Natural Gas	Oil	NGL	Oil, Natural Gas and NGL Sales	Marketing Revenues	Other Revenues	Total
	(in thousands)						
Hugoton Basin (1)	$ 15,037	$ 417	$ 7,312	$ 22,766	$ 9,460	$ 5,104	$ 37,330
Mid-Continent	4,033	7,153	1,884	13,070	—	13	13,083
East Texas	9,363	945	405	10,713	808	2	11,523
North Louisiana	9,017	961	306	10,284	482	1	10,767
Uinta Basin	3,102	—	—	3,102	—	—	3,102
Michigan/Illinois (1)	6,052	746	24	6,822	—	30	6,852
Blue Mountain	—	—	—	—	42,644	—	42,644
Total	$ 46,604	$ 10,222	$ 9,931	$ 66,757	$ 53,394	$ 5,150	$ 125,301

(1) During 2019, the Company divested all of its properties located in these operating regions.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

(Unaudited)

	Six Months Ended June 30, 2020						
	Natural Gas	Oil	NGL	Oil, Natural Gas and NGL Sales	Marketing Revenues	Other Revenues	Total
	(in thousands)						
Mid-Continent	$ 6,129	$ 7,712	$ 1,657	$ 15,498	$ —	$ 57	$ 15,555
East Texas (1)	2,521	328	444	3,293	2,282	2	5,577
North Louisiana	5,328	513	181	6,022	412	1	6,435
Uinta Basin (1)	919	—	(8)	911	—	—	911
Other divested properties	2	27	(21)	8	4	(20)	(8)
Blue Mountain	—	—	—	—	53,088	—	53,088
Total	$ 14,899	$ 8,580	$ 2,253	$ 25,732	$ 55,786	$ 40	$ 81,558

(1) During 2020, the Company divested all of its properties located in these operating regions.

	Six Months Ended June 30, 2019						
	Natural Gas	Oil	NGL	Oil, Natural Gas and NGL Sales	Marketing Revenues	Other Revenues	Total
	(in thousands)						
Hugoton Basin (1)	$ 37,936	$ 793	$ 17,282	$ 56,011	$ 33,152	$ 11,072	$ 100,235
Mid-Continent	8,769	10,120	4,322	23,211	—	24	23,235
East Texas	20,849	1,797	1,008	23,654	1,897	4	25,555
North Louisiana	13,503	1,758	760	16,021	720	3	16,744
Uinta Basin	9,543	86	5	9,634	—	—	9,634
Michigan/Illinois (1)	13,141	1,396	34	14,571	—	50	14,621
Blue Mountain	—	—	—	—	84,972	—	84,972
Total	$ 103,741	$ 15,950	$ 23,411	$ 143,102	$ 120,741	$ 11,153	$ 274,996

(1) During 2019, the Company divested all of its properties located in these operating regions.

Contract Balances

Under the Company's product sales contracts, customers are invoiced once the Company's performance obligations have been satisfied, at which point payment is unconditional. Accordingly, the Company's product sales contracts do not give rise to material contract assets or contract liabilities.

The Company had trade accounts receivable related to revenue from contracts with customers of approximately $18 million and $43 million as of June 30, 2020, and December 31, 2019, respectively.

Performance Obligations

A majority of the Company's sales are short-term in nature with a contract term of one year or less. For those contracts, the Company utilized the practical expedient in ASC 606-10-50-14 that exempts the Company from disclosure of the transaction

price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

For the Company's product sales that have a contract term greater than one year, the Company utilized the practical expedient in ASC 606-10-50-14(A), which states the Company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under these contracts, future revenue from the sale of products and services is dependent on future production or variable customer volume and variable commodity prices for that volume; therefore, future volumes are wholly unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required.

Note 3 – Divestitures

Divestitures – 2020

On January 15, 2020, the Company completed the sale of its interest in non-operated properties located in the Drunkards Wash field in the Uinta Basin. Cash proceeds from the sale of these properties were approximately $4 million (including a deposit of approximately $450,000 received in 2019), and the Company recorded a net gain of approximately $1 million.

On January 31, 2020, the Company completed the sale of its interest in properties located in the Overton field in East Texas. Cash proceeds from the sale of these properties were approximately $17 million (including a deposit of approximately $2 million received in 2019).

On February 14, 2020, the Company completed the sale of its interest in properties located in the Personville field in East Texas. Cash proceeds from the sale of these properties were approximately $28 million (including a deposit of approximately $3 million received in 2019).

On February 28, 2020, the Company completed the sale of its office building located in Oklahoma City, Oklahoma. Cash proceeds from the sale were approximately $21 million.

On April 2, 2020, the Company completed the sale of its remaining interest in properties located in East Texas. Cash proceeds from the sale of these properties were approximately $392,000.

Divestitures – Subsequent Events

On July 27, 2020, the Company signed a definitive agreement to sell its interest in properties located in North Louisiana for a contract price of approximately $27 million. The transaction is expected to close in the third quarter of 2020, subject to satisfactory completion of due diligence and the satisfaction of closing conditions. During the three months ended June 30, 2020, the Company recorded a noncash impairment charge of approximately $12 million to reduce the carrying value of these assets to fair value.

On August 4, 2020, the Company signed a definitive agreement to sell its interest in properties located in the Anadarko Basin in Oklahoma for a contract price of approximately $16 million. The transaction is expected to close in the fourth quarter of 2020, subject to satisfactory completion of due diligence and the satisfaction of closing conditions.

Divestitures – 2019

On November 22, 2019, the Company completed the sale of its interest in properties located in the Hugoton Basin (the "Hugoton Basin Assets Sale"). Cash proceeds from the sale of these properties were approximately $286 million. In connection with the Hugoton Basin Assets Sale, the buyer also acquired the Company's interest in Mayzure, LLC, a wholly owned subsidiary of the Company, which was the counterparty to the volumetric production payment agreements based on helium produced from certain oil and natural gas properties in the Hugoton Basin. The Company recognized pre-tax loss of

approximately $1 million and pre-tax income of approximately $9 million for the three months and six months ended June 30, 2019, respectively, from the Hugoton Basin.

On September 5, 2019, the Company completed the sale of its interest in properties located in Illinois. Cash proceeds from the sale of these properties were approximately $4 million and the Company recorded a net gain of approximately $4 million.

On August 30, 2019, the Company completed the sale of its interest in non-core assets located in North Louisiana. Cash proceeds from the sale were approximately $2 million and the Company recorded a net gain of approximately $376,000.

On July 3, 2019, the Company completed the sale of its interest in properties located in Michigan. Cash proceeds from the sale of these properties were approximately $39 million. The Company recorded a noncash impairment charge to reduce the carrying value of these assets to fair value of approximately $18 million.

On May 31, 2019, the Company completed the sale of its interest in non-operated properties located in the Hugoton Basin in Kansas. Cash proceeds from the sale of these properties were approximately $29 million and the Company recorded a net loss of approximately $10 million.

On January 17, 2019, the Company completed the sale of its interest in properties located in the Arkoma Basin in Oklahoma. Cash proceeds from the sale of these properties were approximately $64 million (including a deposit of approximately $5 million received in 2018), and the Company recorded a net gain of approximately $28 million.

The 2020 and 2019 divestitures discussed above are not presented as discontinued operations because they do not represent a strategic shift that will have a major effect on the Company's operations and financial results. The gains and losses on these divestitures are included in "(gains) losses on sale of assets and other, net" on the condensed consolidated statements of operations and are included in the upstream reporting segment.

The following table presents carrying amounts of the assets and liabilities of the Company's properties classified as held for sale on the condensed consolidated balance sheet:

	December 31, 2019
	(in thousands)
Assets:	
Oil and natural gas properties	$ 17,732
Other property and equipment	85,798
Other	1,243
Total assets held for sale	$ 104,773
Liabilities:	
Asset retirement obligations	$ 33,542
Other	1,635
Total liabilities held for sale	$ 35,177

Other assets primarily include inventories and other liabilities primarily include accounts payable.

Note 4 – Equity (Deficit)

Share Repurchase Program

On July 18, 2019, the Board of Directors of the Company authorized the repurchase of up to $150 million of the Company's outstanding shares of common stock. During the six months ended June 30, 2020, the Company repurchased an aggregate of 282,742 shares of common stock at an average price of $7.31 per share for a total cost of approximately $2 million. At

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July 31, 2020, approximately $22 million was available for share repurchases under the program. Any share repurchases are subject to restrictions in the Riviera Credit Facility (as defined in Note 6).

Dividends

Although the Company paid cash distributions in 2019 and 2020, the Company is not paying a regular cash dividend. The Board of Directors periodically reviews the Company's liquidity position to evaluate whether or not to pay a cash dividend. Any future payment of cash dividends would be subject to the restrictions in the Riviera Credit Facility (as defined in Note 6).

Cash Distributions

On March 9, 2020, the Board of Directors of the Company declared a cash distribution of $1.00 per share. A cash distribution totaling approximately $58 million was paid on April 22, 2020, to shareholders of record as of the close of business on April 8, 2020. On April 23, 2020, the Board of Directors of the Company declared a cash distribution of $0.75 per share. The distribution totaling approximately $43 million was paid on May 11, 2020, to shareholders of record as of the close of business on May 7, 2020. In addition, approximately $13 million and $11 million for potential future distributions related to nonvested share-based compensation awards was voluntarily recorded in restricted cash at June 30, 2020, and December 31, 2019, respectively. At June 30, 2020, and December 31, 2019, distributions payable, based on the vesting schedule of awards, of approximately $819,000 and $2 million, respectively, related to outstanding share-based compensation awards was also recorded. These amounts are included in "other accrued liabilities" and "asset retirement obligations and other noncurrent liabilities" on the condensed consolidated balance sheets.

Note 5 – Oil and Natural Gas Properties

Aggregate capitalized costs related to oil, natural gas and NGL production activities with applicable accumulated depletion and amortization are presented below:

	June 30, 2020	December 31, 2019
	(in thousands)	
Proved properties	$ 168,478	$ 174,845
Unproved properties	5,421	5,462
	173,899	180,307
Less accumulated depletion and amortization	(136,566)	(35,603)
	$ 37,333	$ 144,704

Note 6 – Debt

Fair Value

The Company's debt is recorded at the carrying amount on the condensed consolidated balance sheets. The carrying amounts of the credit facilities approximate fair value because the interest rates are variable and reflective of market rates.

Riviera Credit Facility

Riviera's credit agreement provides for a senior secured reserve-based revolving loan facility (the "Riviera Credit Facility") with a borrowing base and borrowing commitments of $30 million at June 30, 2020. As of June 30, 2020, there were no borrowings outstanding under the Riviera Credit Facility and there was approximately $29 million of available borrowing capacity (which includes a reduction of approximately $701,000 for outstanding letters of credit). The maturity date is August 4, 2021.

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Redetermination of the borrowing base under the Riviera Credit Facility, based primarily on reserve reports using lender commodity price expectations at such time, occurs semi-annually, in April and October. On June 1, 2020, the Company entered into a Fifth Amendment (the "Amendment") to the Riviera Credit Facility. Pursuant to the Amendment, the borrowing base was reduced from $90 million to $30 million and the applicable margin for interest on borrowings was increased by 0.25%.

During the three months and six months ended June 30, 2020, the Company recorded a finance fee expense of approximately $468,000 related to the write-off of a portion of unamortized deferred financing fees due to the reduction of the Riviera Credit Facility borrowing base.

At the Company's election, interest on borrowings under the Riviera Credit Facility is determined by reference to either the LIBOR plus an applicable margin ranging from 2.25% to 3.25% per annum or the alternate base rate ("ABR") plus an applicable margin ranging from 1.25% to 2.25% per annum, depending on utilization of the borrowing base. Interest is generally payable in arrears quarterly for loans bearing interest based at the ABR and at the end of the applicable interest period for loans bearing interest at the LIBOR, or if such interest period is longer than six months, at the end of the three-month intervals during such interest period. The Company is required to pay a commitment fee to the lenders under the Riviera Credit Facility, which accrues at a rate per annum of 0.50% on the average daily unused amount of the available revolving loan commitments of the lenders.

The obligations under the Riviera Credit Facility are secured by mortgages covering approximately 85% of the total value of the proved reserves of the oil and natural gas properties of the Company and certain of its subsidiaries, along with liens on substantially all personal property of the Company and certain of its subsidiaries excluding Blue Mountain Midstream, and are guaranteed by the Company and certain of its subsidiaries, subject to customary exceptions. Under the Riviera Credit Facility, the Company is required to maintain (i) a maximum total net debt to last twelve months EBITDA ratio of 3.5 to 1.0, and (ii) a minimum adjusted current ratio of 1.0 to 1.0.

The Riviera Credit Facility also contains affirmative and negative covenants, including compliance with laws (including environmental laws, ERISA and anti-corruption laws), maintenance of required insurance, delivery of quarterly and annual financial statements, oil and gas engineering reports and budgets, maintenance and operation of property (including oil and gas properties), restrictions on the incurrence of liens and indebtedness, mergers, consolidations and sales of assets, paying dividends or other distributions in respect of, or repurchasing or redeeming, the Company's capital stock, making certain investments and transactions with affiliates.

The Riviera Credit Facility contains events of default and remedies customary for credit facilities of this nature. Failure to comply with the financial and other covenants in the Riviera Credit Facility would allow the lenders, subject to customary cure rights, to require immediate payment of all amounts outstanding under the Riviera Credit Facility. As of June 30, 2020, the Company was in compliance with all financial and other covenants of the Riviera Credit Facility. A reduction to the borrowing base, in whole or in part, is expected should the Company close the sale of its interests in properties in North Louisiana and Oklahoma as currently anticipated. See Note 3.

Blue Mountain Credit Facility

Blue Mountain Midstream's credit agreement provides for a senior secured revolving loan facility (the "Blue Mountain Credit Facility"), with a borrowing base and borrowing commitments of $200 million at June 30, 2020. The Blue Mountain Credit Facility together with the Riviera Credit Facility, are referred to as the "Credit Facilities").

The Blue Mountain Credit Facility provides for the ability to increase the aggregate commitments of the lenders to up to $400 million, subject to obtaining commitments for any such increase, which may result in an increase in Blue Mountain Midstream's available borrowing capacity. As of June 30, 2020, total borrowings outstanding under the Blue Mountain Credit Facility were approximately $75 million and there was approximately $115 million of available borrowing capacity (which includes a reduction of approximately $10 million for outstanding letters of credit), subject to covenant restrictions in the Blue Mountain Credit Facility. As of July 31, 2020, total borrowings outstanding under the Blue Mountain Credit Facility were approximately $76 million and there was approximately $114 million of available capacity (which includes a reduction

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of approximately $10 million reduction for outstanding letters of credit), subject to covenant restrictions in the Blue Mountain Credit Facility. The maturity date is August 10, 2023.

At Blue Mountain Midstream's election, interest on borrowings under the Blue Mountain Credit Facility is determined by reference to either the LIBOR plus an applicable margin ranging from 2.00% to 3.00% per annum or the ABR plus an applicable margin ranging from 1.00% to 2.00% per annum, both depending on Blue Mountain Midstream's consolidated total leverage ratio. Interest is generally payable in arrears on the last day of March, June, September and December for loans bearing interest based at the ABR and at the end of the applicable interest period for loans bearing interest at the LIBOR, or if such interest period is longer than six months, at the end of three-month intervals during such interest period.

Blue Mountain Midstream is required under the Blue Mountain Credit Facility to pay a commitment fee to the lenders, which accrues at a rate per annum of 0.375% or 0.50% (depending on Blue Mountain Midstream's consolidated total leverage ratio) on the average daily unused amount of the available revolving loan commitments of the lenders.

The Blue Mountain Credit Facility is secured by a first priority lien on substantially all the assets of Blue Mountain Midstream. Under the Blue Mountain Credit Facility, Blue Mountain Midstream is required to maintain (i) a ratio of consolidated EBITDA to consolidated interest expense no less than 2.50 to 1.00, (ii) a ratio of consolidated net debt to consolidated EBITDA (the "consolidated total leverage ratio") no greater than 4.50 to 1.00 or 5.00 to 1.00, as applicable, and (iii) in case certain other kinds of indebtedness are outstanding, a ratio of consolidated net debt secured by a lien on property of Blue Mountain Midstream to consolidated EBITDA no greater than 3.00 to 1.00.

The Blue Mountain Credit Facility also contains affirmative and negative covenants customary for credit facilities of this nature, including compliance with laws (including environmental laws, ERISA and anti-corruption laws), maintenance of required insurance, delivery of quarterly and annual financial statements, budgets, maintenance and operation of property, restrictions on the incurrence of liens and indebtedness, mergers, consolidations and sales of assets and transactions with affiliates.

The Blue Mountain Credit Facility contains events of default and remedies customary for credit facilities of this nature. If Blue Mountain Midstream does not comply with the covenants in the Blue Mountain Credit Facility, the lenders may, subject to customary cure rights, require immediate payment of all amounts outstanding under the Blue Mountain Credit Facility. As of June 30, 2020, the Company was in compliance with all financial and other covenants of the Blue Mountain Credit Facility.

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Note 7 – Derivatives

Commodity Derivatives

The following table presents derivative positions for the periods indicated as of June 30, 2020:

	2020	2021
Natural gas positions:		
Fixed price swaps (NYMEX Henry Hub):		
Hedged volume (MMMBtu)	5,520	3,650
Average price ($/MMBtu)	$ 2.82	$ 2.44
Oil positions:		
Fixed price swaps (NYMEX WTI):		
Hedged volume (MBbls)	92	—
Average price ($/Bbl)	$ 64.63	$ —
Natural gas basis differential positions: (1)		
PEPL basis swaps:		
Hedged volume (MMMBtu)	3,680	—
Hedge differential	$ (0.45)	$ —

(1) Settled or to be settled, as applicable, on the indicated pricing index to hedge basis differential to the NYMEX Henry Hub natural gas price.

During the six months ended June 30, 2020, the Company entered into commodity derivative contracts consisting of natural gas fixed price swaps for 2021. In addition, the Company unwound certain of its oil fixed price swaps associated with Blue Mountain Midstream for 2020 and received proceeds of approximately $377,000. During the six months ended June 30, 2019, the Company entered into commodity derivative contracts consisting of natural gas fixed price swaps and NGL fixed price swaps for 2019 and natural gas basis swaps for 2020.

The natural gas derivatives are settled based on the closing price of NYMEX Henry Hub natural gas on the last trading day for the delivery month, which occurs on the third business day preceding the delivery month, or the relevant index prices of natural gas published in Inside Federal Energy Regulatory Commission's Gas Market Report on the first business day of the delivery month. The oil derivatives are settled based on the average closing price of NYMEX WTI crude oil for each day of the delivery month. The NGL derivatives are settled based on the average effective price of natural gas liquids for each day of the delivery month, published in the issue of Oil Price Information Service.

Balance Sheet Presentation

The Company's commodity derivatives are presented on a net basis in "derivative instruments" and "asset retirement obligations and other noncurrent liabilities" on the condensed consolidated balance sheets. See Note 8 for fair value disclosures about commodity derivatives. The following table summarizes the fair value of derivatives outstanding on a gross basis:

	June 30, 2020	December 31, 2019
	(in thousands)	
Assets:		
Commodity derivatives	$ 7,252	$ 7,439
Liabilities:		
Commodity derivatives	$ 1,178	$ 1,243

By using derivative instruments to economically hedge exposures to changes in commodity prices, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk. A majority of the Company's counterparties are participants in its Credit Facilities. The Credit Facilities are secured by certain of the Company's and its subsidiaries' oil, natural gas and NGL reserves and personal property. The Company is not required to post any collateral. The Company does not receive collateral from its counterparties.

The maximum amount of loss due to credit risk that the Company would incur if its counterparties failed completely to perform according to the terms of the contracts, based on the gross fair value of financial instruments, was approximately $7 million at June 30, 2020. The Company minimizes the credit risk in derivative instruments by: (i) limiting its exposure to any single counterparty; (ii) entering into derivative instruments only with counterparties that meet the Company's minimum credit quality standard or have a guarantee from an affiliate that meets the Company's minimum credit quality standard; and (iii) monitoring the creditworthiness of the Company's counterparties on an ongoing basis. In accordance with the Company's standard practice, its commodity derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss due to counterparty nonperformance is somewhat mitigated.

Gains and Losses on Derivatives

A summary of gains and losses on derivatives included on the condensed consolidated statements of operations is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Gains (losses) on commodity derivatives	$ (1,358)	$ 20,249	$ 6,721	$ 7,008
Marketing expenses	—	(2,781)	—	(4,961)
Gains (losses) on commodity derivatives	$ (1,358)	$ 17,468	$ 6,721	$ 2,047

The Company received net cash settlements of approximately $5 million and $7 million for the three months and six months ended June 30, 2020, respectively. The Company received net cash settlements of approximately $3 million for the three months ended June 30, 2019, and paid net cash settlements of approximately $2 million for the six months ended June 30, 2019.

Note 8 – Fair Value Measurements

Fair Value Measurements on a Recurring Basis

The Company accounts for its commodity derivatives at fair value (see Note 7) on a recurring basis. The Company determines the fair value of its commodity derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. Inputs to the pricing models include publicly available prices and forward price curves generated from a compilation of data gathered from third parties. Company management validates the data provided by third parties by understanding the pricing models used, obtaining market values from other pricing sources, analyzing pricing data in certain situations and confirming that those instruments trade in active markets. Assumed credit risk adjustments, based on published credit ratings and public bond yield spreads, are applied to the Company's commodity derivatives.

In accordance with applicable accounting standards, the Company has categorized its financial instruments into a three-level fair value hierarchy based on the priority of inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

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The following presents the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis:

	June 30, 2020		
	Level 2	Netting (1)	Total
		(in thousands)	
Assets:			
Commodity derivatives	$ 7,252	$ (193)	$ 7,059
Liabilities:			
Commodity derivatives	$ 1,178	$ (193)	$ 985

(1) Represents counterparty netting under agreements governing such derivatives.

	December 31, 2019		
	Level 2	Netting (1)	Total
		(in thousands)	
Assets:			
Commodity derivatives	$ 7,439	$ (156)	$ 7,283
Liabilities:			
Commodity derivatives	$ 1,243	$ (156)	$ 1,087

(1) Represents counterparty netting under agreements governing such derivatives.

Fair Value Measurements on a Nonrecurring Basis

Non-financial assets and liabilities that are initially measured at fair value include asset retirement obligations (see Note 9) and impairments (see Note 1).

Note 9 – Asset Retirement Obligations

The Company has the obligation to plug and abandon oil and natural gas wells and related equipment at the end of production operations. Estimated asset retirement costs are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets when the obligation is incurred. The liabilities are included in "other accrued liabilities" and "asset retirement obligations and other noncurrent liabilities" on the condensed consolidated balance sheets. Accretion expense is included in "depreciation, depletion and amortization" on the condensed consolidated statements of operations. The fair value of additions to the asset retirement obligations is estimated using valuation techniques that convert future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) plug and abandon costs per well based on existing regulatory requirements; (ii) remaining life per well; (iii) future inflation factors; and (iv) a credit-adjusted risk-free interest rate. These assumptions represent Level 3 inputs. These inputs require significant judgments and estimates by the Company's management at the time of the valuation and are the most sensitive and subject to change.

In addition, there is insufficient information to reasonably determine the timing and/or method of settlement for purposes of estimating the fair value of the asset retirement obligation of the majority of Blue Mountain Midstream's assets. In such cases, asset retirement obligation cost is considered indeterminate because there is no data or information that can be derived from past practice, industry practice, management's experience, or the asset's estimated economic life. Indeterminate asset retirement obligation costs associated with Blue Mountain Midstream will be recognized in the period in which sufficient information exists to reasonably estimate potential settlement dates and methods.

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The following table presents a reconciliation of the Company's asset retirement obligations (in thousands):

Asset retirement obligations at December 31, 2019	$	21,497
Liabilities added from drilling		209
Liabilities associated with assets divested		(3,586)
Current year accretion expense		601
Settlements		(964)
Revision of estimates		299
Asset retirement obligations at June 30, 2020	$	18,056

Note 10 – Commitments and Contingencies

In 2016, Linn Energy, LLC, certain of its direct and indirect subsidiaries, and LinnCo, LLC (collectively, the "LINN Debtors") filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code. The LINN Debtors emerged from bankruptcy in 2017. In 2018, LINN Energy completed the spin-off of Riviera from LINN Energy. On May 11, 2016, the LINN Debtors and Berry Petroleum Company, LLC ("Berry" and collectively with the LINN Debtors, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. On January 27, 2017, the Bankruptcy Court entered an order approving and confirming the plan (the "Plan") of reorganization of the Debtors (the "Confirmation Order"). Consummation of the Plan was subject to certain conditions set forth in the Plan. On February 28, 2017, all of the conditions were satisfied or waived and the Plan became effective and was implemented in accordance with its terms. On September 27, 2018, the Bankruptcy Court closed the LINN Debtors' Chapter 11 cases, but retained jurisdiction as provided in the Confirmation Order.

The commencement of the Chapter 11 proceedings automatically stayed certain actions against the Company, including actions to collect prepetition liabilities or to exercise control over the property of the Company's bankruptcy estates. However, the Company is, and will continue to be until the final resolution of all claims, subject to certain contested matters and adversary proceedings stemming from the Chapter 11 proceedings, which are not affected by the closure of the LINN Debtors' Chapter 11 cases.

The Company is not currently a party to any litigation or pending claims that it believes would have a material adverse effect on its overall business, financial position, results of operations or liquidity; however, cash flow could be significantly impacted in the reporting periods in which such matters are resolved.

Note 11 – Operating Leases

Lessee

The Company leases office space and other property and equipment under lease agreements expiring on various dates through 2022. During the three months and six months ended June 30, 2020, the Company recorded lease expenses of approximately $1 million and $2 million, respectively. During the three months and six months ended June 30, 2019, the Company recorded lease expenses of approximately $1 million and $2 million, respectively.

As of June 30, 2020, undiscounted future minimum lease payments were as follows (in thousands):

2020	$	1,292
2021		2,333
2022		1,296
	$	4,921

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The weighted-average remaining lease term is two years. The future minimum lease payments above include an office building under a two-year lease with the option to cancel the lease after one year. If the Company exercises its option to cancel the lease after year one, total future minimum lease payments will be reduced by approximately $734,000. Of the Company's total future minimum lease payments, approximately $3 million relates to Blue Mountain Midstream.

Lessor

The Company previously leased a building located in Oklahoma to third parties under lease agreements. The Company sold the building in the first quarter of 2020, and the leases were terminated effective with the close of the sale. Lease income for both the three months and six months ended June 30, 2019, was approximately $1 million. The Company has no other lease agreements for which it is the lessor. It determines if an arrangement is a lease at inception.

Note 12 – Share-Based Compensation

Riviera Omnibus Incentive Plan

Under the Riviera Resources, Inc. 2018 Omnibus Incentive Plan (the "Riviera Omnibus Incentive Plan") employees, consultants and non-employee directors of the Company and its affiliates are eligible to receive stock options, restricted stock, dividend equivalents, performance awards, other stock-based awards and other cash-based awards.

As of June 30, 2020, 2,135,918 shares were issuable under the Riviera Omnibus Incentive Plan pursuant to outstanding Riviera RSUs, including (i) the Riviera Legacy RSUs, (ii) 286,006 restricted stock units of the Company granted to certain employees of the Company (the "Restricted Shares" and together with Riviera Legacy RSUs, the "Riviera RSUs"), (iii) 1,847,950 restricted stock units of the Company granted as performance units to certain employees of the Company (the "Riviera Performance Shares") that, in the case of the Riviera Performance Shares, vest, if at all, based on the achievement of certain performance conditions specified in the award agreements.

The Committee (as defined in the Riviera Omnibus Incentive Plan) has broad authority under the Riviera Omnibus Incentive Plan to, among other things: (i) select participants; (ii) determine the types of awards that participants receive and the number of shares that are subject to such awards; and (iii) establish the terms and conditions of awards, including the price (if any) to be paid for the shares or the award. As of June 30, 2020, up to 1,819,910 shares of common stock were available for issuance under the Riviera Omnibus Incentive Plan within the share reserve established under the Riviera Omnibus Incentive Plan, 222,053 of which the Committee has designated for issuance as Restricted Shares and 89,958 of which the Committee has designated for issuance as Riviera Performance Shares. If any stock option or other stock-based award granted under the Riviera Omnibus Incentive Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of common stock underlying any unexercised award shall again be available for the purpose of awards under the Riviera Omnibus Incentive Plan. If any shares of restricted stock, performance awards or other stock-based awards denominated in shares of common stock awarded under the Riviera Omnibus Incentive Plan are forfeited for any reason, the number of forfeited shares shall again be available for purposes of awards under the Riviera Omnibus Incentive Plan. Any award under the Riviera Omnibus Incentive Plan settled in cash shall not be counted against the maximum share limitation.

As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the Riviera Omnibus Incentive Plan and any outstanding awards, as well as the exercise or purchase prices of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the Company's shareholders.

Blue Mountain Midstream Omnibus Incentive Plan

Blue Mountain Midstream is governed by its Second Amended and Restated Limited Liability Operating Agreement (as amended, the "BMM LLC Agreement"), which provides for two classes of membership units: Class A Units, of which 100%

are held by Linn Holdco II (a wholly owned subsidiary of Riviera) and Class B Units. Pursuant to the BMM LLC Agreement, Blue Mountain Midstream has the authority to issue an unlimited number of Class A Units and up to 58,750 Class B Units. As of June 30, 2020, Blue Mountain Midstream has issued 738,213 Class A Units and no Class B Units.

Under the Blue Mountain Midstream LLC 2018 Omnibus Incentive Plan (as amended, the "BMM Incentive Plan") employees and consultants of Blue Mountain Midstream and its affiliates are eligible to receive unit options, restricted units, dividend equivalents, performance awards, other unit-based awards and other cash-based awards. The Committee (as defined in the BMM Incentive Plan) has broad authority under the BMM Incentive Plan to, among other things: (i) select participants; (ii) determine the types of awards that participants receive and the number of units that are subject to such awards; and (iii) establish the terms and conditions of awards, including the price (if any) to be paid for the units or the award. The aggregate number of units available for issuance under the BMM Incentive Plan matches the maximum number of Class B Units issuable by Blue Mountain Midstream.

As of June 30, 2020, under the BMM Incentive Plan, Blue Mountain Midstream had granted awards that could result in the issuance of 45,335 Class B Units or an equivalent value in cash, at the Board's discretion. The issued awards include 9,023 restricted security units ("BMM RSUs") and 18,156 performance stock units ("BMM PSUs") (36,312 at 200% of target). The BMM RSUs can be paid, at the Board's discretion, in cash or an equivalent number of Class B Units. Payment for the BMM PSUs only occurs upon the achievement by Blue Mountain Midstream of a certain equity value (subject to certain adjustments) specified in the award agreements. If such equity value is achieved, the recipient of the BMM PSU will receive a number of Class B Units (or an equivalent value in cash, at the Board's discretion) equal to 50% to 200% of the target number of BMM PSUs held by such individual, as specified in the award agreements.

If any unit option or other unit-based award granted under the BMM Incentive Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of units underlying any unexercised award shall again be available for the purpose of awards under the BMM Incentive Plan. If any restricted units, performance awards or other unit-based awards denominated in units awarded under the BMM Incentive Plan are forfeited for any reason, the number of forfeited units shall again be available for purposes of awards under the BMM Incentive Plan. Any award under the BMM Incentive Plan settled in cash shall not be counted against the maximum unit limitation.

As is customary in incentive plans of this nature, each unit limit and the number and kind of units available under the BMM Incentive Plan and any outstanding awards, as well as the exercise or purchase prices of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, unit dividends or other similar events that change the number or kind of units outstanding, and extraordinary dividends or distributions of property to Blue Mountain Midstream's unitholders.

Accounting for Share-Based Compensation

The condensed consolidated financial statements include 100% of employee-related expenses. Compensation cost related to the grant of share-based awards has been recorded at the subsidiary level with a corresponding credit to liability or equity.

As a result of the Company's history of cash settling awards, all unvested share-based compensation awards are liability classified. The Company recorded a liability of approximately $1 million and $10 million at June 30, 2020, and December 31, 2019, respectively, related to unvested share-based compensation awards included in "other accrued liabilities" and "asset retirement obligations and other noncurrent liabilities" on the condensed consolidated balance sheets. All cash settlements of liability classified awards are classified as operating activities on the condensed consolidated statements of cash flows.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

(Unaudited)

A summary of share-based compensation expenses included on the condensed consolidated statements of operations is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Marketing expenses	$ (2)	$ 55	$ (127)	$ 162
General and administrative expenses	(323)	3,625	(3,223)	9,825
Total share-based compensation expenses	$ (325)	$ 3,680	$ (3,350)	$ 9,987
Income tax benefit	$ —	$ 639	$ —	$ 1,684

Riviera Restricted Stock Units

During the six months ended June 30, 2020, upon vesting of Riviera RSUs and at the election of participants, the Company repurchased 96,212 Riviera RSUs for a total cost of approximately $697,000. In addition, 61,645 shares of common stock were issued to participants (net of statutory tax withholdings) upon vesting of Riviera RSUs. During the six months ended June 30, 2020, the Company granted 15,357 RSUs with a fair value of approximately $125,000, that vest ratably in two tranches over approximately two years.

Performance Shares

As of June 30, 2020, there were 1,847,950 Riviera Performance Shares outstanding at 200% of target. The fair value of Riviera Performance Shares was not material as of June 30, 2020. The vesting of these awards is determined based on the Company's equity value (subject to adjustment for distributions to shareholders and certain other items) at a specified time.

As of June 30, 2020, there were 36,312 BMM PSUs outstanding at 200% of target. The fair value of BMM PSUs was not material as of June 30, 2020. The vesting of these awards is determined based on Blue Mountain Midstream's equity value (subject to certain adjustments) at a specified time.

Note 13 – (Loss) Earnings Per Share

Basic (loss) earnings per share is computed by dividing net (loss) income by the weighted average number of shares outstanding during the period. Diluted (loss) earnings per share is computed by adjusting the average number of shares outstanding for the dilutive effect, if any, of potential common shares.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

(Unaudited)

The following tables provide a reconciliation of the numerators and denominators of the basic and diluted per share computations for net (loss) income:

	Three Months Ended June 30,	
	2020	**2019**
	(in thousands, except per share amounts)	
Net loss	$ (21,212)	$ (6,676)
Loss per share:		
Basic	$ (0.37)	$ (0.10)
Diluted	$ (0.37)	$ (0.10)
Weighted average shares outstanding – basic	58,041	65,005
Dilutive effect of unit equivalents	—	84
Weighted average shares outstanding – diluted	58,041	65,089

	Six Months Ended June 30,	
	2020	**2019**
	(in thousands, except per share amounts)	
Net (loss) income	$ (122,718)	$ 6,050
(Loss) income per share:		
Basic	$ (2.11)	$ 0.09
Diluted	$ (2.11)	$ 0.09
Weighted average shares outstanding – basic	58,098	66,900
Dilutive effect of unit equivalents	—	179
Weighted average shares outstanding – diluted	58,098	67,079

The diluted (loss) earnings per share calculation excludes the Riviera Performance Shares for the three months and six months ended June 30, 2020, and June 30, 2019, because no performance targets have been met and excludes approximately 206,000 and 9,000 restricted stock units that were anti-dilutive for the three months and six months ended June 30, 2020, respectively.

Note 14 – Income Taxes

Amounts recognized as income taxes are included in “income tax expense” on the condensed consolidated statements of operations. The Company recognized no income tax expense during the three months and six months ended June 30, 2020, because of the full valuation allowance recorded in 2019. The Company’s effective income tax rate was approximately 0% for both the three months and six months ended June 30, 2020. The Company’s federal and state statutory rate net of the federal tax benefit was approximately 25% for both the three months and six months ended June 30, 2020. The Company’s effective income tax rate was approximately 23% and 29% for the three months and six months ended June 30, 2019, respectively.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management

considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. During the third quarter of 2019, and for the first time since Riviera's inception, the Company's earnings were a cumulative loss which is primarily due to losses generated during 2019. Based on the cumulative loss and projections of future taxable income for the periods in which the deferred tax assets are deductible, the Company recorded a valuation allowance of approximately $200 million and $171 million against all of its deferred tax assets as of June 30, 2020, and December 31, 2019, respectively. The Company intends to continue maintaining a full valuation allowance on its deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. The amount of deferred tax assets considered realizable could materially increase in the future, and the amount of valuation allowance recorded could materially decrease, if estimates of future taxable income are increased.

As of December 31, 2019, the Company had approximately $246 million of indefinite lived net operating loss ("NOL") carryforwards for U.S. federal income tax purposes. Based on activity through June 30, 2020, the Company estimates that a significant amount of additional NOLs will be generated through December 31, 2020. As discussed above, the Company maintains a full valuation allowance against all of its deferred tax assets which includes deferred tax assets associated with NOLs.

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act that was enacted March 27, 2020, includes income tax provisions that allow NOLs to be carried back, allows interest expense to be deducted up to a higher percentage of adjusted taxable income, and modifies tax depreciation of qualified improvement property, among other provisions. These provisions have no material impact on the Company.

Note 15 – Supplemental Disclosures to the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows

"Other current assets" reported on the condensed consolidated balance sheets include the following:

	June 30, 2020	December 31, 2019
	(in thousands)	
Prepaids	$ 5,389	$ 9,152
Inventories	7,197	1,116
Other receivables	471	2,585
Other current assets	$ 13,057	$ 12,853

"Accounts payable and accrued expenses" reported on the condensed consolidated balance sheets include the following:

	June 30, 2020	December 31, 2019
	(in thousands)	
Accounts payable	$ 26,207	$ 50,601
Accrued operating expenses	4,848	16,828
Accrued capital expenditures	2,115	10,087
Accrued general and administrative expenses	1,389	2,448
Other accrued expenses	1,735	615
Accounts payable and accrued expenses	$ 36,294	$ 80,579

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

(Unaudited)

"Other accrued liabilities" reported on the condensed consolidated balance sheets include the following:

	June 30, 2020	December 31, 2019
	(in thousands)	
Accrued compensation	$ 7,006	$ 11,314
Asset retirement obligations (current portion)	1,184	1,184
Deposits	1,086	6,111
Other	214	8,119
Other accrued liabilities	$ 9,490	$ 26,728

The following table provides a reconciliation of "cash and cash equivalents" reported on the condensed consolidated balance sheets to "cash, cash equivalents and restricted cash" reported on the condensed consolidated statement of cash flows:

	June 30, 2020	December 31, 2019
	(in thousands)	
Cash and cash equivalents	$ 55,641	$ 116,237
Restricted cash	24,139	32,932
Cash, cash equivalents and restricted cash	$ 79,780	$ 149,169

Supplemental disclosures to the condensed consolidated statements of cash flows are presented below:

	Six Months Ended June 30,	
	2020	2019
	(in thousands)	
Cash payments for interest, net of amounts capitalized	$ 1,174	$ 1,471
Cash payments for income taxes	$ —	$ —
Cash payments for reorganization items, net	$ 494	$ 472
Noncash investing activities:		
Accrued capital expenditures	$ 2,115	$ 11,140

For purposes of the condensed consolidated statements of cash flows, the Company considers all highly liquid short-term investments with original maturities of three months or less to be cash equivalents. At June 30, 2020, "restricted cash" on the condensed consolidated balance sheet consisted of approximately $10 million that will be used to settle certain claims in accordance with the Plan (which is the remainder of approximately $80 million transferred to restricted cash in February 2017 to fund such items), approximately $1 million related to deposits and approximately $13 million related to potential future distributions for nonvested share-based compensation awards. At December 31, 2019, "restricted cash" on the condensed consolidated balance sheet consisted of approximately $16 million that will be used to settle certain claims in accordance with the Plan, approximately $6 million related to deposits and approximately $11 million related to potential future distributions for nonvested share-based compensation awards.

Note 16 – Related Party Transactions

Roan Resources LLC

During 2019, through December 6, 2019, certain members of the Board of Directors of the Company were also members of the board of directors of Roan Resources, Inc. Additionally, certain of the Company's principal stockholders were also significant stockholders of Roan Resources, Inc.

For both the three months and six months ended June 30, 2019, the Company recorded revenue from Roan Resources LLC of approximately $8 million included in "marketing revenues" on the condensed consolidated statements of operations. For the three months and six months ended June 30, 2019, the Company made natural gas purchases from Roan Resources LLC of approximately $25 million and $59 million, respectively, included in "marketing expenses" on the condensed consolidated statements of operations.

Note 17 – Segments

The Company has two reporting segments: upstream and Blue Mountain. The upstream reporting segment is engaged in the exploration, development, production, and sale of oil, natural gas, and NGLs. The Company's upstream reporting segment properties are located in two operating regions in the U.S.: the Mid-Continent and North Louisiana. The Blue Mountain reporting segment consists of a cryogenic natural gas processing facility, a network of gathering pipelines and compressors and produced water services and a crude oil gathering system located in the Merge/SCOOP/STACK play. During 2020, the Company divested all of its properties located in the Uinta Basin and East Texas operating regions. During 2019, the Company divested all of its properties located in the Hugoton Basin and Michigan/Illinois operating regions. See Note 3 for additional information about divestitures.

To assess the performance of the Company's reporting segments, the Company's Chief Operating Decision Maker ("CODM") analyzes field level cash flow, a non-GAAP financial metric. The Company defines field level cash flow as revenues less direct operating expenses. Other indirect income (expenses) include "general and administrative expenses," "exploration costs," "depreciation, depletion and amortization," "(gains) on sale of assets and other, net," "impairment of long-lived assets," "other income and (expenses)" and "reorganization items, net." Information regarding total assets by reporting segment is not presented because it is not reviewed by the CODM.

During the first quarter of 2020, the definition of field level cash flow analyzed by the Company's CODM was revised to report within segment results, expenses previously reported as unallocated to segments. Information presented for the prior period has been recast to conform to current presentation.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

(Unaudited)

The following tables present the Company's financial information by reporting segment:

	Three Months Ended June 30, 2020		
	Upstream	**Blue Mountain**	**Consolidated**
	(in thousands)		
Oil, natural gas and natural gas liquids sales	$ 10,934	$ —	$ 10,934
Marketing revenues	842	21,022	21,864
Other revenues	9	—	9
	11,785	21,022	32,807
Lease operating expenses	2,894	—	2,894
Transportation expenses	1,209	—	1,209
Marketing expenses	10	16,818	16,828
Taxes other than income taxes	1,097	278	1,375
Total direct operating expenses	5,210	17,096	22,306
Field level cash flow	6,575	3,926	10,501
Losses on commodity derivatives	(1,358)	—	(1,358)
Other indirect income (expenses), net	(23,776)	(6,579)	(30,355)
Loss before income taxes	$ (18,559)	$ (2,653)	$ (21,212)

	Three Months Ended June 30, 2019		
	Upstream	**Blue Mountain**	**Consolidated**
	(in thousands)		
Oil, natural gas and natural gas liquids sales	$ 66,757	$ —	$ 66,757
Marketing revenues	10,750	42,644	53,394
Other revenues	5,150	—	5,150
	82,657	42,644	125,301
Lease operating expenses	23,845	—	23,845
Transportation expenses	18,053	—	18,053
Marketing expenses	7,836	33,975	41,811
Taxes other than income taxes	1,891	708	2,599
Total direct operating expenses	51,625	34,683	86,308
Field level cash flow	31,032	7,961	38,993
Gains on commodity derivatives	19,284	965	20,249
Other indirect income (expenses), net	(59,670)	(8,295)	(67,965)
(Loss) income before income taxes	$ (9,354)	$ 631	$ (8,723)

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

(Unaudited)

	Six Months Ended June 30, 2020		
	Upstream	**Blue Mountain**	**Consolidated**
	(in thousands)		
Oil, natural gas and natural gas liquids sales	$ 25,732	$ —	$ 25,732
Marketing revenues	2,698	53,088	55,786
Other revenues	40	—	40
	28,470	53,088	81,558
Lease operating expenses	7,845	—	7,845
Transportation expenses	3,383	—	3,383
Marketing expenses	64	38,083	38,147
Taxes other than income taxes	1,721	869	2,590
Total direct operating expenses	13,013	38,952	51,965
Field level cash flow	15,457	14,136	29,593
Gains on commodity derivatives	6,255	466	6,721
Other indirect income (expenses), net	(131,485)	(27,547)	(159,032)
Loss before income taxes	$ (109,773)	$ (12,945)	$ (122,718)

	Six Months Ended June 30, 2019		
	Upstream	**Blue Mountain**	**Consolidated**
	(in thousands)		
Oil, natural gas and natural gas liquids sales	$ 143,102	$ —	$ 143,102
Marketing revenues	35,769	84,972	120,741
Other revenues	11,153	—	11,153
	190,024	84,972	274,996
Lease operating expenses	47,897	—	47,897
Transportation expenses	37,203	—	37,203
Marketing expenses	27,620	67,580	95,200
Taxes other than income taxes	7,516	1,383	8,899
Total direct operating expenses	120,236	68,963	189,199
Field level cash flow	69,788	16,009	85,797
Gains on commodity derivatives	6,839	169	7,008
Other indirect income (expenses), net	(65,694)	(18,615)	(84,309)
(Loss) income before income taxes	$ 10,933	$ (2,437)	$ 8,496

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

The following discussion and analysis should be read in conjunction with the financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The following discussion contains forward-looking statements based on expectations, estimates and assumptions. Actual results may differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, volatility of oil, natural gas and natural gas liquids ("NGL") prices or a prolonged period of low oil, natural gas or NGL prices and the effects of actions by, or disputes among or between, members of the Organization of Petroleum Exporting Countries and other oil producing nations ("OPEC+"), such as Saudi Arabia, and other oil and natural gas producing countries, such as Russia, with respect to production levels or other matters related to the price of oil, the effects of excess supply of oil and natural gas resulting from the reduced demand caused by the novel coronavirus disease ("COVID-19") global pandemic and the actions by certain oil and natural gas producing countries, market prices for oil, natural gas and NGLs, production volumes, estimates of proved reserves, capital expenditures, the capacity and utilization of midstream facilities, economic and competitive conditions, credit and capital market conditions, regulatory changes and other uncertainties, as well as those factors set forth in "Cautionary Statement Regarding Forward-Looking Statements" below and in Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, and elsewhere in the Annual Report.

The reference to a "Note" herein refers to the accompanying Notes to Condensed Consolidated Financial Statements contained in Item 1. "Financial Statements."

Unless otherwise indicated or the context otherwise requires, references herein to the "Company" refer to Riviera Resources, Inc. ("Riviera") and its consolidated subsidiaries. Unless otherwise indicated or the context otherwise requires, references herein to "LINN Energy" refer to Linn Energy, Inc. and its consolidated subsidiaries.

In 2016, Linn Energy, LLC, certain of its direct and indirect subsidiaries, and LinnCo, LLC (collectively, the "LINN Debtors") filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code. The LINN Debtors emerged from bankruptcy in 2017. See Note 10 for additional details. In 2018, LINN Energy completed the spin-off of Riviera from LINN Energy.

Riviera is an independent oil and natural gas company quoted for trading on the OTCQX Market under the ticker "RVRA."

Executive Overview

The Company has two reporting segments: upstream and Blue Mountain. The Company's upstream reporting segment properties are located in two operating regions in the United States ("U.S."):

- Mid-Continent, which includes properties in the Northwest STACK in northwestern Oklahoma and various other oil and natural gas producing properties and mineral acreage throughout Oklahoma; and
- North Louisiana, which includes oil and natural gas properties producing primarily from the Hosston, Cotton Valley Bossier and Smackover formations.

During the first half of 2020, the Company divested all of its properties located in the Uinta Basin and East Texas operating regions and is pursuing divestiture of its remaining oil and natural gas properties by the end of 2020. During 2019, the Company divested all of its properties located in the Hugoton Basin and Michigan/Illinois operating regions. See Note 3 for additional information.

The Blue Mountain reporting segment consists of a state of the art cryogenic natural gas processing facility, a network of gathering pipelines and compressors and produced water services and a crude oil gathering system located in the Merge/SCOOP/STACK play, each of which is owned by Blue Mountain Midstream LLC ("Blue Mountain Midstream"), a wholly owned subsidiary of the Company. In addition to the upstream divestiture activity noted above, the Company is working with an investment bank to explore a potential sale or merger of Blue Mountain Midstream.

For the three months ended June 30, 2020, the Company's results included the following:

- oil, natural gas and NGL sales of approximately $11 million compared to $67 million for the three months ended June 30, 2019;

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

- average daily production of approximately 52 MMcfe/d compared to 286 MMcfe/d for the three months ended June 30, 2019;
- net loss of approximately $21 million compared to $7 million for the three months ended June 30, 2019;
- noncash impairment charges of approximately $15 million compared to $18 million for the three months ended June 30, 2019;
- no capital expenditures compared to $41 million for the three months ended June 30, 2019; and
- no wells drilled compared to 22 wells drilled (all successful) for the three months ended June 30, 2019.

For the six months ended June 30, 2020, the Company's results included the following:

- oil, natural gas and NGL sales of approximately $26 million compared to $143 million for the six months ended June 30, 2019;
- average daily production of approximately 62 MMcfe/d compared to 275 MMcfe/d for the six months ended June 30, 2019;
- net loss of approximately $123 million compared to net income of $6 million for the six months ended June 30, 2019;
- noncash impairment charges of approximately $122 million compared to $18 million for the six months ended June 30, 2019;
- capital expenditures of approximately $14 million compared to $102 million for the six months ended June 30, 2019; and
- 11 wells drilled (all successful) compared to 35 wells drilled (all successful) for the six months ended June 30, 2019.

Divestitures – 2020

On January 15, 2020, the Company completed the sale of its interest in non-operated properties located in the Drunkards Wash field in the Uinta Basin (the "Drunkards Wash Asset Sale"). Cash proceeds from the sale of these properties were approximately $4 million (including a deposit of approximately $450,000 received in 2019), and the Company recorded a net gain of approximately $1 million.

On January 31, 2020, the Company completed the sale of its interest in properties located in the Overton field in East Texas (the "Overton Assets Sale"). Cash proceeds from the sale of these properties were approximately $17 million (including a deposit of approximately $2 million received in 2019).

On February 14, 2020, the Company completed the sale of its interest in properties located in the Personville field in East Texas (the "Personville Assets Sale"). Cash proceeds from the sale of these properties were approximately $28 million (including a deposit of approximately $3 million received in 2019).

On February 28, 2020, the Company completed the sale of its office building located in Oklahoma City, Oklahoma. Cash proceeds from the sale were approximately $21 million.

On April 2, 2020, the Company completed the sale of its remaining interest in properties located in East Texas. Cash proceeds from the sale of these properties were approximately $392,000.

Divestitures – Subsequent Events

On July 27, 2020, the Company signed a definitive agreement to sell its interest in properties located in North Louisiana for a contract price of approximately $27 million. The transaction is expected to close in the third quarter of 2020, subject to satisfactory completion of due diligence and the satisfaction of closing conditions. During the three months ended June 30, 2020, the Company recorded a noncash impairment charge of approximately $12 million to reduce the carrying value of these assets to fair value.

On August 4, 2020, the Company signed a definitive agreement to sell its interest in properties located in the Anadarko Basin in Oklahoma for a contract price of approximately $16 million. The transaction is expected to close in the fourth quarter of 2020, subject to satisfactory completion of due diligence and the satisfaction of closing conditions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Divestitures – 2019

On November 22, 2019, the Company completed the sale of its interest in properties located in the Hugoton Basin (the "Hugoton Basin Assets Sale"). Cash proceeds from the sale of these properties were approximately $286 million. In connection with the Hugoton Basin Assets Sale, the buyer also acquired the Company's interest in Mayzure, LLC ("Mayzure"), a wholly owned subsidiary of the Company, which was the counterparty to the volumetric production payment agreements based on helium produced from certain oil and natural gas properties in the Hugoton Basin. The Company recognized pre-tax loss of approximately $1 million and pre-tax income of approximately $9 million for the three months and six months ended June 30, 2019, respectively, from the Hugoton Basin.

On September 5, 2019, the Company completed the sale of its interest in properties located in Illinois. Cash proceeds from the sale of these properties were approximately $4 million and the Company recorded a net gain of approximately $4 million.

On August 30, 2019, the Company completed the sale of its interest in non-core assets located in North Louisiana. Cash proceeds from the sale were approximately $2 million and the Company recorded a net gain of approximately $376,000.

On July 3, 2019, the Company completed the sale of its interest in properties located in Michigan. Cash proceeds from the sale of these properties were approximately $39 million. The Company recorded a noncash impairment charge to reduce the carrying value of these assets to fair value of approximately $18 million.

On May 31, 2019, the Company completed the sale of its interest in non-operated properties located in the Hugoton Basin in Kansas. Cash proceeds from the sale of these properties were approximately $29 million and the Company recorded a net loss of approximately $10 million.

On January 17, 2019, the Company completed the sale of its interest in properties located in the Arkoma Basin in Oklahoma (the "Arkoma Assets Sale"). Cash proceeds from the sale of these properties were approximately $64 million (including a deposit of approximately $5 million received in 2018), and the Company recorded a net gain of approximately $28 million.

Impact of Decline in Commodity Prices

The Company and the oil and gas industry has been adversely impacted by recent events, including the initial dramatic increase in output from OPEC+ in the first quarter of 2020 and the destruction of demand resulting from the unprecedented global health and economic crisis sparked by the COVID-19 pandemic. In order to reduce expenses, in April 2020, the Board of Directors of the Company made the decision to consolidate the management of Blue Mountain Midstream within the Company's existing executive management team. The Company plans to further reduce expenses by integration of the operations of the two companies wherever practical. The Company incurred severance expenses of approximately $4 million and $5 million for the three months and six months ended June 30, 2020, respectively, in connection with these activities.

Impairment of Assets Held for Sale and Long-Lived Assets
During the six months ended June 30, 2020, the Company recorded noncash impairment charges of approximately $122 million. Of this, approximately $88 million related to proved and unproved oil and natural gas properties located in Oklahoma, approximately $12 million related to properties to be divested located in North Louisiana, and approximately $4 million related to divested properties located in East Texas. In addition, approximately $18 million related to Blue Mountain Midstream's crude oil gathering system assets. The impairment charges were primarily due to a decline in commodity prices and a decline in expected future volumes. See Note 1 for additional information.

2020 Oil and Natural Gas and Midstream Capital Budget
For 2020, the Company estimates its total capital expenditures, excluding acquisitions, will be approximately $22 million, including approximately $3 million related to its oil and natural gas capital program and approximately $19 million related to Blue Mountain Midstream. This estimate is under continuous review and subject to ongoing adjustments.

Impact of COVID-19 Pandemic

Certain remote work arrangements implemented by the Company in response to the COVID-19 pandemic have not adversely affected its ability to maintain operations, including financial reporting systems, internal control over financial reporting and disclosure controls and procedures. However, the COVID-19 pandemic is still evolving and identification of all trends,

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

events and uncertainties, including a possible widespread resurgence in COVID-19 infections in the second half of 2020 without the availability of generally effective therapeutics or a vaccine for the disease, that may impact the Company's financial condition and results of operations are unknown at this time, therefore the Company's results of operations for the three months and six months ended June 30, 2020, may not be indicative of its future results. If the pandemic and low commodity price environment continues, it may have a material adverse effect on the Company's operating cash flows, liquidity, and future development plans.

Financing Activities

Riviera Credit Facility
Riviera's credit agreement provides for a senior secured reserve-based revolving loan facility (the "Riviera Credit Facility") with a borrowing base and borrowing commitments of $30 million at June 30, 2020. On June 1, 2020, the Company entered into a Fifth Amendment (the "Amendment") to the Riviera Credit Facility. Pursuant to the Amendment, the borrowing base was reduced from $90 million to $30 million and the applicable margin for interest on borrowings was increased by 0.25%. A reduction to the borrowing base, in whole or in part, is expected should the Company close the sale of its interests in properties in North Louisiana and Oklahoma as currently anticipated. See Note 3. During the three months and six months ended June 30, 2020, the Company recorded a finance fee expense of approximately $468,000 related to the write-off of a portion of unamortized deferred financing fees due to the reduction of the Riviera Credit Facility borrowing base.

Blue Mountain Midstream Credit Facility
Blue Mountain Midstream's credit agreement provides for a senior secured revolving loan facility (the "Blue Mountain Credit Facility"), with a borrowing base and borrowing commitments of $200 million at June 30, 2020. The Blue Mountain Credit Facility together with the Riviera Credit Facility, are referred to as the "Credit Facilities").

Share Repurchase Program
On July 18, 2019, the Board of Directors of the Company authorized the repurchase of up to $150 million of the Company's outstanding shares of common stock. During the six months ended June 30, 2020, the Company repurchased an aggregate of 282,742 shares of common stock at an average price of $7.31 per share for a total cost of approximately $2 million. At July 31, 2020, approximately $22 million was available for share repurchases under the program. Any share repurchases are subject to restrictions in the Riviera Credit Facility.

Dividends
Although the Company paid cash distributions in 2019 and 2020, the Company is not paying a regular cash dividend. The Board of Directors periodically reviews the Company's liquidity position to evaluate whether or not to pay a cash dividend. Any future payment of cash dividends would be subject to the restrictions in the Riviera Credit Facility.

Cash Distributions
On March 9, 2020, the Board of Directors of the Company declared a cash distribution of $1.00 per share. A cash distribution totaling approximately $58 million was paid on April 22, 2020, to shareholders of record as of the close of business on April 8, 2020. On April 23, 2020, the Board of Directors of the Company declared a cash distribution of $0.75 per share. The distribution totaling approximately $43 million was paid on May 11, 2020, to shareholders of record as of the close of business on May 7, 2020. In addition, approximately $13 million and $11 million for potential future distributions related to nonvested share-based compensation awards was voluntarily recorded in restricted cash at June 30, 2020, and December 31, 2019, respectively. At June 30, 2020, and December 31, 2019, distributions payable, based on the vesting schedule of awards, of approximately $819,000 and $2 million, respectively, related to outstanding share-based compensation awards was also recorded. These amounts are included in "other accrued liabilities" and "asset retirement obligations and other noncurrent liabilities" on the condensed consolidated balance sheets.

Commodity Derivatives

During the six months ended June 30, 2020, the Company entered into commodity derivative contracts consisting of natural gas fixed price swaps for 2021. In addition, the Company unwound certain of its oil fixed price swaps associated with Blue Mountain Midstream for 2020 and received proceeds of approximately $377,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Field Level Cash Flow

To assess the performance of the Company's reporting segments, the Company's Chief Operating Decision Maker ("CODM") analyzes field level cash flow, a non-generally accepted accounting principles financial metric. The Company defines field level cash flow as revenues less direct operating expenses. Other indirect income (expenses) include "general and administrative expenses," "exploration costs," "depreciation, depletion and amortization," "(gains) on sale of assets and other, net," "impairment of long-lived assets," "other income and (expenses)" and "reorganization items, net." Field level cash flow is disclosed herein to provide financial information about the Company's reporting segments in alignment with the information reviewed by its CODM. Information regarding total assets by reporting segment is not presented because it is not reviewed by the CODM.

During the first quarter of 2020, the definition of field level cash flow analyzed by the Company's CODM was revised to report within segment results, expenses previously reported as unallocated to segments. Information presented for the prior period has been recast to conform to current presentation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Results of Operations

Three Months Ended June 30, 2020, Compared to Three Months Ended June 30, 2019

	Three Months Ended June 30,		
	2020	**2019**	**Variance**
	(in thousands)		
Revenues and other:			
Natural gas sales	$ 5,439	$ 46,604	$ (41,165)
Oil sales	4,210	10,222	(6,012)
NGL sales	1,285	9,931	(8,646)
Total oil, natural gas and NGL sales	10,934	66,757	(55,823)
Gains (losses) on commodity derivatives	(1,358)	20,249	(21,607)
Marketing and other revenues	21,873	58,544	(36,671)
	31,449	145,550	(114,101)
Expenses:			
Lease operating expenses	2,894	23,845	(20,951)
Transportation expenses	1,209	18,053	(16,844)
Marketing expenses	16,828	41,811	(24,983)
General and administrative expenses (1)	11,219	13,489	(2,270)
Exploration costs	—	969	(969)
Depreciation, depletion and amortization	4,793	23,181	(18,388)
Impairment of assets held for sale and long-lived assets	14,874	18,390	(3,516)
Taxes, other than income taxes	1,375	2,599	(1,224)
(Gains) losses on sale of assets and other, net	(2,491)	9,885	(12,376)
	50,701	152,222	(101,521)
Other income and (expenses)	(1,687)	(1,627)	(60)
Reorganization items, net	(273)	(424)	151
Loss before income taxes	(21,212)	(8,723)	(12,489)
Income tax benefit	—	(2,047)	2,047
Net loss	$ (21,212)	$ (6,676)	$ (14,536)

(1) General and administrative expenses for the three months ended June 30, 2020, and June 30, 2019, include approximately $(323,000) and $4 million, respectively, of share-based compensation expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

	Three Months Ended June 30,		
	2020	2019	Variance
Average daily production:			
Natural gas (MMcf/d)	37	236	(84%)
Oil (MBbls/d)	1.3	1.9	(32%)
NGL (MBbls/d)	1.1	6.4	(83%)
Total (MMcfe/d)	52	286	(82%)
Weighted average prices: (1)			
Natural gas (Mcf)	$ 1.60	$ 2.17	(26%)
Oil (Bbl)	$ 34.53	$ 58.11	(41%)
NGL (Bbl)	$ 12.36	$ 17.15	(28%)
Average NYMEX prices:			
Natural gas (MMBtu)	$ 1.72	$ 2.64	(35%)
Oil (Bbl)	$ 27.85	$ 59.81	(53%)
Costs per Mcfe of production:			
Lease operating expenses	$ 0.61	$ 0.92	(34%)
Transportation expenses	$ 0.25	$ 0.69	(64%)
General and administrative expenses (2)	$ 2.35	$ 0.52	352%
Depreciation, depletion and amortization	$ 1.01	$ 0.89	13%
Taxes, other than income taxes	$ 0.29	$ 0.10	190%

(1) Does not include the effect of gains (losses) on derivatives.

(2) General and administrative expenses for the three months ended June 30, 2020, and June 30, 2019, include approximately $(323,000) and $4 million, respectively, of share-based compensation expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Upstream Reporting Segment

	Three Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Oil, natural gas and NGL sales	$ 10,934	$ 66,757	$ (55,823)
Marketing and other revenues	851	15,900	(15,049)
	11,785	82,657	(70,872)
Lease operating expenses	2,894	23,845	(20,951)
Transportation expenses	1,209	18,053	(16,844)
Marketing expenses	10	7,836	(7,826)
Taxes, other than income taxes	1,097	1,891	(794)
Total direct operating expenses	5,210	51,625	(46,415)
Field level cash flow (1)	$ 6,575	$ 31,032	$ (24,457)

(1) Refer to Note 17 for a reconciliation of field level cash flow to (loss) income before income taxes.

Oil, Natural Gas and NGL Sales

Oil, natural gas and NGL sales decreased by approximately $56 million or 84% to approximately $11 million for the three months ended June 30, 2020, from approximately $67 million for the three months ended June 30, 2019, primarily due to lower natural gas and NGL volumes as a result of divestitures completed in 2019 and 2020 and lower commodity prices. Lower natural gas and oil prices resulted in a decrease in revenues of approximately $2 million and $3 million, respectively.

Average daily production volumes decreased to approximately 52 MMcfe/d for the three months ended June 30, 2020, from 286 MMcfe/d for the three months ended June 30, 2019. Lower natural gas, NGL and oil production volumes resulted in a decrease in revenues of approximately $40 million, $8 million and $3 million, respectively.

The following table sets forth average daily production by region:

	Three Months Ended June 30,			
	2020	2019	Variance	
Average daily production (MMcfe/d):				
Hugoton Basin	—	114	(114)	(100%)
Mid-Continent	36	40	(4)	(10%)
East Texas	—	43	(43)	(100%)
North Louisiana	16	43	(27)	(63%)
Uinta Basin	—	18	(18)	(100%)
Michigan/Illinois	—	28	(28)	(100%)
	52	286	(234)	(82%)

Production volumes in the Mid-Continent were consistent with the comparable period of the prior year. The decrease in average daily production in North Louisiana primarily reflects a reduction in production due to reduced development drilling and natural decline of 2019 drilling programs, plant downtime, and the divestiture of non-core assets in 2019. The Company completed the divestiture of all of its properties located in the East Texas and Uinta Basin operating regions in 2020. In addition, the Company completed the divestiture of all of its properties located in the Hugoton Basin and Michigan/Illinois operating regions in 2019. See Note 3 for additional information about divestitures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Marketing and Other Revenues

	Three Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Jayhawk plant and helium	$ —	$ 14,141	$ (14,141)
Other	851	1,759	(908)
	$ 851	$ 15,900	$ (15,049)

Marketing and other revenues decreased by approximately $15 million or 95% to approximately $1 million for the three months ended June 30, 2020, from approximately $16 million for the three months ended June 30, 2019. The decrease was primarily due to the Hugoton Basin Assets Sale, which included sale of the Jayhawk plant. Other primarily includes revenues from other midstream systems in the East Texas and North Louisiana operating regions. The Company completed the divestiture of all of its properties located in the East Texas region in 2020.

Lease Operating Expenses

Lease operating expenses include expenses such as labor, field office, vehicle, supervision, maintenance, tools and supplies, and workover expenses. Lease operating expenses decreased by approximately $21 million or 88% to approximately $3 million for the three months ended June 30, 2020, from approximately $24 million for the three months ended June 30, 2019. The decrease was primarily due to divestitures completed in 2019 and 2020 and lower service costs. Lease operating expenses per Mcfe decreased to $0.61 per Mcfe for the three months ended June 30, 2020, from $0.92 per Mcfe for the three months ended June 30, 2019, primarily driven by changes in the Company's asset base as a result of divestitures.

Transportation Expenses

Transportation expenses decreased by approximately $17 million or 93% to approximately $1 million for the three months ended June 30, 2020, from approximately $18 million for the three months ended June 30, 2019. The decrease was primarily due to divestitures completed in 2019 and 2020. Transportation expenses per Mcfe decreased to $0.25 per Mcfe for the three months ended June 30, 2020, from $0.69 per Mcfe for the three months ended June 30, 2019, primarily driven by changes in the Company's asset base as a result of divestitures.

Marketing Expenses

	Three Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Jayhawk plant	$ —	$ 7,171	$ (7,171)
Other	10	665	(655)
	$ 10	$ 7,836	$ (7,826)

Marketing expenses represent third-party activities associated with company-owned gathering systems, plants and facilities. Marketing expenses decreased by approximately $8 million or 100% to approximately $10,000 for the three months ended June 30, 2020, from approximately $8 million for the three months ended June 30, 2019. The decrease was primarily due to the Hugoton Basin Assets Sale, which included sale of the Jayhawk plant.

Taxes, Other Than Income Taxes

	Three Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Severance taxes	$ 827	$ 2,484	$ (1,657)
Ad valorem taxes	66	3,662	(3,596)
Other taxes	204	(4,255)	4,459
	$ 1,097	$ 1,891	$ (794)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Severance taxes, which are a function of revenues generated from production, decreased primarily due to lower production volumes due to divestitures completed in 2019 and 2020. Ad valorem taxes, which are based on the value of reserves and production equipment and vary by location, decreased primarily due to divestitures completed in 2019 and 2020. Other taxes include a sales tax refund of approximately $4 million during the three months ended June 30, 2019.

Field Level Cash Flow
Field level cash flow decreased by approximately $24 million or 79% to approximately $7 million for the three months ended June 30, 2020, from approximately $31 million for the three months ended June 30, 2019. The decrease was primarily due to divestitures completed in 2019 and 2020 and lower commodity prices.

Blue Mountain Reporting Segment

	Three Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Marketing revenues	$ 21,022	$ 42,644	$ (21,622)
Marketing expenses	16,818	33,975	(17,157)
Taxes, other than income taxes	278	708	(430)
Total direct operating expenses	17,096	34,683	(17,587)
Field level cash flow (1)	$ 3,926	$ 7,961	$ (4,035)

(1) Refer to Note 17 for a reconciliation of field level cash flow to (loss) income before income taxes.

Marketing Revenues
Marketing revenues decreased by approximately $22 million or 51% to approximately $21 million for the three months ended June 30, 2020, from approximately $43 million for the three months ended June 30, 2019. The decrease was primarily due to lower commodity prices, lower volumes, production curtailments and contract disputes during 2020. Average daily throughput volumes decreased to approximately 97 MMcf/d for the three months ended June 30, 2020, from 120 MMcf/d for the three months ended June 30, 2019.

Marketing Expenses
Marketing expenses decreased by approximately $17 million or 50% to approximately $17 million for the three months ended June 30, 2020, from approximately $34 million for the three months ended June 30, 2019. The decrease was primarily due to lower commodity prices during 2020. The decrease was partially offset by higher marketing expenses due to discounts on gathering fees offered to producers in the second quarter of 2020.

Field Level Cash Flow
Field level cash flow decreased by approximately $4 million or 51% to approximately $4 million for the three months ended June 30, 2020, from approximately $8 million for the three months ended June 30, 2019, primarily due to lower revenues.

Indirect Income and Expenses

Gains (Losses) on Commodity Derivatives
Losses on commodity derivatives were approximately $1 million for the three months ended June 30, 2020, compared to gains of approximately $20 million for the three months ended June 30, 2019. Gains and losses on commodity derivatives were primarily due to changes in fair value of the derivative contracts. The fair value on unsettled derivative contracts changes as future commodity price expectations change compared to the contract prices on the derivatives. If the expected future commodity prices increase compared to the contract prices on the derivatives, losses are recognized; and if the expected future commodity prices decrease compared to the contract prices on the derivatives, gains are recognized.

The Company determines the fair value of its commodity derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. See Item 3. "Quantitative and Qualitative Disclosures About Market Risk" and

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Note 7 and Note 8 for additional details about the Company's commodity derivatives. For information about the Company's credit risk related to derivative contracts, see "Counterparty Credit Risk" under "Liquidity and Capital Resources" below.

General and Administrative Expenses
General and administrative expenses are costs not directly associated with field operations and reflect the costs of employees including executive officers, related benefits, office leases and professional fees. General and administrative expenses decreased by approximately $2 million or 17% to approximately $11 million for the three months ended June 30, 2020, from approximately $13 million for the three months ended June 30, 2019. The decrease was primarily due to lower share-based compensation expenses and lower salaries and benefits related expenses resulting from lower headcount. Share-based compensation expenses were a negative expense of approximately $323,000 for the three months ended June 30, 2020, based on the fair value of outstanding awards. General and administrative expenses per Mcfe increased to $2.35 per Mcfe for the three months ended June 30, 2020, from $0.52 per Mcfe for the three months ended June 30, 2019, due to lower production volumes associated with divestitures and increased severance expenses. Severance expenses were approximately $4 million for the three months ended June 30, 2020, compared to none for the three months ended June 30, 2019.

Exploration Costs
No exploration costs were incurred during the three months ended June 30, 2020. Exploration costs were approximately $1 million for the three months ended June 30, 2019.

Depreciation, Depletion and Amortization
Depreciation, depletion and amortization decreased by approximately $18 million or 79% to approximately $5 million for the three months ended June 30, 2020, from approximately $23 million for the three months ended June 30, 2019. Depreciation, depletion and amortization per Mcfe increased to $1.01 per Mcfe for the three months ended June 30, 2020, from $0.89 per Mcfe for the three months ended June 30, 2019.

Impairment of Assets Held for Sale and Long-Lived Assets
During the three months ended June 30, 2020, the Company recorded noncash impairment charges of approximately $15 million. Of this, approximately $12 million related to oil and natural gas properties to be divested located in North Louisiana and approximately $2 million related to divested properties located in East Texas. In addition, approximately $1 million related to Blue Mountain Midstream's crude oil gathering system assets. The impairment charges were primarily due to a decline in commodity prices and a decline in expected future volumes. During the three months ended June 30, 2019, the Company recorded a noncash impairment charge of approximately $18 million associated with Michigan proved oil and natural gas properties held for sale at June 30, 2019. The impairment charge was primarily due to a decline in commodity prices. See Note 1 for additional information about impairment and Note 3 for information about divestitures.

(Gains) Losses on Sale of Assets and Other, Net
During the three months ended June 30, 2020, the Company recorded a net gain of approximately $2 million, primarily related to divestitures, partially offset by a loss on disposal of furniture and equipment. During the three months ended June 30, 2019, the Company recorded a net loss of approximately $10 million, primarily related to a net loss of approximately $9 million on the sale of its interest in non-operated properties located in the Hugoton Basin. See Note 3 for information about divestitures.

Other Income and (Expenses)

	Three Months Ended June 30,		
	2020	**2019**	**Variance**
	(in thousands)		
Interest expense, net of amounts capitalized	$ (739)	$ (2,103)	$ 1,364
Other, net	(948)	476	(1,424)
	$ (1,687)	$ (1,627)	$ (60)

Interest expense decreased primarily due to lower outstanding debt during the three months ended June 30, 2020, compared to the same period of the prior year. For the three months ended June 30, 2020, "other, net" is primarily related to the write-off of a portion of unamortized deferred financing fees of approximately $468,000 and commitment fees for the undrawn

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portion of the Credit Facilities. For the three months ended June 30, 2019, "other, net" is primarily related to interest and rental income, partially offset by commitment fees for the undrawn portion of the Credit Facilities. See "Debt" under "Liquidity and Capital Resources" below for additional details.

Reorganization Items, Net

Reorganization items represent costs directly associated with Chapter 11 proceedings since the petition date. During the three months ended June 30, 2020, and June 30, 2019, reorganization items were approximately $273,000 and $424,000, respectively, primarily related to legal and other professional fees.

Income Tax Benefit

The Company recognized no income tax expense for the three months ended June 30, 2020, because of a full valuation allowance recorded in the third quarter of 2019, compared to an income tax benefit of approximately $2 million for the three months ended June 30, 2019.

Net Loss

A net loss of approximately $21 million was incurred for the three months ended June 30, 2020, compared to approximately $7 million for the three months ended June 30, 2019. See discussion above for explanations of variances.

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Results of Operations

Six Months Ended June 30, 2020, Compared to Six Months Ended June 30, 2019

	Six Months Ended June 30,		
	2020	**2019**	**Variance**
	(in thousands)		
Revenues and other:			
Natural gas sales	$ 14,899	$ 103,741	$ (88,842)
Oil sales	8,580	15,950	(7,370)
NGL sales	2,253	23,411	(21,158)
Total oil, natural gas and NGL sales	25,732	143,102	(117,370)
Gains on commodity derivatives	6,721	7,008	(287)
Marketing and other revenues	55,826	131,894	(76,068)
	88,279	282,004	(193,725)
Expenses:			
Lease operating expenses	7,845	47,897	(40,052)
Transportation expenses	3,383	37,203	(33,820)
Marketing expenses	38,147	95,200	(57,053)
General and administrative expenses (1)	21,123	32,480	(11,357)
Exploration costs	—	2,207	(2,207)
Depreciation, depletion and amortization	15,112	44,953	(29,841)
Impairment of assets held for sale and long-lived assets	121,658	18,390	103,268
Taxes, other than income taxes	2,590	8,899	(6,309)
(Gains) losses on sale of assets and other, net	(2,031)	(17,380)	15,349
	207,827	269,849	(62,022)
Other income and (expenses)	(2,676)	(3,187)	511
Reorganization items, net	(494)	(472)	(22)
(Loss) income before income taxes	(122,718)	8,496	(131,214)
Income tax expense	—	2,446	(2,446)
Net (loss) income	$ (122,718)	$ 6,050	$ (128,768)

(1) General and administrative expenses for the six months ended June 30, 2020, and June 30, 2019, include approximately $(3) million and $10 million, respectively, of share-based compensation expenses.

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	Six Months Ended June 30,		
	2020	2019	Variance
Average daily production:			
Natural gas (MMcf/d)	49	226	(78%)
Oil (MBbls/d)	1.2	1.6	(25%)
NGL (MBbls/d)	1.0	6.7	(85%)
Total (MMcfe/d)	62	275	(77%)
Weighted average prices: (1)			
Natural gas (Mcf)	$ 1.68	$ 2.54	(34%)
Oil (Bbl)	$ 39.42	$ 56.25	(30%)
NGL (Bbl)	$ 11.96	$ 19.44	(38%)
Average NYMEX prices:			
Natural gas (MMBtu)	$ 1.83	$ 2.89	(37%)
Oil (Bbl)	$ 37.01	$ 57.36	(35%)
Costs per Mcfe of production:			
Lease operating expenses	$ 0.69	$ 0.96	(28%)
Transportation expenses	$ 0.30	$ 0.75	(60%)
General and administrative expenses (2)	$ 1.87	$ 0.65	188%
Depreciation, depletion and amortization	$ 1.34	$ 0.90	49%
Taxes, other than income taxes	$ 0.23	$ 0.18	28%

(1) Does not include the effect of gains (losses) on derivatives.

(2) General and administrative expenses for the six months ended June 30, 2020, and June 30, 2019, include approximately $(3) million and $10 million, respectively, of share-based compensation expenses.

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Upstream Reporting Segment

	Six Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Oil, natural gas and NGL sales	$ 25,732	$ 143,102	$ (117,370)
Marketing and other revenues	2,738	46,922	(44,184)
	28,470	190,024	(161,554)
Lease operating expenses	7,845	47,897	(40,052)
Transportation expenses	3,383	37,203	(33,820)
Marketing expenses	64	27,620	(27,556)
Taxes, other than income taxes	1,721	7,516	(5,795)
Total direct operating expenses	13,013	120,236	(107,223)
Field level cash flow (1)	$ 15,457	$ 69,788	$ (54,331)

(1) Refer to Note 17 for a reconciliation of field level cash flow to income (loss) before income taxes.

Oil, Natural Gas and NGL Sales

Oil, natural gas and NGL sales decreased by approximately $117 million or 82% to approximately $26 million for the six months ended June 30, 2020, from approximately $143 million for the six months ended June 30, 2019, primarily due to lower production volumes as a result of divestitures completed in 2019 and 2020 and lower commodity prices. Lower natural gas, NGL and oil prices resulted in a decrease in revenues of approximately $7 million, $1 million and $4 million, respectively.

Average daily production volumes decreased to approximately 62 MMcfe/d for the six months ended June 30, 2020, from 275 MMcfe/d for the six months ended June 30, 2019. Lower natural gas, NGL and oil production volumes resulted in a decrease in revenues of approximately $81 million, $20 million and $4 million, respectively.

The following table sets forth average daily production by region:

	Six Months Ended June 30,			
	2020	2019	Variance	
Average daily production (MMcfe/d):				
Hugoton Basin	—	119	(119)	(100%)
Mid-Continent	33	36	(3)	(8%)
East Texas	8	44	(36)	(82%)
North Louisiana	19	31	(12)	(39%)
Uinta Basin	2	17	(15)	(88%)
Michigan/Illinois	—	28	(28)	(100%)
	62	275	(213)	(77%)

Production volumes in the Mid-Continent were consistent with the comparable period of the prior year. The decrease in average daily production in North Louisiana primarily reflects a reduction in production due to reduced development drilling and natural decline of 2019 drilling programs, plant downtime, and the divestiture of non-core assets in 2019. The decreases in average daily production volumes in the Uinta Basin and East Texas operating regions primarily reflect lower production volumes as a result of divestitures completed in 2020. In addition, the Company completed the divestiture of all of its properties located in the Hugoton Basin and Michigan/Illinois operating regions in 2019. See Note 3 for additional information about divestitures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Marketing and Other Revenues

	Six Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Jayhawk plant and helium	$ 16	$ 43,310	$ (43,294)
Other	2,722	3,612	(890)
	$ 2,738	$ 46,922	$ (44,184)

Marketing and other revenues decreased by approximately $44 million or 94% to approximately $3 million for the six months ended June 30, 2020, from approximately $47 million for the six months ended June 30, 2019. The decrease was primarily due to the Hugoton Basin Assets Sale, which included sale of the Jayhawk plant. Other primarily includes revenues from other midstream systems in the East Texas and North Louisiana operating regions.

Lease Operating Expenses

Lease operating expenses include expenses such as labor, field office, vehicle, supervision, maintenance, tools and supplies, and workover expenses. Lease operating expenses decreased by approximately $40 million or 84% to approximately $8 million for the six months ended June 30, 2020, from approximately $48 million for the six months ended June 30, 2019. The decrease was primarily due to divestitures completed in 2019 and 2020 and lower service costs. Lease operating expenses per Mcfe decreased to $0.69 per Mcfe for the six months ended June 30, 2020, from $0.96 per Mcfe for the six months ended June 30, 2019.

Transportation Expenses

Transportation expenses decreased by approximately $34 million or 91% to approximately $3 million for the six months ended June 30, 2020, from approximately $37 million for the six months ended June 30, 2019. Transportation expenses per Mcfe decreased to $0.30 per Mcfe for the six months ended June 30, 2020, from $0.75 per Mcfe for the six months ended June 30, 2019, primarily driven by changes in the Company's asset base as a result of divestitures.

Marketing Expenses

	Six Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Jayhawk plant	$ (120)	$ 26,191	$ (26,311)
Other	184	1,429	(1,245)
	$ 64	$ 27,620	$ (27,556)

Marketing expenses represent third-party activities associated with company-owned gathering systems, plants and facilities. Marketing expenses decreased by approximately $28 million or 100% to approximately $64,000 for the six months ended June 30, 2020, from approximately $28 million for the six months ended June 30, 2019. The decrease was primarily due to the Hugoton Basin Assets Sale, which included sale of the Jayhawk plant and a credit to expense from receipt of an electric co-op refund during the six months ended June 30, 2020.

Taxes, Other Than Income Taxes

	Six Months Ended June 30,		
	2020	2019	Variance
	(in thousands)		
Severance taxes	$ 1,263	$ 4,645	$ (3,382)
Ad valorem taxes	111	7,024	(6,913)
Other taxes	347	(4,153)	4,500
	$ 1,721	$ 7,516	$ (5,795)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Severance taxes, which are a function of revenues generated from production, decreased primarily due to lower production volumes due to divestitures completed in 2019 and 2020. Ad valorem taxes, which are based on the value of reserves and production equipment and vary by location, decreased primarily due to divestitures completed in 2019 and 2020. Other taxes include a sales tax refund of approximately $4 million during the six months ended June 30, 2019.

Field Level Cash Flow
Field level cash flow decreased by approximately $55 million or 78% to approximately $15 million for the six months ended June 30, 2020, from approximately $70 million for the six months ended June 30, 2019. The decrease was primarily due to divestitures completed in 2019 and 2020 and lower commodity prices.

Blue Mountain Reporting Segment

	Six Months Ended June 30,		
	2020	**2019**	**Variance**
	(in thousands)		
Marketing revenues	$ 53,088	$ 84,972	$ (31,884)
Marketing expenses	38,083	67,580	(29,497)
Taxes, other than income taxes	869	1,383	(514)
Total direct operating expenses	38,952	68,963	(30,011)
Field level cash flow (1)	$ 14,136	$ 16,009	$ (1,873)

(1) Refer to Note 17 for a reconciliation of field level cash flow to loss before income taxes.

Marketing Revenues
Marketing revenues decreased by approximately $32 million or 38% to approximately $53 million for the six months ended June 30, 2020, from approximately $85 million for the six months ended June 30, 2019. The decrease was primarily due to lower commodity prices, lower volumes, production curtailments and contract disputes during 2020, partially offset by revenues from the water service business beginning in the second quarter of 2019. Average daily throughput volumes decreased to approximately 108 MMcf/d for the six months ended June 30, 2020, from 118 MMcf/d for the six months ended June 30, 2019.

Marketing Expenses
Marketing expenses decreased by approximately $30 million or 44% to approximately $38 million for the six months ended June 30, 2020, from approximately $68 million for the six months ended June 30, 2019. The decrease was primarily due to lower commodity prices during 2020, partially offset by expenses related to the water services business and higher marketing expenses due to discounts on gathering fees offered to producers in the second quarter of 2020.

Field Level Cash Flow
Field level cash flow decreased by approximately $2 million or 12% to approximately $14 million for the six months ended June 30, 2020, from approximately $16 million for the six months ended June 30, 2019, primarily due to lower revenues.

Indirect Income and Expenses Not Allocated to Segments

Gains on Commodity Derivatives
Gains on commodity derivatives were approximately $7 million for both the six months ended June 30, 2020, and the six months ended June 30, 2019. Gains on commodity derivatives were primarily due to changes in fair value of the derivative contracts. The fair value on unsettled derivative contracts changes as future commodity price expectations change compared to the contract prices on the derivatives. If the expected future commodity prices increase compared to the contract prices on the derivatives, losses are recognized; and if the expected future commodity prices decrease compared to the contract prices on the derivatives, gains are recognized.

The Company determines the fair value of its commodity derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. See Item 3. "Quantitative and Qualitative Disclosures About Market Risk" and

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Note 7 and Note 8 for additional details about the Company's commodity derivatives. For information about the Company's credit risk related to derivative contracts, see "Counterparty Credit Risk" under "Liquidity and Capital Resources" below.

General and Administrative Expenses
General and administrative expenses are costs not directly associated with field operations and reflect the costs of employees including executive officers, related benefits, office leases and professional fees. General and administrative expenses decreased by approximately $11 million or 35% to approximately $21 million for the six months ended June 30, 2020, from approximately $32 million for the six months ended June 30, 2019. The decrease was primarily due to lower share-based compensation expenses and lower salaries and benefits related expenses due to lower headcount. Share-based compensation expenses were a negative expense of approximately $3 million for the six months ended June 30, 2020, based on the fair value of outstanding awards. General and administrative expenses per Mcfe increased to $1.87 per Mcfe for the six months ended June 30, 2020, from $0.65 per Mcfe for the six months ended June 30, 2019, due to lower production volumes associated with divestitures and increased severance expenses. Severance expenses were approximately $5 million for the six months ended June 30, 2020, compared to none for the six months ended June 30, 2019.

Exploration Costs
No exploration costs were incurred during the six months ended June 30, 2020. Exploration costs were approximately $2 million for the six months ended June 30, 2019.

Depreciation, Depletion and Amortization
Depreciation, depletion and amortization decreased by approximately $30 million or 66% to approximately $15 million for the six months ended June 30, 2020, from approximately $45 million for the six months ended June 30, 2019. Depreciation, depletion and amortization per Mcfe increased to $1.34 per Mcfe for the six months ended June 30, 2020, from $0.90 per Mcfe for the six months ended June 30, 2019.

Impairment of Assets Held for Sale and Long-Lived Assets
During the six months ended June 30, 2020, the Company recorded noncash impairment charges of approximately $122 million. Of this, approximately $88 million related to proved and unproved oil and natural gas properties located in Oklahoma, approximately $12 million related to properties to be divested located in North Louisiana, and approximately $4 million related to divested properties located in East Texas. In addition, approximately $18 million related to Blue Mountain Midstream's crude oil gathering system assets. The impairment charges were primarily due to a decline in commodity prices and a decline in expected future volumes. During the six months ended June 30, 2019, the Company recorded a noncash impairment charge of approximately $18 million associated with Michigan proved oil and natural gas properties held for sale at June 30, 2019. The impairment charge was primarily due to a decline in commodity prices. See Note 1 for additional information about impairment and Note 3 for information about divestitures.

Gains (Losses) on Sale of Assets and Other, Net
During the six months ended June 30, 2020, the Company recorded a net gain of approximately $2 million, including a net gain of approximately $1 million on the Drunkards Wash Asset Sale. The net gain was partially offset by a loss on disposal of furniture and equipment. During the six months ended June 30, 2019, the Company recorded a net gain of approximately $17 million, primarily related to a net gain of approximately $28 million on the Arkoma Assets Sale, partially offset by a net loss of approximately $9 million on the sale of interest in non-operated properties in the Hugoton Basin. See Note 3 for information about divestitures.

Other Income and (Expenses)

	Six Months Ended June 30,		
	2020	**2019**	**Variance**
	(in thousands)		
Interest expense, net of amounts capitalized	$ (1,668)	$ (3,074)	$ 1,406
Other, net	(1,008)	(113)	(895)
	$ (2,676)	$ (3,187)	$ 511

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Interest expense decreased primarily due to lower outstanding debt during the six months ended June 30, 2020, compared to the same period of the prior year. For the six months ended June 30, 2020, "other, net" is primarily related to the write-off of a portion of unamortized deferred financing fees of approximately $468,000 and commitment fees for the undrawn portion of the Credit Facilities, partially offset by interest income and rental income. For the six months ended June 30, 2019, "other, net" is primarily related to commitment fees for the undrawn portion of the Credit Facilities, offset by interest income and rental income. See "Debt" under "Liquidity and Capital Resources" below for additional details.

Reorganization Items, Net

Reorganization items represent costs directly associated with the Chapter 11 proceedings since the petition date. During the six months ended June 30, 2020, and June 30, 2019, reorganization items were approximately $494,000 and $472,000, respectively, primarily related to legal and other professional fees.

Income Tax Expense

The Company recognized no income tax expense for the six months ended June 30, 2020, because of a full valuation allowance recorded in the third quarter of 2019, compared to income tax expense of approximately $2 million for the six months ended June 30, 2019.

Net (Loss) Income

A net loss of approximately $123 million was incurred for the six months ended June 30, 2020, compared to net income of approximately $6 million for the six months ended June 30, 2019. See discussion above for explanations of variances.

Liquidity and Capital Resources

The Company's sources of cash have primarily consisted of proceeds from divestitures of oil and natural gas properties, net cash provided by operating activities and borrowings under the Blue Mountain Credit Facility. As a result of divesting certain oil and natural gas properties and selling an office building during the six months ended June 30, 2020, the Company received approximately $67 million in net cash proceeds. The Company has used its cash to fund capital expenditures, for distributions to shareholders, and for repurchases of Riviera common stock. Based on current expectations, the Company believes its liquidity and capital resources will be sufficient to conduct its business and operations.

Statements of Cash Flows

The following is a comparative cash flow summary:

	Six Months Ended June 30,	
	2020	**2019**
	(in thousands)	
Net cash:		
Net cash (used in) provided by operating activities	$ (12,285)	$ 58,801
Net cash provided by (used in) investing activities	41,287	(9,384)
Net cash (used in) provided by financing activities	(98,391)	7,492
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (69,389)	$ 56,909

Operating Activities
Cash used in operating activities was approximately $12 million for the six months ended June 30, 2020, compared to cash provided of approximately $59 million for the six months ended June 30, 2019.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Investing Activities
The following provides a comparative summary of cash flow from investing activities:

	Six Months Ended June 30,	
	2020	2019
	(in thousands)	
Cash flow from investing activities:		
Capital expenditures	$ (25,628)	$ (104,675)
Proceeds from sale of properties, equipment and other	66,915	95,291
Net cash provided by (used in) investing activities	$ 41,287	$ (9,384)

The primary source of cash provided by investing activities was proceeds from the sale of properties, equipment and other. The primary uses of cash from investing activities was plant and pipeline expenditures by Blue Mountain Midstream and development of oil and natural gas properties. The six months ended June 30, 2019, includes expenditures for construction of Blue Mountain Midstream's cryogenic natural gas processing facility, water facilities and related compression and gathering systems. Capital expenditures decreased primarily due to lower spending on plant and pipeline construction related to Blue Mountain Midstream. The Company made no material acquisitions of properties during the six months ended June 30, 2020, or June 30, 2019.

Proceeds from sale of properties, equipment and other for the six months ended June 30, 2020, include cash proceeds received of approximately $4 million from the Drunkards Wash Assets Sale (excluding a deposit of approximately $450,000 received in 2019), approximately $15 million from the Overton Assets Sale (excluding a deposit of approximately $2 million received in 2019), approximately $25 million from the Personville Assets Sale (excluding a deposit of approximately $3 million received in 2019), approximately $392,000 from the sale of properties located in East Texas and approximately $21 million from the sale of an office building in Oklahoma. See Note 3 for additional details about divestitures.

See below for details regarding accrued and paid capital expenditures for the periods presented:

	Six Months Ended June 30,	
	2020	2019
	(in thousands)	
Oil and natural gas	$ 1,217	$ 53,700
Plant and pipeline	12,601	45,783
Other	340	2,033
Capital expenditures, excluding acquisitions	$ 14,158	$ 101,516

The decrease in capital expenditures was primarily due to lower oil and natural gas development activities and lower plant and pipeline construction activities associated with Blue Mountain Midstream in response to declines in commodity prices and expected future volumes. For 2020, the Company estimates its total capital expenditures, excluding acquisitions, will be approximately $22 million, including approximately $3 million related to its oil and natural gas capital program and approximately $19 million related to Blue Mountain Midstream. This estimate is under continuous review and subject to ongoing adjustments.

Financing Activities
Cash used in financing activities was approximately $98 million for the six months ended June 30, 2020, compared to cash provided of approximately $7 million for the six months ended June 30, 2019. During the six months ended June 30, 2020, the primary use of cash was distributions to shareholders of approximately $101 million. During the six months ended June 30, 2019, the primary sources of cash were borrowings under Mayzure notes and the Blue Mountain Credit Facility, partially offset by repurchases of common stock and repayments under the Riviera Credit Facility.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

The following provides a comparative summary of proceeds from borrowings and repayments of debt:

	Six Months Ended June 30,	
	2020	2019
	(in thousands)	
Proceeds from borrowings:		
Mayzure Notes	$ —	$ 81,925
Blue Mountain Credit Facility	5,600	33,300
	$ 5,600	$ 115,225
Repayments of debt:		
Riviera Credit Facility	$ —	$ (20,000)
Blue Mountain Credit Facility	—	(4,300)
Mayzure Notes	—	(2,649)
	$ —	$ (26,949)

Debt

At July 31, 2020, there were no borrowings outstanding and approximately $29 million of available borrowing capacity under the Riviera Credit Facility (which includes a reduction of approximately $701,000 for outstanding letters of credit). A reduction to the borrowing base, in whole or in part, is expected should the Company close the sale of its interests in properties in North Louisiana and Oklahoma as currently anticipated. See Note 3. At July 31, 2020, total borrowings outstanding under the Blue Mountain Credit Facility were approximately $76 million and there was approximately $114 million of available borrowing capacity (which includes a reduction of approximately $10 million for outstanding letters of credit), subject to covenant restrictions in the Blue Mountain Credit Facility. For additional information related to the Company's debt, see Note 6.

Share Repurchase Program

During the six months ended June 30, 2020, the Company repurchased an aggregate of 282,742 shares of common stock at an average price of $7.31 per share for a total cost of approximately $2 million.

Cash Distributions

On March 9, 2020, the Board of Directors of the Company declared a cash distribution of $1.00 per share. A cash distribution totaling approximately $58 million was paid on April 22, 2020, to shareholders of record as of the close of business on April 8, 2020. On April 23, 2020, the Board of Directors of the Company declared a cash distribution of $0.75 per share. The distribution totaling approximately $43 million was paid on May 11, 2020, to shareholders of record as of the close of business on May 7, 2020. In addition, approximately $13 million and $11 million for potential future distributions related to nonvested share-based compensation awards was recorded in restricted cash at June 30, 2020, and December 31, 2019, respectively.

Counterparty Credit Risk

The Company accounts for its commodity derivatives at fair value. A majority of the Company's counterparties are participants in its Credit Facilities. The Credit Facilities are secured by certain of the Company's and its subsidiaries' oil, natural gas and NGL reserves and personal property. The Company is not required to post any collateral. The Company does not receive collateral from its counterparties. The Company minimizes the credit risk in derivative instruments by: (i) limiting its exposure to any single counterparty; (ii) entering into derivative instruments only with counterparties that meet the Company's minimum credit quality standard, or have a guarantee from an affiliate that meets the Company's minimum credit quality standard; and (iii) monitoring the creditworthiness of the Company's counterparties on an ongoing basis. In accordance with the Company's standard practice, its commodity derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss due to counterparty nonperformance is somewhat mitigated.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Contingencies

See Part II. Item 1. "Legal Proceedings" for information regarding legal proceedings that the Company is party to and any contingencies related to these legal proceedings.

Off-Balance Sheet Arrangements

The Company enters into certain off-balance sheet arrangements and transactions, including short-term operating lease arrangements and undrawn letters of credit. In addition, the Company enters into other contractual agreements in the normal course of business for processing and transportation as well as for other oil and natural gas activities. Other than the items discussed above, there are no other arrangements, transactions or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect the Company's liquidity or capital resource positions.

Commitments and Contractual Obligations

The Company has long-term debt, asset retirement obligations, operating leases and commodity derivative liabilities that were summarized in the table of commitments and contractual obligations in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. With the exception of borrowings and repayments of the Company's debt obligations, there have been no other significant changes to the Company's obligations since December 31, 2019. For additional information related to the Company's debt, see Note 6.

Critical Accounting Policies and Estimates

The discussion and analysis of the Company's financial condition and results of operations is based on the condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that are believed to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. Actual results may differ from these estimates and assumptions used in the preparation of the financial statements.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards, see Note 1.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond the Company's control. These statements may include discussions about the Company's:

- business strategy;
- acquisition and disposition strategy;
- financial strategy;
- ability to comply with the covenants under the Credit Facilities;
- effects of legal proceedings;
- effects of public health crises, such as pandemics (including COVID-19) and epidemics, and any related government policies and actions;
- the scope, duration and severity of the COVID-19 pandemic, including any recurrence, as well as the timing of the economic recovery following the pandemic;
- drilling locations;
- oil, natural gas and NGL reserves;
- realized oil, natural gas and NGL prices;
- production volumes;

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

- midstream asset construction;
- key relationships with third parties relating to its midstream business;
- commitments under its midstream operations;
- capital expenditures;
- economic and competitive advantages;
- credit and capital market conditions;
- regulatory changes;
- lease operating expenses, general and administrative expenses and development costs;
- future operating results;
- plans, objectives, expectations and intentions; and
- taxes.

All of these types of statements, other than statements of historical fact included in this Quarterly Report on Form 10-Q, are forward-looking statements. These forward-looking statements may be found in Item 2. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are largely based on Company expectations, which reflect estimates and assumptions made by Company management. These estimates and assumptions reflect management's best judgment based on currently known market conditions and other factors. Although the Company believes such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties beyond its control. In addition, management's assumptions may prove to be inaccurate. The Company cautions that the forward-looking statements contained in this Quarterly Report on Form 10-Q are not guarantees of future performance, and it cannot assure any reader that such statements will be realized or the events will occur. Actual results may differ materially from those anticipated or implied in forward-looking statements due to factors set forth under the caption "Risk Factors" in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K for the year ended December 31, 2019, and elsewhere in the Annual Report. The forward-looking statements speak only as of the date made and, other than as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk is attributable to fluctuations in commodity prices. This risk can affect the Company's business, financial condition, operating results and cash flows. See below for quantitative and qualitative information about this risk.

The following should be read in conjunction with the financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The reference to a "Note" herein refers to the accompanying Notes to Condensed Consolidated Financial Statements contained in Item 1. "Financial Statements."

Commodity Price Risk

The Company's most significant market risk relates to prices of oil, natural gas and NGL. The Company expects commodity prices to remain volatile and unpredictable. As commodity prices decline or rise significantly, revenues and cash flows are likewise affected. In addition, future declines in commodity prices may result in noncash write-downs of the Company's carrying amounts of its assets.

Historically, the Company has hedged a portion of its forecasted production to reduce exposure to fluctuations in oil and natural gas prices and provide long-term cash flow predictability to manage its business. The Company does not enter into derivative contracts for trading purposes. The appropriate level of production to be hedged is an ongoing consideration based on a variety of factors, including among other things, current and future expected commodity market prices, the Company's overall risk profile, including leverage and size and scale considerations, as well as any requirements for or restrictions on levels of hedging contained in any credit facility or other debt instrument applicable at the time. In addition, when commodity prices are depressed and forward commodity price curves are flat or in backwardation, the Company may

determine that the benefit of hedging its anticipated production at these levels is outweighed by its resultant inability to obtain higher revenues for its production if commodity prices recover during the duration of the contracts. As a result, the appropriate percentage of production volumes to be hedged may change over time.

At June 30, 2020, the fair value of fixed price swaps was a net asset of approximately $5 million. A 10% increase in the New York Mercantile Exchange ("NYMEX") WTI oil and NYMEX Henry Hub natural gas prices above the June 30, 2020, prices would result in a net asset of approximately $3 million, which represents a decrease in the fair value of approximately $2 million; conversely, a 10% decrease in the NYMEX oil and Henry Hub natural gas prices below the June 30, 2020, prices would result in a net asset of approximately $7 million, which represents an increase in the fair value of approximately $2 million.

At December 31, 2019, the fair value of fixed price swaps was a net asset of approximately $6 million. A 10% increase in the NYMEX WTI oil and NYMEX Henry Hub natural gas prices above the December 31, 2019, prices would result in a net asset of approximately $3 million, which represents a decrease in the fair value of approximately $3 million; conversely, a 10% decrease in the NYMEX oil and Henry Hub natural gas prices below the December 31, 2019, prices would result in a net asset of approximately $10 million, which represents an increase in the fair value of approximately $4 million.

The Company determines the fair value of its commodity derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. Inputs to the pricing models include publicly available prices and forward price curves generated from a compilation of data gathered from third parties. Company management validates the data provided by third parties by understanding the pricing models used, obtaining market values from other pricing sources, analyzing pricing data in certain situations and confirming that those instruments trade in active markets.

The prices of oil, natural gas and NGL have been extremely volatile, and the Company expects this volatility to continue. Prices for these commodities may fluctuate widely in response to relatively minor changes in the supply of and demand for such commodities, market uncertainty, including regional conditions and a variety of additional factors that are beyond its control. Actual gains or losses recognized related to the Company's derivative contracts depend exclusively on the price of the commodities on the specified settlement dates provided by the derivative contracts. Additionally, the Company cannot be assured that its counterparties will be able to perform under its derivative contracts. If a counterparty fails to perform and the derivative arrangement is terminated, the Company's cash flows could be impacted.

Interest Rate Risk

At June 30, 2020, the Company had debt outstanding under the Credit Facilities of $75.4 million in the aggregate which debt incurred interest at floating rates. A 1% increase in the respective market rates would result in an estimated $754,000 increase in annual interest expense. At December 31, 2019, the Company had debt outstanding under the Credit Facilities of $69.8 million in the aggregate which debt incurred interest at floating rates. A 1% increase in the respective market rates would result in an estimated $698,000 increase in annual interest expense.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, and the Company's Audit Committee of the Board of Directors, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company carried out an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer

concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2020.

Changes in the Company's Internal Control Over Financial Reporting

The Company's management is also responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal controls were designed to provide reasonable assurance as to the reliability of its financial reporting and the preparation and presentation of the condensed consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the U.S.

Because of its inherent limitations, internal control over financial reporting may not detect or prevent misstatements. Projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

During the second quarter of 2020, under the supervision and with the participation of the Company's management, the Company completed the preparation and implementation of a series of changes to its control owners and processes to support consolidation of the management of Blue Mountain Midstream within the Company's existing executive management team. There were no other changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended June 30, 2020, that materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

On May 11, 2016, Linn Energy, LLC, certain of its direct and indirect subsidiaries, and LinnCo, LLC (collectively, the "LINN Debtors") and Berry Petroleum Company, LLC ("Berry" and collectively with the LINN Debtors, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. On January 27, 2017, the Bankruptcy Court entered an order approving and confirming the plan (the "Plan") of reorganization of the Debtors (the "Confirmation Order"). Consummation of the Plan was subject to certain conditions set forth in the Plan. On February 28, 2017, all of the conditions were satisfied or waived and the Plan became effective and was implemented in accordance with its terms. On September 27, 2018, the Bankruptcy Court closed the LINN Debtors' Chapter 11 cases, but retained jurisdiction as provided in the Confirmation Order.

The commencement of the Chapter 11 proceedings automatically stayed certain actions against the Company, including actions to collect prepetition liabilities or to exercise control over the property of the Company's bankruptcy estates. However, the Company is, and will continue to be until the final resolution of all claims, subject to certain contested matters and adversary proceedings stemming from the Chapter 11 proceedings, which are not affected by the closure of the LINN Debtors' Chapter 11 cases.

The Company is not currently a party to any litigation or pending claims that it believes would have a material adverse effect on its overall business, financial position, results of operations or liquidity; however, cash flow could be significantly impacted in the reporting periods in which such matters are resolved.

Item 1A. Risk Factors

The Company's business has many risks and there are factors that could materially adversely affect the Company's business, financial condition, operating results or liquidity and the trading price of the Company's shares. Except with respect to the risk factor set forth below, there have been no material changes to the risk factors disclosed in Part I, Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. This information should be considered carefully, together with other information in this report and other reports and materials the Company files with the U.S. Securities and Exchange Commission.

The recent COVID-19 pandemic and related economic repercussions have had, and are expected to continue to have, a significant impact on the Company's business, and depending on the duration of the pandemic and its effect on the oil and gas industry, could have a material adverse effect on the Company's business, liquidity, consolidated results of operations and consolidated financial condition.

The COVID-19 pandemic and related economic repercussions have created significant volatility, uncertainty, and turmoil in the oil and gas industry. To date, the COVID-19 outbreak has surfaced in all regions around the world and has severely impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets, all of which are expected to continue. These events have directly affected the Company's business and have exacerbated the potential negative impact from many of the risks described in the Company's Form 10-K for the year ended December 31, 2019, including those relating to the Company's customers' capital spending and trends in oil and natural gas prices. For example, demand for the Company's products and services is declining as the Company's customers continue to revise their capital budgets downwards and swiftly adjust their operations in response to lower commodity prices. In addition, the Company is facing logistical challenges including border closures, travel restrictions and an inability to commute to certain facilities and job sites, as the Company provides services and products to its customers. The Company is also experiencing inefficiencies surrounding stay-at-home orders and remote work arrangements.

In the midst of the ongoing COVID-19 pandemic, OPEC+ was initially unable to reach an agreement to continue to impose limits on the production of crude oil. The convergence of these events created the unprecedented dual impact of a global oil demand decline coupled with the risk of a substantial increase in supply. Oil demand has significantly deteriorated as a result of the virus outbreak and corresponding preventative measures taken around the world to mitigate the spread of the virus. At the same time, aggressive increases in production of oil by Saudi Arabia and Russia created a significant surplus in the supply of oil. WTI oil spot prices decreased from a high of $63 per barrel in early January 2020 to a low of $14 per barrel in late March 2020, a level which had not been experienced since March 1999, with physical markets showing signs of distress as spot prices have been negatively impacted by the lack of available storage capacity. While OPEC+ agreed in April to cut production, downward pressure on commodity prices has continued and could continue for the foreseeable future.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On July 18, 2019, the Board of Directors of the Company authorized the repurchase of up to $150 million of the Company's outstanding shares of common stock. Purchases may be made from time to time in negotiated purchases or in the open market, including through Rule 10b5-1 prearranged stock trading plans designed to facilitate the repurchase of the Company's shares during times it would not otherwise be in the market due to self-imposed trading blackout periods or possible possession of material nonpublic information. The timing and amounts of any such repurchases of shares will be subject to market conditions and certain other factors, and will be in accordance with applicable securities laws and other legal requirements, including restrictions contained in the Company's then current credit facility. The repurchase plan does not obligate the Company to acquire any specific number of shares and may be discontinued at any time.

There were no repurchases of shares of Riviera common stock by the Company during the second quarter of 2020.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number		Description
10.1	—	Fifth Amendment to Credit Agreement dated June 1, 2020, to the Credit Agreement dated as of August 4, 2017, among Linn Energy Holdco II LLC, as borrower, Linn Energy Holdco LLC, as parent, Linn Energy, Inc. as holdings, Royal Bank of Canada, as administrative agent, Citibank, N.A., as syndication agent, Barclays Bank PLC, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and PNC Bank National Association, as co-documentation agents, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to Form 8-K filed June 4, 2020)
10.2*	—	Purchase and Sale Agreement, dated July 27, 2020, by and between Riviera Upstream, LLC and Riviera Operating, LLC, as seller, and NGLF Energy, LLC, as buyer
10.3*	—	Purchase and Sale Agreement, dated August 4, 2020, by and between Riviera Upstream, LLC and Riviera Operating, LLC, as seller, and Staghorn Petroleum II, LLC, as buyer
31.1*	—	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2*	—	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1*	—	Section 1350 Certification of Chief Executive Officer
32.2*	—	Section 1350 Certification of Chief Financial Officer
101.INS*	—	Inline XBRL Instance Document
101.SCH*	—	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	—	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	—	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	—	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	—	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	—	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

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

RIVIERA RESOURCES, INC.
(Registrant)

Date: August 6, 2020

/s/ Darren R. Schluter
Darren R. Schluter
Executive Vice President, Finance, Administration and
Chief Accounting Officer
(Duly Authorized Officer and Principal Accounting Officer)

Exhibit 10.2
Execution Version

PURCHASE AND SALE AGREEMENT

DATED JULY 27, 2020,

BY AND BETWEEN

RIVIERA UPSTREAM, LLC AND RIVIERA OPERATING, LLC

AS SELLER,

AND

NGLF ENERGY, LLC

AS BUYER

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement") is made as of July 27, 2020 (the "Execution Date"), by and between Riviera Upstream, LLC, a Delaware limited liability company ("Riviera Upstream"), and Riviera Operating, LLC, a Delaware limited liability company ("Riviera Operating" and together with Riviera Operating the "Seller"), and NGLF Energy, LLC an Oklahoma limited liability company ("Buyer"). Seller and Buyer are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

RECITAL

Seller desires to sell, and Buyer desires to purchase, all of Seller's right, title and interest in and to certain oil and gas properties and related assets and contracts, effective as of the applicable Effective Time, for the consideration and on the terms set forth in this Agreement.

AGREEMENT

For and in consideration of the promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, in addition to other capitalized terms defined in this Agreement, the following terms have the meanings specified or referred to in this Article 1 when capitalized:

"AAA" – the American Arbitration Association.

"Accounting Firm" – as defined in Section 2.05(e).

"AFE" – as defined in Section 3.12.

"Affiliate" – with respect to a Party, any Person directly or indirectly controlled by, controlling, or under common control with, such Party, including any subsidiary of such Party and any "affiliate" of such Party within the meaning of Reg. §240.12b-2 of the Securities Exchange Act of 1934, as amended. As used in this definition, "control" means possession, directly or indirectly, of the power to direct or cause the direction of management, policies, or action through ownership of voting securities, contract, voting trust, or membership in management or in the group appointing or electing management or otherwise through formal or informal arrangements or business relationships. The terms "controlled by," "controlling," and other derivatives shall be construed accordingly.

"Aggregate Defect Deductible" – an amount equal to two percent (2%) of the unadjusted Purchase Price.

"Aggregate Defect Value" – as defined in Section 11.07.

"Aggregate Environmental Defect Value" – as defined in Section 11.12.

"Aggregate Title Defect Value" – as defined in Section 11.07.

"Agreement" – as defined in the Preamble to this Agreement.

"Allocated Values" – the values assigned among the Wells and the Pipeline as set forth on Schedule 2.07.

"Applicable Contracts" – all Contracts to which Seller is a party or is bound that primarily relate to any of the Assets and (in each case) that will be binding on Buyer after the Closing, including, but not limited to: communitization agreements; net profits agreements; production payment agreements; area of mutual interest agreements; joint venture agreements; confidentiality agreements; farmin and farmout agreements; bottom hole agreements; crude oil, condensate, and natural gas purchase and sale, gathering, transportation, and marketing agreements; hydrocarbon storage agreements; acreage contribution agreements; operating agreements; balancing agreements; pooling declarations or agreements; unitization agreements; processing agreements; saltwater disposal agreements; facilities or equipment leases; and other similar contracts and agreements, but exclusive of any master service agreements and Contracts relating to the Excluded Assets.

"Asset Taxes" – ad valorem, property, excise, severance, production, sales, real estate, use, personal property and similar Taxes (including any interest, fine, penalty or additions to tax imposed by Governmental Bodies in connection with such taxes) based upon the operation or ownership of the Assets, the production of Hydrocarbons or the receipt of proceeds therefrom, but excluding, for the avoidance of doubt, income or franchise Taxes based upon, measured by, or calculated with respect to net income, profits, capital, or similar measures (or multiple bases, including corporate, franchise, business and occupation, business license, or similar Taxes, if net income, profits, capital, or a similar measure is one of the bases on which such Tax is based, measured, or calculated) and Transfer Taxes.

"Assets" – all of Seller's right, title, and interest in, to, and under the following, without duplication, except to the extent constituting Excluded Assets:

(a) all of the oil and gas leases and subleases described in Exhibit A, together with any and all other right, title and interest of Seller in and to the leasehold estates created thereby and subject to the terms, conditions, covenants and obligations set forth in such leases or Exhibit A, in each case EXCEPT TO THE EXTENT COVERING THE EXCLUDED DEPTHS (such interest in such leases, the "Leases"), all related rights and interests in the lands covered by the Leases and any lands pooled or unitized therewith (such lands, the "Lands"), and all Royalties applicable to the Leases and the Lands;

(b)any and all oil, gas, water, CO2 and disposal wells located on any of the Lands (such interest in such wells, including the wells set forth in Exhibit B, the "Wells"), and all Hydrocarbons produced therefrom or allocated thereto from and after the Effective Time;

(c)all fee mineral interests relating to the Lands, EXCEPT TO THE EXTENT SUCH MINERAL RIGHTS COVER OR RELATE TO THE EXCLUDED DEPTHS, including those described in Exhibit A-1 (such interest, the "Fee Minerals");

(d)all rights and interests in, under or derived from all unitization and pooling agreements, declarations and orders in effect with respect to any of the Leases or Wells and the units created thereby (the "Units") (the Leases, the Lands, the Fee Minerals, the Units and the Wells being collectively referred to hereinafter as the "Properties" or individually as a "Property"), including those voluntary unitization agreements set forth on Schedule 1.1(a);

(e)to the extent that they may be assigned, transferred or re-issued by Seller (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), all permits, licenses, allowances, water rights, registrations, consents, orders, approvals, variances, authorizations, servitudes, easements, rights-of-way, surface leases, other surface interests and surface rights to the extent appurtenant to or used primarily in connection with the ownership, operation, production, gathering, treatment, processing, storing, sale or disposal of Hydrocarbons or produced water from the Properties or any of the Assets, including those described on Exhibit A-2;

(f)all equipment, machinery, fixtures and other personal, movable and mixed property located on any of the Properties or other Assets that is used primarily in connection therewith, including those items listed in Exhibit C, and including well equipment, casing, tubing, pumps, motors, machinery, platforms, rods, tanks, boilers, fixtures, compression equipment, flowlines, pipelines, gathering systems associated with the Wells, manifolds, processing and separation facilities, pads, structures, materials, and other items primarily used in the operation thereof (collectively, the "Personal Property");

(g)the real property described on Exhibit A-3 and any Personal Property located thereon (the "Field Offices and Associated Properties");

(h)all pipelines and gathering systems described on Exhibit A-4 (the "Pipelines");

(i)all surface fee interests covered by the deeds described on Exhibit A-5 (the "Conveyed Surface Fee Interests");

(j)the vehicles described on Exhibit F, subject to Seller's right to remove any vehicles from Exhibit F assigned to Available Employees who are not made an offer of employment by Buyer in accordance with Section 12.03;

(k)all salt water disposal wells and evaporation pits that are located on the Lands;

(l)to the extent assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), all Applicable Contracts and all rights thereunder insofar as and only to the extent relating to the Assets;

(m)all Imbalances relating to the Assets;

(n)the Suspense Funds not related to the Excluded Assets;

(o)originals (if available, and otherwise copies) and copies in digital form (if available) of all of the books, files, records, information and data, whether written or electronically stored, primarily relating to the Assets in Seller's possession, including: (i) land and title records (including prospect files, maps, lease records, abstracts of title, title opinions and title curative documents); (ii) Applicable Contract files; (iii) correspondence; (iv) operations, environmental, production, and accounting records; (v) facility and well records; and (vi) to the extent assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), geological and seismic data (excluding interpretive data) (collectively, "Records");

(p)all Hydrocarbons produced from or attributable to the Assets from and after the Effective Time, and all Hydrocarbons that are in storage or existing in stock tanks, pipelines or plants (including inventory) as of the Effective Time;

(q)all information technology assets, including desktop computers, laptop computers, servers, networking equipment and any associated peripherals and other computer hardware, computer software, all radio and telephone equipment, SCADA and measurement technology, and other production related mobility devices (such as SCADA controllers), well communication devices, and any other information technology systems, in each case only to the extent such assets are (i) used solely in connection with the Properties, (ii) assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), (iii) located on the Property, and (iv) necessary for the continued and future operation of the Properties.

To the extent that any of the foregoing are used or relate to both the Assets (on the one hand) and certain of the Excluded Assets or any Retained Assets (on the other hand), such as, by way of example but not limitation, ingress and egress rights and road and pipeline easements, such assets or rights shall be jointly owned by Seller, as part of the Excluded Assets, and by Buyer, as part of the Assets.

"Assignment" – the Assignment and Bill of Sale from Seller to Buyer, pertaining to the Assets (other than the Assets conveyed pursuant to the Deed), substantially in the form attached to this Agreement as Exhibit D.

"Assumed Liabilities" – as defined in Section 2.06.

"Assumed Litigation" – the litigation set forth in Schedule 3.05 (Part A).

"Available Employee" – certain employees of Seller or its Affiliates identified in the Employee Letter to whom Buyer may, but shall not be obligated to, make an offer of employment; *provided*, *however* that Seller shall not be required to identify employees in the Employee Letter beyond the job titles indicated on Exhibit I.

"Breach" – a "Breach" of a representation, warranty, covenant, obligation, or other provision of this Agreement or any certificate delivered pursuant to Section 2.04(a)(iii) or Section 2.04(b)(iii) of this Agreement shall be deemed to have occurred if there is or has been any inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation, or other provision.

"Business Day" – any day other than a Saturday, Sunday, or any other day on which commercial banks in the State of Texas are authorized or required by law or executive order to close.

"Buyer" – as defined in the preamble to this Agreement.

"Buyer's Closing Documents" – as defined in Section 4.02(a).

"Buyer Group" – Buyer and its Affiliates, and their respective Representatives.

"Buyer Savings Plan" – as defined in Section 12.04.

"Casualty Loss" – as defined in Section 11.14.

"Closing" – as defined in Section 2.03.

"Closing Date" – as defined in Section 2.03.

"COBRA" – as defined in Section 12.06.

"Code" – the Internal Revenue Code of 1986, as amended.

"Complete Remediation" – with respect to an Environmental Defect, a remediation or cure of such Environmental Defect which is substantially completed in accordance with the Lowest Cost Response.

"Confidentiality Agreement" – that certain confidentiality agreement dated as of July 2, 2019 between Nadel and Gussman N.V., LLC and Riviera Resources, Inc.

"Consent" – any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization) from any Person that is required to be obtained in connection with the execution or delivery of this Agreement or the consummation of the Contemplated Transactions.

"Contemplated Transactions" – all of the transactions contemplated by this Agreement, including:

(a) the sale of the Assets by Seller to Buyer;

(b) the performance by the Parties of their respective covenants and obligations under this Agreement; and

(c) Buyer's acquisition, ownership, operation (where applicable in accordance with this Agreement) and exercise of control over the Assets.

"Continuing Employees" – each Available Employee who is actively at work as of the Closing Date or is on a previously scheduled and approved (by Seller or its Affiliates) short-term disability, long-term disability, workers' compensation or other approved leave of absence and

accepts an offer of employment from Buyer or its Affiliate and, in each instance, assumes employment with Buyer or its Affiliate as provided in Article 12 of this Agreement.

"Contract" – any written or oral contract, agreement or any other legally binding arrangement, but excluding, however, any Lease, easement, right-of-way, permit or other instrument creating or evidencing an interest in the Assets or any real or immovable property related to or used in connection with the operations of any Assets.

"Conveyed Surface Fee Interests" – as set forth in the definition of "Assets".

"Cure" – as defined in Section 11.06.

"Damages" – any and all claims, demands, payments, charges, judgments, assessments, losses, liabilities, damages, penalties, fines, expenses, costs, fees, settlements, and deficiencies, including any attorneys' fees, legal, and other costs and expenses suffered or incurred therewith.

"De Minimis Environmental Defect Cost" – Twenty-Five Thousand Dollars ($25,000).

"De Minimis Title Defect Cost" – Twenty-Five Thousand Dollars ($25,000).

"Deed" – the Deed from Seller to Buyer, pertaining to the Conveyed Surface Fee Interests and the Fee Minerals, substantially in the form attached to this Agreement as Exhibit G.

"Defect Escrow Account" – the subaccount established as the Defect Escrow Account pursuant to the Escrow Agreement.

"Defect Notice Date" – as defined in Section 11.04.

"Defensible Title" – title of Seller with respect to (A) the Pipelines that, as of the Closing Date and subject to Permitted Encumbrances, the entire and continuous length of the Pipeline necessary for the use and operation of such Pipeline as currently used and operated, is covered by a valid and enforceable right of way or other ownership or use rights in favor of Seller and (B) the Wells or Well Locations that, as of the Closing Date and subject to the Permitted Encumbrances, is deducible of record or title evidenced by unrecorded instruments or elections, in each case, made or delivered pursuant to joint operating agreements, pooling agreements or unitization agreements and:

(a) with respect to (A) the Well Location Formation for the Well Locations and (B) each currently producing formation for each Well (in each case, subject to any reservations, limitations or depth restrictions described in Exhibit B or Schedule 2.07), entitles Seller to receive not less than the Net Revenue Interest set forth in Schedule 2.07 for such Well Location Formation or producing formation, and that is not subject to reduction after payout because of unleased mineral interests for which the BPO and APO interests have not already been reflected in Schedule 2.07, in each case, except for (i) decreases in connection with those operations in which Seller or its successors or assigns may from and after the Effective Time and in accordance with the terms of this Agreement elect to be a non-consenting co-owner, (ii) decreases resulting from the establishment or amendment from and after the Effective Time of pools or units in accordance

with this Agreement and (iii) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under deliveries;

(b) with respect to (A) the Well Location Formation for the Well Locations and (B) each currently producing formation for each Well (in each case, subject to any reservations, limitations or depth restrictions described in Exhibit B or Schedule 2.07), obligates Seller to bear not more than the Working Interest set forth in Schedule 2.07) for such Well Location Formation or producing formation, and that is not subject to reduction after payout because of unleased mineral interests for which the BPO and APO interests have not already been reflected in Schedule 2.07, in each case, except for (i) increases resulting from contribution requirements with respect to defaulting co-owners under applicable operating agreements or (ii) increases to the extent that such increases are accompanied by a proportionate increase in Seller's Net Revenue Interest; and

(c) is free and clear of all Encumbrances.

"Deposit Amount" – Ten percent (10%) of the unadjusted Purchase Price (including any interest accrued thereon).

"Dispute Notice" – as defined in Section 2.05(e).

"Disputed Environmental Amount" – as defined in Section 11.11(b).

"Disputed Matter" – as defined in Section 11.15(a).

"Disputed Title Amount" – as defined in Section 11.06(b).

"DTPA" – as defined in Section 4.11.

"Effective Time" – (a) April 1, 2020, at 12:01 a.m. local time at the location of the Assets (other than any Plug Back Wells or Retained Plug Back Wells) and (b) with respect to any Plug Back Well or Retained Plug Back Well, the first day of the calendar month immediately following the date the Plug Back Well Operations are completed for such Plug Back Well or Retained Plug Back Well.

"Employee Letter" – as defined in Section 12.03.

"Employee Start Date" – the Closing Date.

"Encumbrance" – any charge, equitable interest, privilege, lien, mortgage, deed of trust, production payment, option, pledge, collateral assignment, security interest, or other arrangement substantially equivalent thereto.

"Environmental Condition" – a (a) condition or activity with respect to an Asset that is in violation of any Environmental Law; or (b) a condition in, on, at or under an Asset which is required to be remediated by Environmental Law. Buyer and Seller agree that for a condition to be in violation of any statute or regulation referred to in the preceding sentence, it shall not be necessary that Seller shall be under notice of violation from a federal or state regulatory agency. Notwithstanding the foregoing, Environmental Condition shall not include any plugging,

abandonment or decommissioning obligations, any event or condition to the extent caused by or relating to NORM or asbestos, relating to subsidence monitoring or remediation, or that is disclosed to Buyer in writing prior to the Execution Date, or of which Buyer otherwise has Knowledge.

"Environmental Defect" – an Environmental Condition discovered by Buyer or its Representatives as a result of any environmental diligence conducted by or on behalf of Buyer pursuant to this Agreement.

"Environmental Defect Cure Period" – as defined in Section 11.11(a).

"Environmental Defect Notice" – as defined in Section 11.10.

"Environmental Defect Value" – with respect to each Environmental Defect, the amount of the Lowest Cost Response for such Environmental Defect.

"Environmental Law" – any applicable Legal Requirement in effect as of the Execution Date relating to pollution or the protection of the environment, including those Legal Requirements relating to the storage, handling, and use of Hazardous Materials and those Legal Requirements relating to the generation, processing, treatment, storage, transportation, disposal or other management thereof. The term "Environmental Law" does not include (a) good or desirable operating practices or standards that may be voluntarily employed or adopted by other oil and gas well operators or recommended, but not required, by a Governmental Body or (b) the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 *et seq.*, as amended, or any other Legal Requirement governing worker safety or workplace conditions.

"Environmental Liabilities" – all costs, Damages, expenses, liabilities, obligations, and other responsibilities arising from or under either Environmental Laws or Third Party claims relating to the environment, and which relate to the Assets or the ownership or operation of the same.

"ERISA" – the Employee Retirement Security Act of 1974, as amended.

"ERISA Affiliate" – with respect to any entity, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes such first entity, or that is a member of the same "controlled group" as such first entity pursuant to Section 4001(a)(14) of ERISA.

"Escrow Account" – as defined in Section 2.02.

"Escrow Agent" – JPMorgan Chase Bank, N.A.

"Escrow Agreement" – as defined in Section 2.02.

"Excludable Environmental Defect" – as defined in Section 11.11.

"Excluded Assets" – with respect to Seller, (a) all of Seller's corporate minute books, financial records and other business records that relate to Seller's business generally (including the ownership of the Assets); (b) except to the extent related to any Assumed Liabilities, all trade

credits, all accounts, all receivables of Seller and all other proceeds, income or revenues of Seller attributable to the Assets and attributable to any period of time prior to the Effective Time (other than the Suspense Funds and Specified Receivables); (c) except to the extent related to any Assumed Liabilities all claims and causes of action of Seller or its Affiliates that are attributable to periods of time prior to the Effective Time (including claims for adjustments or refunds); (d) except to the extent related to any Assumed Liabilities subject to Section 11.14, all rights and interests of Seller (i) under any policy or agreement of insurance or indemnity, (ii) under any bond, or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events or damage to or destruction of property; (e) Seller's rights with respect to all Hydrocarbons produced and sold from the Assets with respect to all periods prior to the Effective Time; (f) all claims of Seller or any of its Affiliates for refunds of, rights to receive funds from any Governmental Body, or loss carry forwards or credits with respect to (i) Asset Taxes attributable to any period (or portion thereof) prior to the Effective Time, (ii) income Taxes paid by Seller or its Affiliates, or (iii) any Taxes attributable to the Excluded Assets; (g) all information technology assets, including desktop computers, laptop computers, servers, networking equipment and any associated peripherals and other computer hardware, computer software, all radio and telephone equipment, SCADA and measurement technology, and other production-related mobility devices (such as SCADA controllers), well communication devices, and any other information technology systems, in each case only to the extent such assets are not (i) used solely in connection with the Properties, (ii) assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), (iii) located on the Property and (iv) necessary for the continued and future operation of the Properties; (h) all rights, benefits and releases of Seller or its Affiliates under or with respect to any Contract that are attributable to periods of time prior to Closing; (i) all of Seller's proprietary computer software, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property; (j) all documents and instruments of Seller that may be protected by an attorney-client privilege or any attorney work product doctrine; (k) all data that cannot be disclosed to Buyer as a result of confidentiality arrangements under existing written agreements; (l) all audit rights or obligations of Seller for which Seller bears responsibility arising under any of the Applicable Contracts or otherwise with respect to any period prior to the Effective Time or to any of the Excluded Assets, except for any Imbalances assumed by Buyer; (m) Seller's interpretations of any geophysical or other seismic and related technical data and information relating to the Assets including Seller's reserve reports; (n) documents prepared or received by Seller or its Affiliates with respect to (i) lists of prospective purchasers for such transactions compiled by Seller, (ii) bids submitted by other prospective purchasers of the Assets, (iii) analyses by Seller or its Affiliates of any bids submitted by any prospective purchaser, (iv) correspondence between or among Seller, its Representatives, and any prospective purchaser other than Buyer, and (v) correspondence between Seller or any of its Representatives with respect to any of the bids, the prospective purchasers or the transactions contemplated by this Agreement; (o) except for the Field Offices and Associated Properties, any offices, office leases and any personal property located in or on such offices or office leases; (p) other than the Conveyed Surface Fee Interests, any fee simple surface estate; (q) any fee mineral interests that are not Fee Minerals, and any right to production revenues associated therewith; (r) a copy of all Records; (s) any Contracts that constitute master services agreements or similar contracts; (t) any Hedge Contracts; (u) any debt instruments; (v) any of Seller's assets other than the Assets; (w) all Available Employee files and related records; (x) any leases, wells, or mineral interests to the extent covering or relating to the Excluded Depths; and (y) any leases, wells, rights and other assets specifically listed in Exhibit E.

"Excluded Depths" – all rights title and interest in and to the Vaughn Sand Formation, defined as that sand initially indicated to be productive of gas and/or condensate in the Arkansas Louisiana Company's J.C. Dowling Unit No. 2 Well, Section 30, Township 19 North, Rage 2 West at a depth ranging from 8850 fee to a depth of 8900 feet within the following sections in Lincoln Parish, Louisiana: Sections 13, 24, 25, and 36 in Township 19 North, Range 3 West and Sections 17-20, 29-32 in Township 19 North, Range 2 West.

"Execution Date" – as defined in the preamble to this Agreement.

"Expert" – as defined in Section 11.15(b).

"Expert Decision" – as defined in Section 11.15(d).

"Expert Proceeding Notice" – as defined in Section 11.15(a).

"Fee Minerals" – as set forth in the definition of "Assets".

"Field Offices and Associated Properties" – as set forth in the definition of "Assets".

"Final Amount" – as defined in Section 2.05(e).

"Final Settlement Date" – as defined in Section 2.05(e).

"Final Settlement Statement" – as defined in Section 2.05(e).

"Fundamental Representations" – those representations set forth in Sections 3.01, 3.02, 3.03 and 3.06.

"GAAP" – generally accepted accounting principles in the United States as interpreted as of the Execution Date.

"Governmental Authorization" – any approval, consent, license, permit, registration, variance, exemption, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" – any (a) nation, state, county, parish, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (d) multi-national organization or body; or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

"Group" – either Buyer Group or Seller Group, as applicable.

"Hazardous Materials" – any (a) chemical, constituent, material, pollutant, contaminant, substance, or waste that is regulated by any Governmental Body or may form the basis of liability under any Environmental Law; and (b) petroleum, Hydrocarbons, or petroleum products.

"Hedge Contract" – any Contract to which Seller or any of its Affiliates is a party with respect to any swap, forward, future or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter" or otherwise, involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

"Hydrocarbons" – oil and gas and other hydrocarbons (including condensate) produced or processed in association therewith (whether or not such item is in liquid or gaseous form), or any combination thereof, and any minerals produced in association therewith.

"Imbalances" – over-production or under-production or over-deliveries or under-deliveries with respect to Hydrocarbons produced from or allocated to the Assets, regardless of whether such over-production or under-production or over-deliveries or under-deliveries arise at the wellhead, pipeline, gathering system, transportation system, processing plant, or other location, including any imbalances under gas balancing or similar agreements, imbalances under production handling agreements, imbalances under processing agreements, imbalances under the Leases, and imbalances under gathering or transportation agreements.

"Individual Claim Threshold" – as defined in Section 10.05.

"Instruments of Conveyance" – the Assignment and Deed. **Except for the special warranty of Defensible Title by, through and under Seller contained therein, the foregoing Instruments of Conveyance shall be without warranty of title, whether express, implied, statutory, or otherwise, it being understood that Buyer shall have the right to conduct pre-Closing title due diligence as described below in Article 11, and that the rights and remedies set forth in Article 11 shall be Buyer's sole rights and remedies with respect to title.**

"Knowledge" – an individual will be deemed to have "Knowledge" of a particular fact or other matter if such individual is actually aware of such fact or other matter, without any duty of inquiry. A Seller Party will be deemed to have "Knowledge" of a particular fact or other matter if any of the following individuals has Knowledge of such fact or other matter: Seller's President and Chief Executive Officer, Executive Vice President and Chief Operating Officer, Executive Vice President and Chief Financial Officer, or Executive Vice President, Finance, Administration and Chief Accounting Officer. Buyer will be deemed to have "Knowledge" of a particular fact or other matter if any of the following individuals has Knowledge of such fact or other matter: James F. Adelson and Shelley Nichols.

"Lands" – as set forth in the definition of "Assets".

"Leases" – as set forth in the definition of "Assets".

"Legal Requirement" – any federal, state, local, municipal, foreign, international, or multinational law, Order, constitution, ordinance, or rule, including rules of common law, regulation, statute, treaty, or other legally enforceable directive or requirement.

"Lowest Cost Response" – the response required or allowed under Environmental Laws in effect on the Execution Date that addresses and resolves in compliance with Environmental Laws

(for current and future use in the same manner as currently used) the identified Environmental Condition in the most cost-effective manner (considered as a whole) as compared to any other response that is required or allowed under Environmental Laws or by a Governmental Body. The Lowest Cost Response shall include taking no action, leaving the condition unaddressed, periodic monitoring or the recording of notices in lieu of remediation, if such responses are allowed under Environmental Laws. The Lowest Cost Response shall not include (a) any costs or expenses relating to the assessment, remediation, removal, abatement, transportation and disposal of any asbestos, asbestos containing materials or NORM or relating to any obligations to plug, abandon or decommission wells associated with the Assets; (b) the costs of Buyer's or any of its Affiliate's employees; (c) expenses for matters that are costs of doing business (e.g., those costs that would ordinarily be incurred in the day-to-day operations of the Assets, or in connection with permit renewal/amendment activities); (d) overhead costs of Buyer or its Affiliates; (e) costs and expenses that would not have been required under Environmental Laws as they exist on the Closing Date; and (f) costs or expenses incurred in connection with remedial or corrective action that is designed to achieve standards that are more stringent than those required for similar facilities or that fail to reasonably take advantage of applicable risk reduction or risk assessment principles allowed under applicable Environmental Laws.

"Material Adverse Effect" – any change, inaccuracy, effect, event, result, occurrence, condition or fact (for the purposes of this definition, each, an "event") (whether foreseeable or not and whether covered by insurance or not) that has had or would be reasonably likely to have, individually or in the aggregate with any other event or events, a material adverse effect on the ownership, operation or financial condition of the Assets, taken as a whole; *provided, however*, that the term "Material Adverse Effect" shall not include material adverse effects resulting from (i) entering into this Agreement or the announcement of the Contemplated Transactions; (ii) changes in Hydrocarbon prices; (iii) any action or omission of Seller taken in accordance with the terms of this Agreement or with the prior consent of Buyer; (iv) any effect resulting from general changes in industry, economic or political conditions in the United States or internationally; (v) civil unrest, any outbreak of disease or hostilities, terrorist activities or war or any similar disorder; (vi) acts or failures to act of any Governmental Body (including any new regulations related to the upstream industry), except to the extent arising from Seller's action or inaction; (vii) acts of God, including hurricanes and storms; (viii) any reclassification or recalculation of reserves in the ordinary course of business; (ix) natural declines in well performance; (x) general changes in Legal Requirements, in regulatory policies, or in GAAP; (xi) changes in the stock price of Buyer or Seller; (xii) matters that are cured or no longer exist by the earlier of Closing and the termination of this Agreement; or (xiii) matters as to which an adjustment is provided for under Section 2.05(d) or Seller has indemnified Buyer hereunder.

"Material Contracts" – as defined in Section 3.10.

"Net Revenue Interest" – with respect to any Well or Well Location, the interest in and to all Hydrocarbons produced, saved and sold from or allocated to such Well or Well Location (in each case, limited to the applicable currently producing formation as described in the definition of "Defensible Title" or, with respect to Well Locations, limited to the Well Location Formation, and subject to any reservations, limitations or depth restrictions described in Exhibit B or Schedule 2.07), after satisfaction of all other Royalties.

"Non-Operated Assets" – Assets operated by any Person other than Seller or its Affiliates.

"NORM" – naturally occurring radioactive material.

"Order" – any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

"Original Production Level" – as set forth in the definition of "Sustained Production Loss".

"Organizational Documents" – (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the articles of organization and resolutions of a limited liability company; (c) the certificate of limited partnership and limited partnership agreement of a limited partnership; and (d) any amendment to any of the foregoing.

"Outside Date" – as defined in Section 9.01(d).

"Party" or "Parties" – as defined in the preamble to this Agreement.

"Performance Well" – the Wells specified on Schedule 7.07.

"Permits" – all environmental and other governmental (whether federal, state, local or tribal) certificates, consents, permits (including conditional use permits), licenses, orders, authorizations, franchises and related instruments or rights solely relating to the ownership, operation or use of the Assets.

"Permitted Encumbrance" – any of the following:

(a) the terms and conditions of all Leases and Applicable Contracts if the net cumulative effect of such Leases and Applicable Contracts does not (i) materially interfere with the operation or use of any of the Assets (as currently operated and used), (ii) operate to reduce the Net Revenue Interest of Seller with respect to any Well or Well Location to an amount less than the Net Revenue Interest set forth in Schedule 2.07 for such Well or Well Location, (iii) obligate Seller to bear a Working Interest with respect to any Well or Well Location in any amount greater than the Working Interest set forth in Schedule 2.07 for such Well or Well Location (unless the Net Revenue Interest for such Well or Well Location is greater than the Net Revenue Interest set forth in Schedule 2.07, in the same or greater proportion as any increase in such Working Interest); *provided*, *however*, that any drilling obligations included in Leases will be considered Permitted Encumbrances so long as Seller is not in breach of such obligations;

(b) any Preferential Purchase Rights, Consents and similar agreements;

(c) excepting circumstances where such rights have already been triggered prior to the Effective Time, rights of reassignment arising upon final intention to abandon or release the Assets;

(d) liens for Taxes not yet due or delinquent or, if delinquent, that are being contested in good faith by appropriate proceedings by or on behalf of Seller;

(e) all rights to consent by, required notices to, filings with, or other actions by Governmental Bodies in connection with the conveyance of the Leases, if the same are customarily sought and received after the Closing;

(f) Encumbrances or defects that Buyer has waived or is deemed to have waived pursuant to the terms of this Agreement or Title Defects that were not properly asserted by Buyer prior to the Defect Notice Date;

(g) all Legal Requirements and all rights reserved to or vested in any Governmental Body (i) to control or regulate any Asset in any manner; (ii) by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to terminate such right, power, franchise, grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the Assets; (iii) to use such property in a manner which does not materially impair the use of such property for the purposes for which it is currently owned and operated; or (iv) to enforce any obligations or duties affecting the Assets to any Governmental Body with respect to any right, power, franchise, grant, license or permit;

(h)rights of a common owner or co-tenant of any interest currently held by Seller and such common owner or co-tenant as tenants in common or through common ownership to the extent that the same does not materially impair the use or operation of the Assets as currently used and operated;

(i)easements, conditions, covenants, restrictions, servitudes, permits, rights-of-way, surface leases, and other rights in the Assets for the purpose of operations, facilities, roads, alleys, highways, railways, pipelines, transmission lines, transportation lines, distribution lines, power lines, telephone lines, removal of timber, grazing, logging operations, canals, ditches, reservoirs and other like purposes, or for the joint or common use of real estate, rights-of-way, facilities and equipment, which, in each case, do not materially impair the operation or use of the Assets as currently operated and used;

(j)vendors, carriers, warehousemen’s, repairmen’s, mechanics’, workmen’s, materialmen’s, construction or other like liens arising by operation of law in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations which are not yet due or which are being contested in good faith by appropriate proceedings by or on behalf of Seller;

(k)Encumbrances created under Leases or any joint operating agreements applicable to the Assets or by operation of law in respect of obligations that are not yet due or that are being contested in good faith by appropriate proceedings by or on behalf of Seller;

(l)with respect to any interest in the Assets acquired through compulsory pooling, failure of the records of any Governmental Body to reflect Seller as the owner of any Assets;

(m)any Encumbrance affecting the Assets that is discharged by Seller or waived (or deemed to be waived) by Buyer pursuant to the terms of this Agreement at or prior to Closing;

(n)the Assumed Litigation and the Retained Litigation;

(o)defects based solely on assertions that Seller's files lack information (including title opinions);

(p)lessor's royalties, overriding royalties, production payments, net profits interests, reversionary interests, and similar burdens if the net cumulative effect of such burdens (i) does not materially interfere with the operation or use of any of the Assets (as currently operated and used), (ii) does not reduce the Net Revenue Interest of Seller with respect to Well or Well Location to an amount less than the Net Revenue Interest set forth in Schedule 2.07 for such Well or Well Location, (iii) does not obligate Seller to bear a Working Interest in any amount greater than the Working Interest set forth in Schedule 2.07 for such Well or Well Location (unless the Net Revenue Interest for such Well is greater than the Net Revenue Interest set forth in Schedule 2.07, in the same or greater proportion as any increase in such Working Interest);

(q)defects or irregularities of title (i) as to which the relevant statute(s) of limitations or prescription would bar any attack or claim against Seller's title; (ii) arising out of lack of evidence of, or other defects with respect to, authorization, execution, delivery, acknowledgment, or approval of any instrument in Seller's chain of title absent reasonable evidence of an actual claim of superior title from a Third Party attributable to such matter; (iii) consisting of the failure to recite marital status or omissions of heirship proceedings in documents; (iv) resulting from lack of survey, unless a survey is expressly required by applicable Legal Requirements; (v) resulting from failure to record releases of liens, production payments, or mortgages that have expired by their own terms or the enforcement of which are barred by the applicable statute(s) of limitations or prescription; (vi) arising out of lack of entity authorization unless Buyer provides affirmative evidence that such entity action was not authorized and results in another Person's actual and superior claim of title; (vii) affecting only the Excluded Depths; (viii) resulting from unreleased instruments (including leases covering Hydrocarbons), absent specific evidence that such instruments continue in force and effect and constitute a superior claim of title with respect to the Wells; (ix) based on a gap in Seller's chain of title in the county or parish records to any Well (A) so long as such gap does not provide a Third Party with a superior claim or (B) unless Buyer affirmatively shows such gap to exist in such records by an abstract of title, title opinion or landman's title chain; or (x) consisting of the lack of a lease amendment or consent authorizing pooling or unitization absent evidence that such lack of amendment or consent could reasonably result in another Person's superior claim of title with respect to the affected Wells;

(r)Imbalances;

(s)plugging and surface restoration obligations related directly to the Assets, but only to the extent such obligations do not interfere in any material respect with the use or operation of any Assets (as currently used or operated);

(t)calls on Hydrocarbon production under existing Contracts set forth on Schedule 3.10;

(u)any matters referenced or set forth on Exhibit A, Exhibit B, or Schedule 2.07;

(v)mortgages on the lessor's interest under a Lease, whether or not subordinate to such Lease, that have expired on their own terms or the enforcement of which are barred by applicable statute(s) of limitations or prescription; and

(w)any maintenance of uniform interest provision in an operating agreement if waived with respect to the Contemplated Transactions by the party or parties having the right to enforce such provision or if the violation of such provision would not give rise to the unwinding of the sale of the affected Asset from Seller to Buyer.

"Person" – any individual, firm, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

"Personal Property" – as set forth in the definition of "Assets".

"Phase I Environmental Site Assessment" – a Phase I environmental property assessment of the Assets that satisfies the basic assessment requirements set forth under the current ASTM International Standard Practice for Environmental Site Assessments (Designation E1527-13) or any other visual site assessment or review of records, reports or documents.

"Plug Back Operations" – as defined in Section 6.05.

"Plug Back Well Cost Cap" – as set forth in the definition of Plug Back Well Costs.

"Plug Back Well Costs" – all operating expense, capital expenditures and other Property Costs incurred in connection with the Plug Back Operations (including for any Retained Plug Back Wells) in an amount up to (but not to exceed) $250,000 in the aggregate (the "Plug Back Well Cost Cap").

"Plug Back Wells" – (a) the Wells described on Schedule 6.05 and (b) for each such Plug Back Well that is a Retained Plug Back Well, all right, title and interest in and to the Leases, in each case, insofar as and only to the extent that such leasehold rights are necessary or convenient to own and operate (including plugging and abandoning) the applicable Well as a reasonable and prudent operator (including such leasehold rights as are necessary to produce, save, treat, transport and market Hydrocarbons produced from or attributable to each such Well from the Excluded Depths).

"Pipeline" as set forth in the definition of Assets.

"Post-Closing Date" – as defined in Section 2.05(e).

"Preferential Purchase Right" – any right or agreement that enables any Person to purchase or acquire any Asset or any interest therein or portion thereof as a result of or in connection with the execution or delivery of this Agreement or the consummation of the Contemplated Transactions.

"Preliminary Amount" – the Purchase Price, adjusted as provided in Section 2.03, based upon the best information available at the time of Closing.

"Preliminary Settlement Statement" – as defined in Section 2.03.

"Proceeding" – any proceeding, action, arbitration, audit, hearing, investigation, request for information, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Property" or "Properties" – as set forth in the definition of "Assets".

"Property Costs" – all operating expenses (including utilities, payroll, costs of insurance, rentals, title examination and curative actions, and overhead costs), capital expenditures (including rentals, options and other lease maintenance payments, broker fees and other property acquisition costs and costs of acquiring equipment), and Asset Taxes, respectively, incurred in the ordinary course of business to the extent (and only to the extent) such amounts are attributable to the use, operation, and ownership of the Assets, including the Plug Back Well Costs (subject to the Plug Back Well Cost Cap), but excluding Damages attributable to (a) personal injury or death, property damage, torts, breach of contract, or violation of any Legal Requirement, (b) Environmental Liabilities, (c) obligations with respect to Imbalances, (d) obligations to pay Royalties or other interest owners revenues or proceeds relating to the Assets but held in suspense, including Suspense Funds, (e) the Specified Litigation Costs and (f) claims for indemnification or reimbursement from any Third Party with respect to costs of the types described in the preceding clauses (a) through (e), whether such claims are made pursuant to contract or otherwise.

"Purchase Price" – as defined in Section 2.02.

"Records" – as set forth in the definition of "Assets".

"Representative" – with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"Required Consent" – any Consent with respect to which (a) there is a provision within the applicable instrument that such Consent may be withheld in the sole and absolute discretion of the holder, or (b) there is provision within the applicable instrument expressly stating that an assignment in violation thereof (i) is void or voidable, (ii) triggers the payment of specified liquidated damages, or (iii) causes termination of the applicable Assets to be assigned. For the avoidance of doubt, "Required Consent" does not include (A) any Consents and approvals of Governmental Bodies that are customarily obtained after Closing or (B) any Consent, which, by its terms, cannot be unreasonably withheld.

"Retained Assets" – (a) the Retained Plug Back Wells (if any) and (b) any other rights, titles, interests, assets, and properties that are originally included in the Assets under the terms of this Agreement, but that are subsequently excluded from the Assets or sale under this Agreement pursuant to the terms of this Agreement at any time before or after Closing.

"Retained Liabilities" – Damages, liabilities and obligations arising out of or related to (a) the disposal or transportation prior to Closing of any Hazardous Materials generated or used by Seller and taken from the Assets to any location that is not an Asset; (b) personal injury (including

death) claims attributable to Seller's or its Affiliate's ownership or operation of the Assets prior to Closing; (c) except for (i) the Suspense Funds and (ii) any Imbalances for which the Purchase Price is adjusted downward pursuant to Section 2.05(d)(ii)(G), failure to properly and timely pay, in accordance with the terms of any Lease, Contract or applicable Legal Requirement, all Royalties and any other Working Interest amounts with respect to the Assets that are due by Seller or any of its Affiliates and attributable to Seller's ownership or operation of the Assets prior to the Effective Time; (d) any fine, penalty or criminal sanction imposed by or assessed by any Governmental Body against the Seller attributable to the ownership or operation of the Assets prior to the Effective Time; (e) any claim made by an employee of Seller or any Affiliate of Seller directly relating to such employment; (f) the Retained Litigation; and (g) Seller's gross negligence or willful misconduct in the use, maintenance, ownership or operation of the Assets, prior to and including the Closing and in the performance of the Plug Back Operations to the extent not otherwise described above; *provided* that, (i) from and after the date that is twenty-four (24) months following the Closing Date, all Damages, liabilities and obligations arising out of clauses (a), (b) and (g) shall no longer be Retained Liabilities and shall be deemed Assumed Liabilities and (ii) from and after the date that is thirty-six (36) months following the Closing Date, all Damages, liabilities and obligations arising out of clause (c) shall no longer be Retained Liabilities and shall be deemed Assumed Liabilities.

"Retained Litigation" – the litigation set forth in Schedule 3.05 (Part B).

"Retained Plug Back Well Notice" – as defined in Section 6.05.

"Retained Plug Back Wells" – as defined in Section 6.05.

"Royalties" – royalties, overriding royalties, production payments, carried interests, net profits interests, reversionary interests, back-in interests and other burdens upon, measured by or payable out of production.

"Seller" – as defined in the preamble to this Agreement.

"Seller Benefit Plans" – as defined in Section 3.17(a).

"Seller Closing Documents" – as defined in Section 3.02(a).

"Seller Group" – Seller and its Affiliates, and their respective Representatives.

"Seller Party" – each of Rivera Upstream and Rivera Operating individually.

"Specified Litigation Costs" – any and all costs incurred by Sellers to Third Parties prior to Closing in order to address matters identified by the landowner related to the Assumed Litigation described on Schedule 3.05 (Part A) as the "Claim of Roebuck" prior to the Execution Date.

"Specified Receivables" – accounts receivable owed to Seller as operator of any Wells to satisfy previous overpayments by Seller to Third Parties, and the right to recoup same out of proceeds of production in respect of such Wells for periods prior to the Effective Time.

"Straddle Period" – any tax period beginning before and ending after the Effective Time.

"Suspense Funds" – proceeds of production and associated penalties and interest in respect of any of the Wells that are payable to any Third Party and are being held in suspense by Seller as the operator of such Wells.

"Sustained Production Loss" – means that the trailing seven (7) day average of gaseous Hydrocarbon production (Mcf/day) from a Performance Well has been reduced to less than 75% of the estimated production level (Mcf/day) for such Performance Well (the "Original Production Level"), as set forth on Schedule 7.07.

"Target Closing Date" – as defined in Section 2.03.

"Tax" or "Taxes" – (a) any and all federal, state, provincial, local, foreign and other taxes, levies, fees, imposts, duties, assessments, unclaimed property and escheat obligations and other governmental charges imposed by any Governmental Body, including income, profits, franchise, alternative or add-on minimum, gross receipts, environmental (including taxes under Section 59A of the Code), registration, withholding, employment, social security (or similar), disability, occupation, ad valorem, property, value added, capital gains, sales, goods and services, use, real or personal property, capital stock, license, branch, payroll, estimated, unemployment, severance, compensation, utility, stamp, premium, windfall profits, transfer, gains, production and excise taxes, and customs duties, together with any interest, penalties, fines or additions thereto and (b) any successor or transferee liability in respect of any items described in clause (a) above.

"Tax Allocation" – as defined in Section 2.07.

"Tax Returns" – any and all reports, returns, declarations, claims for refund, elections, disclosures, estimates, information reports or returns or statements supplied or required to be supplied to a Governmental Body in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

"Third Party" – any Person other than a Party or an Affiliate of a Party.

"Threatened" – a claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made in writing to a Party or any of its officers, directors, or employees that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

"Title Benefit" – as defined in Section 11.08.

"Title Benefit Notice" – as defined in Section 11.08.

"Title Benefit Properties" – as defined in Section 11.08.

"Title Benefit Value" – as defined in Section 11.08.

"Title Defect" – any Encumbrance, defect or other matter that causes Seller not to have Defensible Title in and to the Wells, Well Locations, and the Pipeline, without duplication; *provided* that the following shall not be considered Title Defects:

(a) defects based upon the failure to record any federal or state Leases or any assignments of interests in such Leases in any applicable public records;

(b) any Encumbrance or loss of title resulting from Seller's conduct of business, unless such conduct is in violation of the provisions of this Agreement;

(c) defects arising from any change in applicable Legal Requirement after the Execution Date;

(d) defects arising from any prior oil and gas lease taken more than fifteen (15) years prior to the Effective Time relating to the lands covered by a Lease not being surrendered of record, unless Buyer provides affirmative evidence that a Third Party is conducting operations on, or asserting ownership of, the Assets, sufficient proof of which shall include written communication by a party with record title to such prior lease asserting the validity of the lease;

(e) defects that affect only which non-Seller Person has the right to receive royalty payments rather than the amount or the proper payment of such royalty payment;

(f) defects arising from a mortgage encumbering the oil, gas or mineral estate of any lessor unless a complaint of foreclosure has been duly filed or any similar action taken by the mortgagee thereunder and in such case such mortgage has not been subordinated to the Lease applicable to such Asset;

(g) defects based solely upon the title of record being held in the name of Linn Energy Holdings, LLC, Linn Operating, Inc. or Linn Operating, LLC, if Seller provides certified copies of name changes or certificates of conversion, as appropriate, showing actual ownership in Sellers; and

(h) defects or irregularities that would customarily be waived by a reasonably prudent owner or operator of oil and gas properties in the same geographic area where the Assets are located.

"Title Defect Cure Period" – as defined in Section 11.06(a).

"Title Defect Notice" – as defined in Section 11.04.

"Title Defect Property" – as defined in Section 11.04.

"Title Defect Value" – as defined in Section 11.04.

"Transfer Tax" – all transfer, documentary, sales, use, stamp, registration and similar Taxes (but excluding income Taxes) and fees arising out of, or in connection with, the transfer of the Assets.

"Units" – as set forth in the definition of "Assets".

"Vacation Rollover" – as defined in Section 12.02(b).

"Well Locations" – the locations of two future wells within area unitized as the LCV RA SUM Unit created pursuant to the Office of Conservation Order No. 164-Z, effective February 12, 1997 and redefined in Order No. 164-Z-18, but limited to the unitized formation described in such orders.

"Well Location Formation" – the unitized formation of the LCV RA SUM Unit created pursuant to the Office of Conservation Order No. 164-Z, effective February 12, 1997 and redefined in Order No. 164-Z-18.

"Wells" – as set forth in the definition of "Assets".

"Working Interest" – with respect to any Well or Well Location, the interest in and to such Well or Well Location that is burdened with the obligation to bear and pay costs and expenses of maintenance, development and operations on or in connection with such Well or Well Location (in each case, limited to the applicable currently producing formation as described in the definition of "Defensible Title", or with respect to Well Locations, limited to the Well Location Formation, and subject to any reservations, limitations or depth restrictions described in Exhibit B or Schedule 2.07), but without regard to the effect of any Royalties or other burdens.

ARTICLE 2
SALE AND TRANSFER OF ASSETS; CLOSING

2.01 Assets.

Subject to the terms and conditions of this Agreement, at Closing, Seller shall sell and transfer (or shall cause to be sold and transferred) the Assets to Buyer, and Buyer shall purchase, pay for, and accept the Assets from Seller.

2.02 Purchase Price; Deposit.

Subject to any adjustments that may be made under Section 2.05, the purchase price for the Assets will be Twenty-Six Million Five Hundred Twenty-Five Thousand Dollars ($26,525,000.00) (the "Purchase Price"). Within one (1) Business Day after the execution of this Agreement, Buyer shall deposit by wire transfer in same day funds into an escrow account (the "Escrow Account") established pursuant to the terms of a mutually agreeable Escrow Agreement (the "Escrow Agreement") an amount equal to the Deposit Amount. The Deposit Amount shall be held by the Escrow Agent, and if the Closing timely occurs, on or before the Closing Date, the Parties shall execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount to Seller at Closing, which Deposit Amount shall be applied as a credit toward the Preliminary Amount payable at Closing as provided in Section 2.05(a). If this Agreement is terminated prior to Closing in accordance with Section 9.01, then the provisions of Section 9.02 shall apply and the distribution of the Deposit Amount shall be governed in accordance therewith.

2.03 Closing; Preliminary Settlement Statement.

The closing with respect to the Assets (the "Closing") shall take place at the offices of Seller at 717 Texas Avenue, Suite 2000, Houston, Texas 77002 on or before September 1, 2020 (the "Target Closing Date"), or if all conditions to Closing under Article 7 and Article 8 have not yet been satisfied or waived, within ten (10) Business Days after such conditions have been satisfied or waived, subject to the provisions of Article 9 (the "Closing Date"); *provided* that the Target Closing Date shall be extended (day for day) for the total number of days that the Defect Notice Date is extended

pursuant to the last sentence of Section 11.04. Subject to the provisions of Articles 7, 8, and 9, failure to consummate the purchase and sale provided for in this Agreement on the date and time and at the place determined pursuant to this Section 2.03 shall not result in the termination of this Agreement and shall not relieve either Party of any obligation under this Agreement. Not later than five (5) Business Days prior to the Closing Date, Seller will deliver to Buyer a statement prepared by Seller in good faith setting forth in reasonable detail Seller's reasonable determination of the Preliminary Amount based upon the best information available at that time (the "Preliminary Settlement Statement"). As part of the Preliminary Settlement Statement, Buyer shall provide to Seller such data as is reasonably necessary to support any estimated allocation, for purposes of establishing the Preliminary Amount. Within two (2) Business Days after its receipt of the Preliminary Settlement Statement, Buyer may submit to Seller in writing any objections or proposed changes thereto and Seller shall consider all such objections and proposed changes in good faith. The estimate agreed to by Seller and Buyer or, absent such agreement, set forth in the Preliminary Settlement Statement delivered by Seller in accordance with this Section 2.03, will be the amount to be paid by Buyer to Seller at Closing, subject to the final reconciliation or agreement in accordance with Section 2.05(e).

2.04 Closing Obligations.

(a) At Closing, each Seller Party shall deliver (and execute and acknowledge, as appropriate), or cause to be delivered (and executed and acknowledged, as appropriate), to Buyer:

(i) the Instruments of Conveyance in the appropriate number for recording in the real property records where the Assets are located;

(ii) possession of the Assets (other than any Retained Plug Back Well) (except the Suspense Funds, which shall be conveyed to Buyer by way of one or more adjustments to the Purchase Price as provided in Section 2.05(d)(ii)(E));

(iii) a certificate, in substantially the form set forth in Exhibit H-1 executed by an officer of such Seller Party, certifying on behalf of such Seller Party that the conditions to Closing set forth in Sections 7.01 and 7.02 have been fulfilled;

(iv) a Treasury Regulation Section 1.1445-2(b)(2) statement, certifying that such Seller Party (or its regarded owner, if such Seller Party is an entity disregarded as separate from its owner) is not a "foreign person" within the meaning of the Code;

(v) an executed counterpart of the Preliminary Settlement Statement;

(vi) a recordable release in a form reasonably acceptable to Buyer of any trust, mortgages, financing statements, fixture filings and security agreements, in each case, securing indebtedness for borrowed money made by such Seller Party or its Affiliates affecting the Assets;

(vii) for each Well operated by Seller or its Affiliate on the Closing Date (other than any Retained Plug Back Well), such regulatory documentation on forms prepared by Buyer as is necessary to designate Buyer as operator of such Wells; and

(viii) such documents as Buyer or counsel for Buyer may reasonably request, including letters-in-lieu of transfer order to purchasers of production from the Wells (which shall be prepared and provided by Buyer and reasonably satisfactory to Seller).

(b) At Closing, Buyer shall deliver (and execute and acknowledge, as appropriate) to Seller:

(i) the Preliminary Amount, *less* the Deposit Amount, by wire transfer to the accounts specified by Seller in written notices given by Seller to Buyer at least two (2) Business Days prior to the Closing Date;

(ii) the Instruments of Conveyance in the appropriate number for recording in the real property records where the Assets are located;

(iii) a certificate, in substantially the form set forth in Exhibit H-2 executed by an officer of Buyer, certifying on behalf of Buyer that the conditions to Closing set forth in Sections 8.01 and 8.02 have been fulfilled;

(iv) an executed counterpart of the Preliminary Settlement Statement;

(v) evidence of replacement bonds, guarantees, and other sureties pursuant to Section 6.03(a) and evidence of such other authorizations and qualifications as may be necessary for Buyer to own the Assets; and

(vi) such other documents as Seller or counsel for Seller may reasonably request, including letters-in-lieu of transfer order to purchasers of production from the Wells (which shall be prepared and provided by Buyer and reasonably satisfactory to Seller).

2.05 Allocations and Adjustments.

If the Closing occurs:

(a) Buyer shall be entitled to all production and products from or attributable to the Assets from and after the Effective Time and the proceeds thereof, and to all other income, proceeds, receipts, and credits earned with respect to the Assets (including those identified on Exhibit A-4) on or after the Effective Time, and shall be responsible for (and entitled to any refunds with respect to) (i) all Property Costs (other than the Plug Back Well Costs, which are addressed in clause (ii)) attributable to the Assets and incurred from and after the Effective Time and (ii) all Plug Back Well Costs (including for the Retained Plug Back Wells) in an amount up to (but not to exceed) the Plug Back Well Cost Cap. Seller shall be entitled to all production and products from or attributable to the Assets prior to the Effective Time and the proceeds thereof, and shall be responsible for (and entitled to any refunds with respect to) (A) all Property Costs attributable to the Assets and incurred prior to the Effective Time, other than any Plug Back Well Costs (including for the Retained Plug Back Wells) in an amount up to (but not to exceed) the Plug Back Well Cost Cap, (B) any Plug Back Well Costs in excess of the Plug Back Well Cost Cap and (C) the Specified Litigation Costs. "Earned" and "incurred," as used in this Agreement, shall be interpreted in accordance with generally accepted accounting principles and Council of Petroleum Accountants Society (COPAS) standards.

(b) Without limiting the allocation of costs and receipts set forth in Section 2.05(a), Seller shall be entitled to deduct and retain as overhead charges for the Assets operated by Seller or its Affiliate an amount equal to $20,000 per month (prorated for partial months) for the time period between the Effective Time and the Closing Date. The charges and deductions under this Section 2.05(b) shall accrue from the Effective Time through the month in which transfer of operations occurs; *provided however*, that the overhead charges for the month in which transfer of operations occurs shall be prorated based upon the number of days in such month that Seller or its Affiliate operated such Wells (and for the number of days that the Well was in drilling or completion, or was in production, as applicable).

(c) For purposes of allocating revenues, production, proceeds, income, accounts receivable, and products under this Section 2.05, (A) liquid Hydrocarbons produced into storage facilities will be deemed to be "from or attributable to" the Wells when they pass through the pipeline connecting into the storage facilities into which they are run; *provided, however*, that liquid Hydrocarbon volumes in storage tanks shall be limited to include only those volumes above the load line in such storage tanks, and (B) gaseous Hydrocarbons and liquid Hydrocarbons produced into pipelines will be deemed to be "from or attributable to" the Wells when they pass through the receipt point sales meters on the pipelines through which they are transported. In order to accomplish the foregoing allocation of production, the Parties shall rely upon the gauging, metering, and strapping procedures which were conducted by Seller on or about the Effective Time and, unless demonstrated to be inaccurate, shall utilize reasonable interpolating procedures to arrive at an allocation of production when exact gauging, metering, and strapping data is not available on hand as of the Effective Time. Asset Taxes shall be prorated in accordance with Section 13.02(b).

(d) The Purchase Price shall be, without duplication,

(i) increased by the following amounts:

(A) the aggregate amount of (i) proceeds received by Buyer from the sale of Hydrocarbons produced from and attributable to the Assets during any period prior to the Effective Time to which Seller is entitled under Section 2.05(a) (net of any (x) Royalties and (y) gathering, processing, transportation and other midstream costs) and (ii) other proceeds received with respect to the Assets for which Seller would otherwise be entitled under Section 2.05(a);

(B) the amount of all Asset Taxes allocable to Buyer pursuant to Section 13.02(b) but paid or economically borne by Seller;

(C) the aggregate amount of all non-reimbursed Property Costs (other than Asset Taxes) that have been paid by Seller (1) that are attributable to the ownership of the Assets after the Effective Time (including prepayments with respect to any period after the Effective Time) or (2) that are Plug Back Well Costs (but excluding the amount of any Plug Back Well Costs in excess of the Plug Back Well Cost Cap that are allocated to Seller pursuant to Section 2.05(a));

(D) the amount of any other upward adjustment specifically provided for in this Agreement or mutually agreed upon by the Parties;

(E) to the extent that proceeds for such volumes have not been received by Seller, an amount equal to the value of all Hydrocarbons attributable to the Assets in storage or existing in stock tanks, pipelines or plants (including inventory) as of the Effective Time;

(F) the amount of the Specified Receivables, up to a maximum of $50,000;

(G) if applicable, the amount, if any, of Imbalances in favor of Seller, *multiplied by* $2.00 per Mcf, or, to the extent that the applicable Contracts provide for cash balancing, the actual cash balance amount determined to be due to Seller as of the Effective Time; and

(ii) decreased by the following amounts:

(A) the aggregate amount of (i) proceeds received by Seller from the sale of Hydrocarbons produced from and attributable to the Assets from and after the Effective Time to which Buyer is entitled under Section 2.05(a) (net of any (x) Royalties and (y) gathering, processing, transportation and other midstream costs) and (ii) other proceeds received by Seller with respect to the Assets for which Buyer would otherwise be entitled under Section 2.05(a);

(B) the amount of all Asset Taxes allocable to Seller pursuant to Section 13.02(b) but paid or economically borne by Buyer;

(C) the aggregate amount of all downward adjustments pursuant to Article 11;

(D) the aggregate amount of all non-reimbursed Property Costs (other than Asset Taxes) that are (1) attributable to the ownership of the Assets prior to the Effective Time (excluding prepayments with respect to any period after the Effective Time) other than Plug Back Well Costs that are allocated to Buyer pursuant to Section 2.05(a) or (2) that are Plug Back Well Costs in excess of the Plug Back Well Costs Cap and, in each case, paid by Buyer;

(E) the amount of the Suspense Funds;

(F) the amount of any other downward adjustment specifically provided for in this Agreement or mutually agreed upon by the Parties;

(G) if applicable, the amount, if any, of Imbalances owing by Seller, *multiplied by* $2.00 per Mcf, or, to the extent that the applicable Contracts provide for cash balancing, the actual cash balance amount determined to be owed by Seller as of the Effective Time; and

(H) if applicable, the amount any Specified Litigation Costs that are the responsibility of Sellers pursuant to Section 2.05(a) but that are actually paid by Buyer on or after Closing (without duplication of any amounts previously paid by Sellers to Third Parties).

(e) As soon as practicable after Closing, but no later than one hundred twenty 120) days following the Closing Date, Seller shall prepare and submit to Buyer a statement (each, a "Final Settlement Statement") setting forth each adjustment or payment which was not finally determined as of the Closing Date and showing the values used to determine such adjustments to reflect the final adjusted Purchase Price attributable to the Assets. On or before thirty (30) days after receipt of a Final Settlement Statement, Buyer shall deliver to Seller a written report containing any changes that Buyer proposes be made to such Final Settlement Statement and an explanation of any such changes and the reasons therefor together with any supporting information (the "Dispute Notice"). During such thirty (30)-day period, Buyer shall be given reasonable access to Seller's books and records relating to the matters required to be accounted for in the Final Settlement Statement. Any changes not included in the Dispute Notice for a particular Final Settlement Statement shall be deemed waived. If Buyer fails to timely deliver a Dispute Notice to Seller containing changes Buyer proposes to be made to a Final Settlement Statement, then such Final Settlement Statement as delivered by Seller will be deemed to be mutually agreed upon by the Parties and will be final and binding on the Parties. Upon delivery of a Dispute Notice, the Parties shall undertake to agree with respect to any disputed amounts identified therein by the date that is one hundred fifty (150) days after the Closing Date (the "Post-Closing Date"). Except for Title Defect and Environmental Defect adjustments pursuant to Section 2.05(d)(ii)(C), which shall be subject to the arbitration provisions of Section 11.15, if the Parties are still unable to agree regarding any item set forth in the Dispute Notice as of the Post-Closing Date, then the Parties shall submit to a nationally recognized independent accounting firm mutually agreed to by the Parties (the "Accounting Firm") a written notice of such dispute along with reasonable supporting detail for the position of Buyer and Seller, respectively, and the Accounting Firm shall finally determine such disputed item in accordance with the terms of this Agreement. The Accounting Firm shall act as an expert and not an arbitrator. In determining the proper amount of any adjustment to the Purchase Price related to the disputed item, the Accounting Firm shall not increase the Purchase Price more than the increase proposed by Seller nor decrease the Purchase Price more than the decrease proposed by Buyer, as applicable. The decision of the Accounting Firm shall be binding on the Parties, and the fees and expenses of the Accounting Firm shall be borne one-half (1/2) by Seller and one-half (1/2) by Buyer. The date upon which all adjustments and amounts in a Final Settlement Statement are agreed to (or deemed agreed to) or fully and finally determined by the Accounting Firm as set forth in this Section 2.05(e) shall be called a "Final Settlement Date," and the portion of the final adjusted Purchase Price applicable to the Closing shall be called the "Final Amount." If (a) the Final Amount is more than the Preliminary Amount, Buyer shall pay to Seller an amount equal to the Final Amount, *minus* the Preliminary Amount; or (b) the Final Amount is less than the Preliminary Amount, Seller shall pay to Buyer an amount equal to the Preliminary Amount, *minus* the Final Amount. Such payment shall be made within five (5) Business Days after the applicable Final Settlement Date by wire transfer of immediately available funds to the

accounts specified pursuant to wire instructions delivered in advance by Seller or Buyer, as applicable.

2.06 Assumption.

If Closing occurs, from and after the Closing Date, Buyer shall assume, fulfill, perform, pay, and discharge the following liabilities arising from, based upon, related to, or associated with the Assets and only to the extent not constituting Retained Liabilities (collectively, the "Assumed Liabilities") subject to Seller's indemnity obligations under Section 10.02 (further subject to the limitations and restrictions in Article 10): any and all Damages and obligations, known or unknown, allocable to the Assets prior to, at, or after the Effective Time (except as otherwise provided herein), including any and all Damages and obligations: (a) attributable to or resulting from the use, maintenance or ownership of the Assets, regardless whether arising before, at or after the Effective Time, except for Property Costs which shall have been accounted for as provided under Section 2.05; (b) imposed by any Legal Requirement or Governmental Body relating to the Assets, (c) for plugging, abandonment, decommissioning, and surface restoration of the Assets, including oil, gas, injection, water, or other wells and all surface facilities; (d) subject to Buyer's rights and remedies set forth in Article 11 and the special warranty of Defensible Title set forth in the Instruments of Conveyance, attributable to or resulting from lack of Defensible Title to the Assets; (e) attributable to the Suspense Funds, to the extent actually received by Buyer (or for which a reduction to the Purchase Price was made); (f) attributable to the Imbalances; (g) subject to Buyer's rights and remedies set forth in Article 11, attributable to or resulting from all Environmental Liabilities relating to the Assets; (h) reserved; (i) attributable to or resulting from Asset Taxes and assessments attributable to the Assets to the extent attributable to periods (or portions thereof) from and after the Effective Time; (j) attributable to or resulting from Transfer Taxes, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, if any, imposed or required in connection with the sale of the Assets to Buyer or the filing or recording of all assignments related to the sale of the Assets to Buyer; (k) attributable to the Leases and the Applicable Contracts; and (l) subject to Section 2.05(d)(ii)(H), attributable to the Assumed Litigation. Buyer acknowledges that: (i) the Assets have been used in connection with the exploration for, and the development, production, treatment, and transportation of, Hydrocarbons; (ii) spills of wastes, Hydrocarbons, produced water, Hazardous Materials, and other materials and substances may have occurred in the past or in connection with the Assets; (iii) there is a possibility that there are currently unknown, abandoned wells, plugged wells, pipelines, and other equipment on or underneath the property underlying the Assets; (iv) it is the intent of the Parties that all liability associated with the above matters as well as any responsibility and liability to decommission, plug, or replug such wells (including the Wells) in accordance with all Legal Requirements and requirements of Governmental Bodies be passed to Buyer effective as of the Effective Time and that Buyer shall assume all responsibility and liability for such matters and all claims and demands related thereto; (v) the Assets may contain asbestos, Hazardous Materials, or NORM; (vi) NORM may affix or attach itself to the inside of wells, materials, and equipment as scale or in other forms; (vii) wells, materials, and equipment located on the Assets may contain NORM; and (viii) special procedures may be required for remediating, removing, transporting, and disposing of asbestos, NORM, Hazardous Materials, and other materials from the Assets. From and after Closing, but effective as of the Effective Time, subject to Seller's indemnity obligations under Section 10.02 (subject to the limitations and restrictions in Article 10), Buyer shall assume, with respect to the Assets, all responsibility and liability for any assessment, remediation, removal, transportation, and disposal

of these materials and associated activities in accordance with all Legal Requirements and requirements of Governmental Bodies.

2.07 Allocation of Purchase Price.

The Purchase Price shall be allocated among the Assets as set forth in Schedule 2.07 hereto. Buyer shall provide the initial draft of Schedule 2.07 and the Parties shall cooperate in good faith to agree upon such schedule and any adjustments to such schedule made pursuant to this Section 2.07. Seller and Buyer agree to be bound by the Allocated Values set forth in Schedule 2.07 for purposes of Article 11 hereof. Seller and Buyer further agree that for the purpose of making the requisite filings under Section 1060 of the Code, and the regulations thereunder, the Purchase Price and any liabilities assumed by Buyer under this Agreement that are treated as consideration for Tax purposes shall be allocated among the Assets in a manner consistent with the Allocated Values, as set forth on Schedule 2.07 (the "Tax Allocation"). Seller and Buyer each agree to report, and to cause their respective Affiliates to report, the federal, state, and local income and other Tax consequences of the Contemplated Transactions, and in particular to report the information required by Section 1060(b) of the Code, and to jointly prepare Form 8594 (Asset Acquisition Statement under Section 1060 of the Code) as promptly as possible following the Closing Date and in a manner consistent with the Tax Allocation as revised to take into account subsequent adjustments to the Purchase Price, including any adjustments pursuant to this Agreement to determine the Final Amount, and shall not take any position inconsistent therewith upon examination of any tax return, in any refund claim, in any litigation, investigation or otherwise, unless required to do so by any Legal Requirement after notice to and discussions with the other Party, or with such other Party's prior consent.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER

Each Seller Party represents and warrants to Buyer as of the Execution Date and the Closing Date, the following:

3.01 Organization and Good Standing.

Such Seller Party is a Delaware limited liability company, and is duly organized, validly existing, and in good standing under the laws of the State of Delaware and, where required, is duly qualified to do business and is in good standing in each jurisdiction in which the Assets are located, with full limited liability company power and authority to conduct its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use. Such Seller Party is not a "foreign person" for purposes of Section 1445 of the Code.

3.02 Authority; No Conflict.

(a) The execution, delivery, and performance of this Agreement and the Contemplated Transactions have been duly and validly authorized by all necessary limited liability company action on the part of such Seller Party. This Agreement has been duly executed and delivered by such Seller Party and at the Closing, all instruments executed and delivered by such Seller Party at or in connection with the Closing shall have been duly executed and delivered by such Seller Party. This Agreement constitutes the legal, valid, and binding obligation of such Seller Party, enforceable against such Seller Party in accordance with its terms, except as such enforceability may be limited by applicable

bankruptcy or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a Proceeding in equity or at law). Upon execution and delivery by such Seller Party of the Instruments of Conveyance at Closing, such Instruments of Conveyance shall constitute legal, valid and binding transfers and conveyances of the Assets. Upon the execution and delivery by such Seller Party of any other documents at Closing (collectively with the Instruments of Conveyance, such Seller Party's "Seller Closing Documents"), such Seller Closing Documents shall constitute the legal, valid, and binding obligations of such Seller Party, enforceable against such Seller Party in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a Proceeding in equity or at law).

(b) Except as set forth in Schedule 3.02(b), and assuming the receipt of all Consents and the waiver of all Preferential Purchase Rights (in each case) applicable to the Contemplated Transactions, neither the execution and delivery of this Agreement by such Seller Party nor the consummation or performance of any of the Contemplated Transactions by such Seller Party shall, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with, or result in a violation of (A) any provision of the Organizational Documents of such Seller Party, or (B) any resolution adopted by the board of directors, managers or officers of such Seller Party;

(ii) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions, to terminate, accelerate, or modify any terms of, or to exercise any remedy or obtain any relief under, any Contract or agreement or any Legal Requirement or Order to which such Seller Party, or any of the Assets, may be subject;

(iii) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that relates to the Assets; or

(iv) result in the imposition or creation of any Encumbrance upon or with respect to any of the Assets, except for Permitted Encumbrances.

3.03 Bankruptcy.

Except for claims or matters related to the bankruptcy case of Linn Energy, LLC and its subsidiaries commenced on May 11, 2016 and concluded on September 27, 2018, for which the United States Bankruptcy Court for the Southern District of Texas retains jurisdiction, there are no bankruptcy, reorganization, receivership, or arrangement proceedings pending or being contemplated by such Seller Party or, to such Seller Party's Knowledge, Threatened against such Seller Party.

3.04 Taxes.

All material Tax Returns required to be filed by such Seller Party with respect to Asset Taxes have been timely filed and all such Tax Returns are correct and complete in all material respects. All material Asset Taxes required to be paid by such Seller Party with respect to the Assets that are or have become due have been timely paid in full, and such Seller

Party is not delinquent in the payment of any such Asset Taxes. There is not currently in effect any extension or waiver of any statute of limitations of any jurisdiction regarding the assessment or collection of any Asset Taxes relating to the Assets. There are no administrative or judicial proceedings by any taxing authority pending against Seller relating to or in connection with any Asset Taxes relating to the Assets. All Tax withholding and deposit requirements imposed by applicable Legal Requirements with respect to any of the Assets have been satisfied in all material respects. Except as disclosed on Schedule 3.04, no Asset is subject to any tax partnership agreement or provisions requiring a partnership income tax return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute.

3.05 Legal Proceedings.

Other than the Assumed Litigation and the Retained Litigation, such Seller Party has not been served with any Proceeding, no Proceedings are pending and, to such Seller Party's Knowledge, there is no Threatened Proceeding (except for immaterial or frivolous claims) against such Seller Party or any of its Affiliates, in each case, that (a) relates to such Seller Party's ownership or operation of any of the Assets, or (b) challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions.

3.06 Brokers.

Neither such Seller Party nor its Affiliates have incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees with respect to the Contemplated Transactions other than obligations that are and will remain the sole responsibility of such Seller Party and its Affiliates.

3.07 Compliance with Legal Requirements.

To such Seller Party's Knowledge, except as set forth in Schedule 3.07 or where lack of compliance would not have a Material Adverse Effect, there is no uncured violation by such Seller Party of any Legal Requirements (other than Environmental Laws) with respect to such Seller Party's ownership or operation of the Assets.

3.08 Prepayments.

Except for any Imbalances, such Seller Party has not received payment under any Contract for the sale of Hydrocarbons produced from the Assets which requires delivery in the future to any party of Hydrocarbons previously paid for and not yet delivered.

3.09 Imbalances.

To such Seller Party's Knowledge, except as set forth in Schedule 3.09, there are no Imbalances with respect to such Seller Party's obligations relating to the Wells as of the Effective Time.

3.10 Material Contracts.

Schedule 3.10 sets forth all Applicable Contracts with respect to such Seller Party of the type described below as of the Execution Date (collectively, the "Material Contracts"):

(a) any Applicable Contract that is a Hydrocarbon purchase and sale, transportation, gathering, treating, processing, or similar Applicable Contract that is not terminable without penalty on ninety (90) days' or less notice;

(b) any Applicable Contract that can reasonably be expected to result in aggregate payments by such Seller Party of more than Fifty Thousand Dollars ($50,000) net to such Seller Party's interest during the current or any subsequent fiscal year or more than Two Hundred

Fifty Thousand Dollars ($250,000) in the aggregate net to such Seller Party's interest over the term of such Applicable Contract (based on the terms thereof and contracted (or if none, current) quantities where applicable);

(c) any Applicable Contract that is an indenture, mortgage, loan, credit agreement, sale-leaseback, guaranty of any obligation, bond, letter of credit, or similar financial Contract or that creates a financial lien or encumbrance on title to any Asset; and

(d) any Applicable Contract that constitutes a partnership agreement, joint venture agreement, area of mutual interest agreement, joint development agreement, joint operating agreement, farmin or farmout agreement or similar Contract where the primary obligation has not been completed prior to the Effective Time (in each case, excluding any tax partnership).

Neither such Seller Party, nor to the Knowledge of such Seller Party, any other party is in default under any Material Contract, except as set forth in Schedule 3.10. Except as set forth in Schedule 3.10, there are no Contracts with Affiliates of such Seller Party that will be binding on the Assets after Closing.

3.11 Consents and Preferential Purchase Rights.

Except as set forth in Schedule 3.11, none of the Assets is subject to any Preferential Purchase Rights or Consents required to be obtained by such Seller Party which may be applicable to the Contemplated Transactions, except for (a) Consents and approvals of Governmental Bodies that are customarily obtained after Closing and (b) Contracts that are terminable upon not greater than ninety (90) days' notice without payment of any fee.

3.12 Current Commitments.

Schedule 3.12 sets forth, as of the Execution Date, all approved authorizations for expenditures and other approved capital commitments, individually equal to or greater than Fifty Thousand Dollars ($50,000) (net to such Seller Party's interest) (the "AFEs") relating to the Assets to drill or rework any Wells or for other capital expenditures pursuant to any of the Material Contracts for which all of the activities anticipated in such AFEs have not been completed by the Execution Date.

3.13 Environmental Laws.

Except as disclosed on Schedule 3.13, (a) there are no actions, suits or proceedings pending, or to such Seller Party's Knowledge, threatened in writing, before any Governmental Body with respect to the Assets alleging material violations of, or material liabilities under, Environmental Laws, or claiming remediation obligations, (b) such Seller Party has received no notice from any Governmental Body of any alleged or actual material violation or non-compliance with, or material liability under, any Environmental Law or of material non-compliance with the terms or conditions of any Permits required under Environmental Laws, arising from, based upon, associated with or related to the Assets or the ownership or operation of any thereof, and (c) to such Seller Party's Knowledge, except where lack of compliance would not have a Material Adverse Effect, there is no uncured violation by such Seller Party of any Environmental Law with respect to such Seller Party's ownership or operation of the Assets.

3.14 Permits.

To Seller's Knowledge, except for Permits required under Environmental Laws or as set forth in Schedule 3.14, (a) with respect to any Assets currently operated by Seller

or any of its Affiliates, Seller or its Affiliate (as applicable) has acquired all Permits from appropriate Governmental Bodies to conduct operations on such Assets in material compliance with all applicable Legal Requirements; (b) all such Permits are in full force and effect and no Proceeding is pending or Threatened to suspend, revoke or terminate any such Permit or declare any such Permit invalid; and (c) Seller is in compliance in all material respects with all such Permits.

3.15 Wells.

Except as disclosed on Schedule 3.15 (a) no Well is subject to material penalties on allowable production after the Effective Time because of any overproduction, (b) there are no Wells that Seller is currently obligated by applicable Legal Requirements or contract to plug or abandon or that are currently subject to exceptions to a requirement to plug or abandon issued by a Governmental Body, and (c) all Wells that are operated by a Seller Party or its Affiliate (and that have been drilled during such Seller Party or its Affiliates' period of operatorship) have, in all material respects, been drilled and completed at legal locations and within the limits permitted by all applicable Leases, and pooling or unit agreements.

3.16 Payout Balances.

Schedule 3.16 sets forth, to Seller's Knowledge, the payout balances as of the Execution Date for each Well subject to payout.

3.17 Employee Benefits

.

(a) Schedule 3.17(a) contains a true and complete list of each "employee benefit plan," as defined in Section 3(3) of ERISA, and all other retirement, pension, deferred compensation, bonus, incentive, severance, executive life insurance, vacation, stock purchase, stock option, phantom stock, equity, employment, profit sharing, retention, stay bonus, change of control and other compensation or benefit plans, programs, agreements or arrangements maintained, sponsored or contributed to by such Seller Party or any of its ERISA Affiliates for the benefit of any Available Employee (collectively, such Seller Party's "Seller Benefit Plans").

(b) THIS SECTION 3.17 CONTAINS THE EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF SUCH SELLER PARTY WITH RESPECT TO EMPLOYEE BENEFITS MATTERS. NO OTHER PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED AS CONSTITUTING A REPRESENTATION OR WARRANTY REGARDING SUCH MATTERS.

3.18 Royalties; Suspense Funds.

To Seller's Knowledge (a) all rentals, royalties and other payments necessary to prevent the termination of any of the Leases have been paid in all material respects, other than the Suspense Funds and (b) Schedule 3.18 sets forth all Suspense Funds as of the date set forth in such Schedule.

3.19 Knowledge Qualifiers for Non-Operated Assets.

To the extent that such Seller Party has made representations or warranties in Sections 3.08, 3.10, 3.12, 3.13(a), 3.15(a)-(b) and 3.18(a) in connection with matters relating to Non-Operated Assets, each and every such representation and warranty shall be deemed to be qualified by the phrase, "To such Seller Party's Knowledge."

3.20 Disclosures with Multiple Applicability; Materiality.

If any fact, condition, or matter disclosed in Seller's disclosure Schedules applies to more than one Section of this Article 3, a single disclosure of such fact, condition, or matter on Seller's disclosure Schedules shall constitute disclosure with respect to all sections of this Article 3 to which such fact, condition, or other matter applies, regardless of the section of Seller's disclosure Schedules in which such fact, condition, or other matter is described. Inclusion of a matter on Seller's disclosure Schedules with respect to a representation or warranty that is qualified by "material" or "Material Adverse Effect" or any variant thereof shall not necessarily be deemed an indication that such matter does, or may, be material or have a Material Adverse Effect. Matters may be disclosed on a Schedule to this Agreement for purposes of information only.

3.21 Disclosure.

To the best of Seller's Knowledge, all documents, information, books, records, files, and other data that Seller has provided or made available to Buyer is true and correct in all material respects. Notwithstanding anything to the contrary in this Agreement, Seller shall not be in breach of this Section 3.21 in the absence of (and then only to the extent of) Seller's willful breach, fraud or bad faith.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller, as of the Execution Date and the Closing Date, the following:

4.01 Organization and Good Standing.

Buyer is an Oklahoma limited liability company, and duly organized, validly existing, and in good standing under the laws of the State of Oklahoma and is duly qualified to do business and is in good standing in each jurisdiction in which the Assets are located.

4.02 Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Upon the execution and delivery by Buyer of the Instruments of Conveyance and any other documents executed and delivered by Buyer at the Closing (collectively, "Buyer's Closing Documents"), Buyer's Closing Documents shall constitute the legal, valid, and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Buyer has the absolute and unrestricted right, power, authority, and capacity to execute and deliver this Agreement and Buyer's Closing Documents, and to perform its obligations under this Agreement and Buyer's Closing Documents.

(b) Neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer shall give any Person the right to prevent, delay, or otherwise interfere with any of the Contemplated Transactions.

(c) Neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer shall (i) contravene, conflict with, or result in a violation of any provision of the Organizational Documents of Buyer, (ii) contravene, conflict with, or result in a violation of any resolution adopted by the board of managers, or members of Buyer, or (iii) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions, to terminate, accelerate, or modify any terms of, or to exercise any remedy or obtain any relief under, any agreement or any Legal Requirement or Order to which Buyer may be subject.

(d) Buyer is not and shall not be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

4.03 Certain Proceedings.

There is no Proceeding pending against Buyer that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To Buyer's Knowledge, no such Proceeding has been Threatened.

4.04 Knowledgeable Investor.

Buyer is an experienced and knowledgeable investor in the oil and gas business. Prior to entering into this Agreement, Buyer was advised by its own legal, tax, and other professional counsel concerning this Agreement, the Contemplated Transactions, the Assets, and their value, and it has relied solely thereon and on the representations and obligations of Seller in this Agreement and the documents to be executed by Seller in connection with this Agreement at Closing. Buyer is acquiring the Assets for its own account and not for sale or distribution in violation of the Securities Act of 1933, as amended, the rules and regulations thereunder, any applicable state blue sky laws, or any other applicable Legal Requirements.

4.05 Qualification.

Buyer is an "accredited investor," as such term is defined in Regulation D of the Securities Act of 1933, as amended. Buyer is not acquiring the Assets in connection with a distribution or resale thereof in violation of federal or state securities laws and the rules and regulations thereunder. Without limiting Section 6.02, Buyer is, or as of Closing will be, qualified under applicable Legal Requirements to hold leases, rights-of-way, and other rights issued or controlled by (or on behalf of) any applicable Governmental Body and will be qualified under applicable Legal Requirements to own the Assets. Buyer has, or as of the Closing Date will have, posted such bonds as may be required for the ownership or, where applicable, operatorship by Buyer of the Assets. To Buyer's Knowledge, no fact or condition exists with respect to Buyer or the Assets which may cause any Governmental Body to withhold its approval of the Contemplated Transactions.

4.06 Brokers.

Neither Buyer nor its Affiliates have incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees with respect to the Contemplated

Transactions other than obligations that are or will remain the sole responsibility of Buyer and its Affiliates.

4.07 Financial Ability.

Buyer has sufficient cash, available lines of credit, or other sources of immediately available funds to enable it to (a) deliver the amounts due at Closing, (b) take such actions as may be required to consummate the Contemplated Transactions, and (c) timely pay and perform Buyer's obligations under this Agreement and Buyer's Closing Documents. Buyer expressly acknowledges that the failure to have sufficient funds shall in no event be a condition to the performance of its obligations hereunder, and in no event shall the Buyer's failure to perform its obligations hereunder be excused by failure to receive funds from any source.

4.08 Securities Laws.

The solicitation of offers and the sale of the Assets by Seller have not been registered under any securities laws. At no time has Buyer been presented with or solicited by or through any public promotion or any form of advertising in connection with the Contemplated Transactions. Buyer is not acquiring the Assets with the intent of distributing fractional, undivided interests that would be subject to regulation by federal or state securities laws, and that if it sells, transfers, or otherwise disposes of the Assets or fractional undivided interests therein, it shall do so in compliance with applicable federal and state securities laws.

4.09 Due Diligence.

Without limiting or impairing any representation, warranty, covenant or agreement of Seller contained in this Agreement and the Seller Closing Documents, or Buyer's right to rely thereon, Buyer and its Representatives have (a) been permitted full and complete access to all materials relating to the Assets, (b) been afforded the opportunity to ask all questions of Seller (or Seller's Representatives) concerning the Assets, (c) been afforded the opportunity to investigate the condition of the Assets, and (d) had the opportunity to take such other actions and make such other independent investigations as Buyer deems necessary to evaluate the Assets and understand the merits and risks of an investment therein and to verify the truth, accuracy, and completeness of the materials, documents, and other information provided or made available to Buyer (whether by Seller or otherwise).

4.10 Basis of Buyer's Decision.

By reason of Buyer's knowledge and experience in the evaluation, acquisition, and operation of oil and gas properties, Buyer has evaluated the merits and the risks of purchasing the Assets from Seller and has formed an opinion based solely on Buyer's knowledge and experience, Buyer's due diligence, and Seller's representations, warranties, covenants, and agreements contained in this Agreement and the Seller Closing Documents, and not on any other representations or warranties by Seller. Buyer has not relied and shall not rely on any statements by Seller or its Representatives (other than those representations, warranties, covenants, and agreements of Seller contained in this Agreement and the Seller Closing Documents) in making its decision to enter into this Agreement or to close the Contemplated Transactions. **BUYER UNDERSTANDS AND ACKNOWLEDGES THAT NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER GOVERNMENTAL BODY HAS PASSED UPON THE ASSETS OR MADE ANY FINDING OR DETERMINATION AS TO THE FAIRNESS OF AN INVESTMENT IN THE ASSETS OR THE ACCURACY OR ADEQUACY OF THE DISCLOSURES MADE TO BUYER, AND, EXCEPT AS SET FORTH IN ARTICLE 9, BUYER IS NOT ENTITLED TO CANCEL, TERMINATE, OR REVOKE THIS AGREEMENT, WHETHER DUE TO THE INABILITY OF BUYER TO OBTAIN FINANCING OR PAY THE PURCHASE PRICE, OR OTHERWISE.**

4.11 Business Use, Bargaining Position.

Buyer is purchasing the Assets for commercial or business use. Buyer has sufficient knowledge and experience in financial and business matters that enables it to evaluate the merits and the risks of transactions such as the Contemplated Transactions, and Buyer is not in a significantly disparate bargaining position with Seller. Buyer expressly acknowledges and recognizes that the price for which Seller has agreed to sell the Assets and perform its obligations under the terms of this Agreement has been predicated upon the inapplicability of the Texas Deceptive Trade Practices - Consumer Protection Act, V.C.T.A. BUS & COMM ANN. § 17.41 et seq. (the "DTPA"), to the extent applicable, or any similar Legal Requirement. **BUYER FURTHER RECOGNIZES THAT SELLER, IN DETERMINING TO PROCEED WITH ENTERING INTO THIS AGREEMENT, HAS EXPRESSLY RELIED ON THE PROVISIONS OF THIS ARTICLE 4.**

4.12 Bankruptcy.

There are no bankruptcy, reorganization, receivership, or arrangement proceedings pending or being contemplated by Buyer or, to Buyer's Knowledge, Threatened against Buyer. Buyer is, and will be immediately after giving effect to the Contemplated Transactions, solvent.

ARTICLE 5
COVENANTS OF SELLER

5.01 Access and Investigation.

(A) Between the Execution Date and the Defect Notice Date, to the extent doing so would not violate applicable Legal Requirements, Seller's obligations to any Third Party or other restrictions on Seller, Seller shall afford Buyer and its Representatives access, by appointment only, during Seller's regular hours of business to reasonably appropriate Seller's personnel, any contracts, books and records, and other documents and data related (including lease operating statements) to the Assets, except any such contracts, books and records, or other documents and data that are Excluded Assets or that cannot, without unreasonable effort or expense, be separated from any contracts, books and records, or other documents and data that are Excluded Assets (and upon Buyer's request, Seller shall use reasonable efforts to obtain the consent of Third Party operators to give Buyer and its Representatives reasonable access to similar information with respect to Assets not operated by Seller or its Affiliates; *provided* that Seller shall not be required to make payments or undertake obligations in favor any Third Parties in order to obtain such consent); ***PROVIDED*** **THAT, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT OR IN THE INSTRUMENTS OF CONVEYANCE, SELLER MAKES NO REPRESENTATION OR WARRANTY, AND EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE DOCUMENTS, INFORMATION, BOOKS, RECORDS, FILES, AND OTHER DATA THAT IT MAY PROVIDE OR DISCLOSE TO BUYER.**

(b) Notwithstanding the provisions of Section 5.01(a), (i) Buyer's investigation shall be conducted in a manner that minimizes interference with the operation of the business of Seller and any applicable Third Parties, and (ii) Buyer's right of access shall not entitle Buyer to operate equipment or conduct subsurface or other invasive testing or sampling. Environmental review shall not exceed the review contemplated by a Phase I

Environmental Site Assessment without Seller's prior written permission, which may be withheld in Seller's sole discretion.

(c) Buyer acknowledges that, pursuant to its right of access to the Records and the Assets, Buyer will become privy to confidential and other information of Seller and Seller's Affiliates and the Assets and that such confidential information shall be held confidential by Buyer and Buyer's Representatives in accordance with the terms of the Confidentiality Agreement. If Closing should occur, the foregoing confidentiality restriction on Buyer, including the Confidentiality Agreement, shall terminate on the Closing Date; *provided* that such termination of the Confidentiality Agreement shall not relieve any party thereto from any liability thereunder for the breach of such agreement prior to the Closing Date.

5.02 Ownership of the Assets.

Except (x) for the Plug Back Operations, (y) as set forth on Schedule 5.02 or (z) as required by applicable Legal Requirements, between the Execution Date and the Closing Date, Seller shall operate its business with respect to its ownership of the Assets in the ordinary course, and, without limiting the generality of the preceding, shall:

(a) not transfer, sell, hypothecate, encumber, or otherwise dispose of any of the Assets, except as required under any Leases or Contracts, and except for sales of Hydrocarbons, equipment and inventory in the ordinary course of business;

(b) not abandon any Asset (except the abandonment or expiration of Leases in accordance with their terms, including with respect to leases not capable of producing in paying quantities after the expiration of their primary terms or for failure to pay delay rentals or shut-in royalties or similar types of lease maintenance payments, which shall, in each case, be at Seller's sole discretion);

(c) not propose, or agree to participate in any single operation with respect to the Wells or Leases with an anticipated cost in excess of Fifty Thousand Dollars ($50,000) net to Seller's interest, except for any emergency operations;

(d) not execute, terminate, cancel, extend, or materially amend or modify any Material Contract or Lease other than the execution or extension of a Contract for the sale, exchange, transportation, gathering, treating, or processing of Hydrocarbons terminable without penalty on ninety (90) days' or shorter notice.

Buyer acknowledges that Seller owns undivided interests in certain of the properties comprising the Assets, and Buyer agrees that the acts or omissions of the other working interest owners who are not Seller or an Affiliate of Seller shall not constitute a Breach of the provisions of this Section 5.02, nor shall any action required by a vote of working interest owners constitute such a Breach so long as Seller or its Affiliate has voted its interest in a manner that complies with the provisions of this Section 5.02. Further, no action or inaction of any Third Party operator with respect to any Asset shall constitute a Breach of this Section 5.02 to the extent Seller uses commercially reasonable efforts to cause such Third Party operator to operate such applicable Asset in a manner consistent with this Section 5.02. Seller may seek Buyer's approval to perform any action that would otherwise be restricted by this Section 5.02, and Buyer's approval of any such action shall not be unreasonably withheld, conditioned, or delayed, and shall be considered granted ten (10)

days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Seller's notice) after delivery of notice from Seller to Buyer requesting such consent unless Buyer notifies Seller to the contrary during such ten (10)-day period. Notwithstanding the foregoing provisions of this Section 5.02, in the event of an emergency, Seller may take such action as reasonably necessary and shall notify Buyer of such action promptly thereafter. Any matter approved (or deemed approved) by Buyer pursuant to this Section 5.02 that would otherwise constitute a Breach of one of Seller's representations and warranties in Article 3 shall be deemed to be an exclusion from all representations and warranties for which it is relevant.

5.03 Insurance.

Seller shall maintain in force during the period from the Execution Date until the Closing Date all of Seller's insurance policies pertaining to the Assets (in the amounts and with the coverages currently maintained by Seller and, if applicable after Closing, will continue to maintain insurance coverage at the levels that would be maintained by a reasonably prudent operator during any period when Seller is performing the Plug Back Operations. The daily pro-rated annual premiums for insurance that accrue after the Effective Time and are attributable to the insurance coverage for the period after the Effective Time until the Closing will constitute Property Costs.

5.04 Consent and Waivers.

Seller shall use commercially reasonable efforts to obtain prior to the Closing written waivers of all Preferential Purchase Rights and all Consents necessary for the transfer of the Assets to Buyer; *provided* that in the event Seller is unable to obtain all such waivers of Preferential Purchase Rights and Consents after using such commercially reasonable efforts, such failure to satisfy shall not constitute a Breach of this Agreement. Seller shall not be required to make any payments to, or undertake any obligations for the benefit of, the holders of such rights in order to obtain the Required Consents. Buyer shall cooperate with Seller in seeking to obtain such Consents.

5.05 Amendment to Schedules.

Until the fifth (5th) Business Day before Closing, Seller shall have the right (but not the obligation) to supplement the Schedules relating to the representations and warranties set forth in Article 3 with respect to any matters discovered or occurring subsequent to the Execution Date and on or before the Closing Date. If any matter shown on such supplement constitutes a Material Adverse Effect, Buyer may terminate this Agreement by delivering written notice to Seller (which notice will set forth the basis for such termination) on or before the third (3rd) Business Days after receipt of Seller's supplement to the Schedules without further liability whatsoever (except as may otherwise be expressly provided herein), whereupon the Deposit Amount shall be returned to Buyer as provided in Section 9.02(d). If Buyer does not terminate this Agreement pursuant to the preceding sentence, then except to the extent such updates are a direct result of actions taken with Buyer's consent pursuant to Section 5.02, prior to Closing, any such supplement shall not be considered for purposes of determining if Buyer's Closing conditions have been met under Section 7.01 or for determining any remedies available under this Agreement; *provided, however*, that if Closing occurs, then such supplements shall be incorporated into Seller's disclosure Schedules as if the same had been disclosed on and as of the Execution Date.

5.06 Change of Operator.

While Buyer acknowledges that it desires to succeed Seller (or its Affiliates) as operator of those Assets or portions thereof that Seller (or its Affiliates) may presently operate, Buyer acknowledges and agrees that Seller cannot and does not covenant or

warrant that Buyer shall become successor operator of such Assets because the Assets or portions thereof may be subject to operating or other agreements that control the appointment of a successor operator. Seller agrees, however, that as to the Assets any Seller Party or its Affiliate operates, Seller shall use commercially reasonable efforts to support Buyer's efforts to become successor operator of such Assets (to the extent permitted under any applicable operating agreement) effective as of the Closing (at Buyer's sole cost and expense) and to designate or appoint, to the extent legally possible and permitted under any applicable operating agreement, Buyer as successor operator of such Assets effective as of Closing. Seller will use commercially reasonable efforts to assist Buyer to obtain all necessary Permits in connection with Buyer's designation as operator as to the Assets Seller presently operates as of Closing.

ARTICLE 6
OTHER COVENANTS

6.01 Notification and Cure.

Between the Execution Date and the Closing Date, Buyer shall promptly notify Seller in writing and Seller shall promptly notify Buyer in writing if Seller or Buyer, as applicable, obtain Knowledge of any Breach, in any material respect, of the other Party's representations and warranties or covenants as of the Execution Date, or of an occurrence after the Execution Date that would cause or constitute a Breach, in any material respect, of any such representation and warranty or covenant had such representation and warranty or covenants been made as of the time of occurrence or discovery of such fact or condition. If any of Buyer's or Seller's representations or warranties are untrue or shall become untrue in any material respect between the Execution Date and the Closing Date, or if any of Buyer's or Seller's covenants or agreements to be performed or observed prior to or on the Closing Date shall not have been so performed or observed in any material respect, and if such breach of representation, warranty, covenant or agreement shall (if curable) be cured by Closing, then such breach shall be considered not to have occurred for all purposes of this Agreement.

6.02 Satisfaction of Conditions.

Between the Execution Date and the Closing Date (a) Seller shall use commercially reasonable efforts to cause the conditions in Article 7 to be satisfied, and (b) Buyer shall use commercially reasonable efforts to cause the conditions in Article 8 to be satisfied; *provided*, *however*, that if Seller or Buyer, as applicable, is unable to satisfy such conditions after using such commercially reasonable efforts, such failure to satisfy shall not constitute a Breach of this Agreement.

6.03 Replacement of Insurance, Bonds, Letters of Credit, and Guaranties.

(a) The Parties understand that none of the insurance currently maintained by Seller or Seller's Affiliates covering the Assets, nor any of the bonds, letters of credit, or guaranties, if any, posted by Seller or Seller's Affiliates with Governmental Bodies or co-owners and relating to the Assets will be transferred to Buyer. On or before the Closing Date (or, with respect to any Retained Plug Back Wells conveyed to Buyer pursuant to Section 6.05, the date such Retained Plug Back Wells are conveyed to Buyer), Buyer shall obtain, and deliver to Seller evidence of, all necessary replacement bonds, letters of credit, and guaranties, and evidence of such other authorizations, qualifications, and approvals as may be necessary for Buyer to own the Assets that are to be conveyed to Buyer at Closing.

(b) Promptly (but in no event later than thirty (30) days) after Closing (or, with respect to any Retained Plug Back Wells conveyed to Buyer pursuant to Section 6.05, the date such Retained Plug Back Wells are conveyed to Buyer), Buyer shall, at its sole cost and expense, make all filings with Governmental Bodies necessary to assign and transfer the Assets conveyed to Buyer at Closing and title thereto and to comply with applicable Legal Requirements, and Seller shall reasonably assist Buyer with such filings. Buyer shall indemnify, defend, and hold harmless Seller Group from and against all Damages arising out of Buyer's holding of such title or operatorship of the Assets after Closing and prior to the securing of any necessary Consents and approvals of the Contemplated Transactions from Governmental Bodies.

6.04 Governmental Reviews.

Seller and Buyer shall (and shall cause their respective Affiliates to), in a timely manner, make all other required filings (if any) with, prepare applications to, and conduct negotiations with Governmental Bodies as required to consummate the Contemplated Transactions. Each Party shall, to the extent permitted pursuant to applicable Legal Requirements, cooperate with and use all reasonable efforts to assist the other with respect to such filings, applications and negotiations. Buyer shall bear the cost of all filing or application fees payable to any Governmental Body with respect to the Contemplated Transactions, regardless of whether Buyer, Seller, or any Affiliate of any of them is required to make the payment.

6.05 Plug Back Wells; Plug Back Well Operations.

From and after the Execution Date until the Closing Date, Seller shall use commercially reasonable efforts to plug back and mechanically separate the Plug Back Wells from the Excluded Depths (making such Well(s) incapable of producing from the Excluded Depths) in accordance with applicable rules and regulations of the State of Louisiana (the "Plug Back Operations"). At least five (5) days in advance of any Plug Back Operations, Seller shall provide written notice to Enable Mississippi River Transmission LLC of the approximate dates the Plug Back Operations will take place along with a description of the procedure of such Plug Back Operations, along with an invitation to be on site to view the Plug Back Operations. If the Plug Back Operations for any Plug Back Well have not been completed as of the Closing Date, then such Plug Back Well shall be retained by Seller at Closing as Retained Assets (the "Retained Plug Back Wells") and following the Closing, Seller shall continue to use commercially reasonable efforts to complete the Plug Back Operations for any Retained Plug Back Wells. Seller shall provide written notice to Buyer when the Plug Back Operations on all of the Retained Plug Back Wells have been completed (the "Retained Plug Back Well Notice") and within five (5) Business Days following delivery of the Retained Plug Back Well Notice, Seller shall assign and convey such Retained Plug Back Wells to Buyer on a form of assignment substantially in the form of the Assignment (modified to reflect the conveyance of only the applicable Retained Plug Back Wells and associated assets, rights, and obligations) effective as of the Effective Time and upon such conveyance, the Retained Plug Back Wells shall be deemed Assets for all purposes.

ARTICLE 7
CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

Buyer's obligation to purchase the Assets and to take the other actions required to be taken by Buyer at Closing is subject to the satisfaction, at or prior to Closing, of each of the following conditions (any of which may be waived by Buyer, in whole or in part), in each case, insofar as such conditions pertain to the Assets to be conveyed from Seller to Buyer at Closing:

7.01 Accuracy of Representations.

All of Seller's representations and warranties in this Agreement must have been true and correct in all material respects (or, with respect to representations and warranties qualified by materiality or Material Adverse Effect, true and correct in all respects) as of the Execution Date, and must be true and correct in all material respects (or, with respect to representations and warranties qualified by materiality or Material Adverse Effect, true and correct in all respects) as of the Closing Date as if made on the Closing Date, other than any such representation and warranty that refers to a specified date, which need only be true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, true and correct in all respects) on and as of such specified date.

7.02 Seller's Performance.

All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to Closing must have been duly performed and complied with in all material respects.

7.03 No Proceedings.

Since the Execution Date, there must not have been commenced or Threatened against Seller, or against any of Seller's Affiliates, any Proceeding (other than any matter initiated by either Buyer or its Affiliates) seeking to restrain, enjoin, or otherwise prohibit or make illegal, or seeking to recover material damages on account of, any of the Contemplated Transactions.

7.04 No Orders.

On the Closing Date, there shall be no Order pending or remaining in force of any Governmental Body having appropriate jurisdiction that attempts to restrain, enjoin, or otherwise prohibit the consummation of the Contemplated Transactions, or that grants material damages in connection therewith.

7.05 Necessary Consents and Approvals.

All Consents from Governmental Bodies and all approvals from Governmental Bodies required for the Contemplated Transactions, except Consents and approvals of assignments by Governmental Bodies that are customarily obtained after closing, shall have been granted, or the necessary waiting period shall have expired, or early termination of the waiting period shall have been granted.

7.06 Closing Deliverables.

Seller shall have delivered (or be ready, willing and able to deliver at Closing) to Buyer the documents and other items required to be delivered by Seller under Section 2.04(a).

7.07 Performance Condition.

As of the date that is three days prior to the Closing Date, none of the Performance Wells has undergone a Sustained Production Loss that has not been subsequently cured (such that a Sustained Production Loss no longer exists for such Performance Well) on any date on or prior to the Outside Date.

ARTICLE 8
CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligation to sell the Assets and to take the other actions required to be taken by Seller at Closing is subject to the satisfaction, at or prior to Closing, of each of the following conditions (any of which may be waived by Seller, in whole or in part), in each case, insofar as such conditions pertain to the Assets to be conveyed from Seller to Buyer at Closing:

8.01 Accuracy of Representations.

All of Buyer's representations and warranties in this Agreement must have been true and correct in all material respects (or, with respect to representations and warranties qualified by materiality or Material Adverse Effect, true and correct in all respects) as of the Execution Date, and must be true and correct in all material respects (or, with respect to representations and warranties qualified by materiality or Material Adverse Effect, true and correct in all respects) as of the Closing Date as if made on the Closing Date, other than any such representation and warranty that refers to a specified date, which need only be true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, true and correct in all respects) on and as of such specified date.

8.02 Buyer's Performance.

All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to Closing must have been duly performed and complied with in all material respects.

8.03 No Proceedings.

Since the Execution Date, there must not have been commenced or Threatened against Buyer or against any of its Affiliates, any Proceeding (other than any matter initiated by Seller or an Affiliate of Seller) seeking to restrain, enjoin, or otherwise prohibit or make illegal, or seeking to recover material damages on account of, any of the Contemplated Transactions.

8.04 No Orders.

On the Closing Date, there shall be no Order pending or remaining in force of any Governmental Body having appropriate jurisdiction that attempts to restrain, enjoin, or otherwise prohibit the consummation of the Contemplated Transactions, or that grants material damages in connection therewith.

8.05 Necessary Consents and Approvals.

All Consents from Governmental Bodies and all approvals from Governmental Bodies required for the Contemplated Transactions, except Consents and approvals of assignments by Governmental Bodies that are customarily obtained after closing, shall have been granted, or the necessary waiting period shall have expired, or early termination of the waiting period shall have been granted.

8.06 Closing Deliverables.

Buyer shall have delivered (or be ready, willing and able to deliver at Closing) to Seller the documents and other items required to be delivered by Buyer under Section 2.04(b).

8.07 Qualifications.

Buyer shall have obtained all authorizations, qualifications, and approvals required to be obtained prior to Closing under Section 6.03(a).

ARTICLE 9
TERMINATION

9.01 Termination Events.

This Agreement may, by written notice given prior to or on the Closing Date, be terminated:

(a) by mutual written consent of Seller and Buyer;

(b) by Buyer, if Seller has committed a material Breach of this Agreement and such Breach causes any of the conditions to Closing set forth in Article 7 not to be satisfied (or, if prior

to Closing, such Breach is of such a magnitude or effect that it will not be possible for such condition to be satisfied); *provided*, *however*, that in the case of a Breach that is capable of being cured, Seller shall have a period of ten (10) Business Days following receipt of such notice to attempt to cure the Breach and the termination under this Section 9.01(b) shall not become effective unless Seller fails to cure such Breach prior to the end of such ten (10) Business Day period; *provided*, *further*, if (i) Seller's conditions to Closing have been satisfied or waived in full, (ii) Seller is not in material Breach of the terms of this Agreement and (iii) all of Buyer's conditions to Closing have been satisfied or waived, then the refusal or willful or negligent delay by Seller to timely close the Contemplated Transactions shall constitute a material Breach of this Agreement;

(c) by Seller, if Buyer has committed a material Breach of this Agreement and such breach causes any of the conditions to Closing set forth in Article 8 not to be satisfied (or, if prior to Closing, such Breach is of such a magnitude or effect that it will not be possible for such condition to be satisfied); *provided*, *however*, that in the case of a Breach that is capable of being cured, Buyer shall have a period of ten (10) Business Days following receipt of such notice to attempt to cure the Breach and the termination under this Section 9.01(c) shall not become effective unless Buyer fails to cure such Breach prior to the end of such ten (10) Business Day period; *provided*, *further*, if (i) Buyer's conditions to Closing have been satisfied or waived in full, (ii) Buyer is not in material Breach of the terms of this Agreement and (iii) all of Seller's conditions to Closing have been satisfied or waived, then the refusal or willful or negligent delay by Buyer to timely close the Contemplated Transactions shall constitute a material Breach of this Agreement;

(d) by either Seller or Buyer if Closing has not occurred on or before September 30, 2020 (the "Outside Date"), or such later date as the Parties may agree upon in writing; *provided* that such failure does not result primarily from the terminating Party's material Breach of this Agreement;

(e) by either Seller or Buyer if (i) any Legal Requirement has made the consummation of the Contemplated Transactions illegal or otherwise prohibited, or (ii) a Governmental Body has issued an Order, or taken any other action permanently restraining, enjoining, or otherwise prohibiting the consummation of the Contemplated Transactions, and such order, decree, ruling, or other action has become final and nonappealable;

(f) by Seller if the sum of (i) all Title Defect Values asserted by Buyer in good faith and without taking into account the Aggregate Defect Deductible (*less* the sum of all Title Benefit Values), *plus* (ii) the Aggregate Environmental Defect Values asserted by Buyer in good faith and without taking into account the Aggregate Defect Deductible, *plus* (iii) the aggregate downward Purchase Price adjustments under Section 11.02, *plus* (iv) the aggregate downward Purchase Price adjustments under Section 11.03, exceeds twenty percent (20%) of the unadjusted Purchase Price;

(g) by Buyer if the sum of (i) all Title Defect Values agreed on by the Parties or finally determined pursuant to Article 11, *plus* (ii) all Environmental Defect Values agreed on by the Parties or finally determined pursuant to Article 11, *plus* (iii) the aggregate downward Purchase Price adjustments under Section 11.02, *plus* (iv) the aggregate downward

Purchase Price adjustments under Section 11.03, exceeds twenty percent (20%) of the unadjusted Purchase Price; or

(h) by Seller if Buyer fails to deposit the Deposit Amount into the Escrow Account on or before 5:00 p.m. (Central Time) on the first (1st) Business Day after the Execution Date.

9.02 Effect of Termination; Distribution of the Deposit Amount.

(a) If this Agreement is terminated pursuant to Section 9.01, all further obligations of the Parties under this Agreement shall terminate; *provided* that (a) such termination shall not impair nor restrict the rights of either Party against the other with respect to the Deposit Amount (or, with respect to Buyer, damages in an amount up to the Deposit Amount) pursuant to Section 9.02(b), (b) except to the extent either Party has received the Deposit Amount (or, with respect to Buyer, damages in an amount up to the Deposit Amount) as liquidated damages pursuant to Section 9.02(b), the termination of this Agreement shall not relieve any Party from liability for any failure to perform or observe in any material respect any of its agreements or covenants contained herein which are to be performed or observed at or prior to Closing, (c) except to the extent either Party has received the Deposit Amount (or, with respect to Buyer, damages in an amount up to the Deposit Amount) as liquidated damages pursuant to Section 9.02(b), to the extent such termination results from the material Breach by a Party of any of its covenants or agreements hereunder, the other Party shall be entitled to all remedies available at law or in equity with respect to such Breach and shall be entitled to recover court costs and reasonable attorneys' fees in addition to any other relief to which such Party may be entitled, and (d) the following provisions shall survive the termination: Article 1, Sections 9.02, 10.02(c), 10.03(c), 10.06, 10.07, 10.11, 10.12, 10.13, 10.14, Article 13 (other than Section 13.01) and any such terms as set forth in this Agreement that are necessary to give context to any of the foregoing surviving Sections.

(b) Notwithstanding anything to the contrary in Section 9.02(a):

(i) If Seller has the right to terminate this Agreement (A) pursuant to Section 9.01(c) or (B) pursuant to Section 9.01(d), if at such time Seller could have terminated this Agreement pursuant to Section 9.01(c) (without regard to any cure periods contemplated therein), then, in either case, Seller shall have the right, as its sole and exclusive remedy, to terminate this Agreement and receive the Deposit Amount as liquidated damages (and not as a penalty). If Seller elects to terminate this Agreement pursuant to this Section 9.02(b)(i) and receive the Deposit Amount as liquidated damages, (x) the Parties shall, within two (2) Business Days of Seller's election, execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount to Seller and (y) Seller shall be free to enjoy immediately all rights of ownership of the Assets and to sell, transfer, encumber, or otherwise dispose of the Assets to any Person without any restriction under this Agreement. For the avoidance of doubt, provided that Seller has received the Deposit Amount as liquidated damages (and not as a penalty), Seller has no right of specific performance under this Agreement.

(ii) If Buyer has the right to terminate this Agreement (A) pursuant to Section 9.01(b) or (B) pursuant to Section 9.01(d), if at such time Buyer could have terminated this Agreement pursuant to Section 9.01(b) (without regard to any cure periods contemplated therein), then, in either case, Buyer shall have the right, at its sole discretion, to either (1) enforce specific performance by Seller of this Agreement, without posting any bond or the necessity of proving the inadequacy as a remedy of monetary damages, in which event the Deposit Amount will be applied as called for herein, or (2) if Buyer does not seek and successfully enforce specific performance, terminate this Agreement and (in addition to retention of the Deposit Amount) be entitled to damages from Seller in an amount equal to the Deposit Amount, as liquidated damages (and not as a penalty). If Buyer elects to terminate this Agreement pursuant to this Section 9.02(b)(ii) and receive damages in an amount equal to the Deposit Amount as liquidated damages, the Parties shall, within two (2) Business Days of Buyer's election, (x) execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount to Buyer and (y) Seller, after irrevocable and unconditional payment of the liquidated damages to Buyer pursuant to this Section 9.02(b)(ii), shall be free to enjoy immediately all rights of ownership of the Assets and to sell, transfer, encumber, or otherwise dispose of the Assets to any Person without any restriction under this Agreement.

(c) The Parties recognize that the actual damages for a Party's material Breach of this Agreement would be difficult or impossible to ascertain with reasonable certainty and agree that the Deposit Amount would be a reasonable liquidated damages amount for such material Breach.

(d) If this Agreement is terminated by Buyer pursuant to Section 5.05, or by either Buyer or Seller pursuant to Section 9.01 (other than Section 9.01(h)) for any reason other than as described in Section 9.02(b), then, in any such case, the Parties shall, within two (2) Business Days of such termination, execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount to Buyer. If this Agreement is terminated by Seller in accordance with Section 9.01(h), then upon such termination, Seller shall be free to enjoy immediately all rights of ownership of the Assets and to sell, transfer, encumber, or otherwise dispose of the Assets to any Person without any restriction under this Agreement.

9.03 Return of Records Upon Termination.

Upon termination of this Agreement, (a) Buyer shall promptly return to Seller or destroy (at Seller's option) all title, engineering, geological and geophysical data, environmental assessments and reports, maps, documents and other information furnished by Seller to Buyer in connection with its due diligence investigation of the Assets and (b) an officer of Buyer shall certify Buyer's compliance with the preceding clause (a) to Seller in writing.

ARTICLE 10
INDEMNIFICATION; REMEDIES

10.01 Survival.

The survival periods for the various representations, warranties, covenants and agreements contained herein shall be as follows: (a) Fundamental Representations shall survive indefinitely, (b) the representations and warranties in Section 3.04 and the covenants and agreements in Section 2.07 and Section 13.02(b)-(d) shall survive for the applicable statute of limitations or prescription plus sixty (60) days, (c) the special warranty of Defensible Title set forth in the Instruments of Conveyance shall survive for twenty-four (24) months after Closing, (d) all other representations, warranties of Seller shall survive for twelve (12) months after Closing, (e) all covenants and agreements of Seller to be performed at or following the Closing shall survive until fully performed, (f) all covenants and agreements of Buyer shall survive until fully performed, and (g) all representations, warranties of Buyer shall survive indefinitely. Representations, warranties, covenants and agreements shall be of no further force and effect after the date of their expiration; *provided* that there shall be no termination of any bona fide claim asserted pursuant to this Agreement with respect to such a representation, warranty, covenant or agreement prior to its expiration date. The indemnities in Sections 10.02(a), 10.02(b), 10.03(a) and 10.03(b) shall terminate as of the termination date of each respective representation, warranty, covenant or agreement that is subject to indemnification thereunder, except in each case as to matters for which a specific written claim for indemnity has been delivered to the indemnifying person on or before such termination date. All other indemnities, and all other provisions of this Agreement, shall survive Closing without time limit except as may otherwise be expressly provided herein.

10.02 Indemnification and Payment of Damages by Seller.

Except as otherwise limited in this Article 10, from and after Closing, Seller shall defend, release, indemnify, and hold harmless Buyer Group from and against, and shall pay to the Buyer Group the amount of, any and all Damages, whether or not involving a Third Party claim or incurred in the investigation or defense of any of the same or in asserting, preserving, or enforcing any of their respective rights under this Agreement arising from, based upon, related to, or associated with:

(a) any Breach of any representation or warranty made by Seller in this Agreement, or in any certificate delivered by Seller pursuant to this Agreement;

(b) any Breach by Seller of any covenant, obligation, or agreement of Seller in this Agreement;

(c) the Retained Liabilities;

(d) the use or ownership of the Excluded Assets; and

(e) the use or ownership of the Retained Assets (including the Retained Plug Back Wells, unless and until such time as such Retained Assets are conveyed to Buyer as Assets under the terms of this Agreement).

Notwithstanding anything to the contrary contained in this Agreement, and except for Buyer's termination rights and remedies under Article 9 of this Agreement, after Closing, the remedies provided in this Article 10 and Article 11, along with the special warranty of Defensible Title set forth in the Instruments of Conveyance, are Buyer Group's exclusive legal remedies for Seller's

Breaches, ALL OTHER LEGAL RIGHTS AND REMEDIES BEING EXPRESSLY WAIVED BY BUYER GROUP, KNOWN OR UNKNOWN, WHICH BUYER MIGHT NOW OR SUBSEQUENTLY HAVE, BASED ON, RELATING TO OR IN ANY WAY ARISING OUT OF THIS AGREEMENT, THE CONTEMPLATED TRANSACTIONS, THE OWNERSHIP, USE OR OPERATION OF THE ASSETS PRIOR TO CLOSING, OR THE CONDITION, QUALITY, STATUS, OR NATURE OF THE ASSETS PRIOR TO CLOSING, INCLUDING ANY AND ALL CLAIMS RELATED TO ENVIRONMENTAL MATTERS OR LIABILITY OR VIOLATIONS OF ENVIRONMENTAL LAWS AND INCLUDING RIGHTS TO CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, AS AMENDED, BREACHES OF STATUTORY OR IMPLIED WARRANTIES, NUISANCE, OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, AND RIGHTS UNDER INSURANCE MAINTAINED BY SELLER OR ANY OF SELLER'S AFFILIATES; *provided* that Buyer is entitled to any equitable remedies available under applicable Legal Requirements in connection with any Breach by Seller of Article 13. Buyer shall have no obligation to indemnify any of the Seller Group for any Damages for which Seller is obligated to indemnify Buyer Group pursuant to this Section 10.03.

10.03 Indemnification and Payment of Damages by Buyer.

Except as otherwise limited in this Article 10 and Article 11, from and after Closing, Buyer shall assume, be responsible for, pay on a current basis, and shall defend, release, indemnify, and hold harmless Seller Group from and against, and shall pay to Seller Group the amount of any and all Damages, whether or not involving a Third Party claim or incurred in the investigation or defense of any of the same or in asserting, preserving, or enforcing any of their respective rights under this Agreement arising from, based upon, related to, or associated with:

(a) any Breach of any representation or warranty made by Buyer in this Agreement or in any certificate delivered by Buyer pursuant to this Agreement;

(b) any Breach by Buyer of any covenant, obligation, or agreement of Buyer in this Agreement;

(c) any Damages caused by Buyer arising out of or relating to access to the Assets and contracts, books and records and other documents and data relating thereto prior to Closing, including Buyer's title and environmental inspections pursuant to Sections 11.01 and 11.10, including Damages attributable to personal injury, illness or death, or property damage; and

(d) the Assumed Liabilities.

Notwithstanding anything to the contrary contained in this Agreement, and except for Seller's termination rights under Article 9 of this Agreement, the remedies provided in this Article 10 are Seller Group's exclusive legal remedies for Buyer's Breaches, all other legal rights and remedies being expressly waived by Seller Group; *provided* that Seller is entitled to any equitable remedies available under applicable Legal Requirements in connection with any Breach by Buyer of Article 13.

10.04 Indemnity Net of Insurance.

The amount of any Damages for which an indemnified Party is entitled to indemnity under this Article 10 shall be reduced by the amount of

insurance or indemnification proceeds realized by the indemnified Party or its Affiliates with respect to such Damages (net of any collection costs, and excluding the proceeds of any insurance policy issued or underwritten, or indemnity granted, by the indemnified Party or its Affiliates).

10.05 Limitations on Liability.

Except with respect to the Fundamental Representations and the representations and warranties included in Section 3.04, if Closing occurs, Seller shall not have any liability for any indemnification under Section 10.02(a): (a) for any Damages with respect to any occurrence, claim, award or judgment with respect to that do not individually exceed Fifty Thousand Dollars ($50,000) net to Seller's interest (the "Individual Claim Threshold"); or (b) unless and until the aggregate Damages for which claim notices for claims meeting the Individual Claim Threshold are delivered by Buyer exceed three percent (3%) of the unadjusted Purchase Price, and then only to the extent such Damages exceed three percent (3%) of the unadjusted Purchase Price. Except with respect to the Fundamental Representations and the representations and warranties included in Section 3.04, in no event will Seller be liable for Damages indemnified under Section 10.02(a) to the extent such damages, exceed twenty percent (20%) of the unadjusted Purchase Price. Notwithstanding anything herein to the contrary, in no event will Seller's aggregate liability under this Agreement exceed one hundred percent (100%) of the unadjusted Purchase Price.

10.06 Procedure for Indemnification – Third Party Claims.

(a) Promptly after receipt by an indemnified party under Section 10.02 or 10.03 of a Third Party claim for Damages or notice of the commencement of any Proceeding against it, such indemnified party shall, if a claim is to be made against an indemnifying Party under such Section, give notice to the indemnifying Party of the commencement of such claim or Proceeding, together with a claim for indemnification pursuant to this Article 10. The failure of any indemnified party to give notice of a Third Party claim or Proceeding as provided in this Section 10.06 shall not relieve the indemnifying Party of its obligations under this Article 10 except to the extent such failure results in insufficient time being available to permit the indemnifying Party to effectively defend against the Third Party claim or participate in the Proceeding or otherwise materially prejudices the indemnifying Party's ability to defend against the Third Party claim or participate in the Proceeding.

(b) If any Proceeding referred to in Section 10.06(a) is brought against an indemnified party and the indemnified party gives notice to the indemnifying Party of the commencement of such Proceeding, the indemnifying Party shall be entitled to participate in such Proceeding and, to the extent that it wishes (unless (i) the indemnifying Party is also a party to such Proceeding and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying Party fails to provide reasonable assurance to the indemnified party of its financial capacity to defend such Proceeding and provide indemnification with respect to such Proceeding), to assume the defense of such Proceeding with counsel reasonably satisfactory to the indemnified party, and, after notice from the indemnifying Party to the indemnified party of the indemnifying Party's election to assume the defense of such Proceeding and approval of such counsel, the indemnifying Party shall not, as long as it diligently conducts such defense, be liable to the indemnified party under this Article 10 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the indemnified

party in connection with the defense of such Proceeding. If reasonably requested by the indemnifying Party, the indemnified Party agrees to cooperate in contesting any Proceeding which the indemnifying Party elects to contest (at the expense of the indemnifying Party); *provided* that the indemnified Party shall not be required to pursue any cross-claim or counter-claim. Notwithstanding anything to the contrary in this Agreement, the indemnifying Party shall not be entitled to assume or continue control of the defense of any such Proceeding if (A) such Proceeding relates to or arises in connection with any criminal proceeding, (B) such Proceeding seeks an injunction or equitable relief against any indemnified Party, (C) such Proceeding has or would reasonably be expected to result in Damages in excess of the amount set forth in Section 10.05 (*i.e.*, twenty percent (20%) of the unadjusted Purchase Price), or (D) the indemnifying Party has failed or is failing to defend in good faith such Proceeding. If the indemnifying Party assumes the defense of a Proceeding, no compromise or settlement of such Third Party claims or Proceedings may be effected by the indemnifying Party without the indemnified party's prior written consent unless (1) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any Person and no effect on any other Third Party claims that may be made against the indemnified party, (2) the sole relief provided is monetary damages that are paid in full by the indemnifying Party and (3) the indemnified party shall have no liability with respect to any compromise or settlement of such Third Party claims or Proceedings effected without its consent.

10.07 Procedure for Indemnification – Other Claims.

A claim for indemnification for any matter not involving a Third Party claim may be asserted by notice to the Party from whom indemnification is sought.

10.08 Indemnification of Group Members.

The indemnities in favor of Buyer and Seller provided in Section 10.08 and Section 10.03, respectively, shall be for the benefit of and extend to such Party's present and former Group members. Any claim for indemnity under this Article 10 by any Group member other than Buyer or Seller must be brought and administered by the relevant Party to this Agreement. No indemnified party other than Buyer and Seller shall have any rights against either Seller or Buyer under the terms of this Article 10 except as may be exercised on its behalf by Buyer or Seller, as applicable, pursuant to this Section 10.08. Each of Seller and Buyer may elect to exercise or not exercise indemnification rights under this Section on behalf of the other indemnified party affiliated with it in its sole discretion and shall have no liability to any such other indemnified party for any action or inaction under this Section.

10.09 Extent of Representations and Warranties.

(a) **EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE INSTRUMENTS OF CONVEYANCE, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, AND DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT, OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO BUYER (INCLUDING ANY OPINION, INFORMATION, OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER OR ITS AFFILIATES OR REPRESENTATIVES BY ANY AFFILIATES OR REPRESENTATIVES OF SELLER OR BY ANY INVESTMENT BANK OR INVESTMENT BANKING FIRM, ANY PETROLEUM ENGINEER OR ENGINEERING FIRM, SELLER'S COUNSEL, OR ANY OTHER AGENT,**

CONSULTANT, OR REPRESENTATIVE OF SELLER). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE INSTRUMENTS OF CONVEYANCE, SELLER EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE, OR OTHERWISE, RELATING TO (A) THE TITLE TO ANY OF THE ASSETS, (B) THE CONDITION OF THE ASSETS (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING DISTINCTLY UNDERSTOOD THAT THE ASSETS ARE BEING SOLD "AS IS," "WHERE IS," AND "WITH ALL FAULTS AS TO ALL MATTERS," (C) ANY INFRINGEMENT BY SELLER OF ANY PATENT OR PROPRIETARY RIGHT OF ANY THIRD PARTY, (D) ANY INFORMATION, DATA, OR OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED TO BUYER BY OR ON BEHALF OF SELLER (INCLUDING THE EXISTENCE OR EXTENT OF HYDROCARBONS OR THE MINERAL RESERVES, THE RECOVERABILITY OF SUCH RESERVES, ANY PRODUCT PRICING ASSUMPTIONS, AND THE ABILITY TO SELL HYDROCARBON PRODUCTION AFTER CLOSING), (E) THE ENVIRONMENTAL CONDITION AND OTHER CONDITION OF THE ASSETS AND ANY POTENTIAL LIABILITY ARISING FROM OR RELATED TO THE ASSETS AND (F) THE PRESENCE OR ABSENCE OF ASBESTOS, NORM, OR OTHER WASTES OR HAZARDOUS MATERIALS IN OR ON THE ASSETS IN QUANTITIES TYPICAL FOR OILFIELD OPERATIONS IN THE AREA WHERE THE ASSETS ARE LOCATED.

(b) Buyer acknowledges and affirms that it has made its own independent investigation, analysis, and evaluation of the Contemplated Transactions and the Assets (including Buyer's own estimate and appraisal of the extent and value of Seller's Hydrocarbon reserves attributable to the Assets and an independent assessment and appraisal of the environmental risks associated with the acquisition of the Assets). Buyer acknowledges that in entering into this Agreement, it has relied on the aforementioned investigation and the express representations and warranties of Seller contained in this Agreement and the Seller Closing Documents. Buyer hereby irrevocably covenants to refrain from, directly or indirectly, asserting any claim, or commencing, instituting, or causing to be commenced, any Proceeding of any kind against Seller or its Affiliates, alleging facts contrary to the foregoing acknowledgment and affirmation.

10.10 Redhibition Waiver.

BUYER: (A) WAIVES ALL RIGHTS IN REDHIBITION PURSUANT TO LOUISIANA CIVIL CODE ARTICLE 2475 AND ARTICLES 2520 THROUGH 2548; (B) ACKNOWLEDGES THAT THIS EXPRESS WAIVER SHALL BE CONSIDERED A MATERIAL AND INTEGRAL PART OF THIS SALE AND THE CONSIDERATION THEREOF; AND (C) ACKNOWLEDGES THAT THIS WAIVER HAS BEEN BROUGHT TO THE ATTENTION OF BUYER, HAS BEEN EXPLAINED IN DETAIL AND THAT BUYER HAS VOLUNTARILY AND KNOWINGLY CONSENTED TO THIS WAIVER OF WARRANTY OF FITNESS AND WARRANTY AGAINST REDHIBITORY VICES AND DEFECTS WITH RESPECT TO THE ASSETS.

10.11 UTPCPL Waiver.

TO THE EXTENT APPLICABLE TO THE ASSETS OR ANY PORTION THEREOF, BUYER HEREBY WAIVES THE PROVISIONS OF THE LOUISIANA UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION LAW (LA. R.S. 51.1401, ET SEQ.). BUYER WARRANTS AND REPRESENTS THAT IT: (A) IS EXPERIENCED AND KNOWLEDGEABLE WITH RESPECT TO THE OIL AND GAS INDUSTRY GENERALLY AND WITH TRANSACTIONS OF THIS TYPE

SPECIFICALLY; (B) POSSESSES AMPLE KNOWLEDGE, EXPERIENCE AND EXPERTISE TO EVALUATE INDEPENDENTLY THE MERITS AND RISKS OF THE CONTEMPLATED TRANSACTIONS; AND (C) IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION.

10.12 Compliance With Express Negligence Test.

THE PARTIES AGREE THAT ANY INDEMNITY, DEFENSE, AND/OR RELEASE OBLIGATION ARISING UNDER THIS AGREEMENT SHALL APPLY WITHOUT REGARD TO THE NEGLIGENCE, STRICT LIABILITY, OR OTHER FAULT OF THE INDEMNIFIED PARTY, WHETHER ACTIVE, PASSIVE, JOINT, CONCURRENT, COMPARATIVE, CONTRIBUTORY OR SOLE, OR ANY PRE-EXISTING CONDITION, ANY BREACH OF CONTRACT OR BREACH OF WARRANTY, OR VIOLATION OF ANY LEGAL REQUIREMENT, EXCEPT TO THE EXTENT SUCH DAMAGES WERE OCCASIONED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY OR ANY GROUP MEMBER THEREOF, IT BEING THE PARTIES' INTENTION THAT DAMAGES TO THE EXTENT ARISING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY OR ANY GROUP MEMBER THEREOF NOT BE COVERED BY THE RELEASE, DEFENSE, OR INDEMNITY OBLIGATIONS IN THIS AGREEMENT. The foregoing is a specifically bargained for allocation of risk among the Parties, which the Parties agree and acknowledge satisfies the express negligence rule and conspicuousness requirement under Texas law.

10.13 Limitations of Liability.

Notwithstanding anything to the contrary contained in this Agreement, IN NO EVENT SHALL SELLER OR BUYER EVER BE LIABLE FOR, AND EACH PARTY RELEASES THE OTHER FROM, ANY CONSEQUENTIAL, SPECIAL, INDIRECT, EXEMPLARY, OR PUNITIVE DAMAGES OR CLAIMS RELATING TO OR ARISING OUT OF THE CONTEMPLATED TRANSACTIONS OR THIS AGREEMENT; *provided*, *however*, that any consequential, special, indirect, exemplary, or punitive damages recovered by a Third Party (including a Governmental Body, but excluding any Affiliate of any Group member) against a Person entitled to indemnity pursuant to this Article 10 shall be included in the Damages recoverable under such indemnity. Notwithstanding the foregoing, lost profits shall not be excluded by this provision as to recovery hereunder to the extent constituting direct Damages.

10.14 No Duplication.

Any liability for indemnification hereunder shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a Breach of more than one representation, warranty, covenant, obligation, or agreement herein. Neither Buyer nor Seller shall be liable for indemnification with respect to any Damages based on any sets of facts to the extent the Purchase Price is being or has been adjusted pursuant to Section 2.05 by reason of the same set of facts.

10.15 Disclaimer of Application of Anti-Indemnity Statutes.

Seller and Buyer acknowledge and agree that the provisions of any anti-indemnity statute relating to oilfield services and associated activities shall not be applicable to this Agreement and/or the Contemplated Transactions.

10.16 Waiver of Right to Rescission.

Seller and Buyer acknowledge that, following Closing, the payment of money pursuant to the terms of this Agreement, shall be adequate compensation for Breach of any representation, warranty, covenant or agreement contained herein or for any other claim arising in connection with or with respect to the Contemplated Transactions consummated at Closing. As the payment of money shall be adequate compensation, following

Closing, Seller and Buyer waive any right to rescind this Agreement or any of the transactions contemplated hereby.

ARTICLE 11
TITLE MATTERS AND ENVIRONMENTAL MATTERS; PREFERENTIAL PURCHASE RIGHTS; CONSENTS

11.01 Title Examination and Access.

Buyer may make or cause to be made at its expense such examination as it may desire of Seller's title to the Assets. For such purposes, until the Defect Notice Date, Seller shall give to Buyer and its Representatives access during Seller's regular hours of business to originals or, in Seller's sole discretion, copies (which copies may, at Seller's sole discretion, be in electronic format), of all of the files, records, contracts, correspondence, maps, data, reports, plats, abstracts of title, lease files, well files, unit files, division order files, production marketing files, title opinions, title files, title records, ownership maps, surveys, and any other information, data, records, and files that Seller has relating in any way to the title to the Assets, the past or present operation thereof, and the marketing of production therefrom, in accordance with, and subject to the limitations in, Section 5.01.

11.02 Preferential Purchase Rights.

Seller shall provide all notices necessary to comply with or obtain the waiver of all Preferential Purchase Rights which are applicable to the Contemplated Transactions prior to Closing Date and in accordance with Section 5.04. To the extent any such Preferential Purchase Rights are exercised by any holders thereof, then the Asset(s) subject to such Preferential Purchase Rights shall not be sold to Buyer and shall be excluded from the Assets and sale under this Agreement and shall be considered Retained Assets. The Purchase Price shall be adjusted downward by the Allocated Value of the Asset(s) so retained. On the Closing Date, if the time period for exercising any Preferential Purchase Right has not expired, but no notice of waiver (nor of the exercise of such Preferential Purchase Right) has been received from the holder thereof, then the Asset(s) subject to such Preferential Purchase Right shall be included in the Closing, with no adjustment to the Purchase Price. After Closing, if the holder of such Preferential Purchase Right exercises the Preferential Purchase Right, then Buyer shall convey the affected Asset(s) to such party, and shall receive the consideration for such affected Asset(s) directly from such party. If any holder of a Preferential Purchase Right initially elects to exercise that Preferential Purchase Right, but after the Closing Date, refuses to consummate the purchase of the affected Asset(s), then, subject to the Parties' respective rights and remedies as to the obligation to consummate the Contemplated Transactions, Buyer shall purchase such Asset(s) for the Allocated Value thereof (subject to the adjustments pursuant to Section 2.05), and the closing of such transaction shall take place on a date designated by Seller not more than one hundred eighty (180) days after the Closing Date. If such holder's refusal to consummate the purchase of the affected Asset(s) occurs prior to the Closing Date, then, subject to the Parties' respective rights and remedies as to the obligation to consummate the Contemplated Transactions, Buyer shall purchase the affected Asset(s) at the Closing in accordance with the terms of this Agreement.

11.03 Consents.

Seller shall initiate all procedures required to comply with or obtain all Consents required for the transfer of the Assets in accordance with Section 5.04.

(a) If Seller fails to obtain any Consent necessary for the transfer of any Asset to Buyer, Seller's failure shall be handled as follows:

(i) If the Consent is a not a Required Consent, then the affected Assets shall nevertheless be conveyed at Closing as part of the Assets. Any Damages that arise due to the failure to obtain such Consent shall be borne by Buyer, and Buyer shall defend, release, indemnify and hold harmless Seller Group from and against the same.

(ii) If the Consent is a Required Consent, the Purchase Price (or portion thereof payable at Closing) shall be adjusted downward by the Allocated Value of the affected Assets (which affected Assets shall include all Wells affected by the Applicable Contract or Lease for which a Consent is refused), and the affected Assets shall be treated as Retained Assets.

(b) Notwithstanding the provisions of Section 11.03(a), if Seller obtains a Required Consent described in Section 11.03(a)(ii) within one hundred eighty (180) days after the Closing Date, then Seller shall promptly deliver conveyances of the affected Asset(s) to Buyer and Buyer shall pay to Seller an amount equal to the Allocated Value of the affected Asset(s) in accordance with wire transfer instructions provided by Seller (subject to the adjustments set forth in Section 2.05).

11.04 Title Defects.

Buyer shall notify Seller of Title Defects ("Title Defect Notice(s)") promptly after the discovery thereof, but in no event later than 5:00 p.m. Central Time on August 14, 2020 (the "Defect Notice Date"). To be effective, each Title Defect Notice shall be in writing and include (a) a description of the alleged Title Defect and the Well, Well Location, or portion thereof (including the currently producing formation, as applicable) or portion of the Pipeline affected by such alleged Title Defect (each, a "Title Defect Property"), (b) the Allocated Value of each Title Defect Property, (c) supporting documents reasonably necessary for Seller to verify the existence of the alleged Title Defect, (d) Buyer's preferred manner of curing such Title Defect, and (e) the amount by which Buyer reasonably believes the Allocated Value of each Title Defect Property is reduced by such alleged Title Defect and the computations upon which Buyer's belief is based (the "Title Defect Value"). To give Seller an opportunity to commence reviewing and curing Title Defects, Buyer agrees to use reasonable efforts to give Seller, on a weekly basis prior to the Defect Notice Date, written notice of all alleged Title Defects (as well as any claims that would be claims under the special warranty of Defensible Title set forth in the Instruments of Conveyance) discovered by Buyer during the preceding week. Notwithstanding anything herein to the contrary, subject to Buyer's rights under the special warranty of Defensible Title in the Instruments of Conveyance, Buyer forever waives, and Seller shall have no liability for, Title Defects not asserted by a Title Defect Notice meeting all of the requirements set forth in the preceding sentence no later than 5:00 p.m. Central Time on the Defect Notice Date. Notwithstanding the foregoing, in the event that any governmental office required for Buyer to conduct title due diligence of the Assets is closed during a Business Day (including without limitation, closures relating to Covid-19), and such governmental office has not made records or other required diligence information available by electronic or other means during such closure, then the Defect Notice Date for Title Defects will be extended for an equivalent period of time of such closure.

11.05 Title Defect Value.

The Title Defect Value shall be determined pursuant to the following guidelines, where applicable:

(a) if the Parties agree on the Title Defect Value, then that amount shall be the Title Defect Value;

(b) if the Title Defect is an Encumbrance that is undisputed and liquidated in amount, then the Title Defect Value shall be the amount necessary to be paid to remove the Title Defect from the Title Defect Property;

(c) if the Title Defect represents a discrepancy between (i) Seller's Net Revenue Interest for the Title Defect Property and (ii) the Net Revenue Interest set forth for such Title Defect Property in Schedule 2.07, then the Title Defect Value shall be the product of the Allocated Value of such Title Defect Property, *multiplied* by a fraction, the numerator of which is the Net Revenue Interest decrease and the denominator of which is the Net Revenue Interest set forth for such Title Defect Property in Schedule 2.07;

(d) if the Title Defect represents an increase of (i) Seller's Working Interest for any Title Defect Property over (ii) the Working Interest set forth for such Title Defect Property in Schedule 2.07 (in each case, except (A) increases resulting from contribution requirements with respect to defaulting co-owners under applicable operating agreements, or (B) increases to the extent that such increases are accompanied by a proportionate increase in Seller's Net Revenue Interest), then the Title Defect Value shall be determined by calculating the Net Revenue Interest that results from such larger Working Interest, determining what the Net Revenue Interest would be using such calculated Net Revenue Interest and the Working Interest set forth in Schedule 2.07, and then calculating the adjustment in the manner set forth in clause (c) above; and

(e) if the Title Defect represents an obligation or Encumbrance upon or other defect in title to the Title Defect Property of a type not described above, then the Title Defect Value shall be determined by taking into account the Allocated Value of the Title Defect Property, the portion of the Title Defect Property affected by the Title Defect, the legal effect of the Title Defect, the potential economic effect of the Title Defect over the life of the Title Defect Property, the values placed upon the Title Defect by Buyer and Seller and such other reasonable factors as are necessary to make a proper evaluation.

In no event, however, shall the total of the Title Defect Values related to a particular Asset exceed the Allocated Value of such Asset. The Title Defect Value with respect to a Title Defect shall be determined without any duplication of any costs or losses included in any other Title Defect Value hereunder, or for which Buyer otherwise receives credit in the calculation of the Purchase Price. The value of any claim against the special warranty of Defensible Title set forth in the Instruments of Conveyance shall be determined pursuant to the guidelines in this Section 11.05, *mutates mutandis*, where applicable.

11.06 Seller's Cure or Contest of Title Defects.

Seller may contest any asserted Title Defect or Buyer's good faith estimate of the Title Defect Value as described in Section 11.06(b) and may seek to cure any asserted Title Defect as described in Section 11.06(a).

(a) Seller shall have the right to cure any Title Defect on or before sixty (60) days after the Defect Notice Date or, if later, after the date of resolution of such Title Defect or the Title Defect Value by an Expert pursuant to Section 11.15 (the "Title Defect Cure Period") by giving written notice to Buyer of its election to cure prior to the Closing Date or, if later, after the applicable Expert Decision date. If Seller elects to cure and:

(i) actually cures the Title Defect ("Cure"), prior to Closing, then the Asset affected by such Title Defect shall be conveyed to Buyer at Closing, and no Purchase Price adjustment will be made for such Title Defect; or

(ii) does not cure the Title Defect prior to Closing, then Seller shall:

(A) convey the affected Asset to Buyer at Closing and Buyer shall pay for the affected Asset at Closing; *provided, however* that if Seller is unable to Cure the Title Defect within the time provided in this Section 11.06, then Seller shall include a downward adjustment in the Final Settlement Statement equal to the Title Defect Value for such Asset; or

(B) if and only if Buyer agrees to this remedy in its sole discretion, indemnify Buyer against all Damages (up to the Allocated Value of the applicable Title Defect Property) resulting from such Title Defect with respect to such Title Defect Property pursuant to an indemnity agreement prepared by Seller in a form and substance reasonably acceptable to Buyer.

(b) Seller and Buyer shall attempt to agree on the existence and Title Defect Value for all Title Defects. Representatives of the Parties, knowledgeable in title matters, shall meet during the Title Defect Cure Period for this purpose. However, either Party may at any time prior to the final resolution of the applicable Title Defect hereunder submit any disputed Title Defect or the Title Defect Value to arbitration in accordance with the procedures set forth in Section 11.15. If a contested Title Defect cannot be resolved prior to Closing, except as otherwise provided herein, (i) the Asset affected by such Title Defect shall nevertheless be conveyed to Buyer at Closing; (ii) subject to the Aggregate Defect Deductible, the Purchase Price shall be adjusted downward in an amount equal to the Title Defect Value set forth in the Title Defect Notice for such contested Title Defect for such Asset (the "Disputed Title Amount"), which Disputed Title Amount (after taking into account the Aggregate Defect Deductible) shall be deposited into the Defect Escrow Account at Closing pending final resolution of such Title Defect; and (iii) within two (2) Business Days following final resolution of such Title Defect in accordance with Section 11.15, Seller and Buyer shall execute and deliver a joint written instruction to the Escrow Agent to release the Disputed Title Amount to Seller or Buyer (or portions thereof to both Parties), as applicable.

11.07 Limitations on Adjustments for Title Defects.

Notwithstanding the provisions of Sections 11.04, 11.05 and 11.06, Seller shall be obligated to adjust the Purchase Price to account

for uncured Title Defects only to the extent that the sum of (x) the aggregate Title Defect Values of all uncured Title Defects (the "Aggregate Title Defect Value") (after taking into account any offsetting Title Benefit Values), *plus* (y) the Aggregate Environmental Defect Value (such sum, the "Aggregate Defect Value") exceeds the Aggregate Defect Deductible (and then only with respect to the amount by which the Aggregate Defect Value exceeds the Aggregate Defect Deductible). In addition, if the Title Defect Value for any single Title Defect for a particular Well, Well Location or the Pipeline is less than the De Minimis Title Defect Cost, such value shall not be considered in calculating the Aggregate Title Defect Value or the Aggregate Defect Value.

11.08 Title Benefits.

If Seller discovers any right, circumstance or condition that operates (a) to increase the Net Revenue Interest for any Well or Well Location above that shown in Schedule 2.07, to the extent the same does not cause a greater than proportionate increase in Seller's Working Interest therein above that shown in Schedule 2.07 for such Well or Well Location or (b) to decrease the Working Interest of Seller in any Well below that shown in Schedule 2.07, to the extent the same causes a decrease in Seller's Working Interest that is proportionately greater than the decrease in Seller's Net Revenue Interest therein below that shown in Schedule 2.07 for such Well or Well Location (each, a "Title Benefit"), then Seller shall, from time to time and without limitation, have the right, but not the obligation, to give Buyer written notice of any such Title Benefits (a "Title Benefit Notice"), as soon as practicable but not later than 5:00 p.m. Central Time on the Defect Notice Date, stating with reasonable specificity the Assets affected, the particular Title Benefit claimed, and Seller's good faith estimate of the amount the additional interest increases the value of the affected Assets over and above that Asset's Allocated Value (the "Title Benefit Value"). Buyer shall also promptly furnish Seller with written notice of any Title Benefit (including a description of such Title Benefit and the Assets affected thereby with reasonable specificity (the "Title Benefit Properties")) which is discovered by any of Buyer's or any of its Affiliates' Representatives, employees, title attorneys, landmen, or other title examiners prior to the Defect Notice Date. The Title Benefit Value of any Title Benefit shall be determined by the following methodology, terms and conditions (without duplication): (i) if the Parties agree on the Title Benefit Value, then that amount shall be the Title Benefit Value; (ii) if the Title Benefit represents a discrepancy between (A) Seller's Net Revenue Interest for any Title Benefit Property and (B) the Net Revenue Interest set forth for such Title Benefit Property in Schedule 2.07 then the Title Benefit Value shall be the product of the Allocated Value of such Title Benefit Property *multiplied* by a fraction, the numerator of which is the Net Revenue Interest increase and the denominator of which is the Net Revenue Interest set forth for such Title Benefit Property in Schedule 2.07; (iii) if the Title Benefit represents a decrease of (A) Seller's Working Interest for any Title Benefit Property below (B) the Working Interest set forth for such Title Benefit Property in Schedule 2.07 (with respect to any Well or Well Location), then the Title Benefit Value shall be determined by calculating the Net Revenue Interest that results from such reduced Working Interest, determining what the Net Revenue Interest would be using such calculated Net Revenue Interest and the Working Interest set forth in Schedule 2.07, and then calculating the adjustment in the manner set forth in clause (ii) above; and (iv) if the Title Benefit is of a type not described above, then the Title Benefit Value shall be determined by taking into account the Allocated Value of the Title Benefit Property, the portion of such Title Benefit Property affected by such Title Benefit, the legal effect of the Title Benefit, the potential economic effect of the Title Benefit over the life of such Title Benefit Property, the values placed upon the Title Benefit by Buyer and Seller and such other reasonable factors as are necessary to make a proper evaluation.

Seller and Buyer shall attempt to agree on the existence and Title Benefit Value for all Title Benefits on before the end of the Title Defect Cure Period. If Buyer agrees with the existence of the Title Benefit and Seller's good faith estimate of the Title Benefit Value, then the Aggregate Title Defect Value shall be offset by the amount of the Title Benefit Value. If the Parties cannot reach agreement by the end of the Title Defect Cure Period, the Title Benefit or the Title Benefit Value in dispute shall be submitted to arbitration in accordance with the procedures set forth in Section 11.15. Notwithstanding the foregoing, the Parties agree and acknowledge that there shall be no upward adjustment to the Purchase Price for any Title Benefit. If a contested Title Benefit cannot be resolved prior to the Closing, Seller shall convey the affected Asset to Buyer and Buyer shall pay for the Asset at Closing in accordance with this Agreement as though there were no Title Benefits; *provided*, *however*, if the Title Benefit contest results in a determination that a Title Benefit exists, then the Aggregate Title Defect Value shall be adjusted downward by the Title Benefit Value as determined in such contest (which adjustment shall be made on the Final Settlement Statement).

11.09 Buyer's Environmental Assessment.

Beginning on the Execution Date and ending at 5:00 p.m. Central Time on the Defect Notice Date, Buyer shall have the right, at its sole cost, risk, liability, and expense, to conduct a Phase I Environmental Site Assessment of the Assets. During Seller's regular hours of business and after providing Seller with written notice of any such activities no less than two (2) Business Days in advance (which written notice shall include the written permission of the operator (if other than Seller) and any applicable Third Party operator or other Third Party whose permission is legally required, which Seller shall reasonably cooperate with Buyer in securing), Buyer and its representatives shall be permitted to enter upon the Assets, inspect the same, review all of Seller's files and records (other than those for which Seller has an attorney-client privilege) relating to the Assets, and generally conduct visual, non-invasive tests, examinations, and investigations. No sampling or other invasive inspections of the Assets may be conducted prior to Closing without Seller's prior written consent. Buyer's access shall be in accordance with, and subject to the limitations in, Section 5.01.

11.10 Environmental Defect Notice.

Buyer shall notify Seller in writing of any Environmental Defect (an "Environmental Defect Notice") promptly after the discovery thereof, but in no event later than 5:00 p.m. Central Time on the Defect Notice Date. To be effective, an Environmental Defect Notice shall include: (i) the Well(s), Well Location, or portion of the Pipeline affected; (ii) a complete and detailed description of the alleged Environmental Defect and the basis for such assertion under the terms of this Agreement; (iii) Buyer's good faith estimate of the Environmental Defect Value with respect to such Environmental Defect; and (iv) appropriate documentation reasonably necessary for Seller to substantiate Buyer's claim and calculation of the Environmental Defect Value. To give Seller an opportunity to commence reviewing and curing alleged Environmental Defects asserted by Buyer, Buyer shall use reasonable efforts to give Seller, on or before the end of each calendar week prior to the Defect Notice Date, written notice of all alleged Environmental Defects discovered by Buyer during such calendar week, which notice may be preliminary in nature and supplemented prior to the Defect Notice Date. Notwithstanding anything herein to the contrary, Buyer forever waives Environmental Defects not asserted by an Environmental Defect Notice meeting all of the requirements set forth in the preceding sentence no later than 5:00 p.m. Central Time on the Defect Notice Date.

11.11 Exclusion, Cure or Contest of Environmental Defects.

Either Party may, in its sole discretion, elect to exclude from the Closing any Asset (and any directly related Asset that, in Seller's reasonable discretion, cannot be practically separated from the affected Asset, which will become Retained Assets) affected by an asserted Environmental Defect if (x) the Environmental Defect value with respect to such Environmental Defect equals or exceeds the Allocated Value(s) of such affected Asset(s) and reduce the Purchase Price by the Allocated Value(s) thereof or (y) in the event the affected Asset has no Allocated Value, if the Environmental Defect exceeds $50,000, (provided there shall be no adjustment to the Purchase Price on account of such defect) (each of (x) and (y), an "Excludable Environmental Defect"). In addition, Seller may, in its sole discretion, contest any asserted Environmental Defect or the good faith estimate of the Environmental Defect Value as described in Section 11.11(b) (including for purposes of determining whether Buyer is permitted to exclude any Asset(s) in accordance with the previous sentence). Without limiting Seller's right to exclude any Asset or contest any Environmental Defect in accordance with this Section 11.11, Seller may (by delivering written notice of such election at or prior to the Closing Date) seek to remediate or cure any asserted Environmental Defect to the extent of the Lowest Cost Response as described in Section 11.11(a).

(a) Seller shall have the right to remediate or cure an Environmental Defect to the extent of the Lowest Cost Response on or before the Closing Date or, if later, after the date of resolution of such Environmental Defect or the Environmental Defect Value by an Expert (the "Environmental Defect Cure Period") by giving written notice to Buyer to that effect prior to the Closing Date or, if later, after the applicable Expert Decision date, together with Seller's proposed plan and timing for such remediation, and Seller shall remain liable for all Damages arising out of or in connection with such Environmental Defect until such time as such remediation or cure is completed. If Seller elects to pursue remediation or cure as set forth in this clause (a), Seller shall implement such remediation or cure in a manner that is in compliance with all applicable Legal Requirements in a prompt and timely fashion for the type of remediation or cure. If Seller elects to pursue remediation or cure and:

(i) completes a Complete Remediation of an Environmental Defect prior to the Closing Date, the affected Well(s), Well Location, or the Pipeline shall be included in the Assets conveyed at Closing, and no Purchase Price adjustment will be made for such Environmental Defect;

(ii) does not complete a Complete Remediation prior to Closing, unless Seller or Buyer is permitted to (and elects to) exclude such Asset(s) in accordance with this Section 11.11, then Seller shall convey the affected Asset(s) to Buyer at Closing and Buyer shall pay for the affected Asset(s) at Closing; *provided, however* that if Seller is unable to complete a Complete Remediation of the Environmental Defect within the time provided in this Section 11.11, then Seller shall include a downward adjustment in the Final Settlement Statement equal to the Environmental Defect Value for such Asset(s) (after taking into account Seller's partial remediation or cure, if any, of such Environmental Defect).

(b) Seller and Buyer shall attempt to agree on the existence and Environmental Defect Value of all Environmental Defects. Representatives of the Parties, knowledgeable in

environmental matters, shall meet for this purpose. However, a Party may at any time prior to the final resolution of the applicable Environmental Defect hereunder elect to submit any disputed item to arbitration in accordance with the procedures set forth in Section 11.15. If a contested Environmental Defect cannot be resolved prior to Closing, (i) the affected Well(s), Well Location or Pipeline, together with any other Assets appurtenant thereto, shall be included with the Assets conveyed to Buyer at Closing (provided that, if the dispute relates to whether a Party can exclude an Asset subject to an alleged Excludable Environmental Defect, then such Asset shall be retained by Seller at Closing and shall be a Retained Asset); (ii) subject to the Aggregate Defect Deductible, the Purchase Price shall be reduced by the estimated Environmental Defect Value set forth in the Environmental Defect Notice for such contested Environmental Defect (the "Disputed Environmental Amount"), which Disputed Environmental Amount (after taking into account the Aggregate Defect Deductible) shall be deposited into the Defect Escrow Account at Closing pending final resolution of such Environmental Defect; (iii) within two (2) Business Days following final resolution of such Environmental Defect in accordance with Section 11.15, Seller and Buyer shall execute and deliver a joint written instruction to the Escrow Agent to release the Disputed Environmental Amount to Seller or Buyer (or portions thereof to both Parties), as applicable; and (iv) if the resolution of any dispute is that an Environmental Defect does not constitute an Excludable Environmental Defect, Seller shall assign and convey to Buyer (and Buyer will accept and receive from Seller) the affected Assets (effective as of the Effective Time) on a form of assignment substantially in the form of the Assignment (modified to reflect the conveyance of only such Assets), which will no longer be deemed Retained Assets.

11.12 Limitations.

Notwithstanding the provisions of Sections 11.10 and 11.11, no adjustment to the Purchase Price for Environmental Defect Values shall be made unless and until the sum of (x) the aggregate value of all Environmental Defect Values (the "Aggregate Environmental Defect Value") *plus* (y) the Aggregate Title Defect Value (after taking into account any offsetting Title Benefit Values) exceeds the Aggregate Defect Deductible. If the Environmental Defect Value with respect to any single Environmental Defect is less than the De Minimis Environmental Defect Cost, such cost shall not be considered in calculating the Aggregate Environmental Defect Value.

11.13 Exclusive Remedies.

(a) Except for the special warranty of Defensible Title in the Assignment, and without limiting Buyer's remedies for Title Defects set forth in this Article 11, Sellers make no warranty or representation, express, implied, statutory or otherwise with respect to Sellers' title to any of the Assets, and Buyer hereby acknowledges and agrees that Buyer's sole remedy for any defect of title, including any Title Defect, with respect to any of the Assets (a) before Closing, shall be as set forth in Section 11.06 or, if applicable, Section 9.01(h) and (b) after Closing, shall be pursuant to the special warranty of Defensible Title in the Assignment. Buyer shall not be entitled to protection under Sellers' special warranty of Defensible Title in the Assignment against any Title Defect reported by Buyer under Section 11.06.

(b) The rights and remedies granted to Buyer in this Article 11, the representations and warranties in Section 3.13 or, if applicable, Section 9.01(h), are the exclusive rights and remedies against Seller related to any Environmental Condition, Environmental Laws, or Damages related thereto. BUYER EXPRESSLY WAIVES, AND RELEASES SELLER GROUP FROM, ANY AND ALL OTHER RIGHTS AND REMEDIES IT MAY HAVE UNDER ENVIRONMENTAL LAWS AGAINST SELLER REGARDING ENVIRONMENTAL CONDITIONS, WHETHER FOR INDEMNITY OR OTHERWISE, INCLUDING RIGHTS TO CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, AS AMENDED. The foregoing is a specifically bargained for allocation of risk among the Parties, which the Parties agree and acknowledge satisfies the express negligence rule and conspicuousness requirement under Texas law.

11.14 Casualty Loss and Condemnation.

If, after the Execution Date but prior to the Closing Date, any portion of the Assets is destroyed by fire or other casualty or is expropriated or taken in condemnation or under right of eminent domain (a "Casualty Loss"), this Agreement shall remain in full force and effect, and Buyer shall nevertheless be required to close the Contemplated Transactions, unless such Casualty Loss constitutes at Material Adverse Effect. In the event that the amount of the costs and expenses associated with repairing or restoring the Assets affected by such Casualty Loss exceeds Five Hundred Thousand Dollars ($500,000) net to Seller's interest, Seller must elect by written notice to Buyer prior to Closing either to (a) cause the Assets affected by such Casualty Loss to be repaired or restored, at Seller's sole cost, as promptly as reasonably practicable (which work may extend after the Closing Date), or (b) indemnify Buyer under an indemnification agreement mutually acceptable to the Parties against any costs or expenses that Buyer reasonably incurs to repair or restore the Assets subject to such Casualty Loss. In each case, Seller shall retain all rights to insurance and other claims against Third Parties with respect to the applicable Casualty Loss except to the extent the Parties otherwise agree in writing. Seller shall have no other liability or responsibility to Buyer with respect to a condemnation or Casualty Loss, **EVEN IF SUCH CASUALTY LOSS SHALL HAVE RESULTED FROM OR SHALL HAVE ARISEN OUT OF THE SOLE OR CONCURRENT NEGLIGENCE, FAULT, VIOLATION OF A LEGAL REQUIREMENT OF SELLER OR ANY MEMBER OF SELLER GROUP.**

11.15 Expert Proceedings.

(a) Each matter referred to this Section 11.15 (a "Disputed Matter") shall be conducted in accordance with the Commercial Arbitration Rules of the AAA as supplemented to the extent necessary to determine any procedural appeal questions by the Federal Arbitration Act (Title 9 of the United States Code), but only to the extent that such rules do not conflict with the terms of this Section 11.15. Any notice from one Party to the other referring a dispute to this Section 11.15 shall be referred to herein as an "Expert Proceeding Notice".

(b) The arbitration shall be held before a one member arbitration panel (the "Expert"), mutually agreed by the Parties. The Expert must (a) be a neutral party who has never been an officer, director or employee of or performed material work for a Party or any Party's Affiliate within the preceding five (5)-year period and (b) agree in writing to keep strictly confidential the specifics and existence of the dispute as well as all proprietary records of the Parties reviewed by the Expert in the process of resolving such dispute. The Expert

must have not less than ten (10) years' experience as a lawyer in the State of Louisiana with experience in exploration and production issues. If disputes exist with respect to both title and environmental matters, the Parties may mutually agree to conduct separate arbitration proceedings with the title disputes and environmental disputes being submitted to separate Experts. If, within five (5) Business Days after delivery of an Expert Proceeding Notice, the Parties cannot mutually agree on an Expert, then within seven (7) Business Days after delivery of such Expert Proceeding Notice, each Party shall provide the other with a list of three (3) acceptable, qualified experts, and within ten (10) Business Days after delivery of such Expert Proceeding Notice, the Parties shall each separately rank from one through six in order of preference each proposed expert on the combined lists, with a rank of one being the most preferred expert and the rank of six being the least preferred expert, and provide their respective rankings to the Houston office of the AAA. Based on those rankings, the AAA will appoint the expert with the combined lowest numerical ranking to serve as the Expert for the Disputed Matters. If the rankings result in a tie or the AAA is otherwise unable to determine an Expert using the Parties' rankings, the AAA will appoint an arbitrator from one of the Parties' lists as soon as practicable upon receiving the Parties' rankings. Each Party will be responsible for paying one-half (1/2) of the fees charged by the AAA for the services provided in connection with this Section 11.15(b).

(c) Within five (5) Business Days following the receipt by either Party of the Expert Proceeding Notice, the Parties will exchange their written description of the proposed resolution of the Disputed Matters. Provided that no resolution has been reached, within five (5) Business Days following the selection of the Expert, the Parties shall submit to the Expert the following: (i) this Agreement, with specific reference to this Section 11.15 and the other applicable provisions of this Article 11, (ii) Buyer's written description of the proposed resolution of the Disputed Matters, together with any relevant supporting materials, (iii) Seller's written description of the proposed resolution of the Disputed Matters, together with any relevant supporting materials, and (iv) the Expert Proceeding Notice.

(d) The Expert shall make its determination by written decision within fifteen (15) days following receipt of the materials described in Section 11.15(c) above (the "Expert Decision"). The Expert Decision with respect to the Disputed Matters shall be limited to the selection of the single proposal for the resolution of the aggregate Disputed Matters proposed by a Party that best reflects the terms and provisions of this Agreement, *i.e.*, the Expert must select either Buyer's proposal or Seller's proposal for resolution of the aggregate Disputed Matters.

(e) The Expert Decision shall be final and binding upon the Parties, without right of appeal, absent manifest error. In making its determination, the Expert shall be bound by the rules set forth in this Article 11. The Expert may consult with and engage disinterested Third Parties to advise the Expert, but shall disclose to the Parties the identities of such consultants. Any such consultant shall not have worked as an employee or consultant for either Party or its Affiliates during the five (5)-year period preceding the arbitration nor have any financial interest in the dispute.

(f) The Expert shall act as an expert for the limited purpose of determining the specific matters submitted for resolution herein and shall not be empowered to award damages, interest, or penalties to either Party with respect to any matter. Each Party shall bear its own legal fees and other costs of preparing and presenting its case. All costs and expenses of the Expert shall be borne by the non-prevailing Party in any such arbitration proceeding.

ARTICLE 12
EMPLOYMENT MATTERS

12.01 Seller Benefit Plans

. Effective as of the Employee Start Date, the Continuing Employees shall cease to accrue further benefits and shall cease to be active participants under the Seller Benefit Plans. Buyer shall not assume any of the Seller Benefits Plans. From and after the Employee Start Date, Seller and its ERISA Affiliates shall retain and shall be solely responsible for all obligations and liabilities under the Seller Benefit Plans, and neither Buyer nor its Affiliates shall have any obligation, liability or responsibility from and after the Employee Start Date to or under the Seller Benefit Plans, whether such obligation, liability or responsibility arose before, on or after the Employee Start Date.

12.02 Pre-Employee Start Date Claims under Seller Benefit Plans and Vacation Rollover

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(a) To the extent that an Available Employee was a participant in a Seller Benefit Plan, the Seller Benefit Plans shall be responsible for providing welfare benefits (including medical, hospital, dental, accidental death and dismemberment, life, disability and other similar benefits) to any participating Available Employees for all claims incurred prior to the Employee Start Date under and subject to the generally applicable terms and conditions of such plans. For purposes of this Section 12.02, a claim is incurred with respect to (i) accidental death and dismemberment, disability, life and other similar benefits when the event giving rise to such claim occurred and (ii) medical, hospital, dental and other similar benefits when the services with respect to such claim are rendered.

(b) Seller shall provide Buyer a schedule of each Continuing Employee's accrued and unused vacation balance (the "Vacation Rollover") as of five (5) Business Days prior to the Employee Start Date and will provide a supplementary schedule five (5) Business Days after the Employee Start Date, if necessary, to show any changes to any Continuing Employee's Vacation Rollover prior to the Employee Start Date. Seller shall be responsible for paying all accrued and unused vacation balances to its Continuing Employees.

12.03 Available Employees' Offers and Post-Employee Start Date Employment and Benefits

.

(a) Within two (2) Business Days of the Execution Date, Seller shall deliver to Buyer a schedule that includes a list of all Available Employees (the "Employee Letter"). The Employee Letter shall include the following data: name, job title, salary or wage, bonus eligibility / target, long term incentive eligibility / target, vacation eligibility, start date, and any vehicle described on Exhibit F assigned to the Available Employee by the Seller.

(b) Beginning five (5) Business Days following the Execution Date and ending eight (8) Business Days prior to the anticipated Closing Date, Buyer or its Affiliate may make written offers of employment to each of the Available Employees to whom Buyer elects to make an offer of employment, with such offers providing such Available Employees at least five (5) Business Days to either accept or reject such offers, with a copy of such offer given to Seller prior to Closing;

(c) No later than the date that is three (3) Business Days prior to the anticipated Closing Date, Buyer shall notify Seller as to each Available Employee who has accepted employment with Buyer or any of its Affiliates, which acceptance shall be conditioned upon the occurrence of the Closing and effective as of the Employee Start Date and may be conditioned on other typical hiring policies, and each Available Employee who has rejected Buyer's offer of employment.

(d) Buyer shall indemnify and hold harmless Seller and its Affiliates with respect to all Damages relating to or arising out of Buyer's employee selection and employment offer process described in this Section 12.03 (including any claim of discrimination or other illegality in such selection and offer process);

(e) As to each Available Employee who does not become a Continuing Employee, Buyer agrees that it and its Affiliates shall not employ such Available Employee from the Employee Start Date until the date that is six (6) months after the Employee Start Date.

12.04 Savings Plans

. Effective as of the Employee Start Date, Continuing Employees shall become eligible to participate in the Nadel & Gussman 401(k) Profit Sharing Plan (the "Buyer Savings Plan"). Buyer shall cause the Buyer Savings Plan to accept the direct rollover of electing Continuing Employees' benefits in cash.

12.05 Post-Employee Start Date Employment Claims

. Buyer shall indemnify, defend and hold Seller and its Affiliates harmless from and against any and all liability of any kind or nature involving or related to the employment of the Continuing Employees by Buyer after the Employee Start Date, including any liability related to any employee benefit plan sponsored or maintained by Buyer or its ERISA Affiliates after the Employee Start Date. Seller shall indemnify, defend and hold Buyer and its Affiliates harmless from and against any and all liability of any kind or nature or related to (a) the employment of any Available Employee who does not become a Continuing Employee, including any liability related to any Seller Benefit Plan and (b) the employment of the Continuing Employees by Seller before the Employee Start Date, including any liability related to any employee benefit plan sponsored or maintained by Seller or its ERISA Affiliates before the Employee Start Date.

12.06 Buyer Welfare Plans

. Buyer shall cause the waiver of all limitations as to pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Continuing Employees. Buyer shall provide continuation health care coverage to Continuing Employees and their qualified beneficiaries who incur a qualifying event, in accordance with the continuation health care coverage requirements of Section 4980B of the Code and Title I, Subtitle B, Part 6 of ERISA ("COBRA") or any similar provisions of state Legal Requirement, on or after the Employee Start Date. Buyer shall provide any required notice

under COBRA or any similar provisions of any state Legal Requirement to Continuing Employees in respect of any qualifying event that occurs as a result of the transactions contemplated by this Agreement.

12.07 WARN Act.

From the date of this Agreement until the Employee Start Date, Seller shall not and shall cause its Affiliates not to terminate the employment of any Available Employees such that a "plant closing" or "mass layoff" (as those terms are defined in the WARN Act or any similar state Legal Requirement) occurs prior to the Employee Start Date without complying with the WARN Act. Buyer agrees that it will make the offers of employment, as described in Section 12.03, to a sufficient number of Available Employees, and in a manner that does not constitute constructive discharge, such that there will be no notice or other obligations required by the WARN Act as a result of the transactions contemplated by this Agreement. Buyer agrees to provide any notice required under the WARN Act or any similar state Legal Requirement with respect to any "plant closing" or "mass layoff" affecting Continuing Employees that may occur on or after the Employee Start Date or arise, in whole or in part, as a result of the transactions contemplated by this Agreement. Buyer shall indemnify, defend and hold Seller harmless from and against any liability, damages, fines or costs (including reasonable attorneys' fees) under the WARN Act or any similar state Legal Requirement for any "plant closing" or "mass layoff" occurring on or after the Employee Start Date or arising, in whole or in part, from the actions (or inactions) of Buyer on or after the Employee Start Date or as a result of the transactions contemplated by this Agreement. In addition, Buyer shall not effectuate a "plant closing" or "mass layoff" or any other similar triggering event under the WARN Act or any other applicable Legal Requirement for six (6) months after the Employee Start Date, affecting any Continuing Employee, except in compliance with the WARN Act or other applicable Legal Requirement.

12.08 No Third Party Beneficiary Rights.

Nothing herein, expressed or implied, shall confer upon any Available Employees (or any of their beneficiaries or alternate payees) any rights or remedies (including any right to employment or continued employment, or any right to compensation or benefits for any period) of any nature or kind whatsoever, under or by reason of this Agreement or otherwise. In addition, the provisions of this Article 12, are for the sole benefit of the Parties and are not for the benefit of any Third Party. Nothing in this Article 12, express or implied, shall be (a) deemed an amendment of any Seller Benefit Plan providing benefits to any Available Employee or (b) construed to prevent Buyer or its Affiliates from terminating or modifying to any extent or in any respect any employee benefit plan that Buyer or its Affiliates may establish or maintain.

ARTICLE 13
GENERAL PROVISIONS

13.01 Records.

Seller, at Buyer's cost and expense, shall deliver originals of all Records to Buyer (FOB Seller's office) within thirty (30) days after Closing (other than such Records (if any) that pertain exclusively to any Retained Assets, which shall be delivered promptly after the assignment to Buyer of such Retained Assets, but in no event longer than seven (7) Business Days after the assignment to Buyer of such Retained Assets). With respect to any original Records delivered to Buyer, (a) Seller shall be entitled to retain copies of such Records, and (b) Buyer shall retain any such original Records for at least seven (7) years beyond the Closing Date, during which seven (7)-year period Seller shall be entitled to obtain access to such Records, at reasonable

business hours and upon prior notice to Buyer, so that Seller may make copies of such original Records, at its own expense, as may be reasonable or necessary for tax purposes or in connection with any Proceeding or Threatened Proceeding against Seller.

13.02 Expenses.

(a) Except as otherwise expressly provided in this Agreement, each Party to this Agreement shall bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of agents, representatives, counsel, and accountants. However, the prevailing Party in any Proceeding brought under or to enforce this Agreement, excluding any expert proceeding pursuant to Section 11.15 or Section 2.05(e), shall be entitled to recover court costs and arbitration costs, as applicable, and reasonable attorneys' fees from the non-prevailing Party or Parties, in addition to any other relief to which such Party is entitled.

(b) All Transfer Taxes and all required documentary, filing and recording fees and expenses in connection with the filing and recording of the assignments, conveyances or other Instruments of Conveyance required to convey title to the Assets to Buyer shall be borne by Buyer. Seller shall retain responsibility for, and shall bear, all Asset Taxes assessed with respect to the Assets for (i) any period ending prior to the Effective Time and (ii) the portion of any Straddle Period ending immediately prior to the Effective Time. All Asset Taxes with respect to the Assets arising on or after the Effective Time (including the portion of any Straddle Period beginning at the Effective Time) shall be allocated to and borne by Buyer. For purposes of allocation between the Parties of Asset Taxes assessed with respect to the Assets for any Straddle Period, (A) Asset Taxes that are attributable to the severance or production of Hydrocarbons shall be allocated based on severance or production occurring before the Effective Time (which shall be Seller's responsibility) and from and after the Effective Time (which shall be Buyer's responsibility); (B) Asset Taxes that are based upon or related to income or receipts or imposed on a transactional basis (other than such Asset Taxes described in clause (A)) shall be allocated based on revenues from sales occurring before the Effective Time (which shall be Seller's responsibility) and from and after the Effective Time (which shall be Buyer's responsibility); and (C) Asset Taxes that are ad valorem, property or other Asset Taxes imposed on a periodic basis shall be allocated *pro rata* per day between the portion of the Straddle Period ending immediately prior to the Effective Time (which shall be Seller's responsibility) and the portion of the Straddle Period beginning at the Effective Time (which shall be Buyer's responsibility). For purposes of the preceding sentence, any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated *pro rata* per day between the portion of the Straddle Period ending immediately prior to the Effective Time and the portion of the Straddle Period beginning at the Effective Time. To the extent the actual amount of any Asset Taxes described in this Section 13.02(b) is not determinable at Closing, Buyer and Seller shall utilize the most recent information available in estimating the amount of such Asset Taxes for purposes of Section 2.05. Upon determination of the actual amount of such Asset Taxes, timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under this Section 13.02(b). Any allocation of Asset Taxes between the Parties shall be in accordance with this Section 13.02(b).

(c) Except as required by applicable Legal Requirements, in respect of Asset Taxes, (i) Seller shall be responsible for timely remitting all Asset Taxes due with respect to the Assets on or prior to the Effective Time (subject to Seller's right to reimbursement by Buyer under Section 13.02(b)), and Buyer shall be responsible for timely remitting all Asset Taxes due with respect to the Assets after the Effective Time (subject to Buyer's right to reimbursement by Seller under Section 13.02(b)), in each case, to the applicable taxing authority, and (ii) Seller shall prepare and timely file any Tax Return for Asset Taxes with respect to the Assets required to be filed on or before the Closing Date, and Buyer shall prepare and timely file any Tax Return for Asset Taxes with respect to the Assets required to be filed after the Closing Date (including Tax Returns relating to any Straddle Period). Each Party shall indemnify and hold the other Party harmless for any failure to file such Tax Returns and to make such payments. Buyer shall prepare all Tax Returns relating to any Straddle Period required to be filed after the Closing Date, and such Tax Returns shall be filed on a basis consistent with past practice except to the extent otherwise required by applicable Legal Requirements. Buyer shall provide Seller with a copy of any such Tax Return for Seller's review at least ten (10) days prior to the due date for the filing of such Tax Return (or within a commercially reasonable period after the end of the relevant Taxable period, if such Tax Return is required to be filed less than ten (10) days after the close of such Taxable period), and Buyer shall incorporate all reasonable comments of Seller provided to Buyer in advance of the due date for the filing of such Tax Return.

(d) Buyer and Seller agree to furnish or cause to be furnished to the other, upon request, as promptly as practicable, such information and assistance relating to the Assets, including access to books and records, as is reasonably necessary for the filing of all Tax Returns by Buyer or Seller, the making of any election relating to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax. The Parties agree to retain all books and records with respect to Tax matters pertinent to the Assets relating to any Tax period beginning before the Closing Date until sixty (60) days after the expiration of the statute of limitations of the respective Tax periods (taking into account any extensions thereof) and to abide by all record retention agreements entered into with any taxing authority.

13.03 Notices.

All notices, consents, waivers, and other communications under this Agreement must be in writing and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by electronic mail with receipt acknowledged, with the receiving Party affirmatively obligated to promptly acknowledge receipt, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate recipients, addresses, and emails set forth below (or to such other recipients, addresses, or email addresses as a Party may from time to time designate by notice to the other Party):

NOTICES TO BUYER:

NGLF Energy, LLC
15 East 5th Street, Suite 3300
Tulsa, Oklahoma 74103Attention: James F. Adelson
E-mail: jim@naguss.com

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

Cook, Yancey, King & Galloway
333 Texas Street, Suite 1700
Shreveport, LA 71101
Attention: Matthew May; Logan Schroeder
Email: matt.may@cookyancey.com; logan.schroeder@cookyancey.com

NOTICES TO SELLER:

Riviera Operating, LLC
Riviera Upstream, LLC
717 Texas Avenue, Suite 2000
Houston, Texas 77002
Attention: General Counsel
E-mail: Handerson@Rvraresources.com

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

Kirkland & Ellis LLP
609 Main Street, Suite 4500
Houston, TX 77002
Attention: Rahul D. Vashi, P.C.
Lindsey M. Jaquillard
Email: rahul.vashi@kirkland.com
lindsey.jaquillard@kirkland.com

13.04 Governing Law; Jurisdiction; Service of Process; Jury Waiver.

THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RIGHTS, DUTIES AND THE LEGAL RELATIONS AMONG THE PARTIES HERETO AND THERETO SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICTS OF LAW RULE OR PRINCIPLE THAT MIGHT REFER CONSTRUCTION OF SUCH PROVISIONS TO THE LAWS OF ANOTHER JURISDICTION; *PROVIDED, HOWEVER*, THAT ANY MATTERS RELATED TO REAL PROPERTY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF LOUISIANA. WITHOUT LIMITING THE PARTIES' AGREEMENT TO ARBITRATE IN SECTION 11.15 OR THE DISPUTE RESOLUTION PROCEDURE PROVIDED IN SECTION 2.05(E) WITH RESPECT TO DISPUTES ARISING THEREUNDER, THE PARTIES HERETO CONSENT TO THE EXERCISE OF JURISDICTION IN PERSONAM BY THE FEDERAL COURTS OF THE UNITED STATES LOCATED IN HOUSTON, TEXAS OR THE STATE COURTS LOCATED IN HOUSTON, TEXAS FOR ANY ACTION ARISING OUT OF THIS AGREEMENT, ANY TRANSACTION DOCUMENTS, OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. ALL ACTIONS OR PROCEEDINGS WITH RESPECT TO, ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH, OUT OF, RELATED TO, OR FROM THIS AGREEMENT, ANY TRANSACTION

DOCUMENTS OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY SHALL BE EXCLUSIVELY LITIGATED IN SUCH COURTS DESCRIBED ABOVE HAVING SITES IN HOUSTON, TEXAS AND EACH PARTY IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS SOLELY IN RESPECT OF ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. EACH PARTY HERETO VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY TRANSACTION DOCUMENTS OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. THE PARTIES FURTHER AGREE, TO THE EXTENT PERMITTED BY LAW, THAT A FINAL AND NONAPPEALABLE JUDGMENT AGAINST A PARTY IN ANY ACTION OR PROCEEDING CONTEMPLATED ABOVE SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION WITHIN OR OUTSIDE THE UNITED STATES BY SUIT ON THE JUDGMENT, A CERTIFIED OR EXEMPLIFIED COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND AMOUNT OF SUCH JUDGMENT. TO THE EXTENT THAT A PARTY OR ANY OF ITS AFFILIATES HAS ACQUIRED, OR HEREAFTER MAY ACQUIRE, ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH PARTY (ON ITS OWN BEHALF AND ON BEHALF OF ITS AFFILIATES) HEREBY IRREVOCABLY (I) WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS WITH RESPECT TO THIS AGREEMENT AND (II) SUBMITS TO THE PERSONAL JURISDICTION OF ANY COURT DESCRIBED IN THIS SECTION 13.04.

13.05 Further Assurances.

The Parties agree (a) to furnish upon request to each other such further information, (b) to execute, acknowledge, and deliver to each other such other documents, and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

13.06 Waiver.

The rights and remedies of the Parties are cumulative and not alternative. Neither the failure nor any delay by either Party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege shall preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable Legal Requirement, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other Party, (b) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given, and (c) no notice to or demand on one Party shall be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

13.07 Entire Agreement and Modification.

This Agreement supersedes all prior discussions, communications, and agreements (whether oral or written) between the Parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended or otherwise modified except by a written agreement executed by both Parties. No representation, promise, inducement, or statement of intention with respect to the subject matter of this Agreement has been made by either Party that is not embodied in this Agreement together with the documents, instruments, and writings that are delivered pursuant hereto, and neither Party shall be bound by or liable for any alleged representation, promise, inducement, or statement of intention not so set forth. In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of any Schedule or Exhibit hereto, the terms and provisions of this Agreement shall govern, control, and prevail.

13.08 Assignments, Successors, and No Third Party Rights.

Neither Party may assign any of its rights, liabilities, covenants, or obligations under this Agreement without the prior written consent of the other Party (which consent may be granted or denied at the sole discretion of the other Party), and (a) any assignment made without such consent shall be void, and (b) in the event of such consent, such assignment nevertheless shall not relieve such assigning Party of any of its obligations under this Agreement without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement shall apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the Parties. Nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties or any other agreement contemplated herein (and Buyer Group and Seller Group who are entitled to indemnification under Article 10), any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. Subject to the preceding sentence, this Agreement, any other agreement contemplated herein, and all provisions and conditions hereof and thereof, are for the sole and exclusive benefit of the Parties and such other agreements (and Buyer Group and Seller Group who are entitled to indemnification under Article 10), and their respective successors and permitted assigns.

13.09 Severability.

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable.

13.10 Article and Section Headings, Construction.

The headings of Sections, Articles, Exhibits, and Schedules in this Agreement are provided for convenience only and shall not affect its construction or interpretation. All references to “Section,” “Article,” “Exhibit,” or “Schedule” refer to the corresponding Section, Article, Exhibit, or Schedule of this Agreement. Unless expressly provided to the contrary, the words “hereunder,” “hereof,” “herein,” and words of similar import are references to this Agreement as a whole and not any particular Section, Article, Exhibit, Schedule, or other provision of this Agreement. Each definition of a defined term herein shall be equally applicable both to the singular and the plural forms of the term so defined. All words used in this Agreement shall be construed to be of such gender or number, as the circumstances require. Unless otherwise expressly provided, the word “including” does not limit the preceding words or terms and (in its various forms) means including without limitation. If the date specified in this

Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date which is not a Business Day), then the date for giving such notice or taking such action (or the expiration date of such period during which notice is required to be given or action taken) shall be the next day which is a Business Day. Each Party has had substantial input into the drafting and preparation of this Agreement and has had the opportunity to exercise business discretion in relation to the negotiation of the details of the Contemplated Transactions. This Agreement is the result of arm's-length negotiations from equal bargaining positions. This Agreement shall not be construed against either Party, and no consideration shall be given or presumption made on the basis of who drafted this Agreement or any particular provision hereof or who supplied the form of Agreement.

13.11 Counterparts.

This Agreement may be executed and delivered (including by facsimile or e-mail transmission) in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

13.12 Press Release.

If any Party wishes to make a press release or other public announcement respecting this Agreement or specific to the Contemplated Transactions, such Party will provide a courtesy copy to the other Party of the language relevant to the transaction prior to the release or public announcement. Neither Party will issue a press release or other public announcement that includes the name of a non-releasing Party or its Affiliates without the prior written consent of such non-releasing Party (which consent may be withheld in such non-releasing Party's sole discretion). Seller and Buyer shall each be liable for the compliance of their respective Affiliates with the terms of this Section 13.12.

13.13 Confidentiality.

The Confidentiality Agreement shall terminate on the Closing Date (except with respect to the Retained Assets (if any); *provided* that the Confidentiality Agreement shall terminate with respect to Retained Assets when and if such Retained Assets are conveyed to Buyer in accordance with this Agreement (or, if earlier, such time as the Confidentiality Agreement terminates on its own terms), and will thereafter be of no further force or effect. Each Party shall keep confidential, and cause its Affiliates and instruct its Representatives to keep confidential, all terms and provisions of this Agreement, except (a) as required by Legal Requirements or any standards or rules of any stock exchange to which such Party or any of its Affiliates is subject, (b) for information that is available to the public on the Closing Date, or thereafter becomes available to the public other than as a result of a breach of this Section 13.13, (c) to the extent required to be disclosed in connection with complying with or obtaining a waiver of any Preferential Purchase Right or Consent or other similar rights arising out of operating agreements or other Contracts, and (d) to the extent that such Party must disclose the same in any Proceeding brought by it to enforce its rights under this Agreement. This Section 13.13 shall not prevent either Party from recording the Instruments of Conveyance delivered at Closing or from complying with any disclosure requirements of Governmental Bodies that are applicable to the transfer of the Assets. The covenant set forth in this Section shall terminate one (1) year after the Closing Date.

13.14 Name Change.

As promptly as practicable, but in any event within sixty (60) days after the Closing Date, Buyer shall eliminate, remove or paint over the use of the names "Linn" or "Riviera" and variants thereof from the Assets, and, except with respect to such grace period for

eliminating the existing usage, shall have no right to use any logos, trademarks, or trade names belonging to Seller or any of its Affiliates. Buyer shall be solely responsible for any direct or indirect costs or expenses resulting from the change in use of name and any resulting notification or approval requirements.

13.15 Preparation of Agreement.

Both Seller and Buyer and their respective counsel participated in the preparation of this Agreement. In the event of any ambiguity in this Agreement, no presumption shall arise based on the identity of the draftsman of this Agreement.

13.16 Appendices, Exhibits and Schedules.

All of the Appendices, Exhibits and Schedules referred to in this Agreement are hereby incorporated into this Agreement by reference and constitute a part of this Agreement. Each Party to this Agreement and its counsel has received a complete set of Appendices, Exhibits and Schedules prior to and as of the execution of this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

SELLER:

Riviera Upstream, LLC

By: /s/ David B. Rottino
Name: David B. Rottino
Title: President and Chief Executive Officer

Riviera Operating, LLC

By: /s/ David B. Rottino
Name: David B. Rottino
Title: President and Chief Executive Officer

BUYER:

NGLF ENERGY, LLC

By:	/s/ James F. Adelson
Name:	James F. Adelson
Title:	Chief Executive Officer

Exhibit 10.3
Execution Version
CONFIDENTIAL

PURCHASE AND SALE AGREEMENT

DATED AUGUST 4, 2020,

BY AND BETWEEN

RIVIERA UPSTREAM, LLC, AND RIVIERA OPERATING, LLC,

AS SELLER,

AND

STAGHORN PETROLEUM II, LLC,

AS BUYER

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement") is made as of August 4, 2020 (the "Execution Date"), by and between Riviera Upstream, LLC, a Delaware limited liability company ("Riviera Upstream"), and Riviera Operating, LLC, a Delaware limited liability company ("Riviera Operating"; and together with Riviera Upstream, "Seller"), and Staghorn Petroleum II, LLC, a Delaware limited liability company, ("Buyer"). Seller and Buyer are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

RECITAL

Seller desires to sell, and Buyer desires to purchase, all of Seller's right, title and interest in and to certain oil and gas properties and related assets and contracts, effective as of the Effective Time, for the consideration and on the terms set forth in this Agreement.

AGREEMENT

For and in consideration of the promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, in addition to other capitalized terms defined in this Agreement, the following terms have the meanings specified or referred to in this Article 1 when capitalized:

"AAA" – the American Arbitration Association.

"AFE" – as defined in Section 3.12.

"Affiliate" – with respect to a Party, any Person directly or indirectly controlled by, controlling, or under common control with, such Party, including any subsidiary of such Party and any "affiliate" of such Party within the meaning of Reg. §240.12b-2 of the Securities Exchange Act of 1934, as amended. As used in this definition, "control" means possession, directly or indirectly, of the power to direct or cause the direction of management, policies, or action through ownership of voting securities, contract, voting trust, or membership in management or in the group appointing or electing management or otherwise through formal or informal arrangements or business relationships. The terms "controlled by," "controlling," and other derivatives shall be construed accordingly.

"Aggregate Defect Deductible" – an amount equal to two percent (2%) of the unadjusted Purchase Price.

"Aggregate Environmental Defect Value" – as defined in Section 11.12.

"Aggregate Title Defect Value" – as defined in Section 11.07.

"Agreement" – as defined in the Preamble to this Agreement.

"Allocated Values" – the values assigned among the Wells as set forth on Schedule 2.07.

"Applicable Contracts" – all Contracts to which Seller is a party or is bound that primarily relate to any of the Assets and (in each case) that will be binding on Buyer after the Closing, including: communitization agreements; net profits agreements; production payment agreements; area of mutual interest agreements; joint venture agreements; confidentiality agreements; farmin and farmout agreements; joint development agreements; "drillco" agreements; bottom hole agreements; crude oil, condensate, and natural gas purchase and sale, gathering, transportation, and other marketing agreements; Hydrocarbon storage agreements; acreage contribution agreements; operating agreements; balancing agreements; unit operating agreements; pooling declarations or agreements; unitization agreements; processing agreements; saltwater disposal agreements; facilities or equipment leases; and other similar contracts and agreements, but exclusive of any master service agreements, and Contracts relating to the Excluded Assets.

"Asset Taxes" – ad valorem, property, excise, severance, production, sales, real estate, use, personal property and similar Taxes based upon the operation or ownership of the Assets, the production of Hydrocarbons or the receipt of proceeds therefrom, but excluding, for the avoidance of doubt, Income Taxes and Transfer Taxes.

"Assets" – all of Seller's right, title, and interest in, to, and under the following, without duplication, except to the extent constituting Excluded Assets:

(a) all of the oil and gas leases and subleases described in Exhibit A, together with any and all other right, title and interest of Seller in and to the leasehold estates created thereby subject to the terms, conditions, covenants and obligations set forth in such leases or Exhibit A (such interest in such leases, the "Leases"), all related rights and interests in the lands covered by the Leases and any lands pooled or unitized therewith (such lands, the "Lands"), and all Royalties applicable to the Leases and the Lands;

(b) any and all oil, gas, water, CO2, injection, and disposal wells located on any of the Lands or Leases (such interest in such wells, including the wells set forth in Exhibit B, the "Wells"), and all Hydrocarbons produced therefrom or allocated thereto, and the proceeds from the sale thereof, from and after the Effective Time;

(c) all fee mineral interests in, to, and under the Lands described in Exhibit A-1 (such interest, the "Fee Minerals");

(d) all rights and interests in, under or derived from all unitization, spacing, communitization, and pooling applications, agreements, declarations, and orders in effect with respect to any of the Leases, Fee Minerals, or Wells and the units created thereby (the "Units") (the Leases, the Lands, the Fee Minerals, the Units, and the Wells being collectively referred to hereinafter as the "Properties" or individually as a "Property");

(e) to the extent that they may be assigned, transferred or re-issued by Seller (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), all permits, licenses, allowances, water rights, registrations, consents, orders,

approvals, variances, authorizations, servitudes, easements, rights-of-way, surface leases, other surface interests and surface rights to the extent appurtenant to or used primarily in connection with the ownership, operation, production, gathering, treatment, processing, storage, sale or disposal of Hydrocarbons or produced water from the Properties or any of the Assets, including those described on Exhibit A-2;

(f) all equipment, machinery, fixtures and other tangible personal property, movable and mixed property, and improvements located on any of the Properties or other Assets in each case that is held for or used primarily in connection with the Properties or for the ownership, operation, and maintenance of the Properties and the production, gathering, treatment, processing, storage, transportation, sale, or disposal of Hydrocarbons or water produced therefrom, including those items listed in Exhibit C, and including all well equipment, casing, tubing, pumps, motors, machinery, platforms, rods, tanks, boilers, fixtures, compression equipment, flowlines, pipelines, gathering systems associated with the Wells, manifolds, processing and separation facilities, pads, structures, materials, and other items primarily used in or held for the operation thereof (collectively, the "Personal Property");

(g) the real property described on Exhibit A-3 and any Personal Property located thereon (the "Field Offices and Associated Properties");

(h) all pipelines and gathering systems described on Exhibit A-4;

(i) all surface deeds described on Exhibit A-5;

(j) the vehicles described on Exhibit F;

(k) all salt water disposal wells and evaporation pits that are located on the Lands;

(l) to the extent assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), all Applicable Contracts and all rights thereunder insofar as and only to the extent relating to the Assets;

(m) all Imbalances relating to the Assets;

(n) the Suspense Funds;

(o) originals (if available, and otherwise copies) and copies in digital form (if available) of all of the books, files, records, information and data, whether written or electronically stored, primarily relating to the Assets, and in each case solely to the extent in Seller's possession and assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), including: (i) land and title records (including prospect files, maps, lease records, abstracts of title, title opinions and title curative documents); (ii) Applicable Contract files; (iii) correspondence; (iv) operations, environmental, production, and accounting records, including daily drilling records; (v) machinery and equipment maintenance files; (vi) production and accounting records reflecting current ownership decks, and joint interest billing and revenue decks and files in the formats maintained by Seller; (vii) well master files, division of interest files, engineering and/or production files and reports, AFEs, and all other books, records, data, files,

maps and accounting records to the extent related to the Assets, or used or held for use in connection with the maintenance, ownership or operation thereof or the production and marketing of Hydrocarbons therefrom and maintained by or in Seller's control or possession, whether written or electronically stored; (viii) facility and well records (including well logs; well tests; well files; mud logs; directional surveys; land surveys; core reports; and non-confidential logs); and (ix) geological, geophysical, reserve engineering, and other scientific and technical information, tests, maps, reports, and data (including seismic data, studies, and information, but excluding interpretive data) (collectively, "Records");

(p) all Hydrocarbons in storage or existing in stock tanks, pipelines or plants (including inventory);

(q) all Permits applicable to the Properties and held by Seller, to the extent transferable;

(r) all information technology assets, including desktop computers, laptop computers, servers, networking equipment and any associated peripherals and other computer hardware, computer software, all radio and telephone equipment, SCADA and measurement technology, and other production related mobility devices (such as SCADA controllers), well communication devices, and any other information technology systems, in each case only to the extent such assets are (i) used solely in connection with the Properties, (ii) assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), (iii) located on the Properties, and (iv) necessary for the continued and future operation of the Properties; and

(s) all fees, rentals, proceeds, settlement and other payments, revenues, and other rights and economic benefits of every kind and character accruing or payable to Seller as the owner of the items listed in this definition that are attributable to the period at and after the Effective Time or that are attributable to periods prior to the Effective Time and for which the Purchase Price is adjusted upward;

To the extent that any of the foregoing are used or relate to both the Assets (on the one hand) and certain of the Excluded Assets or any Retained Assets (on the other hand), such as, by way of example but not limitation, ingress and egress rights and road and pipeline easements, such assets or rights shall be jointly owned by Seller, as part of the Excluded Assets, and by Buyer, as part of the Assets.

"Assignment" – the Assignment, Bill of Sale, and Conveyance from Seller to Buyer, pertaining to the Assets (other than the Assets conveyed pursuant to the Deed), substantially in the form attached to this Agreement as Exhibit D.

"Assumed Liabilities" – as defined in Section 2.06.

"Assumed Litigation" – the litigation set forth in Schedule 3.03 (Part A).

"Breach" – a "Breach" of a representation, warranty, covenant, obligation, or other provision of this Agreement or any certificate delivered pursuant to Section 2.04(a)(v) or Section 2.04(b)(v) of this Agreement shall be deemed to have occurred if there is or has been any

inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation, or other provision.

"Business Day" – any day other than a Saturday, Sunday, or any other day on which commercial banks in the State of Texas are authorized or required by law or executive order to close.

"Buyer" – as defined in the preamble to this Agreement and includes all successors and permitted assigns of Buyer.

"Buyer Group" – Buyer and its Affiliates, and their respective Representatives.

"Casualty Loss" – as defined in Section 11.14.

"CERCLA" – as set forth in the definition of "Environmental Law".

"Closing" – as defined in Section 2.03.

"Closing Date" – as defined in Section 2.03.

"COBRA" – Section 4980B of the Code and any applicable continuation of coverage requirements under state Legal Requirements.

"Code" – the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

"Complete Remediation" – with respect to an Environmental Defect, a remediation or cure of such Environmental Defect which is substantially completed in accordance with the Lowest Cost Response.

"Confidential Information" – as defined in Section 13.13.

"Confidentiality Agreement" – that certain confidentiality agreement dated as of May 29, 2020 by and between Riviera Resources, Inc. and Staghorn Petroleum II, LLC.

"Consent" – any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization) from any Person that is required to be obtained in connection with the execution or delivery of this Agreement or the consummation of the Contemplated Transactions.

"Contemplated Transactions" – all of the transactions contemplated by this Agreement, including:

(a) the sale of the Assets by Seller to Buyer;

(b) the performance by the Parties of their respective covenants and obligations under this Agreement; and

(c) Buyer's acquisition, ownership, and exercise of control over the Assets.

"Contract" – any written or oral contract, agreement or any other legally binding arrangement, but excluding, however, any Lease, easement, right-of-way, permit, or other instrument creating or evidencing an interest in the Assets or any real or immovable property related to or used in connection with the operations of any Assets.

"Cure" – as defined in Section 11.06.

"Damages" – any and all claims, demands, payments, charges, judgments, assessments, losses, liabilities, damages, penalties, fines, expenses, costs, fees, settlements, and deficiencies, including any attorneys' fees, legal, and other costs and expenses suffered or incurred therewith.

"De Minimis Environmental Defect Cost" – Twenty-Five Thousand Dollars ($25,000).

"De Minimis Title Defect Cost" – Twenty-Five Thousand Dollars ($25,000).

"Deed" – the Deed from Seller to Buyer, pertaining to the applicable surface fee interests and Fee Minerals included in the Assets, substantially in the form attached to this Agreement as Exhibit G.

"Defect Notice Date" – as defined in Section 11.04.

"Defensible Title" – title of Seller with respect to the Wells, that, as of the Closing Date and subject to the Permitted Encumbrances, is deducible of record or title evidenced by unrecorded instruments or elections, in each case, made or delivered pursuant to joint operating agreements, pooling agreements or orders, or unitization agreements and:

(a) with respect to each currently producing formation for each Well (in each case, subject to any reservations, limitations or depth restrictions described in Exhibit B or Schedule 2.07), entitles Seller to receive a percentage of all Hydrocarbons produced from or allocable to such producing formation in such Well, throughout the productive life of such Well, that is not less than the Net Revenue Interest set forth in Schedule 2.07 for such producing formation, except for (i) decreases in connection with those operations in which Seller or its successors or assigns may, from and after the Effective Time and in accordance with the terms of this Agreement, elect to be a non-consenting co-owner, (ii) decreases resulting from the establishment or amendment, from and after the Effective Time, of pools or units in accordance with the provisions of this Agreement, and (iii) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under-deliveries;

(b) with respect to each currently producing formation for each Well (in each case, subject to any reservations, limitations, or depth restrictions described in Exhibit B or Schedule 2.07), obligates Seller to bear and pay a percentage of the costs and expenses of operations on, the maintenance and development of, and the production of Hydrocarbons from or allocable to such producing formation in such Well, throughout the productive life of such Well, that is not more than the Working Interest set forth in Schedule 2.07 for such producing formation, except (i) increases resulting from contribution requirements with respect to defaulting co-owners under applicable operating agreements, or (ii) increases to the extent that such increases are accompanied by a proportionate increase in Seller's Net Revenue Interest; and

(c) is free and clear of all Encumbrances (other than Permitted Encumbrances), defects or irregularities.

"Deposit Amount" – Ten percent (10%) of the unadjusted Purchase Price (including any interest accrued thereon).

"Disclosing Party" as defined in Section 13.13.

"Dispute Notice" – as defined in Section 2.05(e).

"Disputed Matter" – as defined in Section 11.15(a).

"DTPA" – as defined in Section 4.11.

"Effective Time" – July 1, 2020, at 12:01 a.m. local time at the location of the Assets.

"Encumbrance" – any charge, equitable interest, privilege, lien, mortgage, deed of trust, production payment, option, pledge, collateral assignment, security interest, or other arrangement substantially equivalent thereto.

"Environmental Condition" – any event occurring or condition existing with respect to the Properties that causes a Well (either currently or with notice, or both) to require remediation under, be in violation of, or require other corrective action under, any Environmental Law or any Permit issued under any Environmental Law, other than any plugging, abandonment, or decommissioning obligations, and any event or condition to the extent (a) caused by or relating to NORM or asbestos, (b) relating to subsidence monitoring or remediation, or (c) that was disclosed to Buyer on Seller's disclosure Schedules or otherwise in writing or in written reports (or of which Buyer otherwise had Knowledge) prior to the Execution Date. A breach of or inaccuracy in Seller's representations and warranties in Section 3.13 shall constitute an Environmental Condition; provided, however, that to the extent that any matters are listed on Schedule 3.13, none of such scheduled matters shall constitute an Environmental Condition or may be asserted by Buyer as an Environmental Defect hereunder.

"Environmental Defect" – an Environmental Condition discovered by Buyer or its Representatives as a result of any environmental diligence conducted by or on behalf of Buyer pursuant to Section 11.09 of this Agreement.

"Environmental Defect Cure Period" – as defined in Section 11.11(a).

"Environmental Defect Notice" – as defined in Section 11.10.

"Environmental Defect Value" – with respect to each Environmental Defect, the amount of the Lowest Cost Response for such Environmental Defect.

"Environmental Law" – as the same may have been amended, superseded or replaced on or prior to the Closing Date, any Legal Requirement, including any rule of common law, relating to (a) the control of any pollutant or protection of the environment, including air, water, or land, (b) the generation, handling, treatment, storage, disposal, or transportation of waste materials, or

(c) the regulation of or exposure to Hazardous Materials alleged to be harmful, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq*., as amended by the Superfund Amendments and Reauthorization Act ("CERCLA"); the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, as amended by the Hazardous and Solid Waste Amendments of 1984 ("RCRA"); the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*; the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. § 1471 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629; the Oil Pollution Act, 33 U.S.C. § 2701 *et seq*.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 *et seq*.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 136 *et seq*.; the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq*. (regarding Hazardous Materials); the Atomic Energy Act, 42 U.S.C. § 2011 *et seq*.; the National Environmental Policy Act, 42 U.S.C. § 4321, *et seq*.; all applicable Legal Requirements in the State of Oklahoma relating to the management or disposal of oilfield waste; and all applicable Legal Requirements, whether local, state, territorial, or national, of any Governmental Body having jurisdiction over the Assets in question addressing pollution or protection of human health and safety (regarding Hazardous Materials), natural resources, or the environment and all regulations implementing the foregoing. The term "Environmental Laws" includes all legally-binding judicial and administrative decisions, orders, directives, and decrees issued by a Governmental Body pursuant to the foregoing. The term "Environmental Laws" does not include good or desirable operating practices or standards that may be employed or adopted by other oil and gas well operators or recommended but not required by a Governmental Body.

"Environmental Liabilities" – all costs, Damages, expenses, liabilities, obligations, and other responsibilities arising from or under either Environmental Laws or Third Party claims relating to the environment, and which relate to the Assets or the ownership or operation of the same.

"ERISA" – the Employee Retirement Income Security Act of 1974, as amended, and any regulations promulgated thereunder.

"ERISA Affiliate" – with respect to any entity, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes such first entity, or that is a member of the same "controlled group" as such first entity pursuant to Section 4001(a)(14) of ERISA.

"Escrow Account" – as defined in Section 2.02.

"Escrow Agent" – JPMorgan Chase Bank, N.A.

"Escrow Agreement" – as defined in Section 2.02.

"Excluded Assets" – with respect to Seller, (a) all of Seller's corporate minute books, financial records, and other business records that relate to Seller's business generally (including the ownership of the Assets); (b) except to the extent related to any Assumed Liabilities, all trade credits, all accounts, all receivables of Seller and all other proceeds, income, or revenues of Seller attributable to the Assets and attributable to any period of time prior to the Effective Time (other

than the Suspense Funds and Specified Receivables); (c) except to the extent related to any Assumed Liabilities, all claims and causes of action of Seller or its Affiliates that are attributable to periods of time prior to the Effective Time (including claims for adjustments or refunds); (d) except to the extent related to any Assumed Liabilities subject to Section 11.14, all rights and interests of Seller (i) under any policy or agreement of insurance or indemnity, (ii) under any bond, or (iii) in and to any insurance or condemnation proceeds or awards, arising, in each case, from acts, omissions, events, or damage to or destruction of property prior to the Effective Time; (e) Seller's rights with respect to all Hydrocarbons produced and sold from the Assets with respect to all periods prior to the Effective Time; (f) all claims of Seller or any of its Affiliates for refunds of, rights to receive funds from any Governmental Body, or loss carry forwards or credits with respect to (i) Asset Taxes paid or borne by Seller or its Affiliates attributable to any period (or portion thereof) prior to the Effective Time, (ii) Income Taxes paid by Seller or its Affiliates, or (iii) any Taxes attributable to the Excluded Assets; (g) all information technology assets, including desktop computers, laptop computers, servers, networking equipment and any associated peripherals, and other computer hardware, computer software, all radio and telephone equipment, SCADA and measurement technology, and other production-related mobility devices (such as SCADA controllers), well communication devices, and any other information technology systems, in each case only to the extent such assets are not (i) used solely in connection with the Properties, (ii) assignable (with consent, if applicable, but without the payment of any fee unless Buyer agrees in writing to pay such fee), (iii) located on the Properties, and (iv) necessary for the continued and future operation of the Properties; (h) all rights, benefits and releases of Seller or its Affiliates under or with respect to any Contract that are attributable to periods of time prior to the Closing; (i) all of Seller's proprietary computer software, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property; (j) all documents and instruments of Seller that may be protected by an attorney-client privilege or any attorney work product doctrine (but excluding title opinions), *provided* that Seller shall disclose to Buyer whether any such information is excluded; (k) all data that cannot be disclosed to Buyer as a result of confidentiality arrangements under existing written agreements; (l) all audit rights or obligations of Seller for which Seller bears responsibility arising under any of the Applicable Contracts or otherwise with respect to any period prior to the Effective Time or to any of the Excluded Assets, except for any Imbalances assumed by Buyer; (m) Seller's interpretations of any geophysical or other seismic and related technical data and information relating to the Assets, including Seller's reserve reports; (n) documents prepared or received by Seller or its Affiliates with respect to (i) lists of prospective purchasers for such transactions compiled by Seller, (ii) bids submitted by other prospective purchasers of the Assets, (iii) analyses by Seller or its Affiliates of any bids submitted by any prospective purchaser, (iv) correspondence between or among Seller, its Representatives, and any prospective purchaser other than Buyer, and (v) correspondence between Seller or any of its Representatives with respect to any of the bids, the prospective purchasers, or the Contemplated Transactions; (o) except for the Field Offices and Associated Properties, any offices, office leases, and any personal property located in or on such offices or office leases; (p) other than any tracts of land described in the Surface Deeds listed on Exhibit A-5, any fee simple surface estate; (q) any fee mineral interests that are not Fee Minerals, and any right to production revenues associated therewith; (r) a copy of all Records; (s) any Contracts that constitute master services agreements or similar contracts; (t) any Hedge Contracts; (u) any debt instruments; (v) any of Seller's assets other than the Assets; (w) all employee files and related records; (x) any leases, rights, and other assets specifically listed in Exhibit E; and (y) the Seller Benefit Plans or any other employee benefit plan and all associated

assets, including any Contract, other agreement, documentation, or legally binding arrangement related to or associated with the Seller Benefit Plans or any other employee benefit plan.

"Execution Date" – as defined in the preamble to this Agreement.

"Expert" – as defined in Section 11.15(b).

"Expert Decision" – as defined in Section 11.15(d).

"Expert Proceeding Notice" – as defined in Section 11.15(a).

"Fee Minerals" – as set forth in the definition of "Assets".

"Field Offices and Associated Properties" – as set forth in the definition of "Assets".

"Final Amount" – as defined in Section 2.05(e).

"Final Settlement Date" – as defined in Section 2.05(e).

"Final Settlement Statement" – as defined in Section 2.05(e).

"Fundamental Representations" – for Sellers, those representations set forth in Sections 3.01, 3.02, 3.03, 3.06, and 3.17; for Buyer, those representations set forth in Sections 4.01 4.02, 4.04, 4.05, 4.06, and 4.12.

"GAAP" – generally accepted accounting principles in the United States as interpreted as of the Execution Date.

"Governmental Authorization" – any approval, consent, license, Permit, registration, variance, exemption, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" – any (a) nation, state, county, parish, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (d) multi-national organization or body; or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

"Group" – either Buyer Group or Seller Group, as applicable.

"Hazardous Materials" – any (a) chemical, constituent, material, pollutant, contaminant, substance, or waste that is regulated by any Governmental Body or may form the basis of liability under any Environmental Law; and (b) petroleum, Hydrocarbons, or petroleum products.

"Hedge Contract" – any Contract to which Seller or any of its Affiliates is a party with respect to any swap, forward, future, or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter", or otherwise, involving, or settled by reference to,

one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial, or pricing risk or value, or any similar transaction or any combination of these transactions.

"Hydrocarbons" – oil and gas and other hydrocarbons (including condensate) produced or processed in association therewith (whether or not such item is in liquid or gaseous form), or any combination thereof, and any minerals produced in association therewith.

"Imbalances" – over-production or under-production or over-deliveries or under-deliveries with respect to Hydrocarbons produced from or allocated to the Assets, regardless of whether such over-production or under-production or over-deliveries or under-deliveries arise at the wellhead or at or on any gathering system, transportation system, processing plant, or other location, including any imbalances under gas balancing or similar agreements, imbalances under production handling agreements, imbalances under processing agreements, imbalances under the Leases, and imbalances under gathering or transportation agreements.

"Income Taxes" – Federal, state and local income and franchise Taxes including those based upon, measured by, or calculated with respect to net income, profits, capital, or similar measures (or multiple bases, including corporate, franchise, business and occupation, business license, or similar Taxes, if net income, profits, capital, or a similar measure is one of the bases on which such Tax is based, measured, or calculated).

"Individual Claim Threshold" – as defined in Section 10.05.

"Information Group" – as defined in Section 13.13.

"Instruments of Conveyance" – the Assignment and the Deed. **Except for the special warranty of Defensible Title by, through, and under Seller contained therein, the Instruments of Conveyance shall be without warranty of title, whether express, implied, statutory, or otherwise, it being understood that Buyer shall have the right to conduct pre-Closing title due diligence as described below in Article 11, and that, except for such special warranty of Defensible Title, the rights and remedies set forth in Article 11 shall be Buyer's sole rights and remedies with respect to title.**

"Knowledge" – an individual will be deemed to have "Knowledge" of a particular fact or other matter if such individual is actually aware of such fact or other matter, without any duty of inquiry. A Seller Party will be deemed to have "Knowledge" of a particular fact or other matter if any of the following individuals has Knowledge of such fact or other matter: Seller's President and Chief Executive Officer, Executive Vice President and Chief Operating Officer, Executive Vice President and Chief Financial Officer, Executive Vice President, Finance, Administration and Chief Accounting Officer, and Vice President–Land. Buyer will be deemed to have "Knowledge" of a particular fact or other matter if any of the following individuals has Knowledge of such fact or other matter: Chief Executive Officer, Chief Financial Officer, Vice President – Engineering, Vice President – Business Development and Land, and Land Manager.

"Lands" – as set forth in the definition of "Assets".

"Leases" – as set forth in the definition of "Assets".

"Legal Requirement" – any federal, state, local, municipal, foreign, international, or multinational law, Order, constitution, ordinance, or rule, including rules of common law, regulation, statute, treaty, or other legally enforceable directive or requirement.

"Lowest Cost Response" – the response required or allowed under Environmental Laws in effect on the Execution Date that addresses and resolves (for current and future use in the same manner as currently used) an Environmental Condition identified pursuant to Section 11.10 in the most cost-effective manner (considered as a whole) as compared to any other response that is required or allowed under Environmental Laws or by a Governmental Body. The Lowest Cost Response shall include taking no action, leaving the Environmental Condition unaddressed, periodic monitoring, or the recording of notices in lieu of remediation, if such responses are allowed under Environmental Laws. The Lowest Cost Response shall not include (a) any costs or expenses relating to the assessment, remediation, removal, abatement, transportation, and disposal of any asbestos, asbestos containing materials, or NORM or relating to any obligations to plug, abandon or decommission wells associated with the Assets; (b) the costs of Buyer's or any of its Affiliate's employees; (c) expenses for matters that are costs of doing business (e.g., those costs that would ordinarily be incurred in the day-to-day operations of the Assets, or in connection with Permit renewal/amendment activities); (d) overhead costs of Buyer or its Affiliates; (e) costs and expenses that would not have been required under Environmental Laws as they exist on the Closing Date; and (f) costs or expenses incurred in connection with remedial or corrective action that is designed to achieve standards that are more stringent than those required for similar facilities or that fail to reasonably take advantage of applicable risk reduction or risk assessment principles allowed under applicable Environmental Laws.

"Marchand Formation" – the stratigraphic equivalent interval correlative to the subsurface interval from 10,110' to 10,640' as reflected in the Neutron-Density log of the Kidd #1 well (API 3501521561), located in 28-9N-11W, Caddo County, Oklahoma .

"Material Adverse Effect" – any change, inaccuracy, effect, event, result, occurrence, condition or fact (for the purposes of this definition, each, an "event") (whether foreseeable or not and whether covered by insurance or not) that has had or would be reasonably likely to have, individually or in the aggregate with any other event or events, a material adverse effect on the ownership, operation or financial condition of the Assets, taken as a whole; *provided, however*, that the term "Material Adverse Effect" shall not include material adverse effects resulting from: (i) entering into this Agreement or the announcement of the Contemplated Transactions; (ii) changes in Hydrocarbon prices; (iii) any action or omission of Seller taken in accordance with the terms of this Agreement or with the prior consent of Buyer; (iv) any effect resulting from general changes in industry, economic, or political conditions in the United States or internationally; (v) civil unrest, any outbreak of disease or hostilities, terrorist activities, or war or any similar disorder; (vi) acts or failures to act of any Governmental Body (including any new regulations related to the upstream industry), except to the extent arising from Seller's action or inaction; (vii) acts of God, including hurricanes and storms; (viii) any reclassification or recalculation of reserves in the ordinary course of business; (ix) natural declines in well performance; (x) general changes in Legal Requirements, regulatory policies, or GAAP; (xi) changes in the stock price of Buyer or Seller; (xii) matters that are cured or no longer exist by the earlier of Closing and the termination of this Agreement; or (xiii) matters as to which an adjustment is provided for under Section 2.05(d) or Seller has indemnified Buyer hereunder.

"Material Contracts" – as defined in Section 3.10.

"Mississippi Solid Formation" – the stratigraphic equivalent interval correlative to the subsurface interval from 8634' to 9424', as reflected in the Schlumberger Compensated Neutron/Formation Density Log, run on 5/26/1977, in the Warner #1 well (API 3509321235), located in 35-21N-15W, Major County, Oklahoma.

"Net Leasehold Acre" – as to each Lease, the product obtained by *multiplying* (a) the number of surface acres of the Lands that are described in such Lease (i.e. gross acres), *by* (b) the undivided interest in the fee minerals, non-executive mineral interests, and other mineral fee interests in the Lands covered by such Lease, *by* (c) Seller's aggregate undivided oil and gas leasehold interest in such Lease (*provided*, *however*, that if item (a), (b), or (c) of this definition varies with respect to different tracts or parcels covered by such Lease, a separate calculation shall be performed with respect to each such tract or parcel).

"Net Revenue Interest" – with respect to any Well, the interest in and to all Hydrocarbons produced from or allocated to such Well (in each case, limited to the applicable currently producing formation as described in the definition of "Defensible Title" and subject to any reservations, limitations, or depth restrictions described in Exhibit B or Schedule 2.07), after satisfaction of all Royalties.

"Non-Operated Assets" – Assets operated by any Person other than Seller or its Affiliates.

"NORM" – naturally occurring radioactive material.

"Order" – any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

"Organizational Documents" – (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the articles of organization and operating agreement of a limited liability company; (c) the certificate of limited partnership and limited partnership agreement of a limited partnership; and (d) any amendment to any of the foregoing.

"Outside Date" – as defined in Section 9.01(d).

"Party" or "Parties" – as defined in the preamble to this Agreement.

"Permits" – all environmental and other governmental (whether federal, state, local or tribal) certificates, consents, permits (including conditional use permits), licenses, orders, authorizations, exemptions, waivers or privileges, franchises, and related instruments or rights solely relating to the ownership, operation, or use of the Assets.

"Permitted Encumbrance" – any of the following:

(a) the terms and conditions of all Leases and Contracts if the net cumulative effect of such Leases and Contracts does not (i) materially interfere with the ownership, operation, use, access to, or value of any of the Assets (as currently operated and used), (ii) operate to reduce

the Net Revenue Interest of Seller with respect to any Well to an amount less than the Net Revenue Interest set forth in Schedule 2.07 for such Well, (iii) operate to increase the Working Interest of Seller with respect to any Well to an amount greater than the Working Interest set forth in Schedule 2.07 for such Well (unless the Net Revenue Interest for such Well is greater than the Net Revenue Interest set forth in Schedule 2.07, in the same or greater proportion as any increase in such Working Interest), or (iv) operate to decrease the Net Leasehold Acres in any Lease within the Target Formation; *provided, however*, that any drilling obligations included in the Leases will be considered Permitted Encumbrances so long as Seller is not in breach of such obligations;

(b) any Preferential Purchase Rights, Consents, and similar agreements, described in Schedule 3.11 and to which the terms of Section 11.02 and Section 11.03, respectively, apply;

(c) excepting circumstances where such rights have already been triggered prior to the Effective Time, rights of reassignment arising upon final intention to abandon or release the Assets;

(d) liens for Taxes not yet due or delinquent or, if delinquent, that are being contested in good faith by appropriate proceedings by or on behalf of Seller, as set forth on Schedule 3.04;

(e) all rights to consent by, required notices to, filings with, or other actions by Governmental Bodies in connection with the conveyance of the Assets, if the same are customarily sought and received after the Closing;

(f) Encumbrances or defects that Buyer has waived or is deemed to have waived pursuant to the terms of this Agreement or Title Defects that were not properly asserted by Buyer prior to the Defect Notice Date;

(g) all Legal Requirements and all rights reserved to or vested in any Governmental Body (i) to control or regulate any Asset in any manner; (ii) by the terms of any right, power, franchise, grant, license, or Permit, or by any provision of any Legal Requirement, to terminate such right, power, franchise, grant, license, or Permit or to purchase, condemn, expropriate, or recapture or to designate a purchaser of any of the Assets, except insofar as arising from a violation or non-compliance by Seller with a Permit or Legal Requirement; (iii) to use such property in a manner which does not materially impair the use of such property for the purposes for which it is currently owned and operated; or (iv) to enforce any obligations or duties affecting the Assets owed to any Governmental Body with respect to any right, power, franchise, grant, license, or Permit;

(h) rights of a common owner or co-tenant of any interest currently held by Seller and such common owner or co-tenant as tenants in common or through common ownership to the extent that the same does not materially impair the use or operation of the Assets as currently used and operated;

(i) easements, conditions, covenants, restrictions, servitudes, permits, rights-of-way, surface leases, and other rights in the Assets for the purpose of operations, facilities, roads, alleys, highways, railways, pipelines, transmission lines, transportation lines, distribution lines,

power lines, telephone lines, removal of timber, grazing, logging operations, canals, ditches, reservoirs, and other like purposes, or for the joint or common use of real estate, rights-of-way, facilities, and equipment, but only to the extent the foregoing do not, individually or in the aggregate, materially impair the ownership, operation, or use of, or access to, the Assets as currently operated and used;

(j) vendors, carriers, warehousemen's, repairmen's, mechanics', workmen's, materialmen's, construction, or other like liens arising by operation of law in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations which are not yet due or which are being contested in good faith by appropriate proceedings by or on behalf of Seller;

(k) Encumbrances created under Leases, pooling orders, or any joint or unit operating agreements or unit orders applicable to the Assets or by operation of law in respect of obligations that are not yet due or that are being contested in good faith by appropriate proceedings by or on behalf of Seller;

(l) with respect to any interest in the Assets acquired through compulsory pooling, failure of the records of any Governmental Body to reflect Seller as the owner of any Assets;

(m) any Encumbrance affecting the Assets that is discharged by Seller or waived (or deemed to be waived) by Buyer pursuant to the terms of this Agreement at or prior to Closing;

(n) the Assumed Litigation and the Retained Litigation;

(o) defects based solely on assertions that Seller's files lack information (including title opinions);

(p) Royalties, reversionary interests, and similar burdens if the net cumulative effect of such burdens (i) does not materially interfere with the ownership, operation, or use of any of the Assets (as currently operated and used), (ii) does not reduce the Net Revenue Interest of Seller with respect to a Well to an amount less than the Net Revenue Interest set forth in Schedule 2.07 for such Well, (iii) does not increase the Working Interest of Seller with respect to a Well to an amount greater than the Working Interest set forth in Schedule 2.07 for such Well (unless the Net Revenue Interest for such Well is greater than the Net Revenue Interest set forth in Schedule 2.07, in the same or greater proportion as any increase in such Working Interest), and (iv) does not decrease the Net Leasehold Acres in any Lease within the Target Formation;

(q) defects or irregularities of title: (i) as to which the relevant statute(s) of limitations or prescription would bar any attack or claim against Seller's title; (ii) arising out of lack of evidence of, or other defects with respect to, authorization, execution, delivery, acknowledgment, or approval of any instrument in Seller's chain of title absent reasonable evidence of an actual claim of superior title from a Third Party attributable to such matter; (iii) consisting of the failure to recite marital status or omissions of heirship proceedings in documents; (iv) resulting from lack of survey, unless a survey is expressly required by applicable Legal Requirements; (v) resulting from failure to record releases of liens, production payments, or mortgages that have expired by their own terms or the enforcement of which is barred by the

applicable statute(s) of limitations or prescription; (vi) arising out of lack of entity authorization unless Buyer provides affirmative evidence that such entity action was not authorized and results in another Person's actual and superior claim of title; (vii) resulting from or related to probate proceedings or the lack thereof that have been outstanding for five (5) years or more; (viii) resulting from unreleased instruments (including leases covering Hydrocarbons), absent specific evidence that such instruments continue in force and effect and constitute a superior claim of title with respect to the Wells; (ix) based on a gap in Seller's chain of title in the county records to any Well (A) so long as such gap does not provide a Third Party with a superior claim or (B) unless Buyer affirmatively shows such gap to exist in such records by an abstract of title, title opinion, or landman's title chain; or (x) consisting of the lack of a lease amendment or consent authorizing pooling or unitization;

(r) Imbalances;

(s) plugging and surface restoration obligations, but only to the extent such obligations do not interfere in any material respect with the use or operation of any Assets (as currently used or operated);

(t) calls on Hydrocarbon production under existing Contracts;

(u) any matters referenced or set forth on Exhibit A, Exhibit B, or Schedule 2.07;

(v) mortgages on the lessor's interest under a Lease, whether or not subordinate to such Lease, that have expired on their own terms or the enforcement of which are barred by applicable statute(s) of limitations or prescription; and

(w) any maintenance of uniform interest provision in an operating agreement if waived with respect to the Contemplated Transactions by the party or parties having the right to enforce such provision or if the violation of such provision would not give rise to the unwinding of the sale of the affected Asset from Seller to Buyer.

"Person" – any individual, firm, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

"Personal Property" – as set forth in the definition of "Assets".

"Phase I Environmental Site Assessment" – a Phase I environmental property assessment of the Assets that satisfies the basic assessment requirements set forth under the current ASTM International Standard Practice for Environmental Site Assessments (Designation E1527-13) or any other visual site assessment or review of records, reports, or documents.

"Post-Closing Date" – as defined in Section 2.05(e).

"Preferential Purchase Right" – any right or agreement that enables any Person to purchase or acquire any Property or any interest therein or portion thereof as a result of or in connection

with the execution or delivery of this Agreement or the consummation of the Contemplated Transactions.

"Preliminary Amount" – the Purchase Price, adjusted as provided in Section 2.03, based upon the best information available at the time of the Closing.

"Preliminary Settlement Statement" – as defined in Section 2.03.

"Proceeding" – any proceeding, action, arbitration, audit, hearing, investigation, request for information, litigation, or suit (whether civil, criminal, administrative, investigative, arbitrational, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Property" or "Properties" – as set forth in the definition of "Assets".

"Property Costs" – all operating expenses (including utilities, payroll, costs of insurance, rentals, and overhead costs), capital expenditures (including rentals, options, and other lease maintenance payments, broker fees, and other property acquisition costs and costs of acquiring equipment), and Asset Taxes, respectively, incurred in the ordinary course of business attributable to the use, operation, and ownership of the Assets, but excluding Damages attributable to (a) personal injury or death, property damage, torts, breach of contract, or violation of any Legal Requirement, (b) Environmental Liabilities, (c) obligations with respect to Imbalances, (d) obligations to pay Royalties, (e) obligations to pay interest owners revenues or proceeds relating to the Assets but held in suspense, including Suspense Funds, (f) obligations with respect to a Casualty Loss, (g) Retained Liabilities, and (h) claims for indemnification or reimbursement from any Third Party with respect to costs of the types described in the preceding clauses (a) through (g), whether such claims are made pursuant to contract or otherwise.

"Purchase Price" – as defined in Section 2.02.

"Recipient" – as defined in Section 13.13.

"Records" – as set forth in the definition of "Assets".

"Representative" – with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"Required Consent" – any Consent with respect to which (a) there is a provision within the applicable instrument that such Consent may be withheld in the sole and absolute discretion of the holder, (b) there is a provision within the applicable instrument expressly stating that an assignment in violation thereof (i) is void or voidable, (ii) triggers the payment of specified liquidated damages, or (iii) causes the termination or material impairment of the applicable Assets to be assigned, or (c) is denied in writing. For the avoidance of doubt, "Required Consent" does not include (A) any Consents and approvals of Governmental Bodies that are customarily obtained after Closing or (B) any Consent, which, by its terms, cannot be unreasonably withheld.

"Retained Assets" – any rights, titles, interests, assets, and properties that are originally included in the Assets under the terms of this Agreement, but that are subsequently excluded from the Assets or sale under this Agreement pursuant to the terms of this Agreement at any time before or after the Closing.

"Retained Liabilities" – Damages, liabilities and obligations directly attributable to or arising out of (a) the disposal or transportation prior to the Closing Date of any Hazardous Materials generated or used by Seller and taken from the Assets to any location that is not an Asset; (b) personal injury (including death) and property damage claims attributable to Seller's or its Affiliate's ownership of the Assets prior to the Closing Date; (c) the failure to properly and timely pay, in accordance with the terms of any Lease, Contract, or applicable Legal Requirement, all Royalties with respect to the Assets that are due by Seller or any of its Affiliates and attributable to Seller's ownership of the Assets prior to the Effective Time, other than Suspense Funds and Imbalances; (d) claims relating to Taxes for which Seller is responsible hereunder; (e) the Retained Litigation; (f) any fine, penalty or criminal sanction imposed by or assessed by any Governmental Body against Seller attributable to the ownership or operation of the Assets prior to the Closing Date; (g) other than as set forth in Article 12, any claim made by an employee of Seller or any Affiliate of Seller directly relating to such employment with Seller or any Affiliate of Seller, including any claim under the Seller Benefit Plans and obligations under COBRA with respect to "M&A qualified beneficiaries" as defined in Treasury Regulation Section 54.4980B-9; and (h) all liabilities and obligations associated with the Excluded Assets and the Retained Assets; *provided* that, from and after the date that is thirty-six (36) months following the Closing Date, all Damages, liabilities, and obligations arising out of clauses (a), (b), and (c) shall no longer be Retained Liabilities and shall be deemed Assumed Liabilities.

"Retained Litigation" – the litigation set forth in Schedule 3.05 (Part B).

"Royalties" – royalties, overriding royalties, production payments, carried interests, net profits interests, reversionary interests, back-in interests, and other burdens upon, measured by or payable out of production.

"Seller" – as defined in the preamble to this Agreement and includes all successors and permitted assigns of each Seller Party.

"Seller Benefit Plans" – as defined in Section 3.17(a).

"Seller Group" – Seller and its Affiliates, and their respective Representatives.

"Seller Party" – each of Riviera Upstream and Riviera Operating individually.

"Specified Counties" – Blaine, Caddo, Garfield, Major and Woods Counties, Oklahoma.

"Specified Receivables" – accounts receivable owed to Seller as operator of any Wells to satisfy previous overpayments by Seller to Third Parties, and the right to recoup same out of proceeds of production in respect of such Wells, which amounts shall be described, on Schedule 2.05(d)(i)(F) as of the date set forth on such schedule, for illustrative purposes only.

"Straddle Period" – any Tax period beginning before and ending after the Effective Time.

"Suspense Funds" – proceeds of production and associated penalties and interest in respect of any of the Wells that are payable to any Third Party and are being held in suspense by Seller as the operator of such Wells.

"Target Formation" – (i) with respect to Leases in Caddo County, Oklahoma, the Marchand Formation, and (ii) with respect to Leases in Blaine, Garfield, Major, and Woods Counties, Oklahoma, the Mississippi Solid Formation.

"Tax" or "Taxes" – (a) any and all federal, state, provincial, local, foreign and other taxes, levies, fees, imposts, duties, assessments, unclaimed property and escheat obligations and other governmental charges of a similar nature imposed by any Governmental Body, including income, profits, franchise, alternative or add-on minimum, gross receipts, environmental (including taxes under Section 59A of the Code), registration, withholding, employment, social security (or similar), disability, occupation, ad valorem, property, value added, capital gains, sales, goods and services, use, real or personal property, capital stock, license, branch, payroll, unemployment, severance, compensation, utility, stamp, premium, windfall profits, transfer, gains, severance, production, and excise taxes, and customs duties, together with any interest, penalties, fines or additions thereto and (b) any successor or transferee liability in respect of any items described in clause (a) above.

"Tax Allocation" – as defined in Section 2.07.

"Tax Returns" – any and all reports, returns, declarations, claims for refund, elections, disclosures, estimates, information reports or returns or statements supplied or required to be supplied to a Governmental Body in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

"Third Party" – any Person other than a Party or an Affiliate of a Party.

"Threatened" – a claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made in writing to a Party or any of its officers, directors, or employees that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

"Title Benefit" – as defined in Section 11.08.

"Title Benefit Notice" – as defined in Section 11.08.

"Title Benefit Properties" – as defined in Section 11.08.

"Title Benefit Value" – as defined in Section 11.08.

"Title Defect" – any Encumbrance, defect of title, irregularity, or other matter that (i) does not constitute a Permitted Encumbrance, and (ii) causes Seller not to have Defensible Title in and to the Wells, without duplication; *provided* that the following shall not be considered Title Defects:

(1) Preferential Rights and Required Consents;

(2) defects based upon the failure to record any federal or state Leases in any applicable county records or any assignments of interests in such Leases in any applicable public records unless such failure results or would result in another Person's actual and superior claim of title to the relevant Asset;

(3) any Encumbrance or loss of title resulting from Seller's conduct of business from and after the Execution Date in accordance with the provisions of this Agreement;

(4) defects arising from any change in applicable Legal Requirements after the Execution Date;

(5) defects arising from the presence of any prior, primary term-expired oil and gas lease covering a portion of the Lands, taken more than fifteen (15) years prior to the Effective Time, that has not been surrendered or released of record, unless Buyer provides affirmative evidence that a Third Party is conducting operations on or otherwise asserting ownership of the affected Property, sufficient proof of which shall include written communication by a Person with record title to such prior oil and gas lease asserting the continued effectiveness thereof;

(6) defects that affect only the ownership of the right to receive Royalty payments rather than the amount or the proper payment of such royalty payment;

(7) defects arising from a mortgage encumbering the oil, gas or mineral estate of any lessor that has been subordinated to the Lease applicable to such Asset;

(8) defects related to mineral ownership other than Hydrocarbons;

(9) defects arising under circumstances where federal or state oil and gas leases have not been recorded in the applicable county;

(10) the presence of an acreage commitment or dedication, minimum volume obligation or commitment and associated deficiency payment obligation, or similar provisions in a Contract;

(11) defects based on the lack of approval by a Governmental Body of one or more assignments of interests in federal or state oil and gas leases, to the extent that the affected assignment has been properly and timely filed with the appropriate officer of the relevant Governmental Body and the parties to such assignment have satisfied the regulatory criteria for obtaining such approval;

(12) defects that are cured by adverse possession or prescription under applicable statutes of limitation; and

(13) defects based solely upon the title of record being held in the name of Linn Energy Holdings, LLC, Linn Operating, Inc. or Linn Operating, LLC, if Seller provides certified copies of name changes or certificates of conversion, as appropriate, showing the relationship between these entities and Seller.

"Title Defect Cure Period" – as defined in Section 11.06(a).

"Title Defect Notice" – as defined in Section 11.04.

"Title Defect Property" – as defined in Section 11.04.

"Title Defect Value" – as defined in Section 11.04.

"Transaction Documents" – as defined in Section 13.07.

"Transfer Tax" – all transfer, documentary, sales, use, value added, stamp, registration and similar Taxes (but excluding income Taxes) and fees arising out of, or in connection with, the transfer of the Assets.

"Units" – as set forth in the definition of "Assets".

"Wells" – as set forth in the definition of "Assets".

"Working Interest" – with respect to any Well, the interest in and to such Well that is burdened with the obligation to bear and pay costs and expenses of maintenance, development and operations on or in connection with such Well (in each case, limited to the applicable currently producing formation as described in the definition of "Defensible Title" and subject to any reservations, limitations, or depth restrictions described in Exhibit B or Schedule 2.07), but without regard to the effect of any Royalties or other burdens, but including cost-carry obligations with respect to the undivided interests of co-tenants in a Well.

ARTICLE 2
SALE AND TRANSFER OF ASSETS; CLOSING

Assets

. Subject to the terms and conditions of this Agreement, at the Closing, Seller shall sell and transfer (or shall cause to be sold and transferred) the Assets to Buyer, and Buyer shall purchase, pay for, and accept the Assets from Seller.

Purchase Price; Deposit Amount

. Subject to any adjustments that may be made under Section 2.05, the purchase price for the Assets will be FIFTEEN MILLION SEVEN HUNDRED AND EIGHTY THOUSAND AND NO/100 DOLLARS ($15,780,000) (the "Purchase Price"). Contemporaneously with the execution of this Agreement, Buyer has deposited, by wire transfer in same day funds into an escrow account (the "Escrow Account") established pursuant to the terms of a mutually agreeable Escrow Agreement (the "Escrow Agreement"), an amount equal to the Deposit Amount. The Deposit Amount shall be held by the Escrow Agent, and if the Closing timely occurs, on or before the Closing Date, the Parties shall execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount (*less* amounts retained in escrow pursuant to Section 11.06 and Section 11.11), *plus* interest earned thereon, to Seller at the Closing, which Deposit Amount, or portion thereof, *plus* interest earned thereon, shall be applied as a credit toward the Preliminary Amount payable at the Closing as provided in Section 2.05(a). If this Agreement is terminated prior to the Closing in accordance with Section 9.01, then the provisions of Section 9.02 shall apply, and the distribution of the Deposit Amount, *plus* interest earned thereon, shall be governed in accordance therewith.

Closing; Preliminary Settlement Statement

. The consummation of the Contemplated Transaction (the "Closing") shall take place at the offices of Seller at 717 Texas Avenue, Suite 2000, Houston, Texas 77002, on or before October 1, 2020, or if all conditions to Closing under Article 7 and Article 8 have not yet been satisfied or waived on that date, within ten (10) Business Days after such conditions have been satisfied or waived, subject to the provisions of Article 9 (the "Closing Date"). Not later than five (5) Business Days prior to the Closing Date, Seller will deliver to Buyer a statement setting forth in reasonable detail Seller's reasonable determination of the Preliminary Amount based upon the best information available at that time (the "Preliminary Settlement Statement"). As part of the Preliminary Settlement Statement, Buyer shall provide to Seller such data as is reasonably necessary to support any estimated allocation, for purposes of establishing the Preliminary Amount. Within two (2) Business Days after its receipt of the Preliminary Settlement Statement, Buyer may submit to Seller in writing any objections or proposed changes thereto, and Seller shall consider all such objections and proposed changes in good faith. The estimate agreed to by Seller and Buyer, or, absent such agreement, set forth in the Preliminary Settlement Statement delivered by Seller in accordance with this Section 2.03 will be the amount to be paid by Buyer to Seller at the Closing.

Closing Obligations

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(a) At the Closing, each Seller Party shall deliver (and execute and acknowledge, as appropriate), or cause to be delivered (and executed and acknowledged, as appropriate), to Buyer:

(i) original counterparts of the Instruments of Conveyance in the appropriate number for recording in the real property records where the Assets are located;

(ii) original counterparts of such assignments of federal and state oil and gas leases and rights-of-way as are necessary to transfer title to all of the Assets to Buyer, except to the extent customarily delivered after Closing;

(iii) possession of the Assets (except the Suspense Funds, which shall be conveyed to Buyer by way of one or more adjustments to the Purchase Price as provided in Section 2.05(d)(ii)(E));

(iv) an executed counterpart of a joint instruction letter directing the Escrow Agent to release to Seller an amount equal to the Deposit Amount (*less* any amounts retained in the Escrow Account pursuant to Section 11.06 or Section 11.11);

(v) a certificate, in substantially the form set forth in Exhibit H-1 executed by an officer of such Seller Party, certifying on behalf of such Seller Party that the conditions to Closing set forth in Sections 7.01 and 7.02 have been fulfilled;

(vi) a Treasury Regulation Section 1.1445-2(b)(2) statement, certifying that such Seller Party (or its regarded owner, if such Seller Party is an entity disregarded as separate from its owner) is not a "foreign person" within the meaning of the Code;

(vii) an executed counterpart of the Preliminary Settlement Statement;

(viii) a recordable release in a form reasonably acceptable to Buyer of any deeds of trust, mortgages, financing statements, fixture filings and security agreements, in each case, securing indebtedness for borrowed money made by such Seller Party or its Affiliates and encumbering the Assets;

(ix) an appropriate form (such as IRS Form W-9) certifying that such Seller Party is exempt from backup withholding; and

(x) such documents as Buyer or counsel for Buyer may reasonably request, including letters-in-lieu of transfer order to purchasers of production from the Wells (which shall be prepared and provided by Buyer and reasonably satisfactory to Seller).

(b) At the Closing, Buyer shall deliver (and execute and acknowledge, as appropriate) to Seller:

(i) the Preliminary Amount, *less* the Deposit Amount (reduced by any amounts retained in the Escrow Account pursuant to Section 11.06 or Section 11.11), by wire transfer of immediately available U.S. funds to the accounts specified by Seller in written notices given by Seller to Buyer at least two (2) Business Days prior to the Closing Date;

(ii) original counterparts of the Instruments of Conveyance in the appropriate numbers for recording in the real property records where the Assets are located;

(iii) original counterparts of such assignments of federal and state oil and gas leases and rights-of-way as are necessary to transfer title to all of the Assets to Buyer, except to the extent customarily delivered after Closing;

(iv) an executed counterpart of a joint instruction letter directing the Escrow Agent to release to Seller an amount equal to the Deposit Amount (*less* any amounts retained in the Escrow Account pursuant to Section 11.06 or Section 11.11) to Seller;

(v) a certificate, in substantially the form set forth in Exhibit H-2 executed by an officer of Buyer, certifying on behalf of Buyer that the conditions to Closing set forth in Sections 8.01 and 8.02 have been fulfilled;

(vi) an executed counterpart of the Preliminary Settlement Statement;

(vii) evidence of replacement bonds, guarantees, and other sureties pursuant to Section 6.03(a) and evidence of such other authorizations and qualifications as may be necessary for Buyer to own the Assets; and

(viii) such other documents as Seller or counsel for Seller may reasonably request, including letters-in-lieu of transfer order to purchasers of production from the Wells (which shall be prepared and provided by Buyer and reasonably satisfactory to Seller).

Allocations and Adjustments

. If the Closing occurs:

(a) Buyer shall be entitled to all production and products from or attributable to the Assets from and after the Effective Time and the proceeds thereof, and to all other income, proceeds, receipts, and credits earned with respect to the Assets on or after the Effective Time, and shall be responsible for (and entitled to any refunds with respect to) all Property Costs attributable to the Assets and incurred from and after the Effective Time. Seller shall be entitled to all production and products from or attributable to the Assets prior to the Effective Time and the proceeds thereof, and shall be responsible for (and entitled to any refunds with respect to) all Property Costs attributable to the Assets and incurred prior to the Effective Time. "Earned" and "incurred," as used in this Agreement, shall be interpreted in accordance with generally accepted accounting principles and Council of Petroleum Accountants Society (COPAS) standards.

(b) Without limiting the allocation of costs and production set forth in Section 2.05(a), for each Well operated by Seller or its Affiliate, Seller or its Affiliate shall retain overhead charges and rates received by Seller or its Affiliate in its capacity as "Operator" under any operating agreement, pooling order, or COPAS accounting procedure attributable to such Well for time periods between the Effective Time and the Closing Date.

(c) For purposes of allocating revenues, production, proceeds, income, accounts receivable, and products under this Section 2.05, (A) liquid Hydrocarbons produced into storage facilities will be deemed to be "from or attributable to" the Wells when they pass through the pipeline connecting into the storage facilities into which they are run, and (B) gaseous Hydrocarbons and liquid Hydrocarbons produced into pipelines will be deemed to be "from or attributable to" the Wells when they pass through the receipt point sales meters on the pipelines through which they are transported. In order to accomplish the foregoing allocation of production, the Parties shall rely upon the gauging, metering, and strapping procedures which were conducted by Seller on or about the Effective Time and, unless demonstrated to be inaccurate, shall utilize reasonable interpolating procedures to arrive at an allocation of production when exact gauging, metering, and strapping data is not available on hand as of the Effective Time. Asset Taxes shall be prorated in accordance with Section 13.02(b).

(d) The Purchase Price shall be, without duplication,

(i) increased by the following amounts:

(A) the aggregate amount of (i) proceeds received by Buyer from the sale of Hydrocarbons produced from and attributable to the Assets during any period prior to the Effective Time to which Seller is entitled under Section 2.05(a) (net of any (x) Royalties and (y) gathering, processing, transportation, and other midstream costs) and (ii) other proceeds, fees, rentals, revenues, and amounts received by Buyer with respect to the Assets to which Seller is otherwise entitled under Section 2.05(a);

(B) the amount of all Asset Taxes allocable to Buyer pursuant to Section 13.02(b) but paid or economically borne by Seller;

(C) the aggregate amount of all non-reimbursed Property Costs (other than Asset Taxes) that have been paid by Seller that are attributable to the ownership of the Assets after the Effective Time (including prepayments paid before the Effective Time that relate to operations to be conducted during any period after the Effective Time);

(D) the amount of any other upward adjustment specifically provided for in this Agreement or mutually agreed upon by the Parties;

(E) to the extent that proceeds for such volumes have not been received by Seller, an amount equal to the value of all merchantable Hydrocarbons attributable to the Assets in storage or existing in stock tanks above the load line as of the Effective Time, such value to be based on the contract price(s) applicable to such Hydrocarbons as of the Effective Time (or, if there is no contract price, the market value thereof at the applicable custody transfer points as of the Effective Time);

(F) the lesser of (x) the amount of the Specified Receivables and (y) forty-five thousand dollars ($45,000);

(G) the amount of all scheduled pre-payments set forth on Schedule 2.05(d)(i)(G);

(H) the amount of Twenty-Five Thousand Dollars ($25,000) for Imbalances as of the Effective Time; and

(ii) decreased by the following amounts:

(A) the aggregate amount of (i) proceeds received by Seller (or received by a Third-Party operator and netted or set off against amounts due or alleged to be due to such operator) from the sale of Hydrocarbons produced from and attributable to the Assets from and after the Effective Time to which Buyer is entitled under Section 2.05(a) (net of any (x) Royalties, (y) gathering, processing, transportation, and other midstream costs, and (z) production and severance Taxes to the extent withheld by the purchasers of production) and (ii) other proceeds, fees, rentals, revenues, and amounts received by Seller with respect to the Assets to which Buyer is otherwise entitled under Section 2.05(a);

(B) the amount of all Asset Taxes allocable to Seller pursuant to Section 13.02(b) but paid or economically borne by Buyer;

(C) the aggregate amount of all downward adjustments pursuant to Article 11;

(D) the aggregate amount of all non-reimbursed Property Costs (other than Asset Taxes) that are attributable to the ownership of the Assets prior to the Effective Time (excluding prepayments with respect to any period after the Effective Time) and paid by Buyer;

(E) the amount of the Suspense Funds; and

(F) the amount of any other downward adjustment specifically provided for in this Agreement or mutually agreed upon by the Parties.

(e) As soon as practicable after the Closing, but no later than ninety (90) days following the Closing Date, Seller shall prepare and submit to Buyer a statement (the "Final Settlement Statement") setting forth each adjustment or payment which was not finally determined as of the Closing Date and showing the values used to determine such adjustments to reflect the final adjusted Purchase Price attributable to the Assets conveyed at the Closing. On or before thirty (30) days after Buyer's receipt of a Final Settlement Statement, Buyer shall deliver to Seller a written report containing any changes that Buyer proposes to be made to such Final Settlement Statement and an explanation of any such changes and the reasons therefor, together with any supporting information (the "Dispute Notice"). During such thirty (30)-day period, Buyer shall be given reasonable access to Seller's books and records relating to the matters required to be accounted for in the Final Settlement Statement. Any changes to the Final Settlement Statement not included in the Dispute Notice shall be deemed waived. If Buyer fails to timely deliver a Dispute Notice to Seller containing changes Buyer proposes to be made to a Final Settlement Statement, then such Final Settlement Statement as delivered by Seller will be deemed to be mutually agreed upon by the Parties and will be final and binding on the Parties. Upon the delivery of a Dispute Notice, the Parties shall undertake to agree with respect to any disputed amounts identified therein by the date that is one hundred twenty (120) days after the Closing Date (the "Post-Closing Date"). Except for Title Defect and Environmental Defect adjustments pursuant to Section 2.05(d)(ii)(C), which shall be subject to the arbitration provisions of Section 11.15, if the Parties are still unable to agree regarding any item set forth in the Dispute Notice as of the Post-Closing Date, then the Parties shall submit to a the independent accounting firm of Deloitte Touche Tohmatsu Limited a written notice of such dispute along with reasonable supporting detail for the position of Buyer and Seller, respectively, and the independent accounting firm shall finally determine such disputed item in accordance with the terms of this Agreement. The independent accounting firm shall act as an expert and not an arbitrator. In determining the proper amount of any adjustment to the Purchase Price related to the disputed item, the independent accounting firm shall not increase the Purchase Price more than the increase proposed by Seller or decrease the Purchase Price more than the decrease proposed by Buyer, as applicable. The decision of such independent accounting firm shall be binding on the Parties, and the fees and expenses of such independent accounting firm shall be borne one-half (1/2) by Seller and one-half (1/2) by Buyer. The date upon which all adjustments and amounts in a Final Settlement Statement are agreed to (or deemed agreed to) or fully and finally determined by the independent accounting firm as set forth in this Section 2.05(e) shall be called the "Final Settlement Date," and the portion of the final adjusted Purchase Price shall be called the "Final Amount." If (a) the Final Amount is more than the Preliminary Amount, Buyer shall pay to Seller an amount equal to the Final Amount, *minus* the Preliminary Amount; or (b) the Final Amount is less than the Preliminary Amount, Seller shall pay to Buyer an amount equal to the Preliminary Amount, *minus* the Final Amount. Such payment shall be made within five (5) Business Days after the Final Settlement Date by wire transfer of

immediately available U.S. funds to the accounts specified pursuant to wire instructions delivered in advance by Seller or Buyer, as applicable.

Assumption

. If the Closing occurs, from and after the Closing Date, Buyer shall assume, fulfill, perform, pay, and discharge the following liabilities of Seller arising from, based upon, related to, or associated with the Assets and only to the extent not constituting Retained Liabilities (collectively, the "Assumed Liabilities"), subject to Seller's indemnity obligations under Section 10.02**,** and further subject to the limitations and restrictions in Article 10, including any and all Damages and obligations, known or unknown, allocable to the Assets and: (a) attributable to or resulting from the use, maintenance, or ownership of the Assets, including the performance of all covenants and the discharge of all duties, obligations, responsibilities, and liabilities arising under the terms of the Leases and the Applicable Contracts (other than obligations to pay money) for all periods before, at, and after the Closing Date, except for all obligations and liabilities for the payment of amounts owed in connection with the Assets (including the payment of Property Costs and Royalties), which shall be allocated between Seller and Buyer as of the Effective Time as provided in Section 2.05; (b) imposed by any Legal Requirement or Governmental Body relating to the Assets regardless of whether arising before, at, or and after the Closing Date; (c) for plugging, abandonment, decommissioning, and surface restoration of the Assets, including Wells and all surface facilities; (d) subject to Buyer's rights and remedies set forth in Article 11 and the special warranty of Defensible Title set forth in the Instruments of Conveyance, attributable to or resulting from lack of Defensible Title to the Assets; (e) attributable to the Suspense Funds, to the extent actually received by Buyer (or for which a reduction to the Purchase Price was made); (f) attributable to the Imbalances; (g) subject to Buyer's rights and remedies set forth in Article 11, attributable to or resulting from all Environmental Liabilities relating to the Assets, regardless of whether such Environmental Liabilities arose before, at, or after the Closing Date; (h) related to the conveyance of the Assets to Buyer at Closing; (i) attributable to claims relating to Taxes and assessments for which Buyer is responsible hereunder; (j) attributable to the failure to obtain a Consent that is not a Required Consent as provided in Section 11.03(a)(i); and (k) attributable to the Assumed Litigation. Buyer acknowledges that: (i) the Assets have been used in connection with the exploration for, and the development, production, treatment, and transportation of, Hydrocarbons; (ii) spills of wastes, Hydrocarbons, produced water, Hazardous Materials, and other materials and substances may have occurred in the past or in connection with the Assets; (iii) there is a possibility that there are currently unknown, abandoned Wells, plugged wells, pipelines, and other equipment on or underneath the Properties; (iv) it is the intent of the Parties that, except for Retained Liabilities, all liability associated with the above matters, as well as any responsibility and liability to decommission, plug, or replug such wells (including the Wells) in accordance with all Legal Requirements and requirements of Governmental Bodies, be passed to Buyer effective as of the Closing Date and that Buyer shall assume all responsibility and liability for such matters and all claims and demands related thereto; (v) the Assets may contain asbestos, Hazardous Materials, or NORM; (vi) NORM may affix or attach itself to the inside of wells, materials, and equipment as scale or in other forms; (vii) Wells, materials, and equipment located on the Assets may contain NORM; and (viii) special procedures may be required for remediating, removing, transporting, and disposing of asbestos, NORM, Hazardous Materials, and other materials from the Assets. From and after the Closing Date, but effective, to the extent provided above, as of the Effective Time, and subject to Seller's indemnity obligations under Section 10.02 (and further subject to the limitations and restrictions in Article 10), Buyer shall assume, with respect to the Assets, all responsibility and liability (except for Retained Liabilities) for any assessment,

remediation, removal, transportation, and disposal of these materials and associated activities in accordance with all Legal Requirements and requirements of Governmental Bodies.

Allocation of Purchase Price

. The Purchase Price shall be allocated among the Wells as set forth in Schedule 2.07 hereto. Seller and Buyer agree to be bound by the Allocated Values set forth in Schedule 2.07 for purposes of Article 11 hereof. Seller and Buyer further agree that for the purpose of making the requisite filings under Section 1060 of the Code, and the regulations thereunder, the Purchase Price and any liabilities assumed by Buyer under this Agreement that are treated as consideration for Tax purposes shall be allocated among the Assets in a manner consistent with the Allocated Values, as set forth on Schedule 2.07 (the "Tax Allocation"). Seller and Buyer each agree to report, and to cause their respective Affiliates to report, the federal, state, and local income and other Tax consequences of the Contemplated Transactions, and in particular to report the information required by Section 1060(b) of the Code, and jointly to prepare Form 8594 (Asset Acquisition Statement under Section 1060 of the Code) as promptly as possible following the Closing Date and in a manner consistent with the Tax Allocation as revised to take into account subsequent adjustments to the Purchase Price, including any adjustments pursuant to this Agreement to determine the Final Amount, and shall not take any position inconsistent therewith upon examination of any Tax Return, in any refund claim, in any litigation, investigation, or otherwise, unless required to do so by any Legal Requirement after notice to and discussions with the other Party, or with such other Party's prior consent.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER

Each Seller Party represents and warrants to Buyer, as of the Execution Date and again as of the Closing Date, the following:

Organization and Good Standing

. Such Seller Party is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and, where required, is duly qualified to do business and is in good standing in each jurisdiction in which the Assets are located, with full limited liability company power and authority to conduct its business as it is now being conducted, and to own and operate the properties and assets (including the Assets) that it purports to own or use. Such Seller Party is not a "foreign person" for purposes of Section 1445 of the Code.

Authority; No Conflict

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(a) The execution, delivery, and performance of this Agreement, the other Transaction Documents to which such Seller is a party, and the Contemplated Transactions have been duly and validly authorized by all necessary limited liability company action on the part of such Seller Party. This Agreement has been duly executed and delivered by such Seller Party, and at the Closing, all other Transaction Documents executed and delivered by such Seller Party at or in connection with such Closing shall have been duly executed and delivered by such Seller Party. This Agreement and the other Transaction Documents to which such Seller is a party constitute the legal, valid, and binding obligations of such Seller Party, enforceable against such Seller Party in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency,

reorganization, moratorium, or other laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a Proceeding in equity or at law).

(b) Except as set forth in Schedule 3.02(b), neither the execution and delivery of this Agreement nor any other Transaction Document by such Seller Party nor the consummation or performance of any of the Contemplated Transactions by such Seller Party shall, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with, or result in a violation of (A) any provision of the Organizational Documents of such Seller Party, or (B) any resolution adopted by the board of directors, managers, or officers of such Seller Party;

(ii) assuming the receipt of all Consents and the waiver of all Preferential Purchase Rights (in each case) applicable to the Contemplated Transactions, contravene, conflict with, or result in a Breach of or default under, or give rise to a right to terminate, accelerate, or modify any terms of, or a right to exercise any remedy or obtain any relief under, any credit agreement, note, bond, mortgage, indenture, license, Lease, Contract, or other agreement or document to which such Seller Party, or any of the Assets, may be subject;

(iii) contravene, conflict with, or result in a violation of any of the terms or requirements of any Legal Requirement or Order, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization, that, in either case, relates to such Seller Party or the Assets, or otherwise challenge the Contemplated Transactions; or

(iv) result in the imposition or creation of any Encumbrance upon or with respect to any of the Assets, except for Permitted Encumbrances.

Bankruptcy

. Except for claims or matters related to the bankruptcy case of Linn Energy, LLC, and its subsidiaries commenced on May 11, 2016, and concluded on September 27, 2018, for which the United States Bankruptcy Court for the Southern District of Texas retains jurisdiction, there are no bankruptcy, reorganization, receivership, or arrangement proceedings pending or being contemplated by such Seller Party or, to such Seller Party's Knowledge, Threatened against such Seller Party. Seller is not insolvent.

Taxes

. All material Tax Returns required to be filed by such Seller Party with respect to Asset Taxes have been timely filed and all such Tax Returns are correct and complete in all material respects. All material Asset Taxes required to be paid by such Seller Party that are or have become due have been timely paid in full, and such Seller Party is not delinquent in the payment of any such Asset Taxes. There is not currently in effect any extension or waiver of any statute of limitations of any jurisdiction regarding the assessment or collection of any Asset Taxes. There are no administrative or judicial proceedings by any taxing authority pending against Seller relating to or in connection with any Asset Taxes. All Tax withholding and deposit requirements imposed by applicable Legal Requirements with respect to any of the Assets have been satisfied in all material respects. There are no actual, pending, or Threatened Tax liens covering the Assets,

except for Tax liens that are Permitted Encumbrances. Except as disclosed on Schedule 3.04, no Asset is subject to any tax partnership agreement or provisions requiring a partnership income tax return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute.

Legal Proceedings

. Other than the Assumed Litigation and the Retained Litigation, such Seller Party has not been served with any Proceeding, and there is otherwise no pending or, to such Seller Party's Knowledge, Threatened, Proceeding against such Seller Party or any of its Affiliates, or the Assets, in each case, that (a) relates to or concerns the Assets, or (b) challenges, or may have the effect of preventing, delaying, making illegal, materially hindering, or otherwise interfering with, any of the Contemplated Transactions.

Brokers

. Neither such Seller Party nor its Affiliates have incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees with respect to the Contemplated Transactions other than obligations that are and will remain the sole responsibility of such Seller Party and its Affiliates.

Compliance with Legal Requirements

. To such Seller Party's Knowledge, except as set forth in Schedule 3.07, there is no uncured material violation by such Seller Party of any Legal Requirements (other than Environmental Laws and Legal Requirements related to Taxes, which are addressed in other provisions of this Article 3) with respect to such Seller Party's use, ownership, and operation of the Assets.

Hydrocarbon Marketing

. Except as set forth on Schedule 3.08, there are no calls on production, options to purchase, or similar rights binding on such Seller Party in effect with respect to any portion of the Hydrocarbons produced from or allocable to the Properties. Except as disclosed on Schedule 3.08, such Seller Party is not obligated by any production payment, material prepayment arrangement, or "take-or-pay" requirement to sell, gather, deliver, process, or transport any Hydrocarbons without then or thereafter receiving full payment therefor. Except as set forth on Schedule 3.08, none of the Properties is subject to any contract or agreement that contain acreage commitment or dedication provisions, minimum volume obligations or commitments and associated deficiency payment obligations, requirements obligations, or similar obligations or provisions that will be binding on Buyer.

Imbalances

. To such Seller Party's Knowledge, except as set forth in Schedule 3.09, there are no Imbalances with respect to such Seller Party's obligations relating to the Wells as of the dates reflected thereon.

Material Contracts

. To such Seller Party's Knowledge, Schedule 3.10 sets forth all Applicable Contracts of the types described below to which such Seller Party is a party or is otherwise bound as of the Execution Date (collectively, the "Material Contracts"):

(a) any Applicable Contract that contains a call on production or option to purchase production or that is a Hydrocarbon purchase and sale, transportation, gathering, treating, processing, or similar Applicable Contract that is not terminable without penalty on ninety (90) days' or less notice, including all such Applicable Contracts that contain an acreage commitment or dedication provision, minimum volume obligation or commitment and associated

deficiency payment obligation, requirements obligation, or similar obligation that will be binding on Buyer;

(b) any Applicable Contract that can reasonably be expected to result in aggregate payments or liabilities by such Seller Party of more than One Hundred Thousand Dollars ($100,000) net to such Seller Party's interest during the current or any subsequent fiscal year or more than Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate net to such Seller Party's interest over the term of such Applicable Contract (based on the terms thereof and contracted (or if none, current) quantities where applicable);

(c) any Applicable Contract that is an indenture, mortgage, loan, credit agreement, sale-leaseback, guaranty of any obligation, bond, letter of credit, or similar financial Contract;

(d) any Applicable Contract that constitutes a partnership agreement, joint venture agreement, area of mutual interest agreement, joint development agreement, "drillco" agreement, joint operating agreement, farmin or farmout agreement, non-competition agreement, or similar Contract where the primary obligation has not been completed prior to the Effective Time (in each case, excluding any tax partnership); and

(e) any Applicable Contract between Seller and any Affiliate of Seller or Seller Party that will not be terminated prior to Closing.

Neither such Seller Party, nor to the Knowledge of such Seller Party, any other party is in default under any Material Contract, except as set forth in Schedule 3.10, and to the Knowledge of such Seller Party, there has occurred no event, fact, or circumstance that, with the lapse of time, the giving of notice, or both, would constitute such a Breach or default by such Seller Party, or any Third Party under the terms of any Material Contract. To such Seller Party's Knowledge such Material Contracts are in full force and effect. Except as set forth in Schedule 3.10, there are no Contracts with Affiliates of such Seller Party that will be binding on the Assets after the Closing.

Consents and Preferential Purchase Rights

. To such Seller Party's Knowledge, except as set forth in Schedule 3.11, none of the Assets is subject to any Preferential Purchase Rights or Consents required to be obtained by such Seller Party which may be applicable to the Contemplated Transactions, except for (a) Consents and approvals of Governmental Bodies that are customarily obtained after Closing and (b) Applicable Contracts that are terminable upon not greater than sixty (60) days' notice without payment of any fee.

Current Commitments

. Schedule 3.12 sets forth, as of the Execution Date, all approved authorizations for expenditures and other approved capital commitments individually equal to or greater than One Hundred Thousand Dollars ($100,000) (net to such Seller Party's interest) (the "AFEs") relating to operations to drill or rework any Wells or for other capital expenditures on the Assets pursuant to any of the Applicable Contracts for which all of the activities anticipated in such AFEs have not been completed by the Execution Date.

Environmental Laws

. Except as set forth in Schedule 3.13, to such Seller Party's Knowledge, on the Execution Date, the Properties are in compliance in all material respects with all applicable Environmental Laws and all Permits required under Environmental Laws relating to the ownership and operation of the Properties and the production and disposition of Hydrocarbons

therefrom, except for prior instances of noncompliance that have been resolved in accordance with the standard of the Lowest Cost Response. To such Seller Party's Knowledge, except as set forth in Schedule 3.13, on the Execution Date, such Seller Party and each Third Party operator of the Properties, as applicable, has all Permits required under Environmental Laws in connection with the ownership and operation of the Properties and the production and disposition of Hydrocarbons therefrom, except when the failure to obtain or maintain such an environmental Permit would not reasonably be expected to be material, and no such Seller Party has received written notice that any of such environmental Permits are not in full force and effect. Except as set forth in Schedule 3.13, (a) there are no Proceedings pending or, to such Seller Party's Knowledge, Threatened in writing before any Governmental Body with respect to the Properties alleging material violations of, or material liabilities under, any Environmental Law, or claiming any remediation obligation, and (b) such Seller Party has received no notice from any Governmental Body of any alleged or actual material violation of, or material non-compliance with, or material liability under, any Environmental Law or of any material non-compliance with the terms of any Permit required under Environmental Laws, in each case arising from, based upon, associated with, or related to the Properties, or the ownership or operation thereof, or the production and marketing of Hydrocarbons therefrom, the subject matter of which notice is unresolved. To the extent that Buyer asserts or could have asserted a Breach of or inaccuracy in the representations and warranties contained in this Section 13.13 as an Environmental Defect under Section 11.10, Buyer's sole and exclusive remedy for such Breach shall be pursuant to the Environmental Defect process in Article 11.

Permits

. To such Seller Party's Knowledge, except as set forth in Schedule 3.14, (a) such Seller Party, with respect to any Assets currently operated by such Seller Party or any of its Affiliates, and each Third Party operator, with respect to all Non-Operated Assets, has acquired all Permits (excluding Permits required under Environmental Laws, which are addressed in Section 3.13) from appropriate Governmental Bodies to conduct operations on such Assets in material compliance with all applicable Legal Requirements; (b) all such Permits are in full force and effect; (c) no Proceeding is pending or Threatened to suspend, revoke, or terminate any such Permit or declare any such Permit invalid; and (d) to such Seller Party's Knowledge, such Seller Party is in compliance in all material respects with all such Permits.

Wells

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(a) To such Seller Party's Knowledge, as of the Execution Date, the Wells described on Exhibit B include, *inter alia*, all Hydrocarbon wells located on the Leases, the Lands, and the Units that are (i) currently capable of producing Hydrocarbons, (ii) currently being drilled, or (iii) have been drilled and are awaiting completion. Except as disclosed on Schedule 3.15, (a) no Well is subject to material penalties on allowable production after the Effective Time because of any overproduction, and (b) there are no Wells that Seller is currently obligated by applicable Legal Requirements or contract to plug or abandon or that are currently subject to exceptions to a requirement to plug or abandon issued by a Governmental Body.

(b) To the Knowledge of such Seller Party, all Hydrocarbon wells located on the Leases, Lands, and Units that have been plugged and abandoned were plugged and abandoned in accordance with all applicable Legal Requirements.

Payout Balances

. Schedule 3.16 sets forth, to such Seller Party's Knowledge, the payout balances as of the Execution Date for each Well subject to payout.

Employee Benefits

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(a) For purposes of this Agreement, "Seller Benefit Plan" means each "employee benefit plan," as defined in Section 3(3) of ERISA, and all other welfare, retirement, pension, deferred compensation, bonus, incentive, severance, executive life insurance, vacation or paid time off, fringe benefit, stock purchase, stock option, phantom stock, equity or equity-based awards, employment, profit sharing, retention, stay bonus, change of control and other material compensation or benefit plans, programs, policies, agreements or arrangements, in each case whether or not reduced to writing, whether funded or unfunded, whether or not tax-qualified, and whether or not subject to ERISA, which is or has been maintained, sponsored or contributed to, or required to be contributed to, by a Seller Party for the benefit of any employee of such Seller Party (or any spouse or dependent of such individual), or under which a Seller Party or any of its ERISA Affiliates has or may have any liability. Schedule 3.17(a) contains a true and complete list of all Seller Benefit Plans.

(b) Each Seller Benefit Plan has been established, funded, administered, and maintained in all material respects in accordance with its terms and in all material respects in compliance with all applicable Legal Requirements, including ERISA and the Code, and any premiums due or contributions required to be made under the terms of any Seller Benefit Plan have been timely made in all material respects.

(c) No Seller Benefit Plan is, and no Seller Party has any Liability, including on account of an ERISA Affiliate, under any employee benefit plan that is subject to Section 302 of ERISA, Title IV of ERISA or Section 412 of the Code or any "multiemployer plan," as defined in Section 3(37) of ERISA. No Seller Benefit Plan is an employee benefit plan which provides health, medical, or life insurance benefits to any current or former employee after termination of employment with a Seller Party, except to the extent required by COBRA. Each Seller Benefit Plan which is an "employee welfare benefit plan" (as defined in Section 3(1) of ERISA) and a "group health plan" (within the meaning of Section 5000(b)(1) of the Code) complies with and has been maintained and operated in accordance with COBRA.

(d) THIS SECTION 3.17 CONTAINS THE EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF SUCH SELLER PARTY WITH RESPECT TO EMPLOYEE BENEFITS MATTERS. NO OTHER PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED AS CONSTITUTING A REPRESENTATION OR WARRANTY REGARDING SUCH MATTERS.

Disbursement of Production Revenues; Suspense Funds

. To such Seller Party's Knowledge, all Hydrocarbon proceeds payable by such Seller Party to Working Interest owners, Royalty owners, and other interest owners in the Properties have been and will be timely disbursed in accordance with the terms of the Leases, applicable Legal Requirements, and applicable division orders, pooling agreements and orders, and other applicable contractual arrangements, or if not so disbursed, are being properly held in suspense or otherwise contested in good faith in the normal

course of business, except, in each case, to the extent any failure would not cause a Lease to terminate. To such Seller Party's Knowledge, all material Suspense Funds held by such Seller Party and owed to Third Parties for disbursement to Working Interest, Royalty, and other interest owners in the Properties operated by such Seller Party are set forth on Schedule 3.18 as of the date or dates reflected thereon.

Leases

. Except as set forth on Schedule 3.19, within the one-year period preceding the Execution Date, no lessor under any Lease has given, or Threatened to give, notice of any action to terminate, cancel, rescind, repudiate, or procure a judicial reformation of any Lease or any provision thereof.

Drilling Obligations

. Except as set forth on Schedule 3.20, to such Seller Party's Knowledge, and except for such optional drilling operations as may be necessary to maintain a Lease beyond the end of its primary term and drilling operations required for such Seller Party to comply with any implied covenant applicable to a Lease, none of the Leases contains, and none of the Leases is subject to or burdened contractually by, a continuous drilling or other obligation that requires the drilling of a Hydrocarbon well.

Payment of Expenses

. To the Knowledge of such Seller Party, such Seller Party has paid, or such Seller Party will pay in accordance with past practices, its proportionate share of all amounts owed by such Seller Party in connection with the Properties for which such Seller Party has received invoices from the operator(s) thereof or the relevant vendors, and there are no past due cash calls or payments due from such Seller Party under the terms of the Material Contracts or otherwise with respect to the Properties for which a vendor has filed or is entitled to file a lien following the Execution Date.

Knowledge Qualifier for Non-Operated Assets

. To the extent that such Seller Party has made any representations or warranties in this Article 3 in connection with matters relating to Non-Operated Assets, each and every such representation and warranty shall be deemed to be qualified by the phrase, "To such Seller Party's Knowledge."

Disclosures with Multiple Applicability; Materiality

. If any fact, condition, or matter disclosed in Seller's disclosure Schedules applies to more than one Section of this Article 3, a single disclosure of such fact, condition, or matter on Seller's disclosure Schedules shall constitute disclosure with respect to all sections of this Article 3 to which such fact, condition, or other matter applies, regardless of the section of Seller's disclosure Schedules in which such fact, condition, or other matter is described. Inclusion of a matter on Seller's disclosure Schedules with respect to a representation or warranty that is qualified by "material" or "Material Adverse Effect" or any variant thereof shall not necessarily be deemed an indication that such matter does, or may, be material or have a Material Adverse Effect. Matters may be disclosed on a Schedule to this Agreement for purposes of information only.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller, as of the Execution Date and the Closing Date, the following:

Organization and Good Standing

. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and is duly qualified to do business as such and is in good standing in each jurisdiction in which the Assets are located.

Authority; No Conflict

.

(a) This Agreement constitutes, and, upon their execution and delivery at the Closing, the other Transaction Documents to which Buyer is a party shall constitute, the legal, valid, and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws affecting the rights and remedies of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) Neither the execution and delivery of this Agreement or the other Transaction Documents by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer shall give any Person the right to prevent, delay, or otherwise interfere with any of the Contemplated Transactions.

(c) Neither the execution and delivery by Buyer of this Agreement or the other Transaction Documents, nor the consummation or performance of any of the Contemplated Transactions by Buyer shall (i) contravene, conflict with, or result in a violation of any provision of the Organizational Documents of Buyer, (ii) contravene, conflict with, or result in a violation of any resolution adopted by the board of managers or members of Buyer, or (iii) contravene, conflict with, or result in a breach or default under, or give rise to any right to terminate, accelerate, or modify any terms of, or a right to exercise any remedy or obtain any relief under, any credit agreement, note, bond, mortgage, indenture, license, or other contract or any Legal Requirement or Order to which Buyer may be subject, or otherwise give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions.

(d) Buyer is not and shall not be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement and the other Transaction Documents or the consummation or performance of any of the Contemplated Transactions.

Certain Proceedings

. There is no Proceeding pending or, to Buyer's Knowledge, Threatened against Buyer that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To Buyer's Knowledge, no such Proceeding has been Threatened.

Knowledgeable Investor

. Buyer is an experienced and knowledgeable investor in the oil and gas business. Prior to entering into this Agreement, Buyer was advised by its own legal, tax, and other professional counsel concerning this Agreement, the Contemplated Transactions, the Assets, and their value, and it has relied solely thereon and on the representations and obligations of Seller in this Agreement and the documents to be executed by Seller in connection with this Agreement at Closing. Buyer is acquiring the Assets for its own account and not for sale or

distribution in violation of the Securities Act of 1933, as amended, the rules and regulations thereunder, any applicable state blue sky laws, or any other applicable Legal Requirements.

Qualification

. Buyer is an "accredited investor," as such term is defined in Regulation D of the Securities Act of 1933, as amended. Buyer is not acquiring the Assets in connection with a distribution or resale thereof in violation of federal or state securities laws and the rules and regulations thereunder. Without limiting Section 6.02, Buyer is, or as of the Closing will be, qualified under applicable Legal Requirements to hold oil and gas leases, rights-of-way, and other rights issued or controlled by (or on behalf of) any applicable Governmental Body having jurisdiction in the State of Oklahoma and will be qualified under applicable Legal Requirements to own the Assets. Buyer has, or as of the Closing Date will have, posted such bonds as may be required for the ownership or, where applicable, operatorship by Buyer of the Assets. To Buyer's Knowledge, no fact or condition exists with respect to Buyer or the Assets which may cause any Governmental Body to withhold its approval of the Contemplated Transactions.

Brokers

. Neither Buyer nor its Affiliates have incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees with respect to the Contemplated Transactions other than obligations that are or will remain the sole responsibility of Buyer and its Affiliates.

Financial Ability

. Buyer has sufficient cash, available lines of credit, or other sources of immediately available funds to enable it to (a) deliver the amounts due at Closing, (b) take such actions as may be required to consummate the Contemplated Transactions, and (c) timely pay and perform Buyer's obligations under this Agreement and the other Transaction Documents to which Buyer is a party. Buyer expressly acknowledges that the failure to have sufficient funds shall in no event be a condition to the performance of its obligations hereunder, and in no event shall the Buyer's failure to perform its obligations hereunder be excused by failure to receive funds from any source.

Securities Laws

. The solicitation of offers and the sale of the Assets by Seller have not been registered under any securities laws. At no time has Buyer been presented with or solicited by or through any public promotion or any form of advertising in connection with the Contemplated Transactions. Buyer is not acquiring the Assets with the intent of distributing fractional, undivided interests that would be subject to regulation by federal or state securities laws, and if Buyer sells, transfers, or otherwise disposes of the Assets or fractional undivided interests therein, Buyer agrees to do so in compliance with applicable federal and state securities laws.

Due Diligence

. Without limiting or impairing any representation, warranty, covenant or agreement of Seller contained in this Agreement and the other Transaction Documents to which Seller is a party, or Buyer's right to rely thereon, Buyer and its Representatives have (a) been permitted full and complete access to all materials relating to the Assets, (b) been afforded the opportunity to ask all questions of Seller (or Seller's Representatives) concerning the Assets, (c) been afforded the opportunity to investigate the condition of the Assets, and (d) had the opportunity to take such other actions and make such other independent investigations as Buyer deems necessary to evaluate the Assets and understand the merits and risks of an investment therein and to verify the truth, accuracy, and completeness of the materials, documents, and other

information provided or made available to Buyer (whether by Seller or otherwise). BUYER HEREBY WAIVES ANY CLAIMS ARISING OUT OF ANY MATERIALS, DOCUMENTS, OR OTHER INFORMATION PROVIDED OR MADE AVAILABLE TO BUYER (WHETHER BY SELLER OR OTHERWISE), WHETHER UNDER THIS AGREEMENT, AT COMMON LAW, BY STATUTE, OR OTHERWISE.

Basis of Buyer's Decision

. By reason of Buyer's knowledge and experience in the evaluation, acquisition, and operation of oil and gas properties, Buyer has evaluated the merits and the risks of purchasing the Assets from Seller and has formed an opinion based solely on Buyer's knowledge and experience, Buyer's due diligence, and Seller's representations, warranties, covenants, and agreements contained in this Agreement and the other Transaction Documents, and not on any other representations or warranties by Seller. Buyer has not relied and shall not rely on any statements by Seller or its Representatives (other than those representations, warranties, covenants, and agreements of Seller contained in this Agreement and the other Transaction Documents) in making its decision to enter into this Agreement or to close the Contemplated Transactions. BUYER UNDERSTANDS AND ACKNOWLEDGES THAT NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER GOVERNMENTAL BODY HAS PASSED UPON THE ASSETS OR MADE ANY FINDING OR DETERMINATION AS TO THE FAIRNESS OF AN INVESTMENT IN THE ASSETS OR THE ACCURACY OR ADEQUACY OF THE DISCLOSURES MADE TO BUYER, AND, EXCEPT AS SET FORTH IN ARTICLE 9, BUYER IS NOT ENTITLED TO CANCEL, TERMINATE, OR REVOKE THIS AGREEMENT, WHETHER DUE TO THE INABILITY OF BUYER TO OBTAIN FINANCING, PAY THE PURCHASE PRICE, OR OTHERWISE.

Business Use, Bargaining Position

. Buyer is purchasing the Assets for commercial or business use. Buyer has sufficient knowledge and experience in financial and business matters that enables it to evaluate the merits and the risks of transactions such as the Contemplated Transactions, and Buyer is not in a significantly disparate bargaining position with Seller. Buyer expressly acknowledges and recognizes that the price for which Seller has agreed to sell the Assets and perform its obligations under the terms of this Agreement has been predicated upon the inapplicability of the Texas Deceptive Trade Practices - Consumer Protection Act, V.C.T.A. BUS & COMM ANN. § 17.41 et seq. (the "DTPA"), to the extent applicable, or any similar Legal Requirement. **BUYER FURTHER RECOGNIZES THAT SELLER, IN DETERMINING TO PROCEED WITH ENTERING INTO THIS AGREEMENT, HAS EXPRESSLY RELIED ON THE PROVISIONS OF THIS ARTICLE 4**.

Bankruptcy

. There are no bankruptcy, reorganization, receivership, or arrangement proceedings pending or being contemplated by Buyer or, to Buyer's Knowledge, Threatened against Buyer. Buyer is, and will be immediately after giving effect to the Contemplated Transactions, solvent.

ARTICLE 5
COVENANTS OF SELLER

Access and Investigation

.

(a) Between the Execution Date and the Defect Notice Date, to the extent that doing so would not violate applicable Legal Requirements, Seller's obligations to any Third Party, or other

restrictions on Seller, Seller shall afford Buyer and its Representatives reasonable access, by appointment only, during Seller's regular hours of business, to appropriate Seller's personnel, any contracts, books and records, and other documents and data related to the Assets (including, for avoidance of doubt, the Wells), except any such contracts, books and records, or other documents and data that are Excluded Assets or that cannot, without unreasonable effort or expense, be separated from any contracts, books and records, or other documents and data that are Excluded Assets (and upon Buyer's request, Seller shall use reasonable efforts to obtain the consent of Third Party operators to give Buyer and its Representatives reasonable access to similar information with respect to Non-Operated Assets; *provided* that Seller shall not be required to make payments or undertake obligations in favor any Third Parties in order to obtain such consent); ***PROVIDED*** **THAT, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT OR IN THE INSTRUMENTS OF CONVEYANCE, SELLER MAKES NO REPRESENTATION OR WARRANTY, AND EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE DOCUMENTS, INFORMATION, BOOKS, RECORDS, FILES, AND OTHER DATA THAT IT MAY PROVIDE OR DISCLOSE TO BUYER.**

(b) Notwithstanding the provisions of Section 5.01(a), (i) Buyer's investigation shall be conducted in a manner that minimizes interference with the operation of the business of Seller and any applicable Third Parties, and (ii) Buyer's right of access shall not entitle Buyer to operate equipment or conduct subsurface or other invasive testing or sampling. Environmental review shall not exceed the review contemplated by a Phase I Environmental Site Assessment without Seller's prior written permission, which may be withheld in Seller's sole discretion.

(c) Buyer acknowledges that, pursuant to its right of access to the Records and the Assets, Buyer will become privy to confidential and other information of Seller and Seller's Affiliates and the Assets and that such confidential information shall be held confidential by Buyer and Buyer's Representatives in accordance with the terms of the Confidentiality Agreement. If the Closing should occur, the foregoing confidentiality restriction on Buyer, including the Confidentiality Agreement, shall terminate on the Closing Date (in each case, except as to the Excluded Assets); *provided* that such termination of the Confidentiality Agreement shall not relieve any party thereto from any liability thereunder for the breach of such agreement prior to the Closing Date.

Ownership of the Assets

. Except as set forth on Schedule 5.02, or as required by applicable Legal Requirements, between the Execution Date and the Closing Date, Seller shall operate its business with respect to its ownership of the Assets as a reasonably prudent operator, in a good and workmanlike manner, in material compliance with all applicable Legal Requirements, and otherwise consistent with past practices. Without limiting the foregoing, Seller shall:

(a) not, without Buyer's prior written consent, transfer, sell, pledge, mortgage, hypothecate, encumber, or otherwise dispose of any of the Assets, except as required under any Leases or Contracts, and except for sales of Hydrocarbons, equipment, and inventory in the ordinary course of business;

(b) shall pay and discharge, when due, Seller's share of all Royalties, delay rentals, shut-in royalties, and other lease maintenance payments, Asset Taxes (to the extent such Asset Taxes become due and payable prior to the Closing Date, subject to reimbursement by Buyer if required under Sections 13.02(b) and 13.02(c)), costs, expenses, and other obligations in connection with or relating to the Assets, and keep the Assets free of Encumbrances and claims that do not constitute Permitted Encumbrances;

(c) not, without Buyer's written consent, amend, modify, release, terminate, or abandon any Lease, Well, or other personal property constituting part of the Assets unless required to do so by applicable Legal Requirement;

(d) not, without Buyer's prior written consent, propose, or agree to participate, in any single operation with respect to the Wells or Leases with an anticipated cost in excess of Fifty Thousand Dollars ($50,000) net to Seller's interest, except for any emergency operations;

(e) not, without Buyer's prior written consent, execute, terminate, cancel, extend, or materially amend or modify any Applicable Contract or Lease other than the execution or extension of a Contract for the sale, exchange, transportation, gathering, treating, or processing of Hydrocarbons terminable without penalty on sixty (60) days' or shorter notice; and

(f) shall provide Buyer with copies of any and all correspondence received from any Governmental Body with respect to the Assets as soon as practicable, but in any event within fifteen (15) days after receipt thereof;

(g) shall not waive, compromise, or settle any material right or material claim with respect to any of the Assets; and

(h) not commit to do any of the actions in subsections (a) through (g).

Buyer acknowledges that Seller owns undivided interests in certain of the Properties, and Buyer agrees that the acts or omissions of the other working interest owners who are not Seller or an Affiliate of Seller shall not constitute a Breach of the provisions of this Section 5.02, nor shall any action required by a vote of working interest owners constitute such a Breach so long as Seller or its Affiliate has voted its interest in a manner that complies with the provisions of this Section 5.02; *provided further* that no such action materially impairs the value of the applicable Asset. Further, no action or inaction of any Third Party operator with respect to any Asset shall constitute a Breach of this Section 5.02 to the extent Seller uses commercially reasonable efforts to cause such Third Party operator to operate such applicable Asset in a manner consistent with this Section 5.02. Seller shall provide Buyer with written notice of such Third Party action or inaction within two (2) Business Days of Seller's Knowledge thereof. Seller may seek Buyer's approval to perform any action that would otherwise be restricted by this Section 5.02, and Buyer's approval of any such action shall not be unreasonably withheld, conditioned, or delayed, and shall be considered granted ten (10) days (unless a shorter time is reasonably required by the circumstances, and such shorter time is specified in Seller's notice) after delivery of notice from Seller to Buyer requesting such consent unless Buyer notifies Seller to the contrary during such ten (10)-day period. Notwithstanding the foregoing provisions of this Section 5.02, in the event of an emergency, Seller may take such action as is reasonably necessary and shall notify Buyer of such action promptly

thereafter, but in no event later than three (3) days after Seller acquires Knowledge of such emergency. Any matter approved in writing (or deemed approved) by Buyer pursuant to this Section 5.02 that would otherwise constitute a Breach of one of Seller's representations and warranties in Article 3 shall be deemed to be an exclusion from all representations and warranties for which it is relevant.

Insurance

. Seller shall maintain in force during the period from the Execution Date until the Closing Date insurance in the amounts and with the coverages currently maintained by Seller. The daily pro-rated annual premiums for insurance that accrue after the Effective Time and are attributable to the insurance coverage for the period between the Effective Time and the Closing Date will constitute Property Costs.

Consent and Waivers

. Seller shall use commercially reasonable efforts to obtain, prior to the Closing, written waivers of all Preferential Purchase Rights and all Consents necessary for the transfer of the Assets to Buyer; *provided* that, in the event Seller is unable to obtain all such Consents or waivers of all such Preferential Purchase Rights after using such commercially reasonable efforts, such failure to satisfy shall not constitute a Breach of this Agreement. Seller shall not be required to make any payments to, or undertake any obligations for the benefit of, the holders of such rights in order to obtain the Required Consents. Buyer shall reasonably cooperate with Seller in seeking to obtain such Consents.

Amendment to Schedules

. Until the fifth (5th) Business Day before the Closing Date, Seller shall have the right (but not the obligation) to supplement the Schedules to this Agreement with respect to any matters discovered or occurring subsequent to the Execution Date and on or before the Closing Date. Except to the extent such updates are a direct result of actions taken with Buyer's consent pursuant to Section 5.02, prior to the Closing, any such supplement shall not be considered for purposes of determining if Buyer's Closing conditions have been met under Section 7.01 or for determining any remedies available under this Agreement; *provided, however*, that if the Closing occurs, then such supplements shall be incorporated into Seller's disclosure Schedules and any claim related to such matters disclosed in the supplements shall be deemed waived, and Buyer shall not be entitled to make a claim thereon under this Agreement or otherwise with respect to such matters.

ARTICLE 6
OTHER COVENANTS

Notification and Cure

. Between the Execution Date and the Closing Date, Buyer shall promptly notify Seller in writing, and Seller shall promptly notify Buyer in writing, if Seller or Buyer, as applicable, obtains Knowledge of any Breach, in any material respect, of the other Party's representations and warranties hereunder as of the Execution Date, or of an occurrence after the Execution Date that would cause or constitute a Breach, in any material respect, of any representation, warranty, or covenant of such other Party hereunder as of the time of occurrence or discovery of such fact or condition. If any of Buyer's or Seller's representations or warranties are untrue or shall become untrue in any material respect between the Execution Date and the Closing Date, or if any of Buyer's or Seller's covenants or agreements to be performed or observed prior to or on the Closing Date shall not have been so performed or observed in any material respect, and if such Breach of representation, warranty, covenant, or agreement shall (if curable)

be cured by the Closing (or, if the Closing does not timely occur, by the date set forth in Section 9.01(d)), then such Breach shall be considered not to have occurred for all purposes of this Agreement.

Satisfaction of Conditions

. Between the Execution Date and the Closing Date, (a) Seller shall use commercially reasonable efforts to cause the conditions in Article 7 to be satisfied, and (b) Buyer shall use commercially reasonable efforts to cause the conditions in Article 8 to be satisfied; *provided, however*, that if Seller or Buyer, as applicable, is unable to satisfy such conditions after using such commercially reasonable efforts, and such other Party agrees in writing to a waiver of such conditions, such failure to satisfy shall not constitute a Breach of this Agreement.

Replacement of Insurance, Bonds, Letters of Credit, and Guaranties

.

(a) The Parties understand that none of the insurance currently maintained by Seller or Seller's Affiliates covering the Assets, nor any of the bonds, letters of credit, or guaranties, if any, posted by Seller or Seller's Affiliates with Governmental Bodies or co-owners and relating to the Assets will be transferred to Buyer. On or before the Closing Date, Buyer shall obtain, and deliver to Seller evidence of, all necessary replacement bonds, letters of credit, and guaranties, and evidence of such other authorizations, qualifications, and approvals as may be necessary for Buyer to own the Assets that are to be conveyed to Buyer at the Closing.

(b) Promptly (but in no event later than thirty (30) days) after the Closing, Buyer shall, at its sole cost and expense, make all filings with Governmental Bodies necessary to assign and transfer title to the Assets conveyed to Buyer at the Closing and to comply with applicable Legal Requirements, and Seller shall reasonably assist Buyer with such filings. Buyer shall indemnify, defend, and hold harmless Seller Group from and against all Damages arising out of Buyer's holding of such title or operatorship of the Assets after the Closing and prior to the securing of any necessary Governmental Authorizations of the Contemplated Transactions.

Governmental Reviews

. Seller and Buyer shall (and shall cause their respective Affiliates to), in a timely manner, make all other required filings (if any) with, prepare applications to, and conduct negotiations with Governmental Bodies as required to consummate the Contemplated Transactions. Each Party shall, to the extent permitted pursuant to applicable Legal Requirements, cooperate with and use all reasonable efforts to assist the other with respect to such filings, applications and negotiations. Buyer shall bear the cost of all filing or application fees payable to any Governmental Body with respect to the Contemplated Transactions, regardless of whether Buyer, Seller, or any Affiliate of any of them is required to make the payment.

ARTICLE 7
CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

Buyer's obligations to purchase the Assets and to take the other actions required to be taken by Buyer at the Closing are subject to the satisfaction or fulfillment, at or prior to the Closing, of each of the following conditions (any of which may be waived by Buyer, in whole or in part), in

each case, insofar as such conditions pertain to the Assets to be conveyed from Seller to Buyer at the Closing:

Accuracy of Representations

.

(a) Each and every Fundamental Representation of Seller must have been true in all respects (except for *de minimis* inaccuracies) as of the Execution Date and must be true in all respects (except for *de minimis* inaccuracies) as of the Closing Date as if made on the Closing Date.

(b) All of Seller's representations and warranties in this Agreement (other than its Fundamental Representations) must have been true and correct in all material respects (or, with respect to representations and warranties qualified by materiality or Material Adverse Effect, true and correct in all respects) as of the Execution Date, and must be true and correct in all material respects (or, with respect to representations and warranties qualified by materiality or Material Adverse Effect, true and correct in all respects) as of the Closing Date as if made on the Closing Date, other than any such representation and warranty that refers to a specified date, which need only be true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, true and correct in all respects) on and as of such specified date; *provided, however*, that solely for purposes of determining whether Seller has satisfied or fulfilled the condition set forth in this Section 7.01(b) in order to ascertain whether Buyer is entitled to terminate this Agreement under Section 9.01(b), a Breach or inaccuracy of the representation and warranty contained in Section 3.13 shall be disregarded, to the extent such Breach or inaccuracy is asserted as an Environmental Defect in a timely and proper manner under Section 11.10, and such Environmental Defect is addressed in accordance with the procedures contained in Sections 11.11 through 11.13.

Seller's Performance

. All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

No Proceedings

. Since the Execution Date, there must not have been commenced or Threatened against Seller, the Assets, or any of Seller's Affiliates, any Proceeding (other than any matter initiated by either Buyer or its Affiliates) seeking to restrain, enjoin, or otherwise prohibit or make illegal, or seeking to recover material damages on account of, any of the Contemplated Transactions.

No Orders

. On the Closing Date, there shall be no Order pending or remaining in force of any Governmental Body having appropriate jurisdiction that attempts to restrain, enjoin, or otherwise prohibit the consummation of the Contemplated Transactions, or that grants material damages in connection therewith.

Necessary Consents and Approvals

. All Governmental Authorizations required for the Contemplated Transactions, except Consents and approvals of Instruments of Conveyance by Governmental Bodies that are customarily obtained after the Closing, shall have been granted, or

the necessary waiting period shall have expired, or early termination of the waiting period shall have been granted.

Closing Deliverables

. Seller shall have (a) delivered (or be ready, willing and able to deliver at the Closing) to Buyer the documents and other items required to be delivered by Seller under Section 2.04(a); and (b) otherwise taken all actions required to be taken by Seller on or prior to the Closing Date.

Certain Adjustments

. The sum of (i) all Title Defect Values asserted by Buyer in good faith and without taking into account the Aggregate Defect Deductible (*less* the sum of all Title Benefit Value and *excluding* Title Defect Values for Title Defects requiring the release or discharge of a lien or other Encumbrance that Seller is obligated to deliver at the Closing), *plus* (ii) the Aggregate Environmental Defect Values asserted by Buyer in good faith and without taking into account the Aggregate Defect Deductible, *plus* (iii) the aggregate downward Purchase Price adjustments under Section 11.02, *plus* (iv) the aggregate downward Purchase Price adjustments under Section 11.03, shall not exceed twenty-five percent (25%) of the unadjusted Purchase Price.

ARTICLE 8
CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligations to sell the Assets and to take the other actions required to be taken by Seller at the Closing are subject to the satisfaction or fulfillment, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller, in whole or in part), in each case, insofar as such conditions pertain to the Assets to be conveyed from Seller to Buyer at the Closing:

Accuracy of Representations

.

(a) Each and every Fundamental Representation of Buyer must have been true in all respects (except for *de minimis* inaccuracies) as of the Execution Date and must be true in all respects (except for *de minimis* inaccuracies) as of the Closing Date as if made on the Closing Date.

(b) All of Buyer's representations and warranties in this Agreement (other than its Fundamental Representations) must have been true and correct in all material respects (or, with respect to representations and warranties qualified by materiality or Material Adverse Effect, true and correct in all respects) as of the Execution Date, and must be true and correct in all material respects (or, with respect to representations and warranties qualified by materiality or Material Adverse Effect, true and correct in all respects) as of the Closing Date as if made on the Closing Date, other than any such representation and warranty that refers to a specified date, which need only be true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, true and correct in all respects) on and as of such specified date.

Buyer's Performance

. All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

No Proceedings

. Since the Execution Date, there must not have been commenced or Threatened against Buyer or against any of its Affiliates, any Proceeding (other than any matter initiated by Seller or an Affiliate of Seller) seeking to restrain, enjoin, or otherwise prohibit or make illegal, or seeking to recover material damages on account of, any of the Contemplated Transactions.

No Orders

. On the Closing Date, there shall be no Order pending or remaining in force of any Governmental Body having appropriate jurisdiction that attempts to restrain, enjoin, or otherwise prohibit the consummation of the Contemplated Transactions, or that grants material damages in connection therewith.

Necessary Consents and Approvals

. All Governmental Authorizations required for the Contemplated Transactions, except Consents and approvals of Instruments of Conveyance by Governmental Bodies that are customarily obtained after closing, shall have been granted, or the necessary waiting period shall have expired, or early termination of the waiting period shall have been granted.

Closing Deliverables

. Buyer shall have (a) delivered (or be ready, willing and able to deliver at the Closing) to Seller the documents and other items required to be delivered by Buyer under Section 2.04(b); and (b) otherwise taken all actions required to be taken by Buyer on or prior to the Closing Date.

Qualifications

. Buyer shall have obtained all authorizations, qualifications, and approvals required to be obtained prior to the Closing under Section 6.03(a).

Certain Adjustments

. The sum of (i) all Title Defect Values asserted by Buyer in good faith and without taking into account the Aggregate Defect Deductible (*less* the sum of Title Benefit Values and *excluding* Title Defect Values for Title Defects requiring the release or discharge of a lien or other Encumbrance that Seller is obligated to deliver at the Closing), *plus* (ii) all Environmental Defect Values asserted by Buyer in good faith and without taking into account the Aggregate Defect Deductible, *plus* (iii) the aggregate downward Purchase Price adjustments under Section 11.02, *plus* (iv) the aggregate downward Purchase Price adjustments under Section 11.03, shall not exceed twenty-five percent (25%) of the unadjusted Purchase Price.

ARTICLE 9
TERMINATION

Termination Events

. This Agreement may, by written notice given prior to or at on the Closing Date, be terminated:

(a) by mutual written consent of Seller and Buyer;

(b) by Buyer, if Seller has committed a material Breach of this Agreement, and such Breach causes any of the conditions to the Closing set forth in Article 7 not to be satisfied or fulfilled (or, if prior to the Closing, such Breach is of such a magnitude or effect that it will not be possible for such condition to be satisfied); *provided*, *however*, that in the case of a Breach that is capable of being cured, Seller shall have a period of ten (10) Business Days following receipt of such notice to attempt to cure the Breach, and the termination under

this Section 9.01(b) shall not become effective unless Seller fails to cure such Breach prior to the end of such ten (10) Business Day period; *provided*, *further*, if (i) Seller's conditions to the Closing have been satisfied or waived in full, (ii) Seller is not in material Breach of the terms of this Agreement, and (iii) all of Buyer's conditions to the Closing have been satisfied or waived, then the refusal or willful or negligent delay by Seller to close the Contemplated Transactions in a timely manner shall constitute a material Breach of this Agreement;

(c) by Seller, if Buyer has committed a material Breach of this Agreement, and such breach causes any of the conditions to the Closing set forth in Article 8 not to be satisfied or fulfilled (or, if prior to the Closing, such Breach is of such a magnitude or effect that it will not be possible for such condition to be satisfied); *provided*, *however*, that in the case of a Breach that is capable of being cured, Buyer shall have a period of ten (10) Business Days following receipt of such notice to attempt to cure the Breach, and the termination under this Section 9.01(c) shall not become effective unless Buyer fails to cure such Breach prior to the end of such ten (10) Business Day period; *provided*, *further*, if (i) Buyer's conditions to the Closing have been satisfied or waived in full, (ii) Buyer is not in material Breach of the terms of this Agreement, and (iii) all of Seller's conditions to the Closing have been satisfied or waived, then the refusal or willful or negligent delay by Buyer to close the Contemplated Transactions in a timely manner shall constitute a material Breach of this Agreement;

(d) by either Seller or Buyer if the Closing has not occurred on or before November 1, 2020 (the "Outside Date"), or such later date as the Parties may agree upon in writing; *provided* that (i) no Party shall be entitled to terminate this Agreement pursuant to this Section 9.01(d) if such Party's failure to comply with its obligations under this Agreement caused the Closing not to occur by the Outside Date; and (ii) neither Party shall be permitted to terminate this Agreement under this Section 9.01(d) if, prior to such an attempted termination, Buyer has become entitled, and commenced appropriate proceedings, to enforce its right of specific performance hereunder and, thereafter, uses commercially reasonable efforts to prosecute such proceedings to conclusion;

(e) by either Seller or Buyer if (i) any Legal Requirement has made the consummation of the Contemplated Transactions illegal or otherwise prohibited, or (ii) a Governmental Body has issued an Order, or taken any other action permanently restraining, enjoining, or otherwise prohibiting the consummation of the Contemplated Transactions, and such Order or other action has become final and nonappealable;

(f) by Buyer if the aggregate number of Net Leasehold Acres within the applicable Target Formation underlying Lands located in the Specified Counties to be delivered by Seller at the Closing (free and clear of all defects or irregularities of title or Encumbrances other than Permitted Encumbrances) is less than seventy-five percent (75%) of the aggregate number of Net Leasehold Acres within the applicable Target Formation underlying Lands located in the Specified Counties as described on Schedule 9.01(f);

provided, further, that:

(x) Buyer shall not be entitled to terminate this Agreement under Section 9.01(b) or Section 9.01(d) if (i) Buyer is in material Breach of Buyer's representations, warranties, or covenants set forth herein, and such Breach or Breaches, individually or in the aggregate, result in the conditions precedent to the obligations of Sellers to close set forth in Article 8 not being fulfilled or satisfied; or (ii) Buyer is the party who obtains the order (if any) referred to in Section 7.04; and

(y) Seller shall not be entitled to terminate this Agreement under Section 9.01(c) or Section 9.01(d) if (i) a Seller Party is in material Breach of Seller's representations, warranties, or covenants set forth herein, and such Breach or Breaches, individually or in the aggregate, result in the conditions precedent to the obligations of Buyer to close set forth in Article 7 not being fulfilled or satisfied; or (ii) a Seller Party is the party who seeks and obtains the order (if any) referred to in Section 8.04.

Effect of Termination; Distribution of the Deposit Amount

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(a) If this Agreement is terminated pursuant to Section 9.01, all further obligations of the Parties under this Agreement shall terminate; *provided* that (a) such termination shall not impair nor restrict the rights of either Party against the other with respect to the Deposit Amount pursuant to Section 9.02(b), and (b) the following provisions shall survive the termination: Article 1, this Section 9.02, and Sections 10.03(c), 10.06, 10.07, 10.12, 10.13, 10.14, and Article 13 (other than Section 13.01). If this Agreement is terminated pursuant to Section 9.01 in any circumstance other than by Seller for the reasons stated in Section 9.02(b)(i), Seller and Buyer shall jointly instruct the Escrow Agent to return the Deposit Amount, *plus* all interest earned thereon, to Buyer; *provided*, *however*, that if Buyer becomes entitled to enforce its remedy of specific performance under Section 9.02(b)(ii), then upon the entry by a court of competent jurisdiction of a final order requiring Seller's performance of this Agreement, Seller and Buyer shall jointly instruct the Escrow Agent to disburse the Deposit Amount, *plus* all interest earned thereon, to Seller. If this Agreement is terminated pursuant to Section 9.01(a) or Section 9.01(f) or as the result of the occurrence of the circumstances described in Section 7.07 and Section 8.08, then other than such return of the Deposit Amount, *plus* interest earned thereon, to Buyer, neither Party shall have any further liability to any other Party as the result of such termination.

(b) Notwithstanding anything to the contrary in Section 9.02(a):

(i) If (A) Seller has the right to terminate this Agreement (1) pursuant to Section 9.01(c) or (2) pursuant to Section 9.01(d), if at such time Seller could have terminated this Agreement pursuant to Section 9.01(c) (without regard to any cure periods contemplated therein), and (B) all of the conditions precedent to Buyer's obligation to close set forth in Article 7 have been fulfilled or satisfied, or (C) if Buyer otherwise wrongfully fails, for any reason, to perform and discharge its obligation to close the Contemplated Transactions, the sole and exclusive remedy of Seller with the respect to the failure of the Closing to occur as the result of

Buyer's Breach or other failure to satisfy or fulfill such conditions shall be the right to terminate this Agreement and receive the Deposit Amount (including accrued interest) as liquidated damages (and not as a penalty). If Seller elects to terminate this Agreement pursuant to this Section 9.02(b)(i) and receive the Deposit Amount (including accrued interest) as liquidated damages, (x) the Parties shall, within two (2) Business Days of Seller's election, execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount to Seller, and (y) Seller shall be free to enjoy immediately all rights of ownership of the Assets and to sell, transfer, encumber, or otherwise dispose of the Assets to any Person without any restriction under this Agreement.

(ii) If (A) Buyer has the right to terminate this Agreement (1) pursuant to Section 9.01(b) or (2) pursuant to Section 9.01(d), if at such time Buyer could have terminated this Agreement pursuant to Section 9.01(b) (without regard to any cure periods contemplated therein), (B) all of the conditions precedent to Seller's obligation to close set forth in Article 8 have been fulfilled or satisfied, or (C) if Seller otherwise wrongfully fails, for any reason, to perform and discharge its obligation to close the Contemplated Transactions, the sole and exclusive remedies of Buyer with the respect to the failure of the Closing to occur as the result of Seller's Breach or other failure to satisfy or fulfill such conditions shall be, in Buyer's sole discretion, either (1) to enforce the remedy of specific performance of this Agreement against Seller, without posting any bond or the necessity of proving the inadequacy as a remedy of monetary damages, in which event the Deposit Amount (including accrued interest) will be applied as called for herein, or (2) if Buyer does not seek and successfully enforce the remedy of specific performance, to terminate this Agreement and (in addition to retention of the Deposit Amount, including accrued interest) seek to recover damages from Seller in an amount up to, but not exceeding, the Deposit Amount (including accrued interest), as liquidated damages (and not as a penalty). If Buyer elects to terminate this Agreement pursuant to this Section 9.02(b)(ii) and seek damages in an amount up to the Deposit Amount (including accrued interest) as liquidated damages, the Parties shall, within two (2) Business Days of Buyer's election, (x) execute and deliver to the Escrow Agent a joint instruction letter directing the Escrow Agent to release the Deposit Amount (including accrued interest) to Buyer, and (y) Seller shall be free to enjoy immediately all rights of ownership of the Assets and to sell, transfer, encumber, or otherwise dispose of the Assets to any Person without any restriction under this Agreement.

(c) The Parties recognize that the actual damages for a Party's material Breach of this Agreement would be difficult or impossible to ascertain with reasonable certainty and agree that the Deposit Amount in the case of Seller, on damages in the amount of the Deposit Amount in the case of Buyer, would, in either case, be a reasonable liquidated damages amount for such material Breach.

(d) If Buyer elects to enforce its right to the remedy of specific performance of this Agreement in accordance with the terms of Section 9.02(b)(ii), the Parties agree that Buyer would be irreparably harmed by the unexcused failure of Seller to consummate the Closing or other

Breach or failure to perform its obligations under this Agreement, and that any such breach or failure to perform may not be compensated in all cases by money damages alone. In that event, Buyer shall be entitled to seek temporary, preliminary, and permanent injunctive relief in connection with the enforcement of its right to specific performance under Section 9.02(b)(ii).

Return of Records Upon Termination

. Upon termination of this Agreement, (a) Buyer shall promptly return to Seller or destroy (at Seller's option) all title, engineering, geological and geophysical data, environmental assessments and reports, maps, documents and other information furnished by Seller to Buyer in connection with its due diligence investigation of the Assets, and (b) an officer of Buyer shall certify Buyer's compliance with the preceding clause (a) to Seller in writing.

ARTICLE 10
INDEMNIFICATION; REMEDIES

Survival

. The survival periods for the various representations, warranties, covenants and agreements contained herein shall be as follows: (a) Fundamental Representations shall survive indefinitely; (b) the representations and warranties in Section 3.04 and the covenants and agreements in Section 2.07 and Section 13.02(b)-(e) shall survive for the period of the applicable statute of limitations or prescription plus sixty (60) days; (c) the special warranty of Defensible Title set forth in the Instruments of Conveyance shall survive for twenty-four (24) months after the Closing Date; (d) all other representations and warranties of Seller and Buyer shall survive for twelve (12) months after the Closing Date; and (e) all other covenants and agreements of Buyer shall survive until fully performed. Representations, warranties, covenants and agreements shall be of no further force and effect after the date of their expiration; *provided* that there shall be no termination of any bona fide claim asserted pursuant to this Agreement with respect to such a representation, warranty, covenant, or agreement prior to its expiration date. The indemnities in Sections 10.02(a), 10.02(b), 10.03(a) and 10.03(b) shall terminate as of the termination date of each respective representation, warranty, covenant or agreement that is subject to indemnification thereunder, except in each case as to matters for which a specific written claim for indemnity has been delivered to the indemnifying person on or before such termination date. The indemnities in Section 10.02(c) and Section 10.02(d) shall continue for thirty-six (36) months following the Closing Date. All other indemnities, and all other provisions of this Agreement, shall survive Closing without time limit except as may otherwise be expressly provided herein.

Indemnification and Payment of Damages by Seller

. Except as otherwise limited in this Article 10, from and after the Closing, Seller shall defend, release, indemnify, and hold harmless Buyer Group from and against, and shall pay to Buyer Group the amount of, any and all Damages, whether or not involving a Third Party claim or incurred in the investigation or defense of any of the same or in asserting, preserving, or enforcing any of their respective rights under this Agreement, arising from, based upon, related to, or associated with:

(a) any Breach of any representation or warranty made by Seller in this Agreement or the other Transaction Documents, or in any certificate delivered by Seller pursuant to this Agreement; *provided*, *however*, that for purposes of determining the existence of a Breach and calculating the amount of any Damages in connection therewith, all qualifications

relating to materiality, and the requirement of a Material Adverse Effect contained in such representations and warranties shall be disregarded; and *provided, further*, that the indemnity of Seller provided in this Section 10.02(a) shall not include any Damages arising out of Seller's Breach of the representation and warranty contained in Section 3.13 to the extent asserted by Buyer as an Environmental Defect in a timely and proper manner under Section 11.10 that is addressed in accordance with the procedures contained in Sections 11.11 through 11.13;

(b) any Breach by Seller of any covenant, obligation, or agreement of Seller in this Agreement or the other Transaction Documents;

(c) any Damages caused by Seller or Seller Group to the extent arising out of or relating to efforts by Seller or Seller Group to cure or remediate Environmental Defects in accordance with the terms of Section 11.11;

(d) the Retained Liabilities;

(e) the use and ownership of the Excluded Assets; and

(f) the use and ownership of the Retained Assets (unless and until such time as such Retained Assets are conveyed to Buyer as Assets under the terms of this Agreement).

Notwithstanding anything to the contrary contained in this Agreement, after the Closing, the remedies provided in this Article 10 and Article 11, along with the special warranty of Defensible Title set forth in the Instruments of Conveyance, are Buyer Group's exclusive legal remedies against Seller with respect to this Agreement or the other Transaction Documents, and the Contemplated Transactions, including Breaches of the representations, warranties, covenants, obligations, and agreements of the Parties contained in this Agreement or the other Transaction Documents or the affirmations of such representations, warranties, covenants, obligations, and agreements contained in the certificate delivered by Seller at the Closing pursuant to Section 2.04, and **BUYER RELEASES SELLER GROUP FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, PROCEEDINGS, OR OTHER LEGAL RIGHTS AND REMEDIES OF BUYER GROUP, KNOWN OR UNKNOWN, WHICH BUYER MIGHT NOW OR SUBSEQUENTLY HAVE, BASED ON, RELATING TO OR IN ANY WAY ARISING OUT OF THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, THE CONTEMPLATED TRANSACTIONS, THE OWNERSHIP, USE, OR OPERATION OF THE ASSETS PRIOR TO THE CLOSING, OR THE CONDITION, QUALITY, STATUS, OR NATURE OF THE ASSETS PRIOR TO THE CLOSING, INCLUDING ANY AND ALL CLAIMS RELATED TO ENVIRONMENTAL MATTERS OR LIABILITY OR VIOLATIONS OF ENVIRONMENTAL LAWS AND INCLUDING RIGHTS TO CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, AS AMENDED, BREACHES OF STATUTORY OR IMPLIED WARRANTIES, NUISANCE, OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, AND RIGHTS UNDER INSURANCE MAINTAINED BY SELLER OR ANY OF SELLER'S AFFILIATES**. Seller shall have no obligation to indemnify any of the Buyer Group for any Damages for which Buyer is obligated to indemnify Seller Group pursuant to Section 10.03.

Indemnification and Payment of Damages by Buyer

. Except as otherwise limited in this Article 10 and Article 11, from and after the Closing, Buyer shall assume, be responsible for, pay on a current basis, and shall defend, release, indemnify, and hold harmless Seller Group from and against, and shall pay to Seller Group the amount of any and all Damages, whether or not involving a Third Party claim or incurred in the investigation or defense of any of the same or in asserting, preserving, or enforcing any of their respective rights under this Agreement, arising from, based upon, related to, or associated with:

(a) any Breach of any representation or warranty made by Buyer in this Agreement or the other Transaction Documents, or in any certificate delivered by Buyer pursuant to this Agreement; *provided*, *however*, that for purposes of determining the existence of a Breach and calculating the amount of any Damages in connection therewith, all qualifications relating to materiality, and the requirement of a Material Adverse Effect contained in such representations and warranties shall be disregarded;

(b) any Breach by Buyer of any covenant, obligation, or agreement of Buyer in this Agreement or the other Transaction Documents;

(c) any Damages caused by Buyer or Buyer Group arising out of or relating to access to the Assets and contracts, books and records and other documents and data relating thereto prior to the Closing, including Buyer's title and environmental inspections pursuant to Sections 11.01 and 11.10, including Damages attributable to personal injury, illness or death, or property damage; and

(d) the Assumed Liabilities.

Notwithstanding anything to the contrary contained in this Agreement, after the Closing, the remedies provided in this Article 10 are Seller Group's exclusive legal remedies for Breaches by Buyer of this Agreement and the other Transaction Documents, all other legal rights and remedies being expressly waived by Seller Group; *provided* that Seller is entitled to any equitable remedies available under applicable Legal Requirements in connection with any Breach by Buyer of Article 13.

Indemnity Net of Insurance

. The amount of any Damages for which an indemnified Party is entitled to indemnity under this Article 10 shall be reduced by the amount of insurance or indemnification proceeds realized by the indemnified Party or its Affiliates with respect to such Damages (net of any collection costs, and excluding the proceeds of any insurance policy issued or underwritten, or indemnity granted, by the indemnified Party or its Affiliates).

Limitations on Liability

. Except with respect to the Fundamental Representations, claims based on actual fraud by Seller or Seller's willful misconduct, and the representations and warranties included in Section 3.04, if the Closing occurs, Seller shall not have any liability for any indemnification under Section 10.02(a): (a) for any Damages with respect to any occurrence, claim, award, or judgment that do not, individually, exceed Fifty Thousand Dollars ($50,000) net to Seller's interest (the "Individual Claim Threshold"); or (b) unless and until the aggregate Damages for which claim notices for claims meeting the Individual Claim Threshold are delivered by Buyer exceed two percent (2%) of the unadjusted Purchase Price, and then only to the extent

such Damages exceed two percent (2%) of the unadjusted Purchase Price. Except with respect to the Fundamental Representations, claims based on actual fraud by Seller or Seller's willful misconduct, and the representations and warranties included in Section 3.04, in no event will Seller be liable for Damages indemnified under Section 10.02(a) to the extent such Damages exceed twenty-five percent (25%) of the unadjusted Purchase Price. Notwithstanding anything herein to the contrary, in no event will Seller's aggregate liability under this Agreement exceed one hundred percent (100%) of the unadjusted Purchase Price.

Procedure for Indemnification--Third Party Claims

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(a) Promptly after receipt by an indemnified Party under Section 10.02 or 10.03 of a Third Party claim for Damages or notice of the commencement of any Proceeding against it, such indemnified Party shall, if a claim is to be made against an indemnifying Party under such Section, give notice to the indemnifying Party of the commencement of such claim or Proceeding, together with a claim for indemnification pursuant to this Article 10. The failure of any indemnified Party to give notice of a Third Party claim or Proceeding as provided in this Section 10.06 shall not relieve the indemnifying Party of its obligations under this Article 10 except to the extent such failure results in insufficient time being available to permit the indemnifying Party effectively to defend against the Third Party claim or participate in the Proceeding or otherwise prejudices the indemnifying Party's ability to defend against the Third Party claim or participate in the Proceeding.

(b) If any Proceeding referred to in Section 10.06(a) is brought against an indemnified Party and the indemnified Party gives notice to the indemnifying Party of the commencement of such Proceeding, the indemnifying Party shall be entitled to participate in such Proceeding and, to the extent that it wishes (unless (i) the indemnifying Party is also a party to such Proceeding and the indemnified Party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying Party fails to provide reasonable assurance to the indemnified Party of its financial capacity to defend such Proceeding and provide indemnification with respect to such Proceeding), to assume the defense of such Proceeding with counsel reasonably satisfactory to the indemnified Party, and, after notice from the indemnifying Party to the indemnified Party of the indemnifying Party's election to assume the defense of such Proceeding, the indemnifying Party shall not, as long as it diligently conducts such defense, be liable to the indemnified Party under this Article 10 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the indemnified Party in connection with the defense of such Proceeding. If reasonably requested by the indemnifying Party, the indemnified Party agrees to cooperate in contesting any Proceeding which the indemnifying Party elects to contest (at the expense of the indemnifying Party); *provided* that the indemnified Party shall not be required to pursue any cross-claim or counter-claim. Notwithstanding anything to the contrary in this Agreement, the indemnifying Party shall not be entitled to assume or continue control of the defense of any such Proceeding if (A) such Proceeding relates to or arises in connection with any criminal proceeding, (B) such Proceeding seeks an injunction or equitable relief against any indemnified Party, (C) such Proceeding has or would reasonably be expected to result in Damages in excess of twenty-five percent (25%) of the unadjusted Purchase Price, or (D) the indemnifying Party has failed or is failing to defend in good faith such Proceeding. If the indemnifying Party

assumes the defense of a Proceeding, no compromise or settlement of such Third Party claims or Proceedings may be effected by the indemnifying Party without the indemnified Party's prior written consent unless (1) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any Person and no effect on any other Third Party claims that may be made against the indemnified Party, (2) the sole relief provided is monetary damages that are paid in full by the indemnifying Party and (3) the indemnified Party shall have no liability with respect to any compromise or settlement of such Third Party claims or Proceedings effected without its consent.

Procedure for Indemnification – Other Claims

. A claim for indemnification for any matter not involving a Third Party claim may be asserted by notice to the Party from whom indemnification is sought.

Indemnification of Group Members

. The indemnities in favor of Buyer and Seller provided in Section 10.02 and Section 10.03, respectively, shall be for the benefit of and extend to such Party's present and former Group members. Any claim for indemnity under this Article 10 by any Group member other than Buyer or Seller must be brought and administered by the relevant Party to this Agreement. No indemnified Person other than Buyer and Seller shall have any rights against either Seller or Buyer under the terms of this Article 10 except as may be exercised on its behalf by Buyer or Seller, as applicable, pursuant to this Section 10.08. Each of Seller and Buyer may elect to exercise or not exercise indemnification rights under this Section on behalf of the other indemnified Party affiliated with it in its sole discretion and shall have no liability to any such other indemnified Party for any action or inaction under this Section.

Extent of Representations and Warranties

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(a) **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER'S CERTIFICATE TO BE DELIVERED IN ACCORDANCE WITH SECTION 2.04(A)(III) OR IN THE INSTRUMENTS OF CONVEYANCE, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, AND DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT, OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO BUYER (INCLUDING ANY OPINION, INFORMATION, OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER OR ITS AFFILIATES OR REPRESENTATIVES BY ANY AFFILIATES OR REPRESENTATIVES OF SELLER OR BY ANY INVESTMENT BANK OR INVESTMENT BANKING FIRM, ANY PETROLEUM ENGINEER OR ENGINEERING FIRM, SELLER'S COUNSEL, OR ANY OTHER AGENT, CONSULTANT, OR REPRESENTATIVE OF SELLER). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER'S CERTIFICATE TO BE DELIVERED IN ACCORDANCE WITH SECTION 2.04(A)(III), OR IN THE INSTRUMENTS OF CONVEYANCE, SELLER EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE, OR OTHERWISE, RELATING TO (A) THE TITLE TO ANY OF THE ASSETS, (B) THE CONDITION OF THE ASSETS (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING DISTINCTLY UNDERSTOOD THAT THE ASSETS ARE BEING SOLD "AS IS," "WHERE IS," AND "WITH ALL**

FAULTS AS TO ALL MATTERS", (C) ANY INFRINGEMENT BY SELLER OF ANY PATENT OR PROPRIETARY RIGHT OF ANY THIRD PARTY, (D) ANY INFORMATION, DATA, OR OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED TO BUYER BY OR ON BEHALF OF SELLER (INCLUDING THE EXISTENCE OR EXTENT OF HYDROCARBONS OR OTHER MINERAL RESERVES, THE RECOVERABILITY OF SUCH RESERVES, ANY PRODUCT PRICING ASSUMPTIONS, AND THE ABILITY TO SELL HYDROCARBON PRODUCTION AFTER THE CLOSING), (E) THE ENVIRONMENTAL CONDITION AND OTHER CONDITION OF THE ASSETS AND ANY POTENTIAL LIABILITY ARISING FROM OR RELATED TO THE ASSETS, AND (F) THE PRESENCE OR ABSENCE OF ASBESTOS, NORM, OR OTHER WASTES OR HAZARDOUS MATERIALS IN OR ON THE ASSETS IN QUANTITIES TYPICAL FOR OILFIELD OPERATIONS IN THE AREA WHERE THE ASSETS ARE LOCATED.

(b) Buyer acknowledges and affirms that it has made its own independent investigation, analysis, and evaluation of the Contemplated Transactions and the Assets (including Buyer's own estimate and appraisal of the extent and value of Seller's Hydrocarbon reserves attributable to the Assets and an independent assessment and appraisal of the environmental risks associated with the acquisition of the Assets). Buyer acknowledges that in entering into this Agreement, it has relied on the aforementioned investigation and the express representations and warranties of Seller contained in this Agreement and the Transaction Documents. Buyer hereby irrevocably covenants to refrain from, directly or indirectly, asserting any claim, or commencing, instituting, or causing to be commenced, any Proceeding of any kind against Seller or its Affiliates, alleging facts contrary to the foregoing acknowledgment and affirmation.

[RESERVED]

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[RESERVED]

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Compliance With Express Negligence Test

. The Parties agree that any indemnity, defense, and/or release obligation arising under this Agreement shall apply without regard to the negligence, strict liability, or other fault of the indemnified Party, whether active, passive, joint, concurrent, comparative, contributory or sole, or any pre-existing condition, any breach of contract or breach of warranty, or violation of any Legal Requirement, except to the extent such damages were occasioned by the gross negligence or willful misconduct of the indemnified Party or any group member thereof, it being the Parties' intention that Damages to the extent arising from the gross negligence or willful misconduct of the indemnified Party or any group member thereof not be covered by the release, defense, or indemnity obligations in this Agreement. The foregoing is a specifically bargained for allocation of risk among the Parties, which the Parties agree and acknowledge satisfies the express negligence rule and conspicuousness requirement under Texas law.

Limitations of Liability

. Notwithstanding anything to the contrary contained in this Agreement, in no event shall Seller or Buyer ever be liable for, and each Party releases the other from, any consequential, special, indirect, exemplary, or punitive damages, lost profits, or other business interruption damages, in tort, in contract, under any indemnity provision, arising by operation of law (including strict liability), or otherwise, relating to or arising out of the Contemplated Transactions or this Agreement; *provided*, *however*, that any consequential, special,

indirect, exemplary, punitive damages, lost profits, and other business interruption damages, recovered by a Third Party (including a Governmental Body, but excluding any Affiliate of any Group member) against a Person entitled to indemnity pursuant to this Article 10 shall be included in the Damages recoverable under such indemnity.

No Duplication

. Any liability for indemnification hereunder shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a Breach of more than one representation, warranty, covenant, obligation, or agreement herein. Neither Buyer nor Seller shall be liable for indemnification with respect to any Damages based on any sets of facts to the extent the Purchase Price is being or has been adjusted pursuant to Section 2.05 by reason of the same set of facts.

Disclaimer of Application of Anti-Indemnity Statutes

. Seller and Buyer acknowledge and agree that the provisions of any anti-indemnity statute relating to oilfield services and associated activities shall not be applicable to this Agreement and/or the Contemplated Transactions.

Waiver of Right to Rescission

. Seller and Buyer acknowledge that, following the Closing, the payment of money, as limited by the terms of this Agreement, shall be adequate compensation for Breach of any representation, warranty, covenant or agreement contained herein or for any other claim arising in connection with or with respect to the Contemplated Transactions consummated at the Closing. As the payment of money shall be adequate compensation, following Closing, Seller and Buyer waive any right to rescind this Agreement or any of the transactions contemplated hereby.

ARTICLE 11
TITLE MATTERS AND ENVIRONMENTAL MATTERS; PREFERENTIAL PURCHASE RIGHTS; CONSENTS

Title Examination and Access

. Buyer may make or cause to be made, at its expense, such examination as it may desire of Seller's title to the Assets. For such purposes, until the Defect Notice Date, Seller shall give to Buyer and its Representatives access during Seller's regular hours of business to originals or, in Seller's sole discretion, copies (which copies may, at Seller's sole discretion, be in electronic format), of all of the files, records, contracts, correspondence, maps, data, reports, plats, abstracts of title, lease files, well files, unit files, division order files, production marketing files, title opinions and title curative, title files, title records, ownership maps, surveys, and any other information, data, records, and files that Seller has relating in any way to the title to the Assets, the past or present operation thereof, and the marketing of production therefrom, in accordance with, and subject to the limitations in, Section 5.01.

Preferential Purchase Rights

. Seller shall use its commercially reasonable efforts to provide all notices necessary to comply with or obtain the waiver of all Preferential Purchase Rights, the operation of which is triggered by the Contemplated Transactions, no later than ten (10) Business Days after the Execution Date and in accordance with Section 5.04. To the extent a Preferential Purchase Right is exercised by the holders thereof prior to the Closing Date, then the Properties subject to such Preferential Purchase Right shall not be sold to Buyer and shall be excluded from the Assets sold under this Agreement, and shall be considered Retained Assets. The Purchase Price shall be reduced by the full Allocated Value of the Properties so retained. All

Properties for which any applicable Preferential Purchase Right has been waived, or as to which the period to exercise the applicable Preferential Purchase Right has expired without exercise by the holder thereof, in each case, prior to the Closing Date, shall be sold to Buyer at the Closing pursuant to the provisions of this Agreement. On the Closing Date, if the time period for exercising a Preferential Purchase Right has not expired, but no notice of waiver (or of the exercise of such Preferential Purchase Right) has been received by Seller from the holder thereof, then the Property subject to such Preferential Purchase Right shall be excluded from the Assets conveyed to Buyer at the Closing, Buyer shall receive a reduction of the Purchase Price equal to the full Allocated Value of the affected Property, and Seller shall be entitled to retain all proceeds paid for the affected Property by the Person exercising such Preferential Purchase Right. If any holder of a Preferential Purchase Right initially elects to exercise a Preferential Purchase Right prior to the Closing, but after the Closing Date, fails for any reason to consummate the purchase of the affected Property, or the time for the exercise of a Preferential Purchase Right expires after the Closing Date without the exercise thereof, then, subject to the Parties' respective rights and remedies as to the obligation to consummate the Contemplated Transactions, Buyer shall purchase such Property from Seller for the Allocated Value thereof (subject to the adjustments pursuant to Section 2.05), and the closing of such transaction shall take place on a date designated by Seller not more than one hundred eighty (180) days after the Closing Date. If such holder's refusal to consummate the purchase of the affected Property occurs prior to the Closing Date, then, subject to the Parties' respective rights and remedies as to the obligation to consummate the Contemplated Transactions, Buyer shall purchase the affected Property at the Closing in accordance with the terms of this Agreement.

Consents

. Seller shall initiate all procedures required to comply with or obtain all Consents required for the transfer of the Assets in accordance with Section 5.04. If there exist any Consents that are not obtained from the holders of such rights prior to the Closing Date, Seller shall continue, during the period of one hundred eighty (180) days after the Closing Date, to use reasonable commercial efforts (which in no event shall include any obligation to pay money to the holders of such Consents or undertake any legal obligation) to obtain all such outstanding Consents as promptly thereafter as possible. During the period of one hundred eighty (180) days after the Closing Date until such Consent is obtained, (i) the Parties shall cooperate with each other in any reasonable and lawful arrangements designed to provide to Buyer the economic benefits, and to cause Buyer to bear the economic burdens, of the Assets subject to such Consent, and (ii) without the consent of Buyer, Seller shall neither take action to extend the term of, nor shall Seller terminate or take any action that would give rise to a right of termination under, any Contract burdened by such an outstanding Consent.

(a) If Seller fails to obtain any Consent necessary for the transfer of any Asset to Buyer, Seller's failure shall be handled as follows:

(i) If the Consent is not a Required Consent, then the affected Assets shall nevertheless be conveyed to Buyer at the Closing as part of the Assets with no reduction in the Purchase Price. Any Damages that arise due to the failure to obtain such Consent shall be borne by Buyer as an Assumed Liability.

(ii) If the Consent is a Required Consent, the Purchase Price (or portion thereof payable at such Closing) shall be reduced by the Allocated Value of the affected Assets

(which affected Assets shall include all Wells affected by the Applicable Contract or Lease for which a Consent is refused), and the affected Assets shall be excluded from the Assets conveyed to Buyer at the Closing and treated as Retained Assets.

(b) Notwithstanding the provisions of Section 11.03(a), if Seller obtains a Required Consent described in Section 11.03(a)(ii) within one hundred eighty (180) days after the Closing Date, then Seller shall promptly deliver conveyances or assignments of the affected Asset(s) to Buyer, and Buyer shall pay to Seller an amount equal to the Allocated Value of the affected Asset(s) in accordance with wire transfer instructions provided by Seller (subject to the adjustments set forth in Section 2.05).

Title Defects

. Buyer shall notify Seller of all Title Defects ("Title Defect Notice(s)") promptly after the discovery thereof, but in no event later than 5:00 p.m., Central Time on September 15, 2020 (the "Defect Notice Date"). To be effective, each Title Defect Notice shall be in writing and include (a) a description of the alleged Title Defect and the Well or portion thereof (including the currently producing formation, as applicable) affected by such alleged Title Defect (each, a "Title Defect Property"), (b) the Allocated Value of each Title Defect Property, (c) supporting documents reasonably necessary for Seller to verify the existence of the alleged Title Defect, (d) Buyer's preferred manner of curing such Title Defect, and (e) the amount by which Buyer reasonably believes the Allocated Value of each Title Defect Property is reduced by such alleged Title Defect and the computations upon which Buyer's belief is based (the "Title Defect Value"). To give Seller an opportunity to commence reviewing and curing Title Defects, Buyer agrees to use reasonable efforts to give Seller, on a weekly basis prior to the Defect Notice Date, written notice (including email correspondence) of all alleged Title Defects (as well as any claims that would be claims under the special warranty of Defensible Title set forth in the Instruments of Conveyance) discovered by Buyer during the preceding week. Failure to provide such preliminary weekly notice shall not waive Buyer's right to assert Title Defects. Notwithstanding anything herein to the contrary, Buyer forever waives, and Seller shall have no liability for, Title Defects not asserted by a Title Defect Notice meeting all of the requirements set forth in this Section 11.04 by 5:00 p.m., Central Time, on the Defect Notice Date, except for Title Defects that would, after the Closing, (x) constitute breaches of Seller's special warranty of Defensible Title contained in each Instrument of Conveyance, (y) that were not asserted as Title Defects in a timely manner as provided in this Section 11.04, and (z) as to which claims are asserted by Third Parties within twenty-four (24) months after the Closing Date.

Title Defect Value

. The Title Defect Value shall be determined pursuant to the following guidelines, where applicable:

(a) if the Parties agree on the Title Defect Value, then that amount shall be the Title Defect Value;

(b) if the Title Defect is an Encumbrance (other than the Permitted Encumbrances) that is undisputed and liquidated in amount, then the Title Defect Value shall be the amount necessary to be paid to remove the Title Defect from the Title Defect Property;

(c) if the Title Defect represents a discrepancy between (i) Seller's Net Revenue Interest for the Title Defect Property and (ii) the Net Revenue Interest set forth for such Title Defect

Property in Schedule 2.07, then the Title Defect Value shall be the product of the Allocated Value of such Title Defect Property, *multiplied by* a fraction, the numerator of which is the Net Revenue Interest decrease and the denominator of which is the Net Revenue Interest set forth for such Title Defect Property in Schedule 2.07;

(d) if the Title Defect represents an increase of (i) Seller's Working Interest for any Title Defect Property over (ii) the Working Interest set forth for such Title Defect Property in Schedule 2.07 (in each case, except (A) increases resulting from contribution requirements with respect to defaulting co-owners under applicable operating agreements, or (B) increases to the extent that such increases are accompanied by a proportionate increase in Seller's Net Revenue Interest), then the Title Defect Value shall be determined by calculating the Net Revenue Interest that results from such larger Working Interest, determining what the Net Revenue Interest would be using such calculated Net Revenue Interest and the Working Interest set forth in Schedule 2.07, and then calculating the adjustment in the manner set forth in Section 11.05(c) above; and

(e) if the Title Defect represents an obligation or Encumbrance upon or other defect in title to the Title Defect Property of a type not described above, then the Title Defect Value shall be determined by taking into account the Allocated Value of the Title Defect Property, the portion of the Title Defect Property affected by the Title Defect, the legal effect of the Title Defect, the potential economic effect of the Title Defect over the productive life of the Title Defect Property, the values placed upon the Title Defect by Buyer and Seller, and such other reasonable factors as are necessary to make a proper evaluation.

In no event, however, shall the total of the Title Defect Values related to a particular Asset exceed the Allocated Value of such Asset. The Title Defect Value with respect to a Title Defect shall be determined without any duplication of any costs or losses included in any other Title Defect Value hereunder, or for which Buyer otherwise receives credit in the calculation of the Purchase Price.

Seller's Cure or Contest of Title Defects

.

Seller may contest any asserted Title Defect or Buyer's good faith estimate of the Title Defect Value as described in Section 11.06(b) and may seek to cure any asserted Title Defect as described in Section 11.06(a).

(a) Seller shall have the right, at Seller's sole cost and expense, to cure any Title Defect on or before sixty (60) days after the Defect Notice Date or, if later, after the date of resolution of such Title Defect or the Title Defect Value by an Expert pursuant to Section 11.15 (the "Title Defect Cure Period") by giving written notice to Buyer of its election to cure prior to the Closing Date or, if later, after the applicable Expert Decision date. If Seller elects to cure and:

(i) actually cures the Title Defect ("Cure") prior to the Closing, then the Asset affected by such Title Defect shall be conveyed to Buyer at the Closing, and no Purchase Price adjustment will be made for such Title Defect; or

(ii) does not Cure the Title Defect prior to the Closing, then Seller shall convey the affected Asset to Buyer at the Closing, and (only to the extent in excess of the Aggregate Defect Deductible) retain out of the Deposit Amount the applicable Title Defect Value (or, if such Title Defect Value exceeds the balance of the Deposit Amount in the Escrow Account, Buyer shall deliver the amount of such excess to the Escrow Agent at the Closing), which amount shall remain on deposit in the Escrow Account subject to the terms of the Escrow Agreement as provided hereinafter; *provided, however* that (A) if Seller Cures the Title Defect within the time provided in this Section 11.06, then the Parties will instruct the Escrow Agent to release to Seller from the Escrow Account the applicable Title Defect Value (together with any interest thereon) within two (2) Business Days after Seller provides Buyer the evidence of such Cure; and (B) if Seller is unable to Cure the Title Defect within the time provided in this Section 11.06, then the Parties will instruct the Escrow Agent to release to Buyer from the Escrow Account the applicable Title Defect Value (together with any interest thereon), unless the Title Defect or Title Defect Value is disputed, in which case Section 11.06(b), below, shall apply.

(b) Seller and Buyer shall attempt to agree on the existence of and Title Defect Value for all Title Defects. Representatives of the Parties, knowledgeable in title matters, shall meet during the Title Defect Cure Period for this purpose. However, either Party may, at any time prior to the final resolution of the applicable Title Defect hereunder, submit any disputed Title Defect or Title Defect Value to arbitration in accordance with the procedures set forth in Section 11.15. If a contested Title Defect or Title Defect Value cannot be resolved prior to the Closing, except as otherwise provided herein, the Asset affected by such Title Defect shall nevertheless be conveyed to Buyer at the Closing, and an amount equal to the Title Defect Value (only to the extent in excess of the Aggregate Defect Deductible) asserted by Buyer in connection with the disputed Title Defect will be retained out of the Deposit Amount at Closing (or, if such Title Defect Value exceeds the balance of the Escrow Account, Buyer shall deliver the amount of such excess to the Escrow Agent at the Closing) and remain on deposit in the Escrow Account subject to the terms of the Escrow Agreement as provided hereinafter. Subject to Seller's right to Cure a Title Defect prior to the expiration of the Title Defect Cure Period, if Seller is unable to Cure or elects not to Cure the applicable Title Defect, then within two (2) Business Days after such final decision or determination, the Parties will instruct the Escrow Agent to release to Buyer from the Escrow Account an amount equal to the finally determined or decided Title Defect Value (together with any interest earned thereon), and to Seller, the excess (if any) of the finally agreed or determined or decided Title Defect Value over the asserted Title Defect Value (together with any interest earned thereon). If Seller elects to Cure a Title Defect after any such final determination, then within two (2) Business Days after the expiration of the Title Defect Cure Period, the Parties will instruct the Escrow Agent to release to Buyer from the Escrow Account an amount equal to the finally determined Title Defect Value (together with any interest earned thereon), and to Seller, the excess (if any) of the finally agreed or determined or decided Title Defect Value over the asserted Title Defect Value (together with any interest earned thereon).

Limitations on Adjustments for Title Defects

. Notwithstanding the provisions of Sections 11.04, 11.05**,** and 11.06, Seller shall be obligated to adjust the Purchase Price to account for uncured Title Defects only to the extent that the *sum of* (a) the aggregate Title Defect Values of all uncured Title Defects (the "Aggregate Title Defect Value"), after taking into account any offsetting Title Benefit Values, *plus* (b) the Aggregate Environmental Defect Value *exceeds* the Aggregate Defect Deductible. In addition, if the Title Defect Value for any single Title Defect is less than the De Minimis Title Defect Cost, such Title Defect Value shall not be considered in calculating the Aggregate Title Defect Value.

Title Benefits

. If Seller discovers any right, circumstance, or condition that operates (a) to increase the Net Revenue Interest for a Well above that shown in Schedule 2.07, to the extent the same does not cause a greater than proportionate increase in Seller's Working Interest therein above that shown in Schedule 2.07, or (b) to decrease the Working Interest of Seller in any Well below that shown in Schedule 2.07, by an amount that is proportionately greater than the corresponding decrease in Seller's Net Revenue Interest therein below that shown in Schedule 2.07 (each, a "Title Benefit"), then Seller shall, from time to time and without limitation, have the right, but not the obligation, to give Buyer written notice of any such Title Benefit (a "Title Benefit Notice") as soon as practicable but not later than 5:00 p.m., Central Time, on the Defect Notice Date, stating with reasonable specificity the Wells(s) affected, the particular Title Benefit claimed, and Seller's good faith estimate of the amount that the additional interest increases the value of the affected Well(s) over and above the Allocated Value(s) of such Well(s) (the "Title Benefit Value"). Buyer shall also promptly furnish Seller with written notice of any Title Benefit (including a description of such Title Benefit and the Assets affected thereby with reasonable specificity (the "Title Benefit Properties")) which is discovered by any of Buyer's or any of its Affiliates' Representatives, employees, title attorneys, landmen, or other title examiners. The Title Benefit Value of any Title Benefit shall be determined by the following methodology (without duplication): (i) if the Parties agree on the Title Benefit Value, then that amount shall be the Title Benefit Value; (ii) if the Title Benefit represents a discrepancy between (A) Seller's Net Revenue Interest for any Title Benefit Property and (B) the Net Revenue Interest set forth for such Title Benefit Property in Schedule 2.07, then the Title Benefit Value shall be the product of the Allocated Value of such Title Benefit Property *multiplied by* a fraction, the numerator of which is the Net Revenue Interest increase and the denominator of which is the Net Revenue Interest set forth for such Title Benefit Property in Schedule 2.07; (iii) if the Title Benefit represents a decrease of (A) Seller's Working Interest for any Title Benefit Property below (B) the Working Interest set forth for such Title Benefit Property in Schedule 2.07 (with respect to any Well), then the Title Benefit Value shall be determined by calculating the Net Revenue Interest that results from such reduced Working Interest, determining what the Net Revenue Interest would be using such calculated Net Revenue Interest and the Working Interest set forth in Schedule 2.07, and then calculating the adjustment in the manner set forth in clause (ii) above; and (iv) if the Title Benefit is of a type not described above, then the Title Benefit Value shall be determined by taking into account the Allocated Value of the Title Benefit Property, the portion of such Title Benefit Property affected by such Title Benefit, the legal effect of the Title Benefit, the potential economic effect of the Title Benefit over the productive life of such Title Benefit Property, the values placed upon the Title Benefit by Buyer and Seller, and such other reasonable factors as are necessary to make a proper evaluation.

Seller and Buyer shall attempt to agree on the existence of and Title Benefit Value for all Title Benefits on before the end of the Title Defect Cure Period. If Buyer agrees with the existence of the Title Benefit and Seller's good faith estimate of the Title Benefit Value, then the Aggregate Title Defect Value shall be offset by the amount of the Title Benefit Value. If the Parties cannot reach agreement by the end of the Title Defect Cure Period, the Title Benefit or the Title Benefit Value in dispute shall be submitted to arbitration in accordance with the procedures set forth in Section 11.15. Notwithstanding the foregoing, the Parties agree and acknowledge that there shall be no upward adjustment to the Purchase Price for any Title Benefit. If a contested Title Benefit cannot be resolved prior to the Closing, Seller shall convey the affected Asset to Buyer, and Buyer shall pay for the Asset at the Closing in accordance with this Agreement as though there were no Title Benefit; *provided, however*, if the Title Benefit contest results in a determination that a Title Benefit exists, then the Aggregate Title Defect Value shall be adjusted downward by the amount of the Title Benefit Value as determined in such contest (which adjustment shall be made on the Final Settlement Statement).

Buyer's Environmental Assessment

. Beginning on the Execution Date and ending at 5:00 p.m., Central Time, on the Defect Notice Date, Buyer shall have the right, at its sole cost, risk, liability, and expense, to conduct a Phase I Environmental Site Assessment of the Assets. During Seller's regular hours of business and after providing Seller with written notice of any such activities no less than two (2) Business Days in advance (which written notice shall include the written permission of the operator (if other than Seller) and any applicable Third Party operator or other Third Party whose permission is legally required, which Seller shall reasonably cooperate with Buyer in securing), Buyer and its Representatives shall be permitted to enter upon the Assets, inspect the same, review all of Seller's files and records (other than those for which Seller has an attorney-client privilege) relating to the Assets, and generally conduct visual, non-invasive tests, examinations, and investigations. No sampling or other invasive inspections of the Assets may be conducted prior to the Closing without Seller's prior written consent. Buyer's access shall be in accordance with, and subject to the limitations in, Section 5.01.

Environmental Defect Notice

. Buyer shall notify Seller in writing of any Environmental Defect (an "Environmental Defect Notice") promptly after the discovery thereof, but in no event later than 5:00 p.m., Central Time, on the Defect Notice Date. To be effective, an Environmental Defect Notice shall include: (i) the Well(s) affected; (ii) a detailed description of the alleged Environmental Defect and the basis for such assertion under the terms of this Agreement; (iii) Buyer's good faith estimate of the Environmental Defect Value with respect to such Environmental Defect; and (iv) appropriate documentation reasonably necessary for Seller to substantiate Buyer's claim and calculation of the Environmental Defect Value. To give Seller an opportunity to commence reviewing and curing alleged Environmental Defects asserted by Buyer, Buyer shall use reasonable efforts to give Seller, on or before the end of each calendar week prior to the Defect Notice Date, written notice of all alleged Environmental Defects discovered by Buyer during such calendar week, which notice may be preliminary in nature and supplemented prior to the Defect Notice Date. Notwithstanding anything herein to the contrary, Buyer forever waives Environmental Defects not asserted by an Environmental Defect Notice meeting all of the requirements set forth in the preceding sentence by 5:00 p.m., Central Time, on the Defect Notice Date.

Seller's Exclusion, Cure or Contest of Environmental Defects

. Seller, in its sole discretion, (x) may elect to exclude at Closing any Well (which will become a Retained Asset) affected by an asserted Environmental Defect if the Environmental Defect Value with respect to such Environmental Defect equals or exceeds the Allocated Value of the affected Well(s) and reduce the Purchase Price by the Allocated Value(s) thereof, (y) may contest any asserted Environmental Defect or Buyer's good faith estimate of the Environmental Defect Value as described in Section 11.11(b)**,** and/or (z) may seek to remediate or cure any asserted Environmental Defect to the extent of the Lowest Cost Response as described in Section 11.11(a).

(a) Seller shall have the right, at Seller's sole cost and expense, to remediate or cure an Environmental Defect to the extent of the Lowest Cost Response on or before the Closing Date or, if later, after the date of resolution of such Environmental Defect or the Environmental Defect Value by an Expert (the "Environmental Defect Cure Period") by giving written notice to Buyer to that effect prior to the Closing Date or, if later, after the applicable Expert Decision date, together with Seller's proposed plan and timing for such remediation. Seller shall remain liable for all Damages arising out of or in connection with such Environmental Defect until such time as such remediation or cure is completed. If Seller elects to pursue remediation or cure as set forth in this Section 11.11(a), Seller shall implement such remediation or cure in a manner that is in compliance with all applicable Legal Requirements in a prompt and timely fashion for the type of remediation or cure. If Seller elects to pursue remediation or cure and:

(i) completes a Complete Remediation of the relevant Environmental Defect prior to the Closing Date, the affected Well(s) shall be included in the Assets conveyed at the Closing, and no Purchase Price adjustment will be made for such Environmental Defect;

(ii) subject to Section 11.11(b), does not complete such a Complete Remediation prior to the Closing, then unless Seller is entitled and elects to exclude such Asset(s) in accordance with this Section 11.11, Seller shall convey the affected Asset(s) to Buyer at the Closing, and the Purchase Price paid at Closing shall be reduced by an amount equal to the relevant Environmental Defect Value set forth in the Environmental Defect Notice (only to the extent in excess of the Aggregate Defect Deductible).

(b) Seller and Buyer shall attempt to agree on the existence of, and Environmental Defect Value for, all Environmental Defects. Representatives of the Parties, knowledgeable in environmental matters, shall meet for this purpose. However, a Party may, at any time prior to the final resolution of the applicable Environmental Defect hereunder, elect to submit any disputed item to arbitration in accordance with the procedures set forth in Section 11.15. If a contested Environmental Defect or Environmental Defect Value cannot be resolved prior to the Closing, the affected Well(s), together with any other Assets appurtenant thereto, shall be included with the Assets conveyed to Buyer at the Closing, and an amount equal to the Environmental Defect Value (only to the extent in excess of the Aggregate Defect Deductible) asserted by Buyer in connection with the disputed Environmental Defect will be retained out of the Deposit Amount at Closing (or, if such Environmental Defect Value exceeds the balance of the Escrow Account, Buyer shall

deliver the amount of such excess to the Escrow Agent at Closing) and remain on deposit in the Escrow Account as provided hereinafter, and the final determination of the Environmental Defect and/or Environmental Defect Value shall be resolved pursuant to Section 11.15. Subject to Seller's right to Cure an Environmental Defect prior to the expiration of the Environmental Defect Cure Period, if Seller is unable to Cure or elects not to Cure the applicable Environmental Defect, then within five (5) Business Days after such final decision or determination, the Parties will instruct the Escrow Agent to release to Buyer from the Escrow Account the amount equal to the finally determined Environmental Defect Value (together with any interest earned thereon), and to Seller, the excess (if any) of the finally determined Environmental Defect Value over the asserted Environmental Defect Value (together with any interest earned thereon). If Seller elects to Cure an Environmental Defect after any such final decision or determination, then within five (5) Business Days after the expiration of the Environmental Defect Cure Period, the Parties will instruct the Escrow Agent to release to Buyer from the Escrow Account an amount equal to the finally determined Environmental Defect Value (together with any interest earned thereon), and to Seller, the excess (if any) of the finally determined Environmental Defect Value over the asserted Environmental Defect Value (together with any interest earned thereon).

Limitations

. Notwithstanding the provisions of Sections 11.10 and 11.11, no adjustment to the Purchase Price for Environmental Defect Values shall be made unless and until the *sum of* (x) the aggregate Environmental Defect Values (the "Aggregate Environmental Defect Value") *plus* (y) the Aggregate Title Defect Value (after taking into account any offsetting Title Benefit Values) *exceeds* the Aggregate Defect Deductible. If the Environmental Defect Value with respect to any single Environmental Defect is less than the De Minimis Environmental Defect Cost, such cost shall not be considered in calculating the Aggregate Environmental Defect Value.

Exclusive Remedies

.

(a) Except for the special warranty of Defensible Title in the Instruments of Conveyance, and without limiting Buyer's remedies for Title Defects set forth in this Article 11, Article 3 and Article 5, Seller makes no warranty or representation, express, implied, statutory or otherwise with respect to Seller's title to any of the Assets, and Buyer hereby acknowledges and agrees that Buyer's sole remedy for any defect of title, including any Title Defect, with respect to any of the Assets (a) before the Closing, shall be as set forth in Section 11.06 or, if applicable, Section 8.08 and (b) after the Closing, shall be pursuant to the special warranty of Defensible Title in the Instruments of Conveyance. Buyer shall not be entitled to protection under Seller's special warranty of Defensible Title in the Instruments of Conveyance against any Title Defect reported by Buyer under Section 11.06.

(b) The rights and remedies granted to Buyer in this Article 11 and, if applicable, in Section 8.08, and the representations and warranties in Section 3.13 are the exclusive rights and remedies against Seller related to any Environmental Condition, or Damages related thereto. **BUYER EXPRESSLY WAIVES, AND RELEASES SELLER GROUP FROM, ANY AND ALL OTHER RIGHTS AND REMEDIES IT MAY HAVE UNDER ENVIRONMENTAL LAWS AGAINST SELLER REGARDING ENVIRONMENTAL CONDITIONS, WHETHER FOR CONTRIBUTION, INDEMNITY, OR OTHERWISE.** The foregoing is a specifically bargained for allocation of

risk among the Parties, which the Parties agree and acknowledge satisfies the express negligence rule and conspicuousness requirement under Texas law.

Casualty Loss and Condemnation

. If, after the Execution Date but prior to the Closing Date, any portion of the Assets is damaged or destroyed by fire or other casualty or is expropriated or taken in condemnation or under right of eminent domain (a "Casualty Loss"), this Agreement shall remain in full force and effect, and Buyer shall nevertheless be required to close the Contemplated Transactions. In the event that the amount of the costs and expenses associated with repairing or restoring the Assets affected by such Casualty Loss exceeds One Million Dollars ($1,000,000) net to Seller's interest, Seller must elect by written notice to Buyer prior to the Closing Date either to (a) cause the Assets affected by such Casualty Loss to be repaired or restored, at Seller's sole cost, as promptly as reasonably practicable (which work may extend after the Closing Date), or (b) indemnify Buyer under an indemnification agreement mutually acceptable to the Parties against any costs or expenses that Buyer reasonably incurs to repair or restore the Assets subject to such Casualty Loss. In each case, Seller shall retain all rights to insurance and other claims against Third Parties with respect to the applicable Casualty Loss except to the extent the Parties otherwise agree in writing. Seller shall have no other liability or responsibility to Buyer with respect to a Casualty Loss, EVEN IF SUCH CASUALTY LOSS SHALL HAVE RESULTED FROM OR SHALL HAVE ARISEN OUT OF THE SOLE OR CONCURRENT NEGLIGENCE, OR FAULT OF, OR THE VIOLATION OF A LEGAL REQUIREMENT BY, SELLER OR ANY MEMBER OF SELLER GROUP.

Expert Proceedings

.

(a) Each matter referred to this Section 11.15 (a "Disputed Matter") shall be conducted in accordance with the Commercial Arbitration Rules of the AAA as supplemented to the extent necessary to determine any procedural appeal questions by the Federal Arbitration Act (Title 9 of the United States Code), but only to the extent that such rules do not conflict with the terms of this Section 11.15. Any notice from one Party to the other referring a dispute to this Section 11.15 shall be referred to herein as an "Expert Proceeding Notice".

(b) The arbitration shall be held before a one member arbitration panel (the "Expert"), mutually agreed by the Parties. The Expert must (a) be a neutral party who has never been an officer, director or employee of or performed material work for a Party or any Party's Affiliate within the preceding five (5)-year period and (b) agree in writing to keep strictly confidential the specifics and existence of the dispute as well as all proprietary records of the Parties reviewed by the Expert in the process of resolving such dispute. The Expert must have not less than ten (10) years' experience as a lawyer in the State of Louisiana with experience in exploration and production issues. If disputes exist with respect to both title and environmental matters, the Parties may mutually agree to conduct separate arbitration proceedings with the title disputes and environmental disputes being submitted to separate Experts. If, within five (5) Business Days after delivery of an Expert Proceeding Notice, the Parties cannot mutually agree on an Expert, then within seven (7) Business Days after delivery of such Expert Proceeding Notice, each Party shall provide the other with a list of three (3) acceptable, qualified experts, and within ten (10) Business Days after delivery of such Expert Proceeding Notice, the Parties shall each separately rank from one through six in order of preference each proposed expert on the combined lists,

with a rank of one being the most preferred expert and the rank of six being the least preferred expert, and provide their respective rankings to the Houston office of the AAA. Based on those rankings, the AAA will appoint the expert with the combined lowest numerical ranking to serve as the Expert for the Disputed Matters. If the rankings result in a tie or the AAA is otherwise unable to determine an Expert using the Parties' rankings, the AAA will appoint an arbitrator from one of the Parties' lists as soon as practicable upon receiving the Parties' rankings. Each Party will be responsible for paying one-half (1/2) of the fees charged by the AAA for the services provided in connection with this Section 11.15(b).

(c) Within five (5) Business Days following the receipt by either Party of the Expert Proceeding Notice, the Parties will exchange their written description of the proposed resolution of the Disputed Matters. Provided that no resolution has been reached, within five (5) Business Days following the selection of the Expert, the Parties shall submit to the Expert the following: (i) this Agreement, with specific reference to this Section 11.15 and the other applicable provisions of this Article 11, (ii) Buyer's written description of the proposed resolution of the Disputed Matters, together with any relevant supporting materials, (iii) Seller's written description of the proposed resolution of the Disputed Matters, together with any relevant supporting materials, and (iv) the Expert Proceeding Notice.

(d) The Expert shall make its determination by written decision within fifteen (15) days following receipt of the materials described in Section 11.15(c) above (the "Expert Decision"). The Expert Decision with respect to the Disputed Matters shall be limited to the selection of the single proposal for the resolution of the aggregate Disputed Matters proposed by a Party that best reflects the terms and provisions of this Agreement, *i.e.*, the Expert must select either Buyer's proposal or Seller's proposal for resolution of the aggregate Disputed Matters.

(e) The Expert Decision shall be final and binding upon the Parties, without right of appeal, absent manifest error. In making its determination, the Expert shall be bound by the rules set forth in this Article 11. The Expert may consult with and engage disinterested Third Parties to advise the Expert, but shall disclose to the Parties the identities of such consultants. Any such consultant shall not have worked as an employee or consultant for either Party or its Affiliates during the five (5)-year period preceding the arbitration nor have any financial interest in the dispute.

(f) The Expert shall act as an expert for the limited purpose of determining the specific matters submitted for resolution herein and shall not be empowered to award damages, interest, or penalties to either Party with respect to any matter. Each Party shall bear its own legal fees and other costs of preparing and presenting its case. All costs and expenses of the Expert shall be borne by the non-prevailing Party in any such arbitration proceeding.

ARTICLE 12
EMPLOYMENT MATTERS

Seller Benefit Plans

. Buyer shall not assume any of the Seller Benefits Plans. The Seller Parties shall retain and shall be solely responsible for all obligations and liabilities under the Seller Benefit Plans, including obligations under COBRA with respect to "M&A qualified beneficiaries", as defined in Treasury Regulation Section 54.4980B-9, whose qualifying event occurs in connection with the sale of the Assets as contemplated by this Agreement (except to the extent the Seller Parties and their ERISA Affiliates cease to maintain a group health plan and in such case, Buyer and its Affiliates shall assume any such COBRA obligation, liability, or responsibility for such M&A qualified beneficiaries).

Employees' Offers

. Buyer and its Affiliates may, but shall have no obligation to, make offers of employment to any employee of a Seller Party performing services with respect to the Assets at any time on or after the Closing Date on terms determined in the sole discretion of Buyer. Through the Closing Date, the Buyer will conduct its diligence in coordination with each Seller Party's executives and officers, and will not directly contact any employees of either Seller Party without Seller's express written permission.

Non-Solicitation Period

. Between the Execution Date and the Closing Date, the Buyer will not directly or indirectly (including through any Affiliate), solicit to employ any employee of a Seller Party, *provided* that this prohibition will not apply to general solicitations for employees of the public (through search firms, public advertising, or otherwise). From the day after the Closing Date through the ninetieth (90th) day after the Closing Date, Buyer may solicit and hire any employee of a Seller Party so long as Buyer pays Seller a sum equal to the actual severance paid or to be paid in connection with Seller's termination of such person within two (2) days of the date upon which such individual commences employment with Buyer or an Affiliate.

No Third Party Beneficiary Rights

. Nothing herein, expressed or implied, shall confer upon any employee of a Seller Party (or any of their beneficiaries or alternate payees) any rights or remedies (including any right to employment or continued employment, or any right to compensation or benefits for any period) of any nature or kind whatsoever, under or by reason of this Agreement or otherwise. In addition, the provisions of this Article 12, are for the sole benefit of the Parties and are not for the benefit of any other Person. Nothing in this Article 12, express or implied, shall be (a) deemed an amendment of any Seller Benefit Plan providing benefits to any employee of any Seller Party or (b) construed to prevent Buyer or its Affiliates from terminating or modifying to any extent or in any respect any employee benefit plan that Buyer or its Affiliates may establish or maintain.

ARTICLE 13
GENERAL PROVISIONS

Records

. On the Closing Date, Seller shall cause to be delivered (in electronic format) to Buyer the accounting Records that are maintained for the Assets in electronic form. As soon as reasonably practicable following the Closing Date (but in any event within thirty (30) days after the Closing Date), Seller, at Buyer's cost and expense, shall deliver originals of all other Records to Buyer (FOB Seller's office). Until the records are delivered to Buyer after the Closing, Seller

shall provide to Buyer reasonable access to the Records at Seller's offices during normal business hours. With respect to any original Records delivered to Buyer, (a) Seller shall be entitled to retain copies of such Records, and (b) Buyer shall retain any such original Records for at least three (3) years after the Closing Date (or seven (7) years thereafter with respect to those Records relevant for Tax audit purposes), during which time period Seller shall be entitled to obtain access to such Records, during normal business hours and upon reasonable prior notice to Buyer, so that Seller may make copies of such original Records, at its own expense, as may be reasonable or necessary for Tax purposes or in connection with any Proceeding or Threatened Proceeding against Seller.

Expenses; Tax Allocations and Tax Return Filings

.

(a) Except as otherwise expressly provided in this Agreement, each Party to this Agreement shall bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of agents, representatives, counsel, accountants, engineers, independent landmen, and other consultants. However, the prevailing Party in any Proceeding brought under or to enforce this Agreement, excluding any expert proceeding pursuant to Section 11.15 or Section 2.05(e), shall be entitled to recover court costs and arbitration costs, as applicable, and reasonable attorneys' fees from the non-prevailing Party or Parties, in addition to any other relief to which such Party is entitled.

(b) All Transfer Taxes and all required documentary, filing and recording fees and expenses in connection with the filing and recording of the assignments, conveyances or other Instruments of Conveyance required to convey title to the Assets to Buyer shall be borne by Buyer. Seller shall retain responsibility for, and shall bear, all Asset Taxes for (i) any period ending prior to the Effective Time and (ii) the portion of any Straddle Period ending immediately prior to the Effective Time. All Asset Taxes arising on or after the Effective Time (including the portion of any Straddle Period beginning at the Effective Time) shall be allocated to and borne by Buyer. For purposes of allocation between the Parties of Asset Taxes assessed for any Straddle Period, (A) Asset Taxes that are attributable to the severance or production of Hydrocarbons shall be allocated based on severance or production occurring before the Effective Time (which shall be Seller's responsibility) and from and after the Effective Time (which shall be Buyer's responsibility); (B) Asset Taxes that are based upon or related to income or receipts or imposed on a transactional basis (other than such Asset Taxes described in clause (A)) shall be allocated based on revenues from sales occurring before the Effective Time (which shall be Seller's responsibility) and from and after the Effective Time (which shall be Buyer's responsibility); and (C) Asset Taxes that are ad valorem, property or other Asset Taxes imposed on a periodic basis shall be allocated *pro rata* per day between the portion of the Straddle Period ending immediately prior to the Effective Time (which shall be Seller's responsibility) and the portion of the Straddle Period beginning at the Effective Time (which shall be Buyer's responsibility). For purposes of the preceding sentence, any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated *pro rata* per day between the portion of the Straddle Period ending immediately prior to the Effective Time and the portion of the Straddle Period beginning at the Effective Time. To the extent the actual amount of any Asset Taxes described in this Section 13.02(b) is not determinable at Closing, Buyer and Seller shall utilize the most recent information available in estimating

the amount of such Asset Taxes for purposes of Section 2.05. Upon determination of the actual amount of such Asset Taxes, timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under this Section 13.02(b). Any allocation of Asset Taxes between the Parties shall be in accordance with this Section 13.02(b).

(c) Except as required by applicable Legal Requirements, in respect of Asset Taxes: (i) Seller shall be responsible for timely remitting all Asset Taxes due on or prior to the Closing Date (subject to Seller's right to reimbursement by Buyer under Section 13.02(b)), and Buyer shall be responsible for timely remitting all Asset Taxes due after the Closing Date (subject to Buyer's right to reimbursement by Seller under Section 13.02(b)), in each case, to the applicable taxing authority, and (ii) Seller shall prepare and timely file any Tax Return for Asset Taxes required to be filed on or before the Closing Date, and Buyer shall prepare and timely file any Tax Return for Asset Taxes required to be filed after the Closing Date (including Tax Returns relating to any Straddle Period). Each Party shall indemnify and hold the other Party harmless for any failure to file such Tax Returns and to make such payments. Buyer shall prepare all such Tax Returns relating to any Straddle Period on a basis consistent with past practice except to the extent otherwise required by applicable Legal Requirements. Buyer shall provide Seller with a copy of any Tax Return relating to any Straddle Period for Seller's review at least ten (10) days prior to the due date for the filing of such Tax Return (or within a commercially reasonable period after the end of the relevant taxable period, if such Tax Return is required to be filed less than ten (10) days after the close of such Taxable period), and Buyer shall incorporate all reasonable comments of Seller provided to Buyer in advance of the due date for the filing of such Tax Return.

(d) Seller shall be responsible for all Income Taxes arising out of the sale of the Assets and shall timely pay and file all Tax Returns for such Income Taxes.

(e) Buyer and Seller agree to furnish or cause to be furnished to the other, upon request, as promptly as practicable, such information and assistance relating to the Assets, including access to books and records, as is reasonably necessary for the filing of all Tax Returns by Buyer or Seller, the making of any election relating to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax. The Parties agree to retain all books and records with respect to Tax matters pertinent to the Assets relating to any Tax period beginning before the Closing Date until sixty (60) days after the expiration of the statute of limitations of the respective Tax periods (taking into account any extensions thereof) and to abide by all Legal Requirements for record retention.

Notices

. All notices, consents, waivers, and other communications under this Agreement must be in writing and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by electronic mail with receipt acknowledged, with the receiving Party affirmatively obligated to promptly acknowledge receipt, or (c) when received by the addressee, if sent by U.S. mail, postage prepaid with return receipt requested, or by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate recipients, addresses, and emails set forth below (or to such other recipients, addresses, or email

addresses as a Party may from time to time designate by notice to the other Party); *provided*, *however*, that if any such notice is not received on a Business Day or after normal business hours on a Business Day, the notice will be deemed to have been given on the next succeeding Business Day:

NOTICES TO BUYER:

Staghorn Petroleum II, LLC
One West Third Street, Suite 1000
Tulsa, Oklahoma 74103
Attention: Richard Eby
E-mail: reby@staghornpetro.com
Telephone: 918-584-2558

With a copy (which shall not constitute notice) to:
Jackson Walker LLP
1401 McKinney St., Suite 1900
Houston, Texas 77010
Attention: Michael P. Pearson
Telephone: 713-752-4311
Email: mpearson@jw.com

NOTICES TO SELLER:

Riviera Operating, LLC
Riviera Upstream, LLC
717 Texas Avenue, Suite 2000
Houston, Texas 77002
Attention: General Counsel
E-mail: Handerson@Rvraresources.com

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

Kirkland & Ellis LLP
609 Main Street, Suite 4500
Houston, Texas 77002
Attention: Rahul D. Vashi, P.C.
R.J. Malenfant
Email: rahul.vashi@kirkland.com
rj.malenfant@kirkland.com

Governing Law; Jurisdiction; Service of Process; Jury Waiver

. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT OR THE CONTEMPLATED TRANSACTIONS OR THE RIGHTS, DUTIES, AND THE LEGAL RELATIONS AMONG THE PARTIES HERETO AND THERETO SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY

CONFLICTS OF LAW RULE OR PRINCIPLE THAT MIGHT REFER CONSTRUCTION OF SUCH PROVISIONS TO THE LAWS OF ANOTHER JURISDICTION; *PROVIDED, HOWEVER*, THAT ANY MATTERS RELATED TO REAL PROPERTY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OKLAHOMA. WITHOUT LIMITING THE PARTIES' AGREEMENT TO ARBITRATE IN SECTION 11.15 OR THE DISPUTE RESOLUTION PROCEDURE PROVIDED IN SECTION 2.05(e) WITH RESPECT TO DISPUTES ARISING THEREUNDER, THE PARTIES HERETO CONSENT TO THE EXERCISE OF JURISDICTION IN PERSONAM BY THE FEDERAL COURTS OF THE UNITED STATES LOCATED IN HOUSTON, HARRIS COUNTY, TEXAS, OR THE STATE COURTS LOCATED IN HOUSTON, HARRIS COUNTY, TEXAS, FOR ANY ACTION ARISING OUT OF THIS AGREEMENT, ANY TRANSACTION DOCUMENTS, OR ANY CONTEMPLATED TRANSACTION. ALL ACTIONS OR PROCEEDINGS WITH RESPECT TO, ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH, OUT OF, RELATED TO, OR FROM THIS AGREEMENT, ANY TRANSACTION DOCUMENTS, OR ANY CONTEMPLATED TRANSACTION SHALL BE EXCLUSIVELY LITIGATED IN SUCH COURTS DESCRIBED ABOVE HAVING SITUS IN HOUSTON, HARRIS COUNTY, TEXAS, AND EACH PARTY IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS SOLELY IN RESPECT OF ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. EACH PARTY VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY TRANSACTION DOCUMENTS, OR ANY CONTEMPLATED TRANSACTION. THE PARTIES FURTHER AGREE, TO THE EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENT, THAT A FINAL AND NONAPPEALABLE JUDGMENT AGAINST A PARTY IN ANY ACTION OR PROCEEDING CONTEMPLATED ABOVE SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION WITHIN OR OUTSIDE THE UNITED STATES BY SUIT ON THE JUDGMENT, A CERTIFIED OR EXEMPLIFIED COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND AMOUNT OF SUCH JUDGMENT. TO THE EXTENT THAT A PARTY OR ANY OF ITS AFFILIATES HAS ACQUIRED, OR HEREAFTER MAY ACQUIRE, ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH PARTY (ON ITS OWN BEHALF AND ON BEHALF OF ITS AFFILIATES) HEREBY IRREVOCABLY (I) WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS WITH RESPECT TO THIS AGREEMENT AND (II) SUBMITS TO THE PERSONAL JURISDICTION OF ANY COURT DESCRIBED IN THIS SECTION 13.04.

Further Assurances

. The Parties agree (a) to furnish upon request to each other such further information, (b) to execute, acknowledge, and deliver to each other such other documents, and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement. If, after the Closing Date, either Party receives monies belonging to the other Party, such amounts

shall be disbursed to the Party entitled to receive them within thirty (30) days after receipt. If, during the one (1) year period following the Closing Date, an invoice or other evidence of an obligation is received by a Party, which is either an obligation assumed by the other Party or partially an obligation of both Seller and Buyer, Seller and Buyer shall consult with each other, and an adjustment for such amount will be made either on the Final Settlement Statement, or, if the evidence of the obligation is not received until after the completion of the final accounting pursuant to Section 2.05(e), in cash as the Parties may agree.

Waiver

. The rights and remedies of the Parties are cumulative and not alternative. Neither the failure nor any delay by either Party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege shall preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable Legal Requirement, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other Party, (b) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given, and (c) no notice to or demand on one Party shall be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

Entire Agreement and Modification

. This Agreement, together with the Confidentiality Agreement, the Escrow Agreement, the Instruments of Conveyance, and all other documents and instruments executed or delivered by any of the Parties pursuant hereto (collectively, the "Transaction Documents"), supersede all prior discussions, communications, and agreements (whether oral or written) between the Parties with respect to their subject matter and constitute a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended or otherwise modified except by a written agreement executed by both Parties. No representation, promise, inducement, or statement of intention with respect to the subject matter of this Agreement has been made by either Party that is not embodied in this Agreement or the other Transaction Documents, and neither Party shall be bound by or liable for any alleged representation, promise, inducement, or statement of intention not so set forth. In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of any Schedule or Exhibit hereto, the terms and provisions of this Agreement shall govern, control, and prevail.

Assignments, Successors, and No Third Party Rights

. Neither Party may assign or delegate any of its rights, liabilities, covenants, or obligations under this Agreement without the prior written consent of the other Party (which consent may be granted or denied at the sole discretion of the other Party). Any assignment made without such consent shall be void. Any such assignment of rights shall provide expressly for the assumption by the transferee of the obligations of the assigning party under this Agreement. Notwithstanding the non-transferring Party's consent to such an assignment, no such assignment shall relieve the assigning Party of any of its obligations under this Agreement unless specifically consented to and approved by the non-transferring Party. In the absence of such a consent or approval by the non-transferring Party, the assigning party shall remain jointly and severally liable with its permitted transferee for the future performance of the

assigning Party's obligations under this Agreement. Subject to the preceding sentence, this Agreement shall apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the Parties. Nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties or any other agreement contemplated herein (and Buyer Group and Seller Group who are entitled to indemnification under Article 10), any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. Subject to the preceding sentence, this Agreement, any other agreement contemplated herein, and all provisions and conditions hereof and thereof, are for the sole and exclusive benefit of the Parties and such other agreements (and Buyer Group and Seller Group who are entitled to indemnification under Article 10), and their respective successors and permitted assigns.

Severability

. If any provision of this Agreement is held invalid, illegal, or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable. Upon such a determination that any term or other provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner, to the end that the Contemplated Transactions are fulfilled to the greatest extent possible.

Article and Section Headings, Construction

. The headings of Sections, Articles, Exhibits, and Schedules in this Agreement are provided for convenience only and shall not affect its construction or interpretation. All references to "Section," "Article," "Exhibit," or "Schedule" refer to the corresponding Section, Article, Exhibit, or Schedule of this Agreement, unless otherwise specified. Unless expressly provided to the contrary, the words "hereunder," "hereof," "herein," and words of similar import are references to this Agreement as a whole and not any particular Section, Article, Exhibit, Schedule, or other provision of this Agreement. Each definition of a defined term herein shall be equally applicable both to the singular and the plural forms of the term so defined. All words used in this Agreement shall be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms and (in its various forms) means including without limitation. If the date specified in this Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date which is not a Business Day), then the date for giving such notice or taking such action (or the expiration date of such period during which notice is required to be given or action taken) shall be the next day which is a Business Day. Each Party has had substantial input into the drafting and preparation of this Agreement and has had the opportunity to exercise business discretion in relation to the negotiation of the details of the Contemplated Transactions. This Agreement is the result of arm's-length negotiations from equal bargaining positions. This Agreement shall not be construed against either Party, and no consideration shall be given or presumption made on the basis of who drafted this Agreement or any particular provision hereof or who supplied the form of this Agreement.

Counterparts

. This Agreement may be executed and delivered (including by facsimile or e-mail transmission) in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one

and the same agreement. At the Parties' election, this Agreement may be executed by the Parties in different locations and shall become binding upon both Parties upon the exchange by the Parties of executed signature pages by portable document format (PDF) by email.

Press Release

. If any Party wishes to make a press release or other public announcement respecting this Agreement or specific to the Contemplated Transactions, such Party will provide a courtesy copy to the other Party of the language relevant to the transaction prior to the release or public announcement. Neither Party will issue a press release or other public announcement that includes the name of a non-releasing Party or its Affiliates without the prior written consent of such non-releasing Party (which consent may be withheld in such non-releasing Party's sole discretion). Seller and Buyer shall each be liable for the compliance of their respective Affiliates with the terms of this Section 13.12.

Confidentiality

. If the Closing occurs, and the Confidentiality Agreement is terminated pursuant to Section 5.01(c), Seller's and Buyer's respective obligations under the Confidentiality Agreement shall terminate as of the Closing Date. After the Closing Date, except as provided hereinafter, (i) Seller agrees not to disclose, and to keep confidential, for a period of one (1) year after the Closing Date, the material business terms of this Agreement, each other Transaction Document, and the Records, reports, title opinions, abstracts, notices and other information provided hereunder as such relate to the Assets, including all environmental information regarding the Leases, Units, and Wells obtained by Buyer pursuant to its operational and environmental assessment of the Assets under Section 5.01 and Article 11 (as to which, for purposes of this Section 13.13, Buyer shall be deemed to be the "Disclosing Party," and Seller shall be deemed to be the "Recipient"); and (ii) Buyer agrees not to disclose, and to keep confidential, for a period of one (1) year after the Closing Date, the amounts of the Purchase Price, the other material business terms of this Agreement and each other Transaction Document, and the Records, reports, and other information provided by Seller to Buyer hereunder that relate to any assets or liabilities not included in the Assets (as to which, for purposes of this Section 13.13, Seller shall be deemed to be the Disclosing Party, and Buyer shall be deemed to be the Recipient). For purposes of this Agreement, the data and information to be kept confidential by, respectively, Seller and Buyer as provided in the preceding sentence shall be referred to herein as "Confidential Information." With respect to the Confidential Information:

(a) Recipient shall not disclose, disseminate, or otherwise publish or communicate Confidential Information received hereunder to any Third Party without the prior written consent of the Disclosing Party, except to (A) Affiliates and its and their shareholders, directors, members, managers, partners, trustees, officers, and employees, as well as Recipient's financial advisors, lenders, investment bankers, attorneys, auditors, engineers, and other consultants and representatives, potential and actual sources of financing and, in the case of Buyer, bona fide potential purchasers of all or any of the Assets (collectively, its "Information Group") who have a "need to know" and who have been advised of the confidentiality obligations herein and have previously agreed to be bound by the terms hereof with regard to the Confidential Information, and (B) Persons to whom disclosure is necessary in order to obtain a Required Consent or give notice with respect to a Preferential Purchase Right. Recipient shall be responsible for the actions of its Information Group with respect to the Confidential Information. Recipient shall protect the Confidential Information received hereunder from disclosure to any Third Party by using the same

degree of care that it uses to prevent the unauthorized disclosure of its own confidential or proprietary information of like nature, but in no event less than a reasonable degree of care.

(b) This Agreement imposes no obligations with respect to information that: (A) was in Recipient's possession without a duty of confidentiality to the Disclosing Party before receipt from the Disclosing Party; (B) is or becomes a matter of public knowledge through no act or omission of Recipient; (C) is rightfully received by Recipient from a Third Party without a duty of confidentiality; (D) is disclosed by Recipient with the Disclosing Party's prior written approval or for reasons described in Section 13.13(c).

(c) If Recipient is required to disclose Confidential Information by operation of aw (including as required under state or federal securities laws or applicable stock exchange or quotation system requirements), or under compulsion of judicial process (including a Proceeding to enforce its rights under this Agreement), no breach of this Section 13.13 shall occur by reason of such a disclosure; *provided* that, Recipient will disclose only such information as is legally required by applicable law or order of a court of competent jurisdiction or other Governmental Body, and will use reasonable efforts to obtain confidential treatment for any Confidential Information that is so disclosed. Recipient will provide the Disclosing Party as much notice of such possible disclosure as is reasonably practicable prior to disclosure to give the Disclosing Party an opportunity to seek a protective order or take other appropriate action.

Name Change

. As promptly as practicable, but in any event within sixty (60) days after the Closing Date, Buyer shall eliminate, remove, or paint over the use of the names "Linn" or "Riviera" and variants thereof from the Assets, and, except with respect to such grace period for eliminating the existing usage, shall have no right to use any logos, trademarks, or trade names belonging to Seller or any of its Affiliates. Buyer shall be solely responsible for any direct or indirect costs or expenses resulting from the change in use of name and any resulting notification or approval requirements.

Appendices, Exhibits and Schedules

. All of the Appendices, Exhibits, and Schedules referred to in this Agreement are hereby incorporated into this Agreement by reference and constitute a part of this Agreement. Each Party to this Agreement and its counsel has received a complete set of Appendices, Exhibits, and Schedules prior to and as of the execution of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

SELLER:

Riviera Upstream, LLC

By: /s/ David Rottino
Name: David Rottino
Title: President and Chief Executive Officer

Riviera Operating, LLC

By: /s/ David Rottino
Name: David Rottino
Title: President and Chief Executive Officer

[Signature Page to Purchase and Sale Agreement]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

BUYER:

Staghorn Petroleum II, LLC

By:	/s/ Frank G. Eby
Name:	Frank G. Eby
Title:	Chief Executive Officer

[Signature Page to Purchase and Sale Agreement]

Exhibit 31.1

CERTIFICATION

I, David B. Rottino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Riviera Resources, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2020

/s/ David B. Rottino

David B. Rottino

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, James G. Frew, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Riviera Resources, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2020

/s/ James G. Frew

James G. Frew

Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Riviera Resources, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David B. Rottino, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2020

/s/ David B. Rottino

David B. Rottino

President and Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of Riviera Resources, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James G. Frew, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2020

/s/ James G. Frew

James G. Frew

Executive Vice President and Chief Financial Officer