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 September 30, 2018

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.)**
600 Travis Street, Suite 1700 **Houston, Texas**	**77002**
(Address of principal executive offices)	**(Zip Code)**

(281) 840-4000

(Registrant's telephone number, including area code)

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 October 31, 2018, there were 69,774,073 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)

	September 30, 2018	December 31, 2017
	(in thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 156,917	$ 464,477
Accounts receivable – trade, net	85,482	140,485
Derivative instruments	3,024	9,629
Restricted cash	27,130	56,445
Other current assets	19,688	76,683
Assets held for sale	12	106,963
Total current assets	292,253	854,682
Noncurrent assets:		
Oil and natural gas properties (successful efforts method)	789,844	950,083
Less accumulated depletion and amortization	(71,684)	(49,619)
	718,160	900,464
Other property and equipment	592,073	480,729
Less accumulated depreciation	(53,264)	(28,658)
	538,809	452,071
Derivative instruments	328	469
Deferred income taxes	133,410	188,538
Other noncurrent assets	13,193	14,256
Noncurrent assets of discontinued operations	—	457,645
	146,931	660,908
Total noncurrent assets	1,403,900	2,013,443
Total assets	$ 1,696,153	$ 2,868,125
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 169,860	$ 253,975
Derivative instruments	5,507	10,103
Other accrued liabilities	25,277	58,130
Liabilities held for sale	—	43,302
Total current liabilities	200,644	365,510
Noncurrent liabilities:		
Derivative instruments	1,088	2,849
Asset retirement obligations and other noncurrent liabilities	105,102	160,720
Total noncurrent liabilities	106,190	163,569
Commitments and contingencies (Note 10)		

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS - Continued

(Unaudited)

	September 30, 2018	December 31, 2017
	(in thousands, except share amounts)	
Equity:		
Preferred Stock ($0.01 par value, 30,000,000 shares authorized and no shares issued at September 30, 2018; no shares authorized or issued at December 31, 2017)	—	—
Common Stock ($0.01 par value, 270,000,000 shares authorized and 75,836,252 shares issued at September 30, 2018; no shares authorized or issued at December 31, 2017)	758	—
Additional paid-in capital	1,394,215	—
Accumulated deficit	(5,654)	—
Net parent company investment	—	2,339,046
Total equity	1,389,319	2,339,046
Total liabilities and equity	$ 1,696,153	$ 2,868,125

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

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Successor	
	Three Months Ended September 30,	
	2018	2017
	(in thousands, except per share amounts)	
Revenues and other:		
Oil, natural gas and natural gas liquids sales	$ 89,653	$ 206,318
Losses on oil and natural gas derivatives	(3,175)	(14,497)
Marketing revenues	67,246	38,493
Other revenues	5,877	6,368
	159,601	236,682
Expenses:		
Lease operating expenses	22,930	61,272
Transportation expenses	22,304	34,541
Marketing expenses	63,149	34,099
General and administrative expenses	90,931	30,035
Exploration costs	2,487	171
Depreciation, depletion and amortization	21,515	37,766
Taxes, other than income taxes	7,162	12,368
(Gains) losses on sale of assets and other, net	221	(25,896)
	230,699	184,356
Other income and (expenses):		
Interest expense, net of amounts capitalized	(594)	(223)
Other, net	105	(4,246)
	(489)	(4,469)
Reorganization items, net	(1,277)	(2,605)
Income (loss) from continuing operations before income taxes	(72,864)	45,252
Income tax expense (benefit)	(39,628)	1,646
Income (loss) from continuing operations	(33,236)	43,606
Income (loss) from discontinued operations, net of income taxes	(14,899)	78,556
Net income (loss)	$ (48,135)	$ 122,162
Income (loss) per share:		
Income (loss) from continuing operations per share – Basic	$ (0.43)	$ 0.57
Income (loss) from continuing operations per share – Diluted	$ (0.43)	$ 0.57
Income (loss) from discontinued operations per share – Basic	$ (0.20)	$ 1.03
Income (loss) from discontinued operations per share – Diluted	$ (0.20)	$ 1.03
Net income (loss) per share – Basic	$ (0.63)	$ 1.60
Net income (loss) per share – Diluted	$ (0.63)	$ 1.60
Weighted average shares outstanding – Basic	76,135	76,191
Weighted average shares outstanding – Diluted	76,135	76,191

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

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share amounts)	Successor		Predecessor
	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Revenues and other:			
Oil, natural gas and natural gas liquids sales	$ 313,533	$ 529,810	$ 188,885
Gains (losses) on oil and natural gas derivatives	(25,730)	19,258	92,691
Marketing revenues	156,480	53,954	6,636
Other revenues	18,158	14,787	9,915
	462,441	617,809	298,127
Expenses:			
Lease operating expenses	94,902	156,959	49,665
Transportation expenses	62,611	85,652	25,972
Marketing expenses	145,231	43,614	4,820
General and administrative expenses	228,105	74,703	71,745
Exploration costs	3,742	1,037	93
Depreciation, depletion and amortization	71,960	101,558	47,155
Taxes, other than income taxes	22,729	37,316	14,877
(Gains) losses on sale of assets and other, net	(208,009)	(333,720)	672
	421,271	167,119	214,999
Other income and (expenses):			
Interest expense, net of amounts capitalized	(1,582)	(11,974)	(16,725)
Other, net	473	(5,800)	(149)
	(1,109)	(17,774)	(16,874)
Reorganization items, net	(4,487)	(8,229)	2,521,137
Income from continuing operations before income taxes	35,574	424,687	2,587,391
Income tax expense (benefit)	25,247	158,744	(166)
Income from continuing operations	10,327	265,943	2,587,557
Income (loss) from discontinued operations, net of income taxes	19,674	84,315	(548)
Net income	$ 30,001	$ 350,258	$ 2,587,009
Income (loss) per share:			
Income from continuing operations per share – Basic	$ 0.13	$ 3.49	$ 33.96
Income from continuing operations per share – Diluted	$ 0.13	$ 3.49	$ 33.96
Income (loss) from discontinued operations per share – Basic	$ 0.26	$ 1.11	$ (0.01)
Income (loss) from discontinued operations per share – Diluted	$ 0.26	$ 1.11	$ (0.01)
Net income per share – Basic	$ 0.39	$ 4.60	$ 33.95
Net income per share – Diluted	$ 0.39	$ 4.60	$ 33.95
Weighted average shares outstanding – Basic	76,171	76,191	76,191
Weighted average shares outstanding – Diluted	76,518	76,191	76,191

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

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED STATEMENT OF EQUITY

(Unaudited)

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Net Parent Company Investment	Total Equity
	Shares	Amount				
			(in thousands)			
December 31, 2017	—	$ —	$ —	$ —	$ 2,339,046	$ 2,339,046
Net income (loss)		—	—	(5,654)	35,655	30,001
Net transfers to parent		—	—	—	(967,571)	(967,571)
Spin-off related adjustments		—	—	—	(4,620)	(4,620)
Issuances of common stock and reclassification of former parent company investment	76,191	762	1,401,748	—	(1,402,510)	—
Repurchases of common stock	(355)	(4)	(7,533)	—	—	(7,537)
September 30, 2018	75,836	$ 758	$ 1,394,215	$ (5,654)	$ —	$ 1,389,319

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

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)	Successor		Predecessor
	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Cash flow from operating activities:			
Net income	$ 30,001	$ 350,258	$ 2,587,009
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
(Income) loss from discontinued operations	(19,674)	(84,315)	548
Depreciation, depletion and amortization	71,960	101,558	47,155
Deferred income taxes	25,382	115,739	(166)
Total (gains) losses on derivatives, net	25,730	(19,258)	(92,691)
Cash settlements on derivatives	(25,341)	19,638	(11,572)
Share-based compensation expenses	16,105	25,876	50,255
Amortization and write-off of deferred financing fees	1,336	3,349	1,338
(Gains) losses on sale of assets and other, net	(204,644)	(355,122)	1,069
Reorganization items, net	—	—	(2,456,074)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable – trade, net	57,674	15,549	(7,216)
(Increase) decrease in other assets	61,309	(1,218)	528
Increase (decrease) in accounts payable and accrued expenses	(51,608)	(90,073)	20,949
Increase (decrease) in other liabilities	(15,750)	56,460	2,801
Net cash provided by (used in) operating activities – continuing operations	(27,520)	138,441	143,933
Net cash provided by operating activities – discontinued operations	—	2,566	8,781
Net cash provided by (used in) operating activities	(27,520)	141,007	152,714
Cash flow from investing activities:			
Development of oil and natural gas properties	(56,116)	(136,638)	(50,597)
Purchases of other property and equipment	(116,237)	(60,656)	(7,409)
Proceeds from sale of properties and equipment and other	367,086	711,360	(166)
Net cash provided by (used in) investing activities – continuing operations	194,733	514,066	(58,172)
Net cash provided by (used in) investing activities – discontinued operations	7,000	345,643	(584)
Net cash provided by (used in) investing activities	201,733	859,709	(58,756)

RIVIERA RESOURCES, INC.

CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS - Continued

(Unaudited)

(in thousands)	Successor		Predecessor
	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Cash flow from financing activities:			
Net transfers (to) from parent	(481,449)	(154,176)	636,000
Repurchases of shares	(7,576)	—	—
Proceeds from borrowings	—	190,000	—
Repayments of debt	—	(1,090,000)	(1,038,986)
Debt issuance costs paid	(2,505)	(7,229)	(151)
Payment to holders of claims under the Predecessor's second lien notes	—	—	(30,000)
Distributions to unitholders	(18,717)	—	—
Other	(841)	—	(4,593)
Net cash used in financing activities – continuing operations	(511,088)	(1,061,405)	(437,730)
Net cash used in financing activities – discontinued operations	—	—	—
Net cash used in financing activities	(511,088)	(1,061,405)	(437,730)
Net decrease in cash, cash equivalents and restricted cash	(336,875)	(60,689)	(343,772)
Cash, cash equivalents and restricted cash:			
Beginning	520,922	144,022	487,794
Ending	$ 184,047	$ 83,333	$ 144,022

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

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(Unaudited)

Note 1 – Basis of Presentation

Unless otherwise indicated or the context otherwise requires, references herein to the "Company" refer (i) prior to the Spin-off (as defined below) to Linn Energy, Inc. ("Parent") and its consolidated subsidiaries, and (ii) after the Spin-off, 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 April 2018, the Parent announced its intention to separate Riviera from LINN Energy. Following the Spin-off, Riviera is a new independent oil and natural gas company with a strategic focus on efficiently operating its mature low-decline assets, developing its growth-oriented assets, and returning capital to shareholders.

To effect the separation, the Parent and certain of its then direct and indirect subsidiaries undertook an internal reorganization (including the conversion of Riviera Resources, LLC from a limited liability company to a corporation named Riviera Resources, Inc.), following which Riviera holds, directly or through its subsidiaries, substantially all of the assets of LINN Energy, other than LINN Energy's 50% equity interest in Roan Resources LLC ("Roan"). A subsidiary of the Company held the equity interest in Roan until the Parent's internal reorganization on July 25, 2018 (the "Reorganization Date"). Following the internal reorganization, the Parent distributed all of the outstanding shares of Riviera common stock to the Parent's shareholders on a pro rata basis (the "Spin-off"). The Spin-off was completed on August 7, 2018. Prior to the completion of the Spin-off, a then subsidiary of the Parent distributed $40 million to the Parent to pay the Parent's obligations during the transition period under the TSA (as defined below). Linn Energy, Inc. returned such $40 million to Riviera on September 24, 2018, which included approximately $7 million for the reimbursement of cash paid to settle the Parent's restricted stock units ("LINN RSUs") held by Riviera's employees and approximately $1 million for the payment of income taxes on shares withheld from participants upon vesting (see Note 12).

Following the Spin-off, Riviera is an independent reporting company quoted for trading on the OTCQX Market under the ticker "RVRA," and the Parent did not retain any ownership interest in Riviera.

On August 7, 2018, Riviera entered into a Transition Services Agreement (the "TSA") with the Parent to facilitate an orderly transition following the Spin-off. Pursuant to the TSA, Riviera agreed to provide the Parent with certain finance, financial reporting, information technology, investor relations, legal, payroll, tax and other services during the term of the TSA. Riviera reimbursed the Parent for, or paid on the Parent's behalf, all direct and indirect costs and expenses incurred by the Parent during the term of the TSA in connection with the fees for any such services. The TSA terminated in accordance with its terms on September 24, 2018.

Prior to the Spin-off, the accompanying condensed consolidated and combined financial statements were prepared on a stand-alone basis and derived from Linn Energy, Inc.'s consolidated financial statements and accounting records for the periods presented as the Company was historically managed as a subsidiary of Linn Energy, Inc. After the Spin-off, Riviera is an independent company.

During the reporting period, the Parent was a successor issuer of Linn Energy, LLC pursuant to Rule 15d-5 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As discussed further in Note 2, on May 11, 2016 (the "Petition Date"), 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 ("Bankruptcy Petitions") for relief under Chapter 11 of the U.S. Bankruptcy Code ("Bankruptcy Code") in the U.S. Bankruptcy Court for the Southern District of Texas ("Bankruptcy Court"). The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. During the pendency of the Chapter 11 proceedings, the Debtors operated their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - Continued

(Unaudited)

Nature of Business

The Company's upstream reporting segment properties are currently located in six operating regions in the United States ("U.S."): the Hugoton Basin, East Texas, North Louisiana, Michigan/Illinois, the Uinta Basin and the Mid-Continent. The Blue Mountain reporting segment consists of the Cryo 1 gas plant system, which is comprised of the newly constructed cryogenic natural gas processing facility, a network of gathering pipelines and compressors 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 2018, the Company divested all of its properties located in the previous Permian Basin operating region. During 2017, the Company divested all of its properties located in the previous California and South Texas operating regions. The Company has classified the results of operations and cash flows of its California properties as discontinued operations on its consolidated and combined financial statements. See Note 4 for additional information.

Historically, a subsidiary of the Company also owned a 50% equity interest in Roan. The Company's equity earnings (losses), consisting of its share of Roan's earnings or losses, are included in the condensed consolidated financial statements through the Reorganization Date. However, on the Reorganization Date, the equity interest in Roan was distributed to the Parent and is no longer affiliated with Riviera. As such, the Company has classified the investment and equity earnings (losses) in Roan as discontinued operations on its condensed consolidated financial statements. See Note 4 for additional information.

Principles of Consolidation and Combination

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 financial statements and notes for the year ended December 31, 2017, included in the Company's Registration Statement on Form S-1, as amended (File No. 333-225927). The results reported in these unaudited condensed consolidated and combined financial statements should not necessarily be taken as indicative of results that may be expected for the entire year.

The condensed consolidated and combined financial statements for Predecessor periods represent the results of operations of entities held by the Company after the Spin-off that were historically under common control of the Parent, which exclude Linn Acquisition Company, LLC ("LAC") and Berry. On February 28, 2017, LINN Energy and Berry emerged from bankruptcy as standalone unaffiliated entities. The condensed consolidated financial statements for the Successor period represent the financial position and results of operations of entities held by the Company after the Spin-off that were historically under the control of the Parent. The Company presents its condensed consolidated and combined financial statements in accordance with U.S. GAAP. The condensed consolidated and combined financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated. Prior to the Spin-off, the condensed consolidated and combined financial statements were prepared on a carve-out basis and reflect significant assumptions and allocations. The condensed consolidated and combined financial statements for previous periods include certain reclassifications that were made to conform to current presentation. Such reclassifications have no impact on previously reported net income (loss), stockholders' equity, or cash flows.

Investments in noncontrolled entities over which the Company exercises significant influence are accounted for under the equity method.

Bankruptcy Accounting

Upon LINN Energy's emergence from bankruptcy on February 28, 2017, the Parent adopted fresh start accounting which resulted in the Parent becoming a new entity for financial reporting purposes. As a result of the adoption of fresh start accounting and the effects of the implementation of the Plan (as defined in Note 2), the Company's condensed consolidated financial statements subsequent to February 28, 2017, are not comparable to its condensed consolidated and combined

financial statements prior to February 28, 2017. References to "Successor" relate to the financial position and results of operations of the reorganized Company subsequent to February 28, 2017. References to "Predecessor" relate to the financial position of the Company prior to, and results of operations through and including, February 28, 2017. The Company's condensed consolidated and combined financial statements and related footnotes are presented with a black line division, which delineates the lack of comparability between amounts presented after February 28, 2017, and amounts presented on or prior to February 28, 2017. See Note 2 for additional information.

Use of Estimates

The preparation of the accompanying condensed consolidated and combined 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. In addition, as part of fresh start accounting, the Company made estimates and assumptions related to its reorganization value, liabilities subject to compromise, the fair value of assets and liabilities recorded as a result of the adoption of fresh start accounting and income taxes.

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 financial statements in future periods.

Recently Adopted Accounting Standards

In November 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") that is intended to address diversity in the classification and presentation of changes in restricted cash on the statement of cash flows. The Company adopted this ASU on January 1, 2018, on a retrospective basis. The adoption of this ASU resulted in the inclusion of restricted cash in the beginning and ending balances of cash on the statements of cash flows and disclosure reconciling cash and cash equivalents presented on the balance sheets to cash, cash equivalents and restricted cash on the statement of cash flows (see Note 15).

In May 2014, the FASB issued an ASU that is intended to improve and converge the financial reporting requirements for revenue from contracts with customers ("ASC 606"). The Company adopted this ASU on January 1, 2018, using the modified retrospective transition method. Accordingly, the comparative information for the nine months ended September 30, 2017, has not been adjusted and continues to be reported under the previous revenue standard. The adoption of this ASU impacted the Company's gross revenues and expenses as reported on its condensed consolidated statements of operations (see below), and resulted in increased disclosures regarding the Company's disaggregation of revenue (see Note 3).

Under ASC 606, the Company recognizes revenues based on a determination of when control of its commodities is transferred and whether it is acting as a principal or agent in certain transactions. All facts and circumstances of an arrangement are considered and judgment is often required in making this determination. For its natural gas contracts, the Company generally records its sales at the wellhead or inlet of the plant as revenues net of transportation, gathering and processing expenses if the processor is the customer and there is no redelivery of commodities to the Company. Conversely, the Company generally records its sales at the tailgate of the plant on a gross basis along with the associated transportation, gathering and processing expenses if the processor is a service provider and there is redelivery of commodities to the Company.

In addition, the Company recognizes revenues for commodities received as noncash consideration in exchange for services provided by its midstream operations and revenues and associated cost of product for the subsequent sale of those same commodities. This recognition results in an increase to revenues and expenses with no material impact on net income.

The items discussed above impacted the Company's reported "oil, natural gas and natural gas liquids sales," "marketing revenues," "other revenues," "transportation expenses," "marketing expenses" and "interest expense." The impact of adoption on the Company's current period results is as follows:

	Three Months Ended September 30, 2018		
	Under ASC 606	Under Prior Rule	Increase/ (Decrease)
	(in thousands)		
Revenues:			
Natural gas sales	$ 57,095	$ 57,231	$ (136)
Oil sales	9,658	9,658	—
NGL sales	22,900	22,348	552
Total oil, natural gas and NGL sales	89,653	89,237	416
Marketing revenues	67,246	36,584	30,662
Other revenues	5,877	5,574	303
	162,776	131,395	31,381
Expenses:			
Transportation expenses	22,304	21,888	416
Marketing expenses	63,149	32,487	30,662
Interest expense, net of amounts capitalized	594	512	82
Net loss	$ (48,135)	$ (48,356)	$ 221

	Nine Months Ended September 30, 2018		
	Under ASC 606	Under Prior Rule	Increase/ (Decrease)
	(in thousands)		
Revenues:			
Natural gas sales	$ 174,085	$ 175,025	$ (940)
Oil sales	66,273	66,273	—
NGL sales	73,175	72,570	605
Total oil, natural gas and NGL sales	313,533	313,868	(335)
Marketing revenues	156,480	90,105	66,375
Other revenues	18,158	17,250	908
	488,171	421,223	66,948
Expenses:			
Transportation expenses	62,611	62,946	(335)
Marketing expenses	145,231	78,856	66,375
Interest expense, net of amounts capitalized	1,582	1,336	246
Net income	$ 30,001	$ 29,339	$ 662

New Accounting Standards Issued But Not Yet Adopted

In February 2016, the FASB issued an ASU that is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those years (early adoption permitted). The Company is currently evaluating the impact of the adoption of this ASU on its financial statements and related disclosures. The Company expects the adoption

of this ASU to impact its balance sheet resulting from an increase in both assets and liabilities related to the Company's leasing activities.

Note 2 – Emergence From Voluntary Reorganization Under Chapter 11 and Fresh Start Accounting

On the Petition Date, the Debtors filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code in 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 December 3, 2016, the LINN Debtors filed the Amended Joint Chapter 11 Plan of Reorganization of Linn Energy, LLC and Its Debtor Affiliates Other Than Linn Acquisition Company, LLC and Berry Petroleum Company, LLC (the "Plan"). The LINN Debtors subsequently filed amended versions of the Plan with the Bankruptcy Court.

On December 13, 2016, LAC and Berry filed the Amended Joint Chapter 11 Plan of Reorganization of Linn Acquisition Company, LLC and Berry Petroleum Company, LLC (the "Berry Plan" and together with the Plan, the "Plans"). LAC and Berry subsequently filed amended versions of the Berry Plan with the Bankruptcy Court.

On January 27, 2017, the Bankruptcy Court entered an order approving and confirming the Plans (the "Confirmation Order"). On February 28, 2017 (the "Effective Date"), the Debtors satisfied the conditions to effectiveness of the respective Plans, the Plans became effective in accordance with their respective terms and LINN Energy and Berry emerged from bankruptcy as stand-alone, unaffiliated entities.

Reorganization Items, Net

The Company incurred significant costs and recognized significant gains associated with the reorganization of the Company in connection with the Chapter 11 proceedings. Reorganization items represent costs and income directly associated with the Chapter 11 proceedings since the Petition Date, and also include adjustments to reflect the carrying value of certain liabilities subject to compromise at their estimated allowed claim amounts, as such adjustments were determined. The following table summarizes the components of reorganization items included on the condensed consolidated and combined statements of operations:

	Successor	
	Three Months Ended September 30,	
	2018	2017
	(in thousands)	
Legal and other professional fees	$ (1,176)	$ (2,549)
Other	(101)	(56)
Reorganization items, net	$ (1,277)	$ (2,605)

(in thousands)	Successor		Predecessor
	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Gain on settlement of liabilities subject to compromise	$ —	$ —	$ 3,914,964
Recognition of an additional claim for the Predecessor's second lien notes settlement	—	—	(1,000,000)
Fresh start valuation adjustments	—	—	(591,525)
Income tax benefit related to implementation of the Plan	—	—	264,889
Legal and other professional fees	(4,383)	(8,247)	(46,961)
Terminated contracts	—	—	(6,915)
Other	(104)	18	(13,315)
Reorganization items, net	$ (4,487)	$ (8,229)	$ 2,521,137

Fresh Start Accounting

Upon LINN Energy's emergence from Chapter 11 bankruptcy, it adopted fresh start accounting in accordance with the provisions of Accounting Standards Codification 852 "Reorganizations" ("ASC 852"), which resulted in the Parent becoming a new entity for financial reporting purposes. In accordance with ASC 852, the Parent was required to adopt fresh start accounting upon its emergence from Chapter 11 because (i) the holders of existing voting ownership interests of the predecessor of the Parent (the "Predecessor") received less than 50% of the voting shares of the successor of the Parent (the "Successor") and (ii) the reorganization value of the Company's assets immediately prior to confirmation of the Plan was less than the total of all post-petition liabilities and allowed claims.

Upon adoption of fresh start accounting, the reorganization value derived from the enterprise value as disclosed in the Plan was allocated to the Company's assets and liabilities based on their fair values (except for deferred income taxes) in accordance with ASC 805 "Business Combinations." The amount of deferred income taxes recorded was determined in accordance with ASC 740 "Income Taxes." The Effective Date fair values of the Company's assets and liabilities differed materially from their recorded values as reflected on the historical balance sheet. The effects of the Plan and the application of fresh start accounting were reflected on the condensed consolidated balance sheet as of February 28, 2017, and the related adjustments thereto were recorded on the condensed consolidated statement of operations for the two months ended February 28, 2017.

Note 3 – Revenues

Revenue from Contracts with Customers

The Company recognizes sales of oil, natural gas and NGL when it satisfies a performance obligation by transferring control of the product to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the product.

Natural Gas and NGL Sales

The Company's natural gas production is primarily sold under market-sensitive contracts that are typically priced at a differential to the published natural gas index price for the producing area due to the natural gas quality and the proximity to major consuming markets.

For its natural gas contracts, the Company generally records its wet gas sales at the wellhead or inlet of the plant as revenues net of transportation, gathering and processing expenses, and its residual natural gas and NGL sales at the tailgate of the plant on a gross basis along with the associated transportation, gathering and processing expenses. All facts and circumstances of an arrangement are considered and judgment is often required in making this determination.

Oil Sales
The Company's oil production is primarily sold under market-sensitive contracts that are typically priced at a differential to the New York Mercantile Exchange ("NYMEX") price or at purchaser posted prices for the producing area. For its oil contracts, the Company generally records its sales based on the net amount received.

Production Imbalances
The Company uses the sales method to account for natural gas production imbalances. If the Company's sales volumes for a well exceed the Company's proportionate share of production from the well, a liability is recognized to the extent that the Company's share of estimated remaining recoverable reserves from the well is insufficient to satisfy this imbalance. No receivables are recorded for those wells on which the Company has taken less than its proportionate share of production.

Marketing Revenues
The Company engages in the purchase, gathering and transportation of third-party natural gas and subsequently markets such natural gas to independent purchasers under separate arrangements. As such, the Company separately reports third-party marketing revenues and marketing expenses.

Disaggregation of Revenue

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

	Three Months Ended September 30, 2018						
	Natural Gas	Oil	NGL	Oil, Natural Gas and NGL Sales	Marketing Revenues	Other Revenues	Total
	(in thousands)						
Hugoton Basin	$ 19,610	$ 105	$ 17,620	$ 37,335	$ 22,654	$ 5,832	$ 65,821
Mid-Continent	8,833	5,742	4,191	18,766	—	10	18,776
East Texas	11,906	957	850	13,713	258	5	13,976
Permian Basin	42	22	(367)	(303)	—	1	(302)
Michigan/Illinois	7,200	829	11	8,040	—	28	8,068
North Louisiana	6,019	863	473	7,355	437	1	7,793
Uinta Basin	3,485	1,140	122	4,747	—	—	4,747
Blue Mountain	—	—	—	—	43,897	—	43,897
Total	$ 57,095	$ 9,658	$ 22,900	$ 89,653	$ 67,246	$ 5,877	$ 162,776

	Nine Months Ended September 30, 2018						
	Natural Gas	Oil	NGL	Oil, Natural Gas and NGL Sales	Marketing Revenues	Other Revenues	Total
	(in thousands)						
Hugoton Basin	$ 59,374	$ 3,075	$ 54,009	$ 116,458	$ 69,155	$ 17,966	$ 203,579
Mid-Continent	24,388	22,489	10,552	57,429	—	49	57,478
East Texas	39,343	3,388	3,169	45,900	761	13	46,674
Permian Basin	2,324	20,676	2,190	25,190	—	33	25,223
Michigan/Illinois	21,208	2,338	34	23,580	—	94	23,674
North Louisiana	18,437	3,912	540	22,889	709	4	23,602
Uinta Basin	9,011	10,395	2,681	22,087	—	(1)	22,086
Blue Mountain	—	—	—	—	85,855	—	85,855
Total	$ 174,085	$ 66,273	$ 73,175	$ 313,533	$ 156,480	$ 18,158	$ 488,171

Contract Balances

Under the Company's product sales contracts, its 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 $78 million and $117 million as of September 30, 2018, and December 31, 2017, respectively.

Performance Obligations

The 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 exempting 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 sales contracts, each unit of product generally represents a separate performance obligation; therefore future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Note 4 – Divestitures and Discontinued Operations

Divestitures – 2018

On April 10, 2018, the Company completed the sale of its conventional properties located in New Mexico. Cash proceeds received from the sale of these properties were approximately $14 million, and the Company recognized a net gain of approximately $12 million.

On April 4, 2018, the Company completed the sale of its interest in properties located in the Altamont Bluebell Field in Utah (the "Altamont Bluebell Assets Sale"). Cash proceeds received from the sale of these properties were approximately $132 million, net of costs to sell of approximately $2 million, and the Company recognized a net gain of approximately $83 million.

On March 29, 2018, the Company completed the sale of its interest in conventional properties located in west Texas. Cash proceeds received from the sale of these properties were approximately $107 million, net of costs to sell of approximately $2 million, and the Company recognized a net gain of approximately $54 million.

On February 28, 2018, the Company completed the sale of its Oklahoma waterflood and Texas Panhandle properties (the "Oklahoma and Texas Assets Sale"). Cash proceeds received from the sale of these properties were approximately $108 million (including a deposit of approximately $12 million received in 2017), net of costs to sell of approximately $1 million, and the Company recognized a net gain of approximately $46 million.

The 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 on these divestitures are included in "(gains) losses on sale of assets and other, net" on the condensed consolidated statements of operations and were included in the upstream reporting segment.

The assets and liabilities associated with the Oklahoma and Texas Assets Sale were classified as "held for sale" on the condensed consolidated balance sheet at December 31, 2017. At December 31, 2017, the Company's condensed consolidated

balance sheet included current assets of approximately $107 million included in “assets held for sale” and current liabilities of approximately $43 million included in “liabilities held for sale” related to this transaction.

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, 2017
	(in thousands)
Assets:	
Oil and natural gas properties	$ 92,245
Other property and equipment	12,983
Other	1,735
Total assets held for sale	$ 106,963
Liabilities:	
Asset retirement obligations	$ 42,001
Other	1,301
Total liabilities held for sale	$ 43,302

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

Divestitures – 2017

On September 12, 2017, August 1, 2017, and July 31, 2017, the Company completed the sales of its interests in certain properties located in south Texas (the “South Texas Assets Sales”). Combined cash proceeds received from the sale of these properties were approximately $49 million, net of costs to sell of approximately $1 million, and the Company recognized a combined net gain of approximately $14 million.

On August 23, 2017, July 28, 2017, and May 9, 2017, the Company completed the sales of its interests in certain properties located in Texas and New Mexico (the “Permian Assets Sales”). Combined cash proceeds received from the sale of these properties were approximately $31 million and the Company recognized a combined net gain of approximately $29 million.

On June 30, 2017, the Company completed the sale of its interest in properties located in the Salt Creek Field in Wyoming to Denbury Resources Inc. (the “Salt Creek Assets Sale”). Cash proceeds received from the sale of these properties were approximately $75 million net of costs to sell of approximately $1 million, and the Company recognized a net gain of approximately $33 million.

On May 31, 2017, the Company completed the sale of its interest in properties located in western Wyoming to Jonah Energy LLC (the “Jonah Assets Sale”). Cash proceeds received from the sale of these properties were approximately $560 million, net of costs to sell of approximately $6 million, and the Company recognized a net gain of approximately $272 million.

The gains on these divestitures are included in “(gains) losses on sale of assets and other, net” on the condensed consolidated statements of operations and were included in the upstream reporting segment.

Discontinued Operations

On August 31, 2017, the Parent, through certain of its then subsidiaries, completed the transaction in which the Company and Citizen Energy II, LLC (“Citizen”) each contributed certain upstream assets located in Oklahoma to a newly formed company, Roan (such contribution, the “Roan Contribution”), which was focused on the accelerated development of the Merge/SCOOP/STACK play. In exchange for their respective contributions, a subsidiary of the Company and Citizen each received a 50% equity interest in Roan.

The Company used the equity method of accounting for its investment in Roan. The Company's equity earnings (losses) consisted of its share of Roan's earnings or losses and the amortization of the difference between the Company's investment in Roan and Roan's underlying net assets attributable to certain assets.

As discussed above, historically, a subsidiary of the Company owned the equity interest in Roan. However, on the Reorganization Date, the equity interest in Roan was distributed to the Parent and is no longer affiliated with Riviera. The carrying amount of the Company's investment in Roan of approximately $458 million at December 31, 2017, was classified as discontinued operations on the condensed consolidated balance sheet. The Company's equity earnings (losses) in Roan were classified as discontinued operations on the condensed consolidated statements of operations. No gain or loss was recognized for the distribution because the transaction was accounted for as an equity distribution to the Parent and is included in "net transfers to Parent" on the condensed consolidated statement of equity.

The following are summarized statements of operations information for Roan.

Summarized Roan Resources LLC Statements of Operations Information

	July 1, 2018 Through July 25, 2018	January 1, 2018 Through July 25, 2018	One Month Ended September 30, 2017
		(in thousands)	
Revenues and other	$ 30,468	$ 176,341	$ 16,819
Expenses	19,433	150,096	12,145
Other income and (expenses)	(1,374)	(4,260)	(160)
Net income	$ 9,661	$ 21,985	$ 4,514

For the three months and nine months ended September 30, 2018, the Company recorded equity losses from its historical 50% interest in Roan of approximately $19 million and earnings of $16 million, respectively (net of income tax expense of approximately $25 million and $6 million, respectively). For both the three months and seven months ended September 30, 2017, the Company's equity earnings from its historical 50% interest in Roan was approximately $1 million (net of income tax expense of approximately $886,000). The equity earnings and losses are included in "income (loss) from discontinued operations, net of income taxes" on the condensed consolidated statements of operations.

On July 31, 2017, the Company completed the sale of its interest in properties located in the San Joaquin Basin in California to Berry Petroleum Company, LLC (the "San Joaquin Basin Sale"). Cash proceeds received from the sale of these properties were approximately $253 million, net of costs to sell of approximately $4 million, and the Company recognized a net gain of approximately $120 million. The gain is included in "income (loss) from discontinued operations, net of income taxes" on the condensed consolidated statements of operations.

On July 21, 2017, the Company completed the sale of its interest in properties located in Los Angeles Basin in California to Bridge Energy LLC (the "Los Angeles Basin Sale"). Cash proceeds received from the sale of these properties were approximately $93 million, net of costs to sell of approximately $1 million, and the Company recognized a net gain of approximately $2 million. In addition, during August 2018, the company received an additional $7 million contingent payment related to the satisfaction of certain operational requirements resulting in a net gain of approximately $5 million. The gains are included in "income (loss) from discontinued operations, net of income taxes" on the condensed consolidated statements of operations.

As a result of the Company's strategic exit from California in 2017 (completed by the San Joaquin Basin Sale and the Los Angeles Basin Sale), the Company classified the results of operations and cash flows of its California properties as discontinued operations on its condensed consolidated and combined financial statements. The California properties were included in the upstream reporting segment.

The following tables present summarized financial results of the Company's California properties classified as discontinued operations on the condensed consolidated statements of operations:

	Successor		Predecessor
	Three Months Ended September 30, 2017	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
(in thousands)			
Revenues and other	$ 6,048	$ 33,684	$ 14,891
Expenses	2,913	19,231	13,758
Other income and (expenses)	(750)	(3,541)	(1,681)
Income (loss) from discontinued operations before income taxes	2,385	10,912	(548)
Income tax expense	1,334	4,102	—
Income (loss) from discontinued operations, net of income taxes	$ 1,051	$ 6,810	$ (548)

Other income and (expenses) includes an allocation of interest expense for the California properties which represents interest on debt that was required to be repaid as a result of the sales. In addition, for both the three months and seven months ended September 30, 2017, the Company recognized a net gain on the sale of the California properties of approximately $76 million (net of income tax expense of approximately $46 million). For both the three months and nine months ended September 30, 2018, the Company recognized a net gain of approximately $4 million (net of income tax expense of approximately $1 million) related to a contingent payment received during August 2018.

Note 5 – Oil and Natural Gas Properties

Oil and Natural Gas Capitalized Costs

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

	September 30, 2018	December 31, 2017
	(in thousands)	
Proved properties	$ 743,463	$ 904,390
Unproved properties	46,381	45,693
	789,844	950,083
Less accumulated depletion and amortization	(71,684)	(49,619)
	$ 718,160	$ 900,464

Note 6 – Debt

Riviera Credit Facility

On August 4, 2017, the Parent entered into a credit agreement with its then subsidiary Linn Energy Holdco II LLC (the "Borrower"), as borrower, Royal Bank of Canada, as administrative agent, and the lenders and agents party thereto, providing for a new senior secured reserve-based revolving loan facility (the "Riviera Credit Facility") with $500 million in borrowing commitments and an initial borrowing base of $500 million.

On April 30, 2018, the Parent entered into an amendment to the Riviera Credit Facility (the "Riviera Credit Facility Amendment") which, among other things, modified the borrowing base and maximum borrowing commitment amount to $425 million.

As of September 30, 2018, there were no borrowings outstanding under the Riviera Credit Facility and there was approximately $391 million of available borrowing capacity (which includes a $34 million reduction for outstanding letters of credit). As of October 31, 2018, total borrowings under the Riviera Credit Facility were $20 million and there was approximately $371 million of available borrowing capacity. The maturity date is August 4, 2020. In connection with the Spin-off and as required by the Riviera Credit Facility Amendment, Riviera executed a Joinder Agreement on August 7, 2018, whereby it assumed the obligations of the Parent under the Riviera Credit Facility. Following the Spin-off, the Borrower is a subsidiary of Riviera.

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. There was no change to the borrowing base as a result of the October 2018 redetermination. At the Company's election, interest on borrowings under the Riviera Credit Facility is determined by reference to either the London Interbank Offered Rate ("LIBOR") plus an applicable margin ranging from 2.50% to 3.50% per annum or the alternate base rate ("ABR") plus an applicable margin ranging from 1.50% to 2.50% 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 three 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, 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 4.0 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 as to 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.

Blue Mountain Credit Facility

On August 10, 2018, Blue Mountain Midstream entered into a credit agreement with Royal Bank of Canada, as administrative agent, and the lenders and agents party thereto, providing for a new senior secured revolving loan facility (the "Blue Mountain Credit Facility" and together with the Riviera Credit Facility, the "Credit Facilities"), providing for an initial borrowing commitment of $200 million.

Before Blue Mountain Midstream completes certain operational milestones (such completion of the operational milestones, the "Covenant Changeover Date"), a condition to any borrowing is that Blue Mountain Midstream's consolidated total indebtedness to capitalization ratio (the "Debt/Cap Ratio") be not greater than 0.35 to 1.00 upon giving effect to such borrowing. As such, prior to the Covenant Changeover Date, the available borrowing capacity under the Blue Mountain Credit Facility may be less than the aggregate amount of the lenders' commitments at such time. On and after the Covenant Changeover Date, Blue Mountain Midstream will no longer have to comply with the Debt/Cap Ratio as a condition to

drawing and may borrow up to the total amount of the lenders' aggregate commitments. The Blue Mountain Credit Facility also provides for the ability to increase the aggregate commitments of the lenders to up to $400 million after the Covenant Changeover Date, subject to obtaining commitments for any such increase, which may result in an increase in Blue Mountain Midstream's available borrowing capacity. As of September 30, 2018, the Covenant Changeover Date has not occurred, there were no borrowings outstanding under the Blue Mountain Credit Facility and there was approximately $72 million of available borrowing capacity (which includes a $12 million reduction for outstanding letters of credit). The Blue Mountain Credit Facility matures on 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 three 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) for certain periods, a ratio of consolidated total debt (subject to certain carve-outs) to the sum of (a) total debt (subject to certain carve-outs) and (b) consolidated owners' equity interest in Blue Mountain Midstream and its potential future subsidiaries of no greater than 0.35 to 1.00, and (ii) subject to satisfaction of certain conditions and for certain periods (a) a ratio of consolidated EBITDA to consolidated interest expense no less than 2.50 to 1.00, (b) 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 (c) 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 as to 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.

Note 7 – Derivatives

Commodity Derivatives

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 also hedges its exposure to natural gas differentials in certain operating areas.

The Company has historically entered into commodity hedging transactions primarily in the form of swap contracts that are designed to provide a fixed price, collars and, from time to time, put options that are designed to provide a fixed price floor with the opportunity for upside. The Company enters into these transactions with respect to a portion of its projected production to provide an economic hedge of the risk related to the future commodity prices received or paid. The Company does not enter into derivative contracts for trading purposes. The Company did not designate any of its contracts as cash flow hedges; therefore, the changes in fair value of these instruments are recorded in current earnings. See Note 8 for fair value disclosures about oil and natural gas commodity derivatives.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - Continued

(Unaudited)

The following table presents derivative positions for the periods indicated as of September 30, 2018:

	October 1 – December 31, 2018	2019	2020
Natural gas positions:			
Fixed price swaps (NYMEX Henry Hub):			
Hedged volume (MMMBtu)	17,572	22,265	—
Average price ($/MMBtu)	$ 3.02	$ 2.89	$ —
Oil positions:			
Fixed price swaps (NYMEX WTI):			
Hedged volume (MBbls)	147	401	183
Average price ($/Bbl)	$ 54.94	$ 64.52	$ 64.63
Natural gas basis differential positions: (1)			
PEPL basis swaps:			
Hedged volume (MMMBtu)	5,520	21,900	—
Hedge differential	$ (0.66)	$ (0.66)	$ —
MichCon basis swaps:			
Hedged volume (MMMBtu)	920	3,650	—
Hedge differential	$ (0.20)	$ (0.20)	$ —
NGPL TXOK basis swaps:			
Hedged volume (MMMBtu)	920	—	—
Hedge differential	$ (0.19)	$ —	$ —

(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.

In October 2018, the Company entered into commodity derivative contracts consisting of natural gas fixed price swaps and collars for 2019 and basis swaps for 2019 and 2020. During the nine months ended September 30, 2018, the Company entered into commodity derivative contracts consisting of natural gas basis swaps for March 2018 through December 2019, natural gas fixed price swaps for January 2019 through December 2019 and oil fixed price swaps for January 2019 through December 2020. During the seven months ended September 30, 2017, the Company entered into commodity derivative contracts consisting of oil fixed price swaps for January 2018 through December 2018 and natural gas fixed price swaps for January 2018 through December 2019. The Company did not enter into any commodity derivative contracts during the two months ended February 28, 2017.

In April 2018, in connection with the closing of the Altamont Bluebell Assets Sale, the Company canceled its oil collars for 2018 and 2019. The Company paid net cash settlements of approximately $20 million for the cancellations.

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 FERC'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.

Balance Sheet Presentation

The Company's commodity derivatives are presented on a net basis in "derivative instruments" on the condensed consolidated balance sheets. The following table summarizes the fair value of derivatives outstanding on a gross basis:

	September 30, 2018	December 31, 2017
	(in thousands)	
Assets:		
Commodity derivatives	$ 5,857	$ 22,589
Liabilities:		
Commodity derivatives	$ 9,100	$ 25,443

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. 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; therefore, 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 $6 million at September 30, 2018. 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

Gains and losses on derivatives were net losses of approximately $3 million and $26 million for the three months and nine months ended September 30, 2018, respectively. Gains and losses on derivatives were net losses of approximately $14 million for the three months ended September 30, 2017, and net gains of approximately $19 million and $93 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. Gains and losses on derivatives are reported on the condensed consolidated and combined statements of operations in "gains (losses) on oil and natural gas derivatives."

The Company paid net cash settlements of approximately $304,000 and $25 million for the three months and nine months ended September 30, 2018, respectively. The Company received net cash settlements of approximately $12 million and $20 million for the three months and seven months ended September 30, 2017, respectively, and paid net cash settlements of approximately $12 million for the two months ended February 28, 2017.

Note 8 – 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 oil and natural gas 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.

Fair Value Hierarchy

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).

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

	September 30, 2018		
	Level 2	Netting (1)	Total
	(in thousands)		
Assets:			
Commodity derivatives	$ 5,857	$ (2,505)	$ 3,352
Liabilities:			
Commodity derivatives	$ 9,100	$ (2,505)	$ 6,595

	December 31, 2017		
	Level 2	Netting (1)	Total
	(in thousands)		
Assets:			
Commodity derivatives	$ 22,589	$ (12,491)	$ 10,098
Liabilities:			
Commodity derivatives	$ 25,443	$ (12,491)	$ 12,952

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

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 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 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.

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

Asset retirement obligations at December 31, 2017	$	164,553
Liabilities added from drilling		70
Liabilities associated with assets divested		(62,275)
Current year accretion expense		5,660
Settlements		(2,444)
Revisions of estimates		1,027
Asset retirement obligations at September 30, 2018	$	106,591

Note 10 – Commitments and Contingencies

On May 11, 2016, the Debtors filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code in 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 the Confirmation Order. Consummation of the Plan was subject to certain conditions set forth in the Plan. On the Effective Date, 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, including to potentially reopen the Chapter 11 cases if certain matters currently on appeal in the U.S. Court of Appeals for the Fifth Circuit are overturned, including the Default Interest Appeal as defined below.

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.

In March 2017, Wells Fargo Bank, National Association ("Wells Fargo"), the administrative agent under the Predecessor's credit facility, filed a motion in the Bankruptcy Court seeking payment of post-petition default interest of approximately $31 million. The Company has vigorously disputed that Wells Fargo is entitled to any default interest based on the plain language of the Plan and Confirmation Order. On November 13, 2017, the Bankruptcy Court ruled that the secured lenders are not entitled to payment of post-petition default interest. That ruling was appealed by Wells Fargo and on March 29, 2018, the U.S. District Court for the Southern District of Texas affirmed the Bankruptcy Court's ruling. On April 30, 2018, the Bankruptcy Court approved the substitution of UMB Bank, National Association ("UMB Bank") as successor to Wells Fargo as administrative agent under the Predecessor's credit facility. UMB Bank then immediately filed a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit from the decision by the U.S. District Court for the Southern District of Texas, which affirmed the decision of the Bankruptcy Court. That appeal ("the Default Interest Appeal") remains pending.

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.

Except for in connection with its Chapter 11 proceedings, the Company made no significant payments to settle any legal, environmental or tax proceedings during the nine months ended September 30, 2018, or September 30, 2017. The Company regularly analyzes current information and accrues for probable liabilities on the disposition of certain matters as necessary. Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Note 11 – Equity

Shares Issued and Outstanding

On August 7, 2018, upon completion of the Spin-off, there were 76,190,908 shares of Riviera's common stock, par value $0.01 per share issued and outstanding.

As of September 30, 2018, there were 75,836,252 shares of common stock issued and outstanding. An additional 486,913 unvested restricted stock units are issued and outstanding under the Company's Omnibus Incentive Plan (see Note 12).

Share Repurchase Program

On August 16, 2018, the Company's Board of Directors authorized the repurchase of up to $100 million of the Company's outstanding shares of common stock. In September 2018, the Company repurchased an aggregate of 354,656 shares of common stock at an average price of $21.24 per share for a total cost of approximately $8 million. At October 31, 2018, approximately $92 million was available for share repurchase under the program.

In accordance with the SEC's regulations regarding issuer tender offers, the Company's share repurchase program was suspended concurrent with the September 24, 2018 announcement of the intent to commence a tender offer as discussed below. The program may be resumed on or after November 13, 2018.

Any share repurchases are subject to restrictions in the Riviera Credit Facility.

Tender Offer

On September 24, 2018, the Company's Board of Directors announced the intention to commence a tender offer to purchase $100 million of the Company's common stock. In October 2018, upon the terms and subject to the conditions described in the Offer to Purchase dated September 25, 2018, the Company expanded the tender offer to repurchase an aggregate of 6,062,179 shares of common stock at a price of $22.00 per share for a total cost of approximately $133 million (excluding expenses of the tender offer).

Dividends

The Company is not currently paying a cash dividend; however, 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.

Note 12 – Share-Based Compensation

Riviera Omnibus Incentive Plan

In August 2018, the Company implemented the Riviera Resources, Inc. 2018 Omnibus Incentive Plan (the "Omnibus Incentive Plan") pursuant to which 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.

Pursuant to the Spin-off, on August 7, 2018, certain employees of the Company received 520,837 Riviera RSUs. Such Riviera RSUs were originally granted as LINN RSUs pursuant to the Linn Energy, Inc. 2017 Omnibus Plan (the "LINN Incentive Plan"), and in connection with the Spin-off, the holders of such LINN RSUs received one Riviera RSU in respect of each such outstanding LINN RSU.

As of September 30, 2018, 486,913 shares were issuable under the Omnibus Incentive Plan pursuant to outstanding restricted stock units of the Company ("Riviera RSUs"). The Committee (as defined in the Omnibus Incentive Plan) has broad

authority under the 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 September 30, 2018, up to 3,468,915 shares of common stock were available for issuance under the Omnibus Incentive Plan. If any stock option or other stock-based award granted under the 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 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 Omnibus Incentive Plan are forfeited for any reason, the number of forfeited shares shall again be available for purposes of awards under the Omnibus Incentive Plan. Any award under the 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 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

In July 2018, Blue Mountain Midstream adopted the Blue Mountain Midstream LLC 2018 Omnibus Incentive Plan (the "BMM Incentive Plan") pursuant to which employees, consultants and non-employee directors 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. No awards have been granted under the BMM Incentive Plan.

Accounting for Share-Based Compensation

The condensed consolidated and combined financial statements include 100% of the Parent's employee-related expenses, as its personnel were employed by Riviera Operating, LLC, formerly known as Linn Operating, LLC ("Riviera Operating"), a subsidiary of the Parent that became a subsidiary of Riviera in connection with the Spin-off. 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, representing the Parent's capital contribution.

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

	Three Months Ended September 30,	
	2018	**2017**
	(in thousands)	
General and administrative expenses (1)	$ 56,063	$ 6,277
Income tax benefit	$ 2,016	$ 3,157

(1) The three months ended September 30, 2018, includes approximately $48 million recorded by the Parent prior to the Spin-off.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - Continued

(Unaudited)

(in thousands)	Successor		Predecessor
	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
General and administrative expenses (1)	$ 131,288	$ 25,876	$ 50,255
Income tax benefit	$ 8,748	$ 6,712	$ 5,170

(1) The nine months ended September 30, 2018, includes approximately $123 million recorded by the Parent prior to the Spin-off.

During the nine months ended September 30, 2018, the Parent granted to certain employees 12,500 LINN RSUs with an aggregate grant date fair value of approximately $519,000. The LINN RSUs were set to vest over three years.

Upon a participant's termination of employment and/or service (as applicable), the Parent had the right (but not the obligation) to repurchase all or any portion of the shares of Class A common stock, par value $0.001 per share of Linn Energy, Inc. ("LINN Class A common stock"), acquired pursuant to an award at a price equal to the fair market value (as determined under the LINN Incentive Plan) of the shares of LINN Class A common stock to be repurchased, measured as of the date of the Parent's repurchase notice. During May 2018, the Parent began exercising its right to repurchase vesting awards under the LINN Incentive Plan, which modified all outstanding awards to liability classification. For the nine months ended September 30, 2018, the Parent repurchased 302,410 LINN RSUs for a total cost of approximately $12 million pursuant to its right to repurchase vesting awards.

In April 2018, the Parent entered into agreements with each of its then serving executive officers, under which the Parent agreed, at the option of each officer, to repurchase certain of their LINN RSU awards and outstanding LINN Class A common stock. Pursuant to those agreements immediately prior to the Spin-off, on August 7, 2018, the Parent repurchased an aggregate of 2,477,834 shares of LINN Class A common stock for a total cost of approximately $102 million.

For the three months and nine months ended September 30, 2018, the Parent paid approximately $6 million and $24 million for the payment of income taxes on 142,399 shares and 585,397 shares withheld from participants upon vesting of LINN RSUs.

In addition, in January 2018, the Parent's board of directors' compensation committee approved a one-time liquidity program under which the Parent agreed, at the option of the participant, to 1) settle all or a portion of an eligible participant's LINN RSUs vesting on or before March 1, 2018, in cash, 2) repurchase all or a portion of any shares of LINN Class A common stock held by an eligible participant as a result of a prior vesting of restricted stock units, and/or 3) settle all or a portion of an eligible participant's LINN RSUs vesting after March 1, 2018, upon involuntary termination of employment, in each case at an agreed upon price (the "Liquidity Program"). Upon completion of the Spin-off, at the option of the participant, Riviera continued settling restricted stock units for cash under the Liquidity Program. For the period from January 1, 2018 through August 7, 2018, the Parent settled 1,028,875 LINN RSUs in cash and repurchased 120,829 shares of LINN Class A common stock for approximately $45 million pursuant to the Liquidity Program. In addition, for the period from August 8, 2018 through September 30, 2018, Riviera has repurchased 18,658 Riviera RSUs for a total cost of approximately $410,000 pursuant to the Liquidity Program.

At September 30, 2018, all outstanding share-based payment awards of the Company are liability classified. The Company has recognized a liability of approximately $3 million related to awards required to be liability classified, included in "other accrued liabilities" on the condensed consolidated balance sheet and recorded incremental share-based compensation expense of approximately $29 million related to modifying the awards to liability classification. In addition, all cash settlements of liability classified awards are classified as operating activites on the statement of cash flows.

On August 2, 2018, the Parent's board of directors authorized the termination of the LINN Incentive Plan following the settlement of all outstanding LINN RSUs and restricted common stock of the Parent. In addition all remaining unvested LINN RSUs were vested upon the Spin-off, exclusive of the dividend of one Riviera RSU associated with each unvested LINN RSU, which Riviera RSUs remain outstanding and unvested under the Company's Omnibus Incentive Plan. For the period from August 8, 2018 through September 30, 2018, the Company settled 391,422 vested LINN RSUs in cash for approximately $7 million and approximately $1 million for the payment of income taxes on 50,537 shares withheld from participants upon vesting of LINN RSUs. The LINN Incentive Plan terminated on September 17, 2018, following the settlement of all outstanding LINN RSUs and restricted common stock of the Parent.

Note 13 – Earnings Per Share

On August 7, 2018, the Parent distributed 76,190,908 shares of Riviera common stock to LINN Energy shareholders. The Parent did not retain any ownership in Riviera. Each shareholder of the Parent received one share of Riviera common stock for each share of LINN Class A common stock held by such shareholder of the Parent at the close of business on August 7, 2018, the record date.

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the period. Diluted earnings per share is computed by adjusting the average number of shares outstanding for the dilutive effect, if any, of potential common shares. Basic and diluted earnings per share and the average number of shares outstanding were retrospectively restated for the number of shares of Riviera common stock outstanding immediately following the Spin-off and the same number of shares was used to calculate basic and diluted earnings per share in 2017 since there were no Riviera equity awards outstanding prior to the Spin-off.

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

	Three Months Ended September 30,	
	2018	**2017**
	(in thousands, except per share amounts)	
Income (loss) from continuing operations	$ (33,236)	$ 43,606
Income (loss) from discontinued operations, net of income taxes	(14,899)	78,556
Net income (loss)	$ (48,135)	$ 122,162
Income (loss) per share:		
Income (loss) from continuing operations per share – Basic	$ (0.43)	$ 0.57
Income (loss) from continuing operations per share – Diluted	$ (0.43)	$ 0.57
Income (loss) from discontinued operations per share – Basic	$ (0.20)	$ 1.03
Income (loss) from discontinued operations per share – Diluted	$ (0.20)	$ 1.03
Net income (loss) per share – Basic	$ (0.63)	$ 1.60
Net income (loss) per share – Diluted	$ (0.63)	$ 1.60
Weighted average shares outstanding – Basic	76,135	76,191
Dilutive effect of unit equivalents	—	—
Weighted average shares outstanding – Diluted	76,135	76,191

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - Continued

(Unaudited)

	Successor		Predecessor
(in thousands, except per share amounts)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Income from continuing operations	$ 10,327	$ 265,943	$ 2,587,557
Income (loss) from discontinued operations, net of income taxes	19,674	84,315	(548)
Net income	$ 30,001	$ 350,258	$ 2,587,009
Income (loss) per share:			
Income from continuing operations per share – Basic	$ 0.13	$ 3.49	$ 33.96
Income from continuing operations per share – Diluted	$ 0.13	$ 3.49	$ 33.96
Income (loss) from discontinued operations per share – Basic	$ 0.26	$ 1.11	$ (0.01)
Income (loss) from discontinued operations per share – Diluted	$ 0.26	$ 1.11	$ (0.01)
Net income per share – Basic	$ 0.39	$ 4.60	$ 33.95
Net income per share – Diluted	$ 0.39	$ 4.60	$ 33.95
Weighted average shares outstanding – Basic	76,171	76,191	76,191
Dilutive effect of unit equivalents	347	—	—
Weighted average shares outstanding – Diluted	76,518	76,191	76,191

The diluted earnings per share calculation excludes approximately 347,000 restricted stock units that were anti-dilutive for the three months ended September 30, 2018. No restricted stock units were anti-dilutive for the nine months ended September 30, 2018.

Note 14 – Income Taxes

For periods prior to the Spin-off, income tax expense and deferred tax balances were calculated on a separate tax return basis although Riviera's operations have historically been included in the tax returns filed by the Parent, of which Riviera's business was a part. Beginning August 8, 2018, as a stand-alone entity, Riviera will file tax returns on its own behalf and its deferred taxes and effective tax rate may differ from those in the historical periods.

Amounts recognized as income taxes are included in "income tax expense (benefit)," as well as discontinued operations, on the condensed consolidated statements of operations. The effective income tax rates were approximately 54% and 71% for the three months and nine months ended September 30, 2018, respectively, approximately 4% and 37% for the three months and seven months ended September 30, 2017, respectively, and zero for the two months ended February 28, 2017. For the nine months ended September 30, 2018, the Company's federal and state statutory rate net of the federal tax benefit was approximately 24%. The increase in the effective tax rate in excess of the statutory rate is primarily due to non-deductible executive compensation prior to the Spin-off.

The Successor was formed as a C corporation. For federal and state income tax purposes (with the exception of the state of Texas), the Predecessor was a limited liability company treated as a partnership, in which income tax liabilities and/or benefits were passed through to the Predecessor's unitholders. Limited liability companies are subject to Texas margin tax. In addition, certain of the Predecessor's subsidiaries were C corporations subject to federal and state income taxes. As such, with the exception of the state of Texas and certain subsidiaries, the Predecessor did not directly pay federal and state income taxes and recognition was not given to federal and state income taxes for the operations of the Predecessor. The deferred tax effects of the Company's change to a C corporation are included in income from continuing operations for the two months ended February 28, 2017.

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - Continued

(Unaudited)

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

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

	September 30, 2018	December 31, 2017
	(in thousands)	
Prepaids	$ 13,881	$ 43,150
Receivable from related party	—	23,163
Inventories	4,030	7,667
Other	1,777	2,703
Other current assets	$ 19,688	$ 76,683

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

	September 30, 2018	December 31, 2017
	(in thousands)	
Accrued compensation	$ 13,401	$ 29,089
Asset retirement obligations (current portion)	1,488	3,926
Deposits	4,936	15,349
Income taxes payable	—	7,009
Other	5,452	2,757
Other accrued liabilities	$ 25,277	$ 58,130

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:

	September 30, 2018	December 31, 2017
	(in thousands)	
Cash and cash equivalents	$ 156,917	$ 464,477
Restricted cash	27,130	56,445
Cash, cash equivalents and restricted cash	$ 184,047	$ 520,922

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

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Cash payments for interest, net of amounts capitalized	$ —	$ 15,140	$ 17,651
Cash payments for income taxes	$ —	$ 275	$ —
Cash payments for reorganization items, net	$ 4,114	$ 10,802	$ 21,571
Noncash investing activities:			
Accrued capital expenditures	$ 18,516	$ 42,388	$ 22,191

For purposes of the condensed consolidated and combined 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 September 30, 2018, “restricted cash” on the condensed consolidated balance sheet consisted of approximately $22 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) and approximately $5 million related to deposits. At December 31, 2017, “restricted cash” on the condensed consolidated balance sheet consisted of approximately $36 million that will be used to settle certain claims in accordance with the Plan, approximately $15 million related to deposits and approximately $5 million for other items.

Note 16 – Related Party Transactions

Roan Resources LLC

On August 31, 2017, the Company completed the Roan Contribution. In exchange for their respective contributions, the Company and Citizen each received a 50% equity interest in Roan. Also on such date, Roan entered into a Master Services Agreement (the “MSA”) with Riviera Operating, pursuant to which Riviera Operating agreed to provide certain operating, administrative and other services in respect of the assets contributed to Roan during a transitional period.

Under the MSA, Roan agreed to reimburse Riviera Operating for certain costs and expenses incurred by Riviera Operating in connection with providing the services, and to pay to Riviera Operating a service fee of $1.25 million per month, prorated for partial months. The MSA terminated according to its terms on April 30, 2018.

In addition, the Company’s subsidiary, Blue Mountain Midstream has an agreement in place with Roan for the purchase and processing of natural gas from certain of Roan’s properties.

For the three months and nine months ended September 30, 2018, the Company made natural gas purchases from Roan of approximately $34 million and $65 million, respectively, included in “marketing expenses” on the condensed consolidated statements of operations. In addition, for the nine months ended September 30, 2018, the Company recognized service fees of $5 million under the MSA, as a reduction to general and administrative expenses. At September 30, 2018, the Company had approximately $12 million due to Roan, associated with natural gas purchases, included in “accounts payable and accrued expenses” on the condensed consolidated balance sheet. At December 31, 2017, the Company had approximately $23 million due from Roan, primarily associated with capital spending, included in “other current assets” and approximately $18 million due to Roan, primarily associated with joint interest billings and natural gas purchases, included in “accounts payable and accrued expenses” on the condensed consolidated balance sheet.

Note 17 – Segments

During the third quarter of 2018, the Company had two reporting segments: Upstream and Blue Mountain. The upstream reporting segment was engaged in the exploration, development, production, and sale of oil, natural gas, and NGLs and consists of the Company's properties in the Hugoton Basin, (including the Jayhawk natural gas processing plant, located in Kansas), East Texas, North Louisiana, Michigan/Illinois, the Uinta Basin and the Mid-Continent. The Blue Mountain reporting segment was new for the second quarter of 2018 as a result of a change in the way the chief operating decision maker ("CODM") assesses the Company's results of operations following the hiring of a segment manager to lead the Blue Mountain reporting segment and the commissioning of the cryogenic natural gas processing facility during the second quarter of 2018. The Blue Mountain reporting segment consists of the Cryo 1 gas plant system, which is comprised of the newly constructed cryogenic natural gas processing facility, a network of gathering pipelines and compressors located in the Merge/SCOOP/STACK play. To assess the performance of the Company's reporting segments, the CODM analyzes field level cash flow. 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," "other income and (expenses)" and "reorganization items, net." Prior period amounts are presented on a comparable basis. In addition, information regarding total assets by reporting segment is not presented because it is not reviewed by the CODM.

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

	Successor			
	Three Months Ended September 30, 2018			
	Upstream	Blue Mountain	Not Allocated to Segments	Consolidated
	(in thousands)			
Oil, natural gas and natural gas liquids sales	$ 89,653	$ —	$ —	$ 89,653
Marketing revenues	23,349	43,897	—	67,246
Other revenues	5,877	—	—	5,877
	118,879	43,897	—	162,776
Lease operating expenses	22,930	—	—	22,930
Transportation expenses	22,304	—	—	22,304
Marketing expenses	21,629	41,520	—	63,149
Taxes other than income taxes	6,904	237	21	7,162
Total direct operating expenses	73,767	41,757	21	115,545
Field level cash flow	$ 45,112	$ 2,140	(21)	47,231
Losses on oil and natural gas derivatives			(3,175)	(3,175)
Other indirect income (expenses)			(116,920)	(116,920)
Loss from continuing operations before income taxes				$ (72,864)

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - Continued

(Unaudited)

	Successor			
	Three Months Ended September 30, 2017			
	Upstream	Blue Mountain	Not Allocated to Segments	Consolidated
	(in thousands)			
Oil, natural gas and natural gas liquids sales	$ 206,318	$ —	$ —	$ 206,318
Marketing revenues	36,565	1,928	—	38,493
Other revenues	6,368	—	—	6,368
	249,251	1,928	—	251,179
Lease operating expenses	61,272	—	—	61,272
Transportation expenses	34,541	—	—	34,541
Marketing expenses	32,812	1,287	—	34,099
Taxes other than income taxes	12,578	15	(225)	12,368
Total direct operating expenses	141,203	1,302	(225)	142,280
Field level cash flow	$ 108,048	$ 626	225	108,899
Losses on oil and natural gas derivatives			(14,497)	(14,497)
Other indirect income (expenses)			(49,150)	(49,150)
Income from continuing operations before income taxes				$ 45,252

	Successor			
	Nine Months Ended September 30, 2018			
	Upstream	Blue Mountain	Not Allocated to Segments	Consolidated
	(in thousands)			
Oil, natural gas and natural gas liquids sales	$ 313,533	$ —	$ —	$ 313,533
Marketing revenues	70,625	85,855	—	156,480
Other revenues	18,158	—	—	18,158
	402,316	85,855	—	488,171
Lease operating expenses	94,902	—	—	94,902
Transportation expenses	62,611	—	—	62,611
Marketing expenses	63,009	82,222	—	145,231
Taxes other than income taxes	21,812	714	203	22,729
Total direct operating expenses	242,334	82,936	203	325,473
Field level cash flow	$ 159,982	$ 2,919	(203)	162,698
Losses on oil and natural gas derivatives			(25,730)	(25,730)
Other indirect income (expenses)			(101,394)	(101,394)
Income from continuing operations before income taxes				$ 35,574

RIVIERA RESOURCES, INC.

NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - Continued

(Unaudited)

	Successor			
	Seven Months Ended September 30, 2017			
	Upstream	Blue Mountain	Not Allocated to Segments	Consolidated
	(in thousands)			
Oil, natural gas and natural gas liquids sales	$ 529,810	$ —	$ —	$ 529,810
Marketing revenues	49,838	4,116	—	53,954
Other revenues	14,787	—	—	14,787
	594,435	4,116	—	598,551
Lease operating expenses	156,959	—	—	156,959
Transportation expenses	85,652	—	—	85,652
Marketing expenses	41,325	2,289	—	43,614
Taxes other than income taxes	37,056	170	90	37,316
Total direct operating expenses	320,992	2,459	90	323,541
Field level cash flow	$ 273,443	$ 1,657	(90)	275,010
Gains on oil and natural gas derivatives			19,258	19,258
Other indirect income (expenses)			130,419	130,419
Income from continuing operations before income taxes				$ 424,687

	Predecessor			
	Two Months Ended February 28, 2017			
	Upstream	Blue Mountain	Not Allocated to Segments	Consolidated
	(in thousands)			
Oil, natural gas and natural gas liquids sales	$ 188,885	$ —	$ —	$ 188,885
Marketing revenues	5,999	637	—	6,636
Other revenues	9,915	—	—	9,915
	204,799	637	—	205,436
Lease operating expenses	49,665	—	—	49,665
Transportation expenses	25,972	—	—	25,972
Marketing expenses	4,602	218	—	4,820
Taxes other than income taxes	14,773	78	26	14,877
Total direct operating expenses	95,012	296	26	95,334
Field level cash flow	$ 109,787	$ 341	(26)	110,102
Gains on oil and natural gas derivatives			92,691	92,691
Other indirect income (expenses)			2,384,598	2,384,598
Income from continuing operations before income taxes				$ 2,587,391

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 Registration Statement on Form S-1, as amended (File No. 333-225927) (the "Registration Statement"). 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, market prices for oil, natural gas and NGL, production volumes, estimates of proved reserves, capital expenditures, 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 the Registration Statement.

Unless otherwise indicated or the context otherwise requires, references herein to the "Company" refer (i) prior to the Spin-off (as defined below) to Linn Energy, Inc. ("Parent") and its consolidated subsidiaries, and (ii) after the Spin-off, 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. References to "Successor" herein refer to the Company in periods subsequent to LINN Energy's emergence from bankruptcy and references to "Predecessor" herein refer to the Company in periods prior to LINN Energy's emergence from bankruptcy.

In April 2018, the Parent announced its intention to separate Riviera from LINN Energy. Following the Spin-off, Riviera is a new independent oil and natural gas company with a strategic focus on efficiently operating its mature low-decline assets, developing its growth-oriented assets, and returning capital to shareholders.

To effect the separation, the Parent and certain of its then direct and indirect subsidiaries undertook an internal reorganization (including the conversion of Riviera Resources, LLC from a limited liability company to a corporation named Riviera Resources, Inc.), following which Riviera holds, directly or through its subsidiaries, substantially all of the assets of LINN Energy, other than LINN Energy's 50% equity interest in Roan Resources LLC ("Roan"). A subsidiary of the Company held the equity interest in Roan until the Parent's internal reorganization on July 25, 2018 (the "Reorganization Date"). Following the internal reorganization, the Parent distributed all of the outstanding shares of Riviera common stock to the Parent's shareholders on a pro rata basis (the "Spin-off"). The Spin-off was completed on August 7, 2018. Prior to the completion of the Spin-off, a then subsidiary of the Parent distributed $40 million to the Parent to pay the Parent's obligations during the transition period under the TSA (as defined below). Linn Energy, Inc. returned such $40 million to Riviera on September 24, 2018, which included approximately $7 million for the reimbursement of cash paid to settle the Parent's restricted stock units held by Riviera's employees and approximately $1 million for the payment of income taxes on shares withheld from participants upon vesting (see Note 12).

Following the Spin-off, Riviera is an independent reporting company quoted for trading on the OTCQX Market under the ticker "RVRA," and the Parent did not retain any ownership interest in Riviera.

On August 7, 2018, Riviera entered into a Transition Services Agreement (the "TSA") with the Parent to facilitate an orderly transition following the Spin-off. Pursuant to the TSA, Riviera agreed to provide the Parent with certain finance, financial reporting, information technology, investor relations, legal, payroll, tax and other services during the term of the TSA. Riviera reimbursed the Parent for, or paid on the Parent's behalf, all direct and indirect costs and expenses incurred by the Parent during the term of the agreement in connection with the fees for any such services. The TSA terminated in accordance with its terms on September 24, 2018.

During the reporting period, the Parent was a successor issuer of Linn Energy, LLC pursuant to Rule 15d-5 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As discussed further in Note 2, on May 11, 2016 (the "Petition Date"), 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 ("Bankruptcy Petitions") for relief under Chapter 11 of the U.S. Bankruptcy Code ("Bankruptcy Code") in the U.S. Bankruptcy Court for the Southern District of Texas ("Bankruptcy Court"). The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. During the pendency of the Chapter 11 proceedings, the Debtors operated their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. LINN Energy emerged from bankruptcy effective February 28, 2017 (the "Effective Date").

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

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

Executive Overview

Prior to the Spin-off the Company was an indirect subsidiary of the Parent. After the Spin-off, the Company's upstream reporting segment properties are currently located in six operating regions in the United States ("U.S."):

- Hugoton Basin, which includes oil and natural gas properties, as well as the Jayhawk natural gas processing plant, located in Kansas (the "Jayhawk Plant");
- East Texas, which includes oil and natural gas properties producing primarily from the Cotton Valley and Bossier Sandstone;
- North Louisiana, which includes oil and natural gas properties producing primarily from the Cotton Valley Sandstones;
- Michigan/Illinois, which includes properties producing from the Antrim Shale formation located in northern Michigan and oil properties in southern Illinois;
- Uinta Basin, which includes non-operated properties located in the Drunkards Wash field in Utah; and
- Mid-Continent, which includes properties in the Northwest STACK in northwestern Oklahoma, the Arkoma STACK located in southeastern Oklahoma, and various other oil and natural gas producing properties throughout Oklahoma.

The Blue Mountain reporting segment consists of the Cryo 1 gas plant system, which is comprised of the newly constructed cryogenic natural gas processing facility, a network of gathering pipelines and compressors 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.

Historically, a subsidiary of the Company also owned a 50% equity interest in Roan. The Company's equity earnings (losses), consisting of its share of Roan's earnings or losses, are included in the condensed consolidated financial statements through the Reorganization Date. However, on the Reorganization Date, the equity interest in Roan was distributed to the Parent and is no longer affiliated with Riviera. As such, the Company has classified the investment and equity earnings (losses) in Roan as discontinued operations on its condensed consolidated financial statements. See Note 4 for additional information.

During 2018, the Company divested all of its properties located in the previous Permian Basin operating region. During 2017, the Company divested all of its properties located in the previous California and South Texas operating regions. As a result of the Company's strategic exit from California in 2017 (completed by the sale of its interest in properties located in the San Joaquin Basin and the Los Angeles Basin in California), the Company classified the results of operations and cash flows of its California properties as discontinued operations on its condensed consolidated and combined financial statements. See below and Note 4 for details of the Company's divestitures.

For the three months ended September 30, 2018, the Company's results included the following:

- oil, natural gas and NGL sales of approximately $90 million compared to $206 million or the three months ended September 30, 2017;
- average daily production of approximately 302 MMcfe/d compared to 586 MMcfe/d for the three months ended September 30, 2017;
- net loss of approximately $48 million compared to net income of $122 million for the three months ended September 30, 2017;
- capital expenditures of approximately $34 million compared to $123 million for the three months ended September 30, 2017; and
- 24 wells drilled (all successful) compared to 22 wells drilled (all successful) for the three months ended September 30, 2017.

For the nine months ended September 30, 2018, the Company's results included the following:

- oil, natural gas and NGL sales of approximately $314 million compared to $530 million and $189 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively;

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

- average daily production of approximately 338 MMcfe/d compared to 664 MMcfe/d and 745 MMcfe/d for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively;
- net income of approximately $30 million compared to $350 million and $2.6 billion for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively;
- net cash used in operating activities from continuing operations of approximately $28 million compared to net cash provided by operating activities of approximately $138 million and $144 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively;
- capital expenditures of approximately $143 million compared to $237 million and $46 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively; and
- 39 wells drilled (all successful) compared to 63 wells drilled (all successful) for the nine months ended September 30, 2017.

Predecessor and Successor Reporting

As a result of the application of fresh start accounting (see Note 2), the Company's condensed consolidated and combined financial statements and certain note presentations are separated into two distinct periods, the period before the Effective Date (labeled Predecessor) and the period after that date (labeled Successor), to indicate the application of a different basis of accounting between the periods presented. Despite this separate presentation, there was continuity of the Company's operations.

Divestitures

Below are the Company's completed divestitures in 2018:

On April 10, 2018, the Company completed the sale of its conventional properties located in New Mexico (the "New Mexico Assets Sale"). Cash proceeds received from the sale of these properties were approximately $14 million and the Company recognized a net gain of approximately $12 million.

On April 4, 2018, the Company completed the sale of its interest in properties located in the Altamont Bluebell Field in Utah (the "Altamont Bluebell Assets Sale"). Cash proceeds received from the sale of these properties were approximately $132 million, net of costs to sell of approximately $2 million, and the Company recognized a net gain of approximately $83 million.

On March 29, 2018, the Company completed the sale of its interest in conventional properties located in west Texas (the "West Texas Assets Sale"). Cash proceeds received from the sale of these properties were approximately $107 million, net of costs to sell of approximately $2 million, and the Company recognized a net gain of approximately $54 million.

On February 28, 2018, the Company completed the sale of its Oklahoma waterflood and Texas Panhandle properties (the "Oklahoma and Texas Assets Sale"). Cash proceeds received from the sale of these properties were approximately $108 million (including a deposit of approximately $12 million received in 2017), net of costs to sell of approximately $1 million, and the Company recognized a net gain of approximately $46 million.

Construction of Cryogenic Plant

In August 2018, the Company's Board of Directors approved Blue Mountain Midstream's plan to initiate the engineering and design of a second cryogenic natural gas processing plant servicing the Merge/SCOOP/STACK play in central Oklahoma. Management continues to perform the initial engineering and design evaluation to determine the ultimate size and timing based on the latest customer production forecast and ongoing business development activities.

In July 2017, the Company's subsidiary Blue Mountain Midstream entered into a definitive agreement with BCCK Engineering, Inc. to construct a 225 MMcf/d cryogenic natural gas processing facility with a total capacity of 250 MMcf/d. The facility was successfully commissioned in the second quarter of 2018.

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

2018 Oil and Natural Gas Capital Budget

For 2018, the Company estimates its total capital expenditures, excluding acquisitions, will be approximately $190 million, including approximately $65 million related to its oil and natural gas capital program and approximately $125 million related to Blue Mountain Midstream. This estimate is under continuous review and subject to ongoing adjustments.

Financing Activities

Share Repurchase Program
On August 16, 2018, the Company's Board of Directors authorized the repurchase of up to $100 million of the Company's outstanding shares of common stock. In September 2018, the Company repurchased an aggregate of 354,656 shares of common stock at an average price of $21.24 per share for a total cost of approximately $8 million. At October 31, 2018, approximately $92 million was available for share repurchase under the program.

In accordance with the SEC's regulations regarding issuer tender offers, the Company's share repurchase program was suspended concurrent with the September 24, 2018 announcement of the intent to commence a tender offer as discussed below. The program may be resumed on or after November 13, 2018.

Any share repurchases are subject to restrictions in the Company's senior secured reserve-based revolving loan facility (the "Riviera Credit Facility").

Tender Offer
On September 24, 2018, the Company's Board of Directors announced the intention to commence a tender offer to purchase $100 million of the Company's common stock. In October 2018, upon the terms and subject to the conditions described in the Offer to Purchase dated September 25, 2018, the Company expanded the tender offer to repurchase an aggregate of 6,062,179 shares of common stock at a price of $22.00 per share for a total cost of approximately $133 million (excluding expenses of the tender offer).

Blue Mountain Credit Facility
On August 10, 2018, Blue Mountain Midstream entered into a credit agreement with Royal Bank of Canada, as administrative agent, and the lenders and agents party thereto, providing for a new senior secured revolving loan facility (the "Blue Mountain Credit Facility" and together with Riviera Credit Facility, the "Credit Facilities"), providing for an initial borrowing commitment of $200 million.

Before Blue Mountain Midstream completes certain operational milestones (such completion of the operational milestones, the "Covenant Changeover Date"), a condition to any borrowing is that Blue Mountain Midstream's consolidated total indebtedness to capitalization ratio (the "Debt/Cap Ratio") be not greater than 0.35 to 1.00 upon giving effect to such borrowing. As such, prior to the Covenant Changeover Date, the available borrowing capacity under the Blue Mountain Credit Facility may be less than the aggregate amount of the lenders' commitments at such time. On and after the Covenant Changeover Date, Blue Mountain Midstream will no longer have to comply with the Debt/Cap Ratio as a condition to drawing and may borrow up to the total amount of the lenders' aggregate commitments. The Blue Mountain Credit Facility also provides for the ability to increase the aggregate commitments of the lenders to up to $400 million after the Covenant Changeover Date, subject to obtaining commitments for any such increase, which may result in an increase in Blue Mountain Midstream's available borrowing capacity. As of September 30, 2018, the Covenant Changeover Date has not occurred, there were no borrowings outstanding under the Blue Mountain Credit Facility and there was approximately $72 million of available borrowing capacity (which includes a $12 million reduction for outstanding letters of credit). The Blue Mountain Credit Facility matures on August 10, 2023.

Listing on the OTCQX Market

As a result of completing the Spin-off, the Company's common stock began trading on the OTCQX market under the symbol "RVRA."

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

Commodity Derivatives

During the nine months ended September 30, 2018, the Company entered into commodity derivative contracts consisting of natural gas basis swaps for March 2018 through December 2019, natural gas fixed price swaps for January 2019 through December 2019 and oil fixed price swaps for January 2019 through December 2020. In April 2018, in connection with the closing of the Altamont Bluebell Assets Sale, the Company canceled its oil collars for 2018 and 2019. The Company paid net cash settlements of approximately $20 million for the cancellations.

In October 2018, the Company entered into commodity derivative contracts consisting of natural gas fixed price swaps and collars for 2019 and basis swaps for 2019 and 2020. The following table summarizes derivative positions for the periods indicated as of October 31, 2018:

	November 1 – December 31, 2018	2019	2020
Natural gas positions:			
Fixed price swaps (NYMEX Henry Hub):			
Hedged volume (MMMBtu)	11,651	36,865	—
Average price ($/MMBtu)	$ 3.02	$ 2.88	$ —
Collars (NYMEX Henry Hub):			
Hedged volume (MMMBtu)	—	7,300	—
Average floor price	$ —	$ 2.75	$ —
Average ceiling price	$ —	$ 3.00	$ —
Oil positions:			
Fixed price swaps (NYMEX WTI):			
Hedged volume (MBbls)	98	401	183
Average price ($/Bbl)	$ 54.95	$ 64.52	$ 64.63
Natural gas basis differential positions: (1)			
PEPL basis swaps:			
Hedged volume (MMMBtu)	3,660	25,550	—
Hedge differential	$ (0.66)	$ (0.64)	$ —
MichCon basis swaps:			
Hedged volume (MMMBtu)	610	7,300	3,660
Hedge differential	$ (0.20)	$ (0.19)	$ (0.19)
NWPL basis swaps:			
Hedged volume (MMMBtu)	—	3,650	—
Hedge differential	$ —	$ (0.61)	$ —
NGPL TXOK basis swaps:			
Hedged volume (MMMBtu)	610	—	—
Hedge differential	$ (0.19)	$ —	$ —

(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.

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

Results of Operations

Three Months Ended September 30, 2018, Compared to Three Months Ended September 30, 2017

	Successor		
	Three Months Ended September 30,		
	2018	2017	Variance
	(in thousands)		
Revenues and other:			
Natural gas sales	$ 57,095	$ 92,470	$ (35,375)
Oil sales	9,658	74,384	(64,726)
NGL sales	22,900	39,464	(16,564)
Total oil, natural gas and NGL sales	89,653	206,318	(116,665)
Losses on oil and natural gas derivatives	(3,175)	(14,497)	11,322
Marketing and other revenues	73,123	44,861	28,262
	159,601	236,682	(77,081)
Expenses:			
Lease operating expenses	22,930	61,272	(38,342)
Transportation expenses	22,304	34,541	(12,237)
Marketing expenses	63,149	34,099	29,050
General and administrative expenses (1)	90,931	30,035	60,896
Exploration costs	2,487	171	2,316
Depreciation, depletion and amortization	21,515	37,766	(16,251)
Taxes, other than income taxes	7,162	12,368	(5,206)
(Gains) losses on sale of assets and other, net	221	(25,896)	26,117
	230,699	184,356	46,343
Other income and (expenses)	(489)	(4,469)	3,980
Reorganization items, net	(1,277)	(2,605)	1,328
Income (loss) from continuing operations before income taxes	(72,864)	45,252	(118,116)
Income tax expense (benefit)	(39,628)	1,646	(41,274)
Income (loss) from continuing operations	(33,236)	43,606	(76,842)
Income (loss) from discontinued operations, net of income taxes	(14,899)	78,556	(93,455)
Net income (loss)	$ (48,135)	$ 122,162	$ (170,297)

(1) General and administrative expenses for the three months ended September 30, 2018, and September 30, 2017, include approximately $56 million and $6 million, respectively, of share-based compensation expenses and approximately $8 million and $304,000, respectively of severance costs. In addition, general and administrative expenses for the three months ended September 30, 2018, includes approximately $7 million of Spin-off related costs.

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

	Successor		
	Three Months Ended September 30,		
	2018	2017	Variance
Average daily production:			
Natural gas (MMcf/d)	243	368	(34%)
Oil (MBbls/d)	1.4	17.7	(92%)
NGL (MBbls/d)	8.4	18.5	(55%)
Total (MMcfe/d)	302	586	(48%)
Weighted average prices: (1)			
Natural gas (Mcf)	$ 2.55	$ 2.73	(7%)
Oil (Bbl)	$ 72.89	$ 45.58	60%
NGL (Bbl)	$ 29.78	$ 23.18	28%
Average NYMEX prices:			
Natural gas (MMBtu)	$ 2.90	$ 3.00	(3%)
Oil (Bbl)	$ 69.50	$ 48.20	44%
Costs per Mcfe of production:			
Lease operating expenses	$ 0.83	$ 1.14	(27%)
Transportation expenses	$ 0.80	$ 0.64	25%
General and administrative expenses (2)	$ 3.27	$ 0.56	484%
Depreciation, depletion and amortization	$ 0.77	$ 0.70	10%
Taxes, other than income taxes	$ 0.26	$ 0.23	13%
Average daily production – discontinued operations:			
Equity method investments — Total (MMcfe/d) (3)	34	23	48%
California — Total (MMcfe/d) (4)	—	8	(100%)

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

(2) General and administrative expenses for the three months ended September 30, 2018, and September 30, 2017, include approximately $56 million and $6 million, respectively, of share-based compensation expenses and approximately $8 million and $304,000, respectively of severance costs. In addition, general and administrative expenses for the three months ended September 30, 2018, includes approximately $7 million of Spin-off related costs.

(3) Represents the Company's historical 50% equity interest in Roan. Production of Roan for 2018 is for the period from July 1, 2018 through July 25, 2018. Production of Roan for 2017 is for the period from September 1, 2017 through September 30, 2017.

(4) Production of California properties is for the period from July 1, 2017 through July 31, 2017.

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

Upstream Reporting Segment

	Successor Three Months Ended September 30,		
	2018	2017	Variance
	(in thousands)		
Oil, natural gas and NGL sales	$ 89,653	$ 206,318	$ (116,665)
Marketing and other revenues	29,226	42,933	(13,707)
	118,879	249,251	(130,372)
Lease operating expenses	22,930	61,272	(38,342)
Transportation expenses	22,304	34,541	(12,237)
Marketing expenses	21,629	32,812	(11,183)
Severance taxes and ad valorem taxes	6,904	12,578	(5,674)
Total direct operating expenses	73,767	141,203	(67,436)
Field level cash flow (1)	$ 45,112	$ 108,048	$ (62,936)

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

Oil, Natural Gas and NGL Sales

Oil, natural gas and NGL sales decreased by approximately $116 million or 57% to approximately $90 million for the three months ended September 30, 2018, from approximately $206 million for the three months ended September 30, 2017, due to lower production volumes as a result of divestitures completed in 2017 and 2018. Lower natural gas prices resulted in a decrease in revenues of approximately $3 million. Higher NGL and oil prices resulted in an increase in revenues of approximately $5 million and $4 million, respectively.

Average daily production volumes decreased to approximately 302 MMcfe/d for the three months ended September 30, 2018, from 586 MMcfe/d for the three months ended September 30, 2017. Lower oil, natural gas and NGL production volumes resulted in a decrease in revenues of approximately, $69 million, $31 million and $22 million, respectively.

The following table sets forth average daily production by region:

	Successor Three Months Ended September 30,			
	2018	2017	Variance	
Average daily production (MMcfe/d):				
Hugoton Basin	130	169	(39)	(23%)
Mid-Continent	56	93	(37)	(39%)
East Texas	47	50	(3)	(6%)
Michigan/Illinois	27	29	(2)	(5%)
North Louisiana	25	31	(6)	(21%)
Uinta Basin	17	160	(143)	(89%)
Permian Basin	—	43	(43)	(100%)
South Texas	—	11	(11)	(100%)
	302	586	(284)	(48%)

The decrease in average daily production volumes in the Mid-Continent region primarily reflects lower production volumes as a result of the Roan Contribution on August 31, 2017, partially offset by increased development capital spending in the region. The decreases in average daily production volumes in the Hugoton Basin, Uinta Basin, Permian Basin and South Texas regions primarily reflect lower production volumes as a result of divestitures completed during 2017 and 2018. See

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

Note 4 for additional information of divestitures. In addition, the decreases in average daily production volumes in these and the remaining regions reflect lower production volumes as a result of reduced development capital spending driven by continued low commodity prices.

Marketing and Other Revenues

Marketing revenues represent third-party activities associated with company-owned gathering systems, plants and facilities. Other revenues primarily include helium sales revenue. Marketing and other revenues decreased by approximately $14 million or 32% to approximately $29 million for the three months ended September 30, 2018, from approximately $43 million for the three months ended September 30, 2017. The decrease was primarily due to lower revenues generated by the Jayhawk Plant, principally driven by a change in contract terms.

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 $38 million or 63% to approximately $23 million for the three months ended September 30, 2018, from approximately $61 million for the three months ended September 30, 2017. The decrease was primarily due to the divestitures completed in 2017 and 2018 and reduced labor costs for field operations as a result of cost savings initiatives. Lease operating expenses per Mcfe decreased to $0.83 per Mcfe for the three months ended September 30, 2018, from $1.14 per Mcfe for the three months ended September 30, 2017.

Transportation Expenses

Transportation expenses decreased by approximately $13 million or 35% to approximately $22 million for the three months ended September 30, 2018, from approximately $35 million for the three months ended September 30, 2017. The decrease was due to reduced costs as a result of lower production volumes primarily as a result of the divestitures completed in 2017 and 2018. Transportation expenses per Mcfe increased to $0.80 per Mcfe for the three months ended September 30, 2018, from $0.64 per Mcfe for the three months ended September 30, 2017.

Marketing Expenses

Marketing expenses represent third-party activities associated with company-owned gathering systems, plants and facilities. Marketing expenses decreased by approximately $11 million or 34% to approximately $22 million for the three months ended September 30, 2018, from approximately $33 million for the three months ended September 30, 2017. The decrease was primarily due to lower expenses associated with the Jayhawk Plant, principally driven by a change in contract terms.

Severance and Ad Valorem Taxes

	Successor		
	Three Months Ended September 30,		
	2018	2017	Variance
	(in thousands)		
Severance taxes	$ 3,248	$ 7,610	$ (4,362)
Ad valorem taxes	3,656	4,968	(1,312)
	$ 6,904	$ 12,578	$ (5,674)

Severance taxes, which are a function of revenues generated from production, decreased primarily due to lower production volumes. 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 2017 and 2018.

Field Level Cash Flow

Field level cash flow decreased by approximately $63 million or 58% to approximately $45 million for the three months ended September 30, 2018, from approximately $108 million for the three months ended September 30, 2017. The decrease was primarily due to the divestitures completed in 2017 and 2018.

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Blue Mountain Reporting Segment

	Successor		
	Three Months Ended September 30,		
	2018	2017	Variance
	(in thousands)		
Marketing revenues	$ 43,897	$ 1,928	$ 41,969
Marketing expenses	41,520	1,287	40,233
Severance taxes and ad valorem taxes	237	15	222
Total direct operating expenses	41,757	1,302	40,455
Field level cash flow (1)	$ 2,140	$ 626	$ 1,514

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

Marketing Revenues
Marketing revenues increased by approximately $42 million to approximately $44 million for the three months ended September 30, 2018, from approximately $2 million for the three months ended September 30, 2017. The increase was due to higher throughput volumes sold related to the commissioning of the cryogenic natural gas processing facility at the end of the second quarter of 2018. In addition, the Company implemented a new accounting standard related to revenues from contracts with customers adopted on January 1, 2018. As of January 1, 2018, the Company recognizes revenues for commodities received as noncash consideration in exchange for services provided by its midstream operations and revenues and associated cost of product for the subsequent sale of those same commodities. This recognition results in an increase to revenues and expenses with no impact on net income. See Note 1 for additional details of the revenue accounting standard.

Marketing Expenses
Marketing expenses increased by approximately $41 million to approximately $42 million for the three months ended September 30, 2018, from approximately $1 million for the three months ended September 30, 2017. The increase was due to higher throughput volumes purchased related to the commissioning of the cryogenic natural gas processing facility at the end of the second quarter of 2018. In addition, the Company implemented a new accounting standard related to revenues from contracts with customers adopted on January 1, 2018. As of January 1, 2018, the Company recognizes revenues for commodities received as noncash consideration in exchange for services provided by its midstream operations and revenues and associated cost of product for the subsequent sale of those same commodities. This recognition results in an increase to revenues and expenses with no impact on net income. See Note 1 for additional details of the revenue accounting standard.

Field Level Cash Flow
Field level cash flow increased by approximately $2 million primarily due to increased throughput volumes and the operations of the cryogenic natural gas processing facility during the third quarter of 2018.

Indirect Income and Expenses Not Allocated to Segments

Losses on Oil and Natural Gas Derivatives
Losses on oil and natural gas derivatives were approximately $3 million and $14 million for the three months ended September 30, 2018, and September 30, 2017, respectively, representing a variance of approximately $11 million. Gains and losses on oil and natural gas 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 oil and natural gas 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 Note 7 and Note 8 for additional details about the Company's commodity derivatives. For information

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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 increased by approximately $61 million or 203% to approximately $91 million for the three months ended September 30, 2018, from approximately $30 million for the three months ended September 30, 2017. The increase was primarily due to higher share-based compensation expenses, higher professional services expenses primarily related to the Spin-off, higher severance costs, accelerated rent expense and transition service fees received from Berry in the prior year, partially offset by lower salaries and benefits related expenses. General and administrative expenses per Mcfe increased to $3.27 per Mcfe for the three months ended September 30, 2018, from $0.56 per Mcfe for the three months ended September 30, 2017.

For the professional services expenses related to the Chapter 11 proceedings, see "Reorganization Items, Net."

Exploration Costs
Exploration costs increased by approximately $2 million to approximately $2 million for the three months ended September 30, 2018, from approximately $171,000 for the three months ended September 30, 2017. The increase was primarily due to higher seismic data expenses in the Northwest STACK.

Depreciation, Depletion and Amortization
Depreciation, depletion and amortization decreased by approximately $16 million or 43% to approximately $22 million for the three months ended September 30, 2018, from approximately $38 million for the three months ended September 30, 2017. The decrease was primarily due to lower total production volumes. Depreciation, depletion and amortization per Mcfe increased to $0.77 per Mcfe for the three months ended September 30, 2018, from $0.70 per Mcfe for the three months ended September 30, 2017.

(Gains) Losses on Sale of Assets and Other, Net
During the three months ended September 30, 2017, the Company recorded the following net gains on divestitures (see Note 4):

- Advisory fees of approximately $17 million associated with the Roan Contribution;
- Net gain of approximately $25 million on the Permian Assets Sales; and
- Net gain of approximately $14 million, including costs to sell of approximately $1 million, on the South Texas Assets Sales.

Other Income and (Expenses)

	Successor		
	Three Months Ended September 30,		
	2018	2017	Variance
	(in thousands)		
Interest expense, net of amounts capitalized	$ (594)	$ (223)	$ (371)
Other, net	105	(4,246)	4,351
	$ (489)	$ (4,469)	$ 3,980

Interest expense increased primarily due to higher amortization of financing fees. For the three months ended September 30, 2018, and September 30, 2017, interest expense is primarily related to amortization of financing fees. See "Debt" under "Liquidity and Capital Resources" below for additional details. For the three months ended September 30, 2018, "other, net" is primarily related to interest income, partially offset by commitment fees for the undrawn portion of the Credit Facilities. For the three months ended September 30, 2017, "other, net" is primarily related to the write-off of financing fees and commitment fees for the undrawn portion of the Riviera Credit Facility.

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Reorganization Items, Net

The Company incurred significant costs and recognized significant gains associated with the reorganization of the Company in connection with the Chapter 11 proceedings. Reorganization items represent costs and income directly associated with the Chapter 11 proceedings since the Petition Date, and also include adjustments to reflect the carrying value of certain liabilities subject to compromise at their estimated allowed claim amounts, as such adjustments were determined. The following table summarizes the components of reorganization items included on the condensed consolidated statements of operations:

	Successor	
	Three Months Ended September 30,	
	2018	2017
	(in thousands)	
Legal and other professional fees	$ (1,176)	$ (2,549)
Other	(101)	(56)
Reorganization items, net	$ (1,277)	$ (2,605)

Income Tax Expense (Benefit)

The Company recognized an income tax benefit of approximately $40 million compared to income tax expense of $2 million for the three months ended September 30, 2018, and September 30, 2017, respectively. The income tax benefit is primarily due to taxable losses partially offset by a decrease in the federal statutory income tax rate.

Income (Loss) from Discontinued Operations, Net of Income Taxes

As a result of the Company's internal reorganization in connection with the Spin-off, the equity interest in Roan was distributed to the Parent on the Reorganization Date and is no longer affiliated with Riviera. As such, the Company has classified the equity earnings in Roan as discontinued operations. As a result of the Company's strategic exit from California in 2017, the Company classified the results of operations of its California properties as discontinued operations. In addition, in 2018, the Company recorded a gain of approximately $5 million for a contingent payment received related to the sale of its California properties. Loss from discontinued operations, net of income taxes was approximately $15 million compared to income of $79 million for the three months ended September 30, 2018, and the three months ended September 30, 2017, respectively. See Note 4 for additional information.

Net Income (Loss)

Net income decreased by approximately $170 million to a net loss of approximately $48 million for the three months ended September 30, 2018, from a net income of approximately $122 million the three months ended September 30, 2017. The decrease was primarily due to lower production revenue and lower gains on sales of assets, partially offset by lower losses on commodity derivatives during the three months ended September 30, 2018. See discussion above for explanations of variances.

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Results of Operations

The following table reflects the Company's results of operations for each of the Successor and Predecessor periods presented:

(in thousands)	Successor		Predecessor
	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Revenues and other:			
Natural gas sales	$ 174,085	$ 241,021	$ 99,561
Oil sales	66,273	193,859	58,560
NGL sales	73,175	94,930	30,764
Total oil, natural gas and NGL sales	313,533	529,810	188,885
Gains (losses) on oil and natural gas derivatives	(25,730)	19,258	92,691
Marketing and other revenues (1)	174,638	68,741	16,551
	462,441	617,809	298,127
Expenses:			
Lease operating expenses	94,902	156,959	49,665
Transportation expenses	62,611	85,652	25,972
Marketing expenses	145,231	43,614	4,820
General and administrative expenses (2)	228,105	74,703	71,745
Exploration costs	3,742	1,037	93
Depreciation, depletion and amortization	71,960	101,558	47,155
Taxes, other than income taxes	22,729	37,316	14,877
(Gains) losses on sale of assets and other, net	(208,009)	(333,720)	672
	421,271	167,119	214,999
Other income and (expenses)	(1,109)	(17,774)	(16,874)
Reorganization items, net	(4,487)	(8,229)	2,521,137
Income from continuing operations before income taxes	35,574	424,687	2,587,391
Income tax expense (benefit)	25,247	158,744	(166)
Income from continuing operations	10,327	265,943	2,587,557
Income (loss) from discontinued operations, net of income taxes	19,674	84,315	(548)
Net income	$ 30,001	$ 350,258	$ 2,587,009

(1) Marketing and other revenues for the two months ended February 28, 2017, include approximately $6 million of management fee revenues recognized by the Company from Berry. Management fee revenues are included in "other revenues" on the condensed consolidated statement of operations.

(2) General and administrative expenses for the nine months ended September 30, 2018, the seven months ended September 30, 2017, and the two months ended February 28, 2017, include approximately $131 million, $26 million and $50 million, respectively, of share-based compensation expenses and approximately $26 million, $900,000 and $787,000, respectively, of severance costs. General and administrative expenses for the nine months ended September 30, 2018, include approximately $8 million of Spin-off related costs. In addition, general and administrative expenses for the two months ended February 28, 2017, include expenses incurred by LINN Energy associated with the operations of Berry. On February 28, 2017, LINN Energy and Berry emerged from bankruptcy as stand-alone, unaffiliated entities.

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	Successor		Predecessor
	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Average daily production:			
Natural gas (MMcf/d)	249	414	495
Oil (MBbls/d)	3.9	19.8	20.2
NGL (MBbls/d)	11.0	21.8	21.4
Total (MMcfe/d)	338	664	745
Weighted average prices: (1)			
Natural gas (Mcf)	$ 2.56	$ 2.72	$ 3.41
Oil (Bbl)	$ 62.55	$ 45.71	$ 49.16
NGL (Bbl)	$ 24.41	$ 20.32	$ 24.37
Average NYMEX prices:			
Natural gas (MMBtu)	$ 2.90	$ 3.03	$ 3.66
Oil (Bbl)	$ 66.75	$ 48.45	$ 53.04
Costs per Mcfe of production:			
Lease operating expenses	$ 1.03	$ 1.11	$ 1.13
Transportation expenses	$ 0.68	$ 0.60	$ 0.59
General and administrative expenses (2)	$ 2.47	$ 0.53	$ 1.63
Depreciation, depletion and amortization	$ 0.78	$ 0.72	$ 1.07
Taxes, other than income taxes	$ 0.25	$ 0.26	$ 0.34
Average daily production – discontinued operations:			
Equity method investments — Total (MMcfe/d) (3)	86	10	—
California — Total (MMcfe/d) (4)	—	20	30

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

(2) General and administrative expenses for the nine months ended September 30, 2018, the seven months ended September 30, 2017, and the two months ended February 28, 2017, include approximately $131 million, $26 million and $50 million, respectively, of share-based compensation expenses and approximately $26 million, $900,000 and $787,000, respectively, of severance costs. General and administrative expenses for the nine months ended September 30, 2018, include approximately $8 million of Spin-off related costs. In addition, general and administrative expenses for the two months ended February 28, 2017, include expenses incurred by LINN Energy associated with the operations of Berry. On February 28, 2017, LINN Energy and Berry emerged from bankruptcy as stand-alone, unaffiliated entities.

(3) Represents the Company's historical 50% equity interest in Roan. Production of Roan for 2018 is for the period from January 1, 2018 through July 25, 2018. Production of Roan for 2017 is for the period from January 1, 2017 through September 30, 2017.

(4) Production of California properties is for the period from January 1, 2017 through July 31, 2017.

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Upstream Reporting Segment

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Oil, natural gas and NGL sales	$ 313,533	$ 529,810	$ 188,885
Marketing and other revenues	88,783	64,625	15,914
	402,316	594,435	204,799
Lease operating expenses	94,902	156,959	49,665
Transportation expenses	62,611	85,652	25,972
Marketing expenses	63,009	41,325	4,602
Severance taxes and ad valorem taxes	21,812	37,056	14,773
Total direct operating expenses	242,334	320,992	95,012
Field level cash flow (1)	$ 159,982	$ 273,443	$ 109,787

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

Oil, Natural Gas and NGL Sales

Oil, natural gas and NGL sales decreased by approximately $405 million or 56% to approximately $314 million for the nine months ended September 30, 2018, from approximately $530 million and $189 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, due to lower production volumes as a result of divestitures completed in 2017 and 2018 partially offset by higher commodity prices. Lower natural gas prices resulted in a decrease in revenues of approximately $22 million. Higher oil and NGL prices resulted in an increase in revenues of approximately $17 million and $9 million, respectively.

Average daily production volumes decreased to approximately 338 MMcfe/d for the nine months ended September 30, 2018, from approximately 664 MMcfe/d and 745 MMcfe/d for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. Lower oil, natural gas and NGL production volumes resulted in a decrease in revenues of approximately $203 million, $144 million and $62 million, respectively.

The following table sets forth average daily production by region:

	Successor		Predecessor
	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Average daily production (MMcfe/d):			
Hugoton Basin	141	167	158
Mid-Continent	54	112	110
East Texas	50	51	52
Michigan/Illinois	28	29	29
North Louisiana	27	28	28
Uinta Basin	25	213	294
Permian Basin	13	45	49
South Texas	—	19	25
	338	664	745

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The decrease in average daily production volumes in the Mid-Continent region primarily reflects lower production volumes as a result of the Roan Contribution on August 31, 2017, partially offset by increased development capital spending in the region. The decreases in average daily production volumes in the Hugoton Basin, Uinta Basin, Permian Basin and South Texas regions primarily reflect lower production volumes as a result of divestitures completed during 2017 and 2018. See Note 4 for additional information of divestitures. In addition, the decreases in average daily production volumes in these and the remaining regions reflect lower production volumes as a result of reduced development capital spending driven by continued low commodity prices.

Marketing and Other Revenues

Marketing revenues represent third-party activities associated with company-owned gathering systems, plants and facilities. Other revenues primarily include management fee revenues recognized by the Company from Berry (in the Predecessor period) and helium sales revenue. Marketing and other revenues increased by approximately $8 million or 10% to approximately $89 million for the nine months ended September 30, 2018, from approximately $65 million and $16 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The increase was primarily due to higher revenues generated by the Jayhawk Plant, principally driven by a change in contract terms, partially offset by management fee revenues from Berry included in the Predecessor period.

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 $112 million or 54% to approximately $95 million for the nine months ended September 30, 2018, from approximately $157 million and $50 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The decrease was primarily due to the divestitures completed in 2017 and 2018 and reduced labor costs for field operations as a result of cost savings initiatives. Lease operating expenses per Mcfe decreased to $1.03 per Mcfe for the nine months ended September 30, 2018, from $1.11 per Mcfe and $1.13 per Mcfe for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively.

Transportation Expenses

Transportation expenses decreased by approximately $49 million or 44% to approximately $63 million for the nine months ended September 30, 2018, from approximately $86 million and $26 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The decrease was due to reduced costs as a result of lower production volumes primarily as a result of the divestitures completed in 2017 and 2018. Transportation expenses per Mcfe increased to $0.68 per Mcfe for the nine months ended September 30, 2018, from $0.60 per Mcfe and $0.59 per Mcfe for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively.

Marketing Expenses

Marketing expenses represent third-party activities associated with company-owned gathering systems, plants and facilities. Marketing expenses increased by approximately $17 million or 37% to approximately $63 million for the nine months ended September 30, 2018, from approximately $41 million and $5 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The increase was primarily due to higher expenses associated with the Jayhawk Plant, principally driven by a change in contract terms.

Severance and Ad Valorem Taxes

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Severance taxes	$ 10,391	$ 22,142	$ 9,107
Ad valorem taxes	11,421	14,914	5,666
	$ 21,812	$ 37,056	$ 14,773

Severance taxes, which are a function of revenues generated from production, decreased primarily due to lower production volumes. 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 2017 and 2018.

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Field Level Cash Flow
Field level cash flow decreased by approximately $223 million to approximately $160 million for the nine months ended September 30, 2018, from approximately $273 million and $110 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The decrease was primarily due to the divestitures completed in 2017 and 2018.

Blue Mountain Reporting Segment

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Marketing revenues	$ 85,855	$ 4,116	$ 637
Marketing expenses	82,222	2,289	218
Severance taxes and ad valorem taxes	714	170	78
Total direct operating expenses	82,936	2,459	296
Field level cash flow (1)	$ 2,919	$ 1,657	$ 341

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

Marketing Revenues
Marketing revenues increased by approximately $81 million to approximately $86 million for the nine months ended September 30, 2018, from approximately $4 million and $637,000 for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The increase was due to higher throughput volumes sold related to the commissioning of the cryogenic natural gas processing facility at the end of the second quarter of 2018. In addition, the Company implemented a new accounting standard related to revenues from contracts with customers adopted on January 1, 2018. As of January 1, 2018, the Company recognizes revenues for commodities received as noncash consideration in exchange for services provided by its midstream operations and revenues and associated cost of product for the subsequent sale of those same commodities. This recognition results in an increase to revenues and expenses with no impact on net income.

Marketing Expenses
Marketing expenses increased by approximately $80 million to approximately $82 million for the nine months ended September 30, 2018, from approximately $2 million and $218,000 for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The increase was due to higher throughput volumes purchased related to the commissioning of the cryogenic natural gas processing facility at the end of the second quarter of 2018. In addition, the Company implemented a new accounting standard related to revenues from contracts with customers adopted on January 1, 2018. As of January 1, 2018, the Company recognizes revenues for commodities received as noncash consideration in exchange for services provided by its midstream operations and revenues and associated cost of product for the subsequent sale of those same commodities. This recognition results in an increase to revenues and expenses with no impact on net income.

Field Level Cash Flow
Field level cash flow increased by approximately $1 million primarily due to increased throughput volumes and the operations of the cryogenic natural gas processing facility during the third quarter of 2018.

Indirect Income and Expenses Not Allocated to Segments

Gains (Losses) on Oil and Natural Gas Derivatives
Gains and losses on oil and natural gas derivatives were losses of approximately $26 million for the nine months ended September 30, 2018, compared to gains of approximately $19 million and $93 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, representing a variance of approximately $138 million. Gains and losses on oil and natural gas 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

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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 oil and natural gas 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 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. In addition, general and administrative expenses in the Predecessor period includes costs incurred by LINN Energy associated with the operations of Berry. General and administrative expenses increased by approximately $81 million or 56% to approximately $228 million for the nine months ended September 30, 2018, from approximately $75 million and $72 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The increase was primarily due to higher share-based compensation expenses, higher severance costs, transition service fees received from Berry in the prior year, higher professional services expenses primarily related to the Spin-off and accelerated rent expense, partially offset by lower salaries and benefits related expenses. General and administrative expenses per Mcfe increased to $2.47 per Mcfe for the nine months ended September 30, 2018, from $0.53 per Mcfe and $1.63 per Mcfe for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively.

For professional services expenses related to the Chapter 11 proceedings, see "Reorganization Items, Net."

Exploration Costs
Exploration costs increased by approximately $3 million to approximately $4 million for the nine months ended September 30, 2018, from approximately $1 million and $93,000 for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The increase was primarily due to higher seismic data expenses in the Northwest STACK.

Depreciation, Depletion and Amortization
Depreciation, depletion and amortization decreased by approximately $77 million or 52% to approximately $72 million for the nine months ended September 30, 2018, from approximately $102 million and $47 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The decrease was primarily due to lower rates as a result of the application of fresh start accounting, as well as lower total production volumes. Depreciation, depletion and amortization per Mcfe was $0.78 per Mcfe for the nine months ended September 30, 2018, compared to $0.72 per Mcfe and $1.07 per Mcfe for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively.

(Gains) Losses on Sale of Assets and Other, Net
During the nine months ended September 30, 2018, the Company recorded the following amounts related to divestitures (see Note 4):

- Net gain of approximately $12 million on the New Mexico Assets Sale;
- Net gain of approximately $83 million, including costs to sell of approximately $2 million, on the Altamont Bluebell Assets Sale;
- Net gain of approximately $54 million, including costs to sell of approximately $2 million, on the West Texas Assets Sale; and
- Net gain of approximately $46 million, including costs to sell of approximately $1 million, on the Oklahoma and Texas Assets Sale.

During the seven months ended September 30, 2017, the Company recorded the following net gains on divestitures (see Note 4):

- Advisory fees of approximately $17 million associated with the Roan Contribution;

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- Net gain of approximately $29 million on the Permian Assets Sales;
- Net gain of approximately $14 million, including costs to sell of approximately $1 million on the South Texas Assets Sales;
- Net gains of approximately $33 million, including costs to sell of approximately $1 million, on the Salt Creek Assets Sale, and
- Net gain of approximately $272 million, including costs to sell of approximately $6 million, on the Jonah Assets Sale.

Other Income and (Expenses)

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Interest expense, net of amounts capitalized	$ (1,582)	$ (11,974)	$ (16,725)
Other, net	473	(5,800)	(149)
	$ (1,109)	$ (17,774)	$ (16,874)

Interest expense decreased primarily due to no outstanding debt during 2018, and lower amortization of financing fees. For the two months ended February 28, 2017, contractual interest, which was not recorded, on the Predecessor's senior notes was approximately $37 million. For the nine months ended September 30, 2018, interest expense is primarily related to amortization of financing fees. See "Debt" under "Liquidity and Capital Resources" below for additional details. For the nine months ended September 30, 2018, "other, net" is primarily related to interest income, partially offset by commitment fees for the undrawn portion of the Credit Facilities. For the seven months ended September 30, 2017, "other, net" is primarily related to commitment fees for the undrawn portion of the Riviera Credit Facility and the write-off of financing fees.

Reorganization Items, Net

The Company incurred significant costs and recognized significant gains associated with the reorganization of the Company in connection with the Chapter 11 proceedings. Reorganization items represent costs and income directly associated with the Chapter 11 proceedings since the Petition Date, and also include adjustments to reflect the carrying value of certain liabilities subject to compromise at their estimated allowed claim amounts, as such adjustments were determined. The following table summarizes the components of reorganization items included on the condensed consolidated and combined statements of operations:

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Gain on settlement of liabilities subject to compromise	$ —	$ —	$ 3,914,964
Recognition of an additional claim for the Predecessor's second lien notes settlement	—	—	(1,000,000)
Fresh start valuation adjustments	—	—	(591,525)
Income tax benefit related to implementation of the Plan	—	—	264,889
Legal and other professional fees	(4,383)	(8,247)	(46,961)
Terminated contracts	—	—	(6,915)
Other	(104)	18	(13,315)
Reorganization items, net	$ (4,487)	$ (8,229)	$ 2,521,137

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

Income Tax Expense (Benefit)

The Successor was formed as a C corporation. For federal and state income tax purposes (with the exception of the state of Texas), the Predecessor was a limited liability company treated as a partnership, in which income tax liabilities and/or benefits were passed through to the Predecessor's unitholders. Limited liability companies are subject to Texas margin tax. In addition, certain of the Predecessor's subsidiaries were C corporations subject to federal and state income taxes. The Company recognized income tax expense of approximately $25 million for the nine months ended September 30, 2018, compared to income tax expense of approximately $159 million and an income tax benefit of approximately $166,000 for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The decrease is primarily due to a decrease in taxable earnings and a decrease in the federal statutory income tax rate.

Income (loss) from Discontinued Operations, Net of Income Taxes

As a result of the Company's internal reorganization in connection with the Spin-off, the equity interest in Roan was distributed to the Parent on the Reorganization Date and is no longer affiliated with Riviera. As such, the Company has classified the equity earnings in Roan as discontinued operations. As a result of the Company's strategic exit from California in 2017, the Company classified the results of operations of its California properties as discontinued operations. In addition, in 2018, the Company recorded a gain of approximately $5 million for a contingent payment received related to the sale of its California properties. Income from discontinued operations, net of income taxes was approximately $20 million, $84 million and a loss of $548,000 for the nine months ended September 30, 2018, the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. See Note 4 for additional information.

Net Income

Net income decreased by approximately $2.9 billion to approximately $30 million for the nine months ended September 30, 2018, from a net income of approximately $350 million and $2.6 billion for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The decrease was primarily due to gains included in reorganization items in the Predecessor period, lower production revenue, losses compared to gains on commodity derivatives and lower gains on sales of assets, partially offset by lower expenses. See discussion above for explanations of variances.

Liquidity and Capital Resources

The Company's sources of cash have primarily consisted of proceeds from its divestitures of oil and natural gas properties and net cash provided by operating activities. As a result of divesting certain oil and natural gas properties during the nine months ended September 30, 2018, the Company received approximately $366 million in net cash proceeds. The Company has also used its cash to fund capital expenditures, principally for the development of its oil and natural gas properties, and plant and pipeline construction, the Parent's repurchases of LINN Energy, Inc. Class A common stock prior to the Spin-off, and repurchases of Riviera's common stock subsequent to the Spin-off. Based on current expectations, the Company believes its liquidity and capital resources will be sufficient to conduct its business and operations.

See below for details regarding capital expenditures for the periods presented:

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Oil and natural gas	$ 24,657	$ 168,446	$ 39,409
Plant and pipeline	117,419	63,923	4,990
Other	827	5,015	1,243
Capital expenditures, excluding acquisitions	$ 142,903	$ 237,384	$ 45,642
Capital expenditures, excluding acquisitions – discontinued operations	$ —	$ 2,007	$ 436

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

The decrease in capital expenditures was primarily due to lower oil and natural gas development activities, partially offset by higher plant and pipeline construction activities associated with Blue Mountain Midstream. For 2018, the Company estimates its total capital expenditures, excluding acquisitions, will be approximately $190 million, including approximately $65 million related to its oil and natural gas capital program and approximately $125 million related to Blue Mountain Midstream. This estimate is under continuous review and subject to ongoing adjustments.

Statements of Cash Flows

The following is a comparative cash flow summary:

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Net cash:			
Net cash provided by (used in) operating activities	$ (27,520)	$ 141,007	$ 152,714
Net cash provided by (used in) investing activities	201,733	859,709	(58,756)
Net cash used in financing activities	(511,088)	(1,061,405)	(437,730)
Net decrease in cash, cash equivalents and restricted cash	$ (336,875)	$ (60,689)	$ (343,772)

Operating Activities

Cash used in operating activities was approximately $28 million for the nine months ended September 30, 2018, compared to cash provided by operating activities of approximately $141 million and $153 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. The decrease was primarily due to lower production related revenues principally due to lower production volumes and the cash settlement of liability classified share-based payment awards.

Investing Activities

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

	Successor		Predecessor
(in thousands)	Nine Months Ended September 30, 2018	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Cash flow from investing activities:			
Capital expenditures	$ (172,353)	$ (197,294)	$ (58,006)
Proceeds from sale of properties and equipment and other	367,086	711,360	(166)
Net cash provided by (used in) investing activities – continuing operations	194,733	514,066	(58,172)
Net cash provided by (used in) investing activities – discontinued operations	7,000	345,643	(584)
Net cash provided by (used in) investing activities	$ 201,733	$ 859,709	$ (58,756)

The primary use of cash in investing activities is for the development of the Company's oil and natural gas properties and construction of Blue Mountain Midstream's cryogenic natural gas processing facility. Capital expenditures decreased primarily due to lower oil and natural gas capital spending, partially offset by higher spending on plant and pipeline construction related to Blue Mountain Midstream. The Company made no material acquisitions of properties during the nine months ended September 30, 2018, or September 30, 2017. The Company has classified the cash flows of its California properties as discontinued operations.

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

Proceeds from sale of properties and equipment and other for the nine months ended September 30, 2018, include cash proceeds received of approximately $109 million from the West Texas Assets Sale, approximately $97 million (excluding a deposit of approximately $12 million received in 2017) from the Oklahoma and Texas Assets Sale, approximately $134 million related to the Altamont Bluebell Assets Sale and approximately $14 million related to the New Mexico Assets Sale. Proceeds from sale of properties and equipment and other for the seven months ended September 30, 2017, include cash proceeds received of approximately $50 million from the South Texas Assets Sales, approximately $31 million from the Permian Basin Asset Sales, approximately $76 million from the Salt Creek Assets Sale and approximately $566 million from the Jonah Assets Sale. See Note 4 for additional details of divestitures.

Financing Activities

Cash used in financing activities was approximately $511 million for the nine months ended September 30, 2018, compared to approximately $1.1 billion and $438 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively. During the nine months ended September 30, 2018, prior to the Spin-off the primary use of cash in financing activities was transfers to the Parent to fund repurchases of the Parent's common stock and settlement of the Parent's restricted stock units (see Note 12). Since the Spin-off, the primary use of cash in financing activities was for repurchases of Riviera's common stock. During the seven months ended September 30, 2017, and the two months ended February 28, 2017, the primary use of cash in financing activities was for repayments of debt.

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

	Successor	Predecessor
(in thousands)	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017
Proceeds from borrowings:		
Successor's previous credit facility	$ 190,000	$ —
	$ 190,000	$ —
Repayments of debt:		
Successor's previous credit facility	$ (790,000)	$ —
Successor term loan	(300,000)	—
Predecessor's credit facility	—	(1,038,986)
	$ (1,090,000)	$ (1,038,986)

On February 28, 2017, the Company canceled its obligations under the Predecessor's credit facility and entered into the Successor's previous credit facility, which was a net transaction and is reflected as such on the condensed consolidated and combined statement of cash flows. In addition, in February 2017, the Company made a $30 million payment to holders of claims under the Predecessor's second lien notes, and also issued 41,359,806 shares of the Parent's Class A common stock to participants in the rights offerings extended by the Company to certain holders of claims arising under the Predecessor's second lien notes and senior notes for net proceeds of approximately $514 million.

Debt

As of October 31, 2018, total borrowings under the Riviera Credit Facility were $20 million and there were no borrowings under the Blue Mountain Credit Facility. As of October 31, 2018, there was approximately $371 million of available borrowing capacity under the Riviera Credit Facility (which includes a $34 million reduction for outstanding letters of credit) and approximately $72 million of available borrowing capacity under the Blue Mountain Credit Facility (which includes a $13 million reduction for outstanding letters of credit).

For additional information related to the Company's debt, see Note 6.

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

Counterparty Credit Risk

The Company accounts for its commodity derivatives at fair value. The Company's counterparties are participants in the 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; therefore, 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.

Dividends

The Company is not currently paying a cash dividend; however, 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.

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 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 asset retirement obligations, capital commitments, operating leases and commodity derivative liabilities that were summarized in the table of commitments and contractual obligations in the Registration Statement. During the nine months ended September 30, 2018, the Company paid approximately $34 million of its capital commitments.

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 and combined 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.

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

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 with the Riviera Credit Facility and the Blue Mountain Credit Facility;
- effects of legal proceedings;
- drilling locations;
- oil, natural gas and NGL reserves;
- realized oil, natural gas and NGL prices;
- production volumes;
- 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 the Registration Statement and elsewhere in the Registration Statement. 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 Registration Statement. The reference to a "Note" herein refers to the accompanying Notes to Condensed Consolidated and Combined 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 September 30, 2018, the fair value of fixed price swaps was a net liability of approximately $4 million. A 10% increase in the NYMEX WTI oil and NYMEX Henry Hub natural gas prices above the September 30, 2018, prices would result in a net liability of approximately $18 million, which represents a decrease in the fair value of approximately $14 million; conversely, a 10% decrease in the NYMEX oil and Henry Hub natural gas prices below the September 30, 2018, prices would result in a net asset of approximately $11 million, which represents an increase in the fair value of approximately $15 million.

At December 31, 2017, the fair value of fixed price swaps and collars was a net liability of approximately $2 million. A 10% increase in the NYMEX WTI oil and NYMEX Henry Hub natural gas prices above the December 31, 2017, prices would result in a net liability of approximately $45 million, which represents a decrease in the fair value of approximately $43 million; conversely, a 10% decrease in the NYMEX oil and Henry Hub natural gas prices below the December 31, 2017, prices would result in a net asset of approximately $38 million, which represents an increase in the fair value of approximately $40 million.

The Company determines the fair value of its oil and natural gas 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.

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 as of September 30, 2018.

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 and combined financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

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.

In connection with the Spin-off, reductions in force during the third quarter of 2018 and re-organization of personnel, the Company updated its internal control over financial reporting, as necessary. The Company does not believe this will have an adverse effect on its internal control over financial reporting. There were no other changes in our internal control over financial reporting that occurred during the third quarter of 2018 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, the Debtors filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code in 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 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, including to potentially reopen the Chapter 11 cases if certain matters currently on appeal in the U.S. Court of Appeals for the Fifth Circuit are overturned, including the Default Interest Appeal as defined below.

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.

In March 2017, Wells Fargo Bank, National Association ("Wells Fargo"), the administrative agent under the Predecessor's credit facility, filed a motion in the Bankruptcy Court seeking payment of post-petition default interest of approximately $31 million. The Company has vigorously disputed that Wells Fargo is entitled to any default interest based on the plain language of the Plan and Confirmation Order. On November 13, 2017, the Bankruptcy Court ruled that the secured lenders are not entitled to payment of post-petition default interest. That ruling was appealed by Wells Fargo and on March 29, 2018, the U.S. District Court for the Southern District of Texas affirmed the Bankruptcy Court's ruling. On April 30, 2018, the Bankruptcy Court approved the substitution of UMB Bank, National Association ("UMB Bank") as successor to Wells Fargo as administrative agent under the Predecessor's credit facility. UMB Bank then immediately filed a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit from the decision by the U.S. District Court for the Southern District of Texas, which affirmed the decision of the Bankruptcy Court. That appeal ("the Default Interest Appeal") remains pending.

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

Our business has many risks. Factors that could materially adversely affect our business, financial condition, operating results or liquidity and the trading price of our shares are described under the caption "Risk Factors" in the Registration Statement. As of the date of this report, these risk factors have not changed materially. This information should be considered carefully, together with other information in this report and other reports and materials we file with the U.S. Securities and Exchange Commission.

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

Issuer Purchases of Equity Securities

The Company's Board of Directors has authorized the repurchase of up to $100 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.

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

The following sets forth information with respect to (i) the Company's repurchase of shares of Linn Energy, Inc. Class A common stock on or prior to August 7, 2018, and (ii) the Company's repurchases of shares of Riviera common stock during the third quarter of 2018.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
July 1 – 31	280,289	$ 40.30	280,289	$ 129,486
August – 31	2,477,834	$ 41.22	—	$ 100,000
September 1 – 30	354,656	$ 21.24	354,656	$ 92,459
Total	3,112,779	$ 38.86	634,945	

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
2.1	—	Separation and Distribution Agreement, dated August 7, 2018, between Linn Energy, Inc. and Riviera Resources, Inc. (incorporated by reference to Exhibit 2.1 to Form 8-K filed August 10, 2018)
3.1	—	Certificate of Conversion of Riviera Resources, LLC (incorporated by reference to Exhibit 3.1 to Form 8-K filed on August 10, 2018)
3.2	—	Certificate of Incorporation of Riviera Resources, Inc. (incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-8 filed on August 7, 2018)
3.3	—	Bylaws of Riviera Resources, Inc. (incorporated by reference to Exhibit 4.2 to Registration Statement on Form S-8 filed on August 7, 2018)
10.1	—	Riviera Resources, Inc. 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to Form S-8 filed August 7, 2018)
10.2	—	Form of Performance-Vesting Stock Unit Agreement pursuant to the Riviera Resources, Inc. 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to Form S-8 filed August 7, 2018)
10.3	—	Form of Restricted Stock Unit Agreement pursuant to the Riviera Resources, Inc. 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to Form S-8 filed August 7, 2018)
10.4	—	Form of Indemnity Agreement between Riviera Resources, Inc. and the directors and officers of Riviera Resources, Inc. (incorporated by reference to Exhibit 10.4 to Form S-8 filed August 7, 2018)
10.5	—	Tax Matters Agreement, dated August 7, 2018, between Linn Energy, Inc., Riviera Resources, Inc. and the subsidiaries of Riviera Resources, Inc. party thereto (incorporated by reference to Exhibit 10.1 to Form 8-K filed August 10, 2018)
10.6	—	Transition Services Agreement, dated August 7, 2018, between Linn Energy, Inc. and Riviera Resources, Inc. (incorporated by reference to Exhibit 10.2 to Form 8-K filed August 10, 2018)
10.7	—	Registration Rights Agreement, dated as of August 7, 2018, among Riviera Resources, Inc. and the holders party thereto (incorporated by reference to Exhibit 10.3 to Form 8-K filed August 10, 2018)
10.8	—	Credit Agreement, dated as of August 10, 2018, among Blue Mountain Midstream LLC, as borrower, Royal Bank of Canada, as administrative agent and issuing bank, Citibank, N.A. and Capital One, National Association, as co-syndication agents, ABN AMRO Capital USA LLC 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 August 15, 2018)
10.9*	—	Second Amended and Restated Limited Liability Company Operating Agreement of Blue Mountain Midstream LLC, dated as of July 1, 2018
10.10*	—	Blue Mountain Midstream LLC 2018 Omnibus Incentive Plan
10.11	—	Form of Performance-Vesting Security Unit Agreement pursuant to the Blue Mountain Midstream LLC 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.30 to Form S-1 filed on June 27, 2018)
10.12	—	Form of Restricted Security Unit Agreement pursuant to the Blue Mountain Midstream LLC 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.31 to Form S-1 filed on June 27, 2018)

Item 6. Exhibits - Continued

Exhibit Number		Description
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*	—	XBRL Instance Document
101.SCH*	—	XBRL Taxonomy Extension Schema Document
101.CAL*	—	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	—	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	—	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	—	XBRL Taxonomy Extension Presentation Linkbase Document

* 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: November 8, 2018

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

Exhibit 10.9
Execution Version

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

OF

BLUE MOUNTAIN MIDSTREAM LLC

Dated as of July 1, 2018

THE UNITS REPRESENTED BY THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH UNITS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND APPLICABLE LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
BLUE MOUNTAIN MIDSTREAM LLC

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SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

OF

BLUE MOUNTAIN MIDSTREAM LLC

This SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT of **BLUE MOUNTAIN MIDSTREAM LLC** (the "Company"), dated as of July 1, 2018 (the "Effective Date"), is adopted, executed and agreed to, for good and valuable consideration, by and among Linn Energy Holdco II LLC, a Delaware limited liability company ("Linn Holdco II"), each of the Class B Members (as defined below) who becomes a signatory hereto and, solely for purposes of Section 9.15, Riviera Resources, LLC, a Delaware limited liability company ("Riviera LLC"), which is anticipated to be the predecessor in interest to Riviera. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in Section 2.1.

RECITALS

WHEREAS, the Company and Linn Holdco II entered into that certain Amended and Restated Limited Liability Company Agreement dated July 6, 2017 (the "Prior Agreement");

WHEREAS, contemporaneously with the execution of this Agreement, the Company will adopt the Incentive Plan, substantially in the form attached hereto as Exhibit A, whereby certain employees of the Company will enter into Award Agreements pursuant to which Class B Units may be issued in connection with the settlement of such Award Agreements, subject to the terms and conditions set forth in the Incentive Plan, the relevant Award Agreement and this Agreement;

WHEREAS, it is currently contemplated that, after the execution of this Agreement, the ultimate parent of the Company will effectuate a spinoff transaction pursuant to which Riviera LLC will be converted into a Delaware corporation named Riviera Resources, Inc. ("Riviera"), and the stock of Riviera will be distributed to the stockholders of the ultimate parent of the Company and Riviera will be quoted for trading on the OTCQB (the "Spin Transaction"); and

WHEREAS, each of the parties hereto wishes to enter into this Agreement to, among other things amend and restate the Prior Agreement.

AGREEMENT

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

ARTICLE 1. ORGANIZATION

Section 1.1 Formation

. The original certificate of incorporation of the Company, with the name of Louis Dreyfus Gas Marketing Corp., was filed with the Secretary of State of the State of Delaware on April 29, 1991 and the Company subsequently changed its name to Dominion Gas Marketing, Inc. The Company was converted into a limited liability company under and pursuant to the Act on August 30, 2007 by the filing of a certificate of conversion of Dominion Gas Marketing, Inc. into Dominion Gas Marketing, LLC and a certificate of formation of Dominion Gas Marketing, LLC with the Secretary of State of the State of Delaware. The Company changed its name to LINN Gas Marketing, LLC on August 31, 2007, and to LINN Midstream, LLC on August 1, 2013. On July 6, 2017, the Company changed its name to Blue Mountain Midstream LLC by filing an amendment to its certificate of formation with the Secretary of State of the State of Delaware.

Section 1.2 Name

. The name of the Company is "Blue Mountain Midstream LLC", as such name may be modified from time to time by the Board as it may deem advisable.

Section 1.3 Business of the Company

. Subject to the limitations on the activities of the Company otherwise specified in this Agreement, the purpose and business of the Company shall be the conduct of any business or activity that may be conducted by a limited liability company organized pursuant to the Act.

Section 1.4 Location of Principal Place of Business

. The location of the principal place of business of the Company is Houston, Texas or such other location as may be determined by the Board. In addition, the Company may maintain such other offices as the Board may deem advisable at any other place or places within or without the State of Delaware.

Section 1.5 Registered Agent

. The registered agent for the Company is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle. The Board may change the registered agent from time to time as it deems appropriate.

Section 1.6 Term

. The term of the Company commenced on the date of filing of the Certificate, and shall be perpetual unless the Company is earlier dissolved and terminated in accordance with the provisions of this Agreement.

ARTICLE 2. DEFINITIONS

Section 2.1 Definitions

. The following terms used in this Agreement shall have the following meanings.

"Accredited Investor" has the meaning ascribed to such term in Rule 501(a) promulgated under the Securities Act.

"Act" means the Delaware Limited Liability Company Act, 6 Del. Code §18-101 et seq., as in effect on the date hereof and as it may be amended hereafter from time to time.

"Adjusted Capital Account" means, with respect to any Member, the Member's Capital Account at such time, as (x) increased by the sum of (A) the amount of the Member's share

of partnership minimum gain (as defined in Regulation section 1.704-2(g)(1) and (3)), (B) the amount of the Member's share of partner nonrecourse debt minimum gain (as defined in Regulation section 1.704-2(i)(5)) and (C) any amount of the deficit balance in its Capital Account that the Member is treated as obligated to restore pursuant to Regulation section 1.704-1(b)(2)(ii)(c) and (y) decreased by reasonably expected adjustments, allocations and distributions described in Regulation sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6). This definition shall be interpreted consistently with Regulation section 1.704-1(b)(2)(ii)(d).

"Affiliate" of any particular Person means any other Person directly or indirectly controlling, controlled by or under common control with such particular Person. For the purpose of this definition, the term "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, either through the ownership of a majority of such Person's voting stock, by contract or otherwise.

"Agreement" means this Second Amended and Restated Limited Liability Company Operating Agreement, as amended, modified or supplemented from time to time.

"Appraisal" has the meaning set forth in Section 9.16.

"Appraiser" has the meaning set forth in Section 9.16.

"Assignees" has the meaning set forth in Section 9.2(d).

"Assumed Tax Rate" means (a) 24%, in the case of any Corporate Member; and (b) 40%, in the case of any other Member.

"Auditor" has the meaning set forth in Section 9.7(f).

"Award Agreement" means the document granting the right to receive Class B Units under the terms of the Incentive Plan.

"Board" has the meaning set forth in Section 8.1.

"Board Approval" has the meaning set forth in Section 8.2(e).

"Business Day" means any day other than a Saturday, Sunday or a day on which commercial banks are authorized or required to close in Houston, Texas or New York City, New York.

"Capital Account" means, with respect to any Member, the account maintained by the Company with respect to such Member in accordance with Section 3.6.

"Capital Contribution" means any contribution (whether in cash, property or a combination thereof) to the capital of the Company.

"Capital Interest Percentage" means, at any time of determination and as to any Member, the percentage of the total distributions that would be made to such Member if the assets of the Company were sold for their respective Gross Asset Values, all liabilities of the Company were paid in accordance with their terms (limited in the case of non-recourse liabilities to the Gross Asset Value of the property securing such liabilities), all items of Net Income, Net Loss, income, gain, loss and deduction were allocated to the Members in accordance with Article 4, and the resulting net proceeds were distributed to the Members in accordance with Article 10; *provided*, *however*, that the Board may determine that the Members' Capital Interest Percentages should be determined based upon a hypothetical sale of the assets of the Company for their respective Fair Market Values (instead of Gross Asset Values) in order to ensure that such percentages correspond to the Members' "proportionate interests in partnership capital" as defined in Regulations section 1.613A-3(e)(2)(ii). The foregoing definition of Capital Interest Percentage is intended to result in a percentage for each Member that corresponds with the Member's "proportionate interest in partnership capital" as defined in Regulations section 1.613A-3(e)(2)(ii), and Capital Interest Percentage shall be interpreted consistently therewith.

"Certificate" means the Certificate of Formation of the Company, as amended, modified or supplemented from time to time.

"Class A Member" means each Person holding Class A Units.

"Class A Percentage Interest" means, as of any time of determination, 100% minus the Class B Percentage Interest.

"Class A Sharing Ratio" means, as of any time of determination, with respect to each holder of Class A Units at such time of determination, the fraction (expressed as a percentage of 100%), the numerator of which is the number of Class A Units held by such holder and the denominator of which is the number of Class A Units then outstanding.

"Class A Units" has the meaning set forth in Section 3.1(a).

"Class B Member" means each Person holding Class B Units.

"Class B Percentage Interest" means, as of any time of determination, with respect to each holder of Class B Units at such time of determination, the percentage determined by dividing (a) the total number of Class B Units outstanding by (b) the total number of Units outstanding. As of the Effective Date, the Class B Percentage Interest is 0%.

"Class B Sharing Ratio" means, as of any time of determination, with respect to each holder of Class B Units at such time of determination, the percentage determined by dividing (a) the total number of Class B Units held by such holder by (b) the total number of Class B Units then outstanding.

"Class B Units" has the meaning set forth in Section 3.1(a).

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

"Common Stock" means the shares of Common Stock, par value $0.001 per share, of Riviera, including any shares of capital stock into which Common Stock may be converted (as a result of recapitalization, share exchange or similar event) or that are issued with respect to Common Stock (including, without limitation, with respect to any stock split or stock dividend, or a successor security).

"Company" has the meaning set forth in the preamble hereof.

"Company Minimum Gain" has the meaning set forth for the term "partnership minimum gain" in Regulations section 1.704-2(d).

"Conversion" means the conversion of Class B Units into Common Stock in accordance with the terms of this Agreement and the Conversion Procedures. The verb "Convert" shall have a corresponding meaning.

"Conversion Conditions" means the conditions set forth in Sections 9.15(a) or 9.15(c), as applicable.

"Conversion Procedures" means the procedures governing the Conversion of Class B Units attached hereto as Annex I.

"Corporate Member" means any Member that is (a) an entity treated as a corporation for U.S. federal income tax purposes, (b) any entity that is disregarded from an entity treated as a corporation for U.S. federal income tax purposes, or (c) any entity that is otherwise treated as a "flow-through" entity and is principally owned by an entity treated as a corporation U.S. federal income tax purposes.

"Credit Limitation" has the meaning set forth in Section 5.4.

"Depletable Property" means each separate oil and gas property as defined in Code section 614.

"Depreciation" has the meaning set forth in the definition of "Net Income" or "Net Loss" under paragraph (e) therein.

"Dispute Notice" has the meaning set forth in Section 9.16.

"Disputed Value" has the meaning set forth in Section 9.16.

"Distribution" means each distribution after the Effective Date made by the Company to a Member, whether in cash, property or securities of the Company, pursuant to, or in respect of, Article 5 or Article 10.

"Drag-Along Transaction" means: (a) any direct or indirect consolidation, conversion, merger or other business combination involving the Company in which the outstanding Interests are exchanged for or converted into cash, securities of a corporation or other business organization or other property, other than an IPO Exchange; (b) a direct or indirect sale or other disposition of all or substantially all of the assets of the Company to be followed promptly

by a dissolution of the Company pursuant to Article 10 or a distribution to the Members of all or substantially all of the net proceeds of such disposition after payment or other satisfaction of liabilities and other obligations of the Company; or (c) the direct or indirect sale by all the Class A Members of all or substantially all of the outstanding Class A Units in a single transaction or series of related transactions excluding any Transfers made to a Permitted Transferee or pursuant to Section 9.9.

"Effective Date" has the meaning set forth in the preamble hereof.

"Election Period" has the meaning set forth in Section 9.10(b).

"Eligible Purchaser" means any Member holding Units that certifies to the Company's reasonable satisfaction that such holder is an Accredited Investor.

"Eligible Purchaser Persons" has the meaning set forth in Section 9.10(e).

"Equity FMV" has the meaning set forth in Section 9.16.

"Equity Interests" means: (a) capital stock, member interests, partnership interests, other equity interests, rights to profits or revenue and any other similar interest; (b) any security or other interest convertible into or exchangeable or exercisable for any of the foregoing, whether at the time of issuance or upon the passage of time or the occurrence of some future event; and (c) any warrant, option or other right (contingent or otherwise) to acquire any of the foregoing.

"Excess Tax Distribution" has the meaning set forth in Section 5.4.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Transfer" means any Transfer made by a Class A Member to a Permitted Transferee of such member.

"Excluded Unit Issuance" means the issuance of: (i) Class B Units or other New Interests to Prospective Grantees; (ii) Units to any Person that is not a Member or an Affiliate thereof as consideration in any acquisition or other strategic transaction (such as a joint venture, marketing or distribution arrangement, or technology transfer or development arrangement) approved in accordance with this Agreement; (iii) Units in connection with any split, distribution or recapitalization of the Company; (iv) Equity Interests issued by the IPO Issuer or IPO GP pursuant to a registration statement filed under the Securities Act (or applicable foreign securities laws governing such issuance) and approved in accordance with this Agreement; (v) IPO Securities in connection with an IPO Exchange pursuant to this Agreement; or (vi) New Interests issued in respect of any commitment or subscription to purchase New Interests that was offered in compliance with Section 9.10.

"Fair Market Value" means, as of the applicable date, (a) for any property that is not a security, the amount for which the property at issue would sell between a willing buyer and a willing seller, with neither being under compulsion, as determined by the Board in good faith; (b) for a publicly traded security, the trailing 30-day volume-weighted average price of such security on the principal national securities exchange in the United States on which it is then traded,

listed or otherwise reported or quoted; and (c) for a non-publicly traded security, the amount for which the security at issue would sell between a willing buyer and a willing seller, with neither being under compulsion, as determined by the Board in good faith, taking into account the requirements of Section 409A of the Code and any other applicable laws, rules or regulations and without applying any discounts for minority interest, illiquidity or other similar factors.

"Family Group" means, for any individual, such individual's current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) and the spouses of such descendants, and any trust, limited partnership, corporation or limited liability company established solely for the benefit of such individual or such individual's current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) or the spouses of such descendants.

"Fiscal Year" has the meaning set forth in Section 6.4.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes (which, in the case of any Depletable Property, shall be determined pursuant to Regulations section 1.613A–3(e)(3)(iii)(C)), except as follows:

(a) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross Fair Market Value of such asset on the date of the contribution;

(b) the Gross Asset Values of all Company assets shall be adjusted to equal their respective gross Fair Market Values as of the following times:

(i) the acquisition of an additional interest in the Company after the Effective Date by a new or existing Member in exchange for more than a *de minimis* Capital Contribution, if the Board reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(ii) the grant of an interest in the Company (other than a *de minimis* interest) as consideration for the provision of services to or for the benefit of the Company or any of its subsidiaries by an existing or a new Member acting in a "partner capacity," or in anticipation of becoming a "partner" (in each case within the meaning of Regulations section 1.704-1(b)(2)(iv)(d));

(iii) the Distribution by the Company to a Member of more than a *de minimis* amount of Company property as consideration for an interest in the Company, if the Board reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company; and

(iv) the liquidation of the Company within the meaning of Regulations section 1.704-1(b)(2)(ii)(g);

(c) the Gross Asset Value of any Company asset distributed to a Member shall be the gross Fair Market Value of such asset on the date of Distribution;

(d) the Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code section 734(b) or Code section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations section 1.704-1(b)(2)(iv)(m); *provided*, *however*, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that the Board determines that an adjustment pursuant to subparagraph (b) of this definition of Gross Asset Value is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d); and

(e) with respect to any asset that has a Gross Asset Value that differs from its adjusted tax basis, Gross Asset Value shall be adjusted by the amount of Depreciation or Simulated Depletion rather than any other depreciation, amortization, depletion or other cost recovery method.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Incentive Plan" means the Blue Mountain Midstream, LLC 2018 Omnibus Incentive Plan.

"Indemnified Party" has the meaning set forth in Section 8.6(a).

"Independent Manager" means a Manager who (a) is not an employee of a member of the Company of any of its subsidiaries and; (b) in the judgment of the appointing Members, has experience that is relevant to the industry in which the Company operates.

"Initiating Member" has the meaning set forth in Section 9.7(a).

"Interest" when used in reference to an interest in the Company, means the entire ownership interest of a Member in the Company at any particular time, including its interest in the capital, profits, losses and distributions of the Company.

"IPO Exchange" has the meaning set forth in Section 9.9(b).

"IPO GP" has the meaning set forth in Section 9.9(b).

"IPO Initiating Members" has the meaning set forth in Section 9.9(a).

"IPO Issuer" means: (a) the Company; or (b) an Affiliate of the Company or a subsidiary of the Company that will be the issuer in a Qualified Public Offering involving only, directly or indirectly, the assets or equity of the Company.

"IPO Securities" has the meaning set forth in Section 9.9(b).

"Linn Group" means, for so long as such Persons hold Interests, Linn Holdco II and each transferee of Interests directly or indirectly (in a chain of title) from Linn Holdco II (unless the then-members of the Linn Group determine that such transferee will not be a member of the Linn Group at the time of such Transfer).

"Linn Holdco II" has the meaning set forth in the preamble hereof.

"Linn Manager" has the meaning set forth in Section 8.2(a)(i).

"Liquidator" has the meaning set forth in Section 10.2(b).

"Management Manager" has the meaning set forth in Section 8.2(a)(ii).

"Manager" has the meaning set forth in Section 8.1.

"Maturity Date" has the meaning set forth in Section 9.14(c).

"Member" means each of the Persons listed on the Schedule of Members and each other Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the Act. The Members shall constitute the "members" (as such term is defined in the Act) of the Company. Any reference in this Agreement to any Member shall include a Substituted Member to the extent such Substituted Member was admitted to the Company in accordance with the provisions of this Agreement.

"Member Minimum Gain" means minimum gain attributable to Member Nonrecourse Debt determined in accordance with Regulations section 1.704-2(i).

"Member Nonrecourse Debt" has the meaning set forth for the term "partner nonrecourse debt" in Regulations section 1.704-2(b)(4).

"Membership Certificate" has the meaning set forth in Section 3.1(d).

"Net Income" or "Net Loss" means, for each Fiscal Year (or other applicable period), an amount equal to the Company's taxable income or loss for such Fiscal Year (or other applicable period), determined in accordance with Code section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code section 703(a)(1) shall be included in such taxable income or loss), with the following adjustments:

(a) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition of Net Income or Net Loss shall be added to such taxable income or loss;

(b) any expenditures of the Company described in Code section 705(a)(2)(B) or treated as Code section 705(a)(2)(B) expenditures pursuant to Regulations section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition of Net Income or Net Loss shall be subtracted from such taxable income or loss;

(c) in the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain (if the adjustment increases the Gross Asset Value of the asset) or loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset for purposes of computing Net Income or Net Loss;

(d) gain or loss resulting from any disposition of property (other than Depletable Property) with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) gain or loss resulting from any disposition of Depletable Property with respect to which gain or loss is recognized for U.S. federal income tax purposes shall be treated as being equal to the corresponding Simulated Gain or Simulated Loss;

(f) in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, with respect to a Company asset having a Gross Asset Value that differs from its adjusted basis for tax purposes, "Depreciation" with respect to such asset shall be computed by reference to the asset's Gross Asset Value in accordance with Regulation section 1.704-1(b)(2)(iv)(g);

(g) to the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code section 734(b) or 743(b) is required pursuant to Regulations section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts as a result of a Distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(h) any item of income, gain, credit, loss, deduction or expenditure allocated under Section 4.2 shall be excluded from the computation of Net Income and Net Loss.

"New Interests" has the meaning set forth in Section 9.10(a).

"Officer" and "Officers" have the meanings set forth in Section 8.3(a).

"Over-Allotment Amount" has the meaning set forth in Section 9.10(b).

"Participant" has the meaning given to such term in the Incentive Plan.

"Partnership Audit Adjustment" has the meaning set forth in Section 6.6.

"Permitted Transferee" means, with respect to a Person, such Person's Affiliates and, in the context of a distribution by such Person to its direct or indirect equity owners substantially in proportion to such ownership, the partners, members or shareholders of such Person.

"Person" means any individual, partnership, limited liability company, association, corporation, trust or other entity.

"Pre-emptive Notice" has the meaning set forth in Section 9.10(b).

"Pre-Emptive Proportionate Share" means, with respect to any Eligible Purchaser, a fraction (expressed as a percentage), the numerator of which equals the aggregate number of

issued and outstanding Units held by such Eligible Purchaser and the denominator of which equals the aggregate number of issued and outstanding Units held by all Eligible Purchasers.

"Prior Agreement" has the meaning set forth in the Recitals.

"Proposed Purchaser" has the meaning set forth in Section 9.10(a).

"Prospective Grantee" means existing and future Officers and employees, consultants or independent contractors of members of the Company, Managers, and other Persons who contribute to the Company's success, in each case, investing either individually as a natural person or through any trust, family limited partnership, family limited liability company or other estate planning or similar vehicle the sole beneficiaries, partners or members of which are either a natural person who would otherwise fit within one or more of the groups of individuals described above or persons who would qualify as Permitted Transferees of such a natural person.

"PTP Event" has the meaning set forth in Section 9.3(c)(ii).

"Publicly Offered Securities" has the meaning set forth in Section 9.9(b).

"Purchasable Units" has the meaning set forth in Section 9.14(a).

"Purchased Percentage" has the meaning set forth in Section 9.8(e)(ii).

"Purchased Units" has the meaning set forth in Section 9.8(e)(ii).

"Qualified Public Offering" means any underwritten initial public offering by the IPO Issuer of equity securities pursuant to an effective registration statement under the Securities Act: (a) for which aggregate net cash proceeds to be received by the IPO Issuer and selling security holders from such offering (after deducting underwriting discounts, expenses and commissions) are at least $100,000,000; and (b) pursuant to which such equity securities are authorized and approved for listing on the New York Stock Exchange, the NASDAQ Stock Market LLC or such other market or exchange as is approved by the Board, with Requisite Investor Approval; *provided*, that a Qualified Public Offering shall not include an offering made in connection with a business acquisition or combination pursuant to a registration statement on Form S-4 or any similar form, or an employee benefit plan pursuant to a registration statement on Form S-8 or any similar form.

"Qualifying Participant" has the meaning given to such term in the Incentive Plan.

"Quarterly Estimated Tax Periods" means the two, three, and four calendar month periods with respect to which Federal quarterly estimated tax payments are made. The first such period begins on January 1 and ends on March 31. The second such period begins on April 1 and ends on May 31. The third such period begins on June 1 and ends on August 31. The fourth such period begins on September 1 and ends on December 31.

"Registration Date" has the meaning given to such term in the Incentive Plan.

"Regulation" means a Treasury Regulation promulgated under the Code.

"Requested Units" means (a) the total number of Units requested to be included in a Tag-Along Sale by all Tag Eligible Sellers desiring to exercise their respective Tag Inclusion Rights plus (b) the number of Class A Units that the Tag Subject Member proposes to sell in a Tag-Along Sale.

"Requesting Purchaser" has the meaning set forth in Section 9.10(b).

"Requisite Investor Approval" means the approval (a) of holders (acting in their capacity as Members) of at least a majority of the outstanding Class A Units, including if necessary to constitute such a majority, the Linn Group and (b) the Linn Group.

"Repurchase Closing" has the meaning set forth in Section 9.14(b).

"Repurchase Closing Date" has the meaning set forth in Section 9.14(c).

"Repurchase Event" has the meaning set forth in Section 9.14(a).

"Repurchase Notice" has the meaning set forth in Section 9.14(b).

"Repurchase Price" has the meaning set forth in Section 9.14(a).

"Riviera" has the meaning set forth in the Recitals.

"Schedule of Members" has the meaning set forth in Section 3.1(b).

"Securities Act" means the Securities Act of 1933, as amended.

"Simulated Basis" means the Gross Asset Value of any Depletable Property. The Simulated Basis of each Depletable Property shall be allocated to each Member in accordance with such Member's Capital Interest Percentage as of the time such Depletable Property is acquired by the Company (and any additions to such Simulated Basis resulting from expenditures required to be capitalized in such Simulated Basis shall be allocated among the Members in a manner designed to cause the Members' proportionate shares of such Simulated Basis to be in accordance with their Capital Interest Percentages as determined at the time of any such additions), and shall be reallocated among the Members in accordance with the Members' Capital Interest Percentages as determined immediately following the occurrence of an event giving rise to an adjustment to the Gross Asset Values of the Company's Depletable Properties pursuant to clause (b) of the definition of Gross Asset Value.

"Simulated Depletion" means, with respect to each Depletable Property, a depletion allowance computed in accordance with U.S. federal income tax principles (as if the Simulated Basis of the property were its adjusted tax basis) and in the manner specified in Regulations section 1.704-1(b)(2)(iv)(k)(2). For purposes of computing Simulated Depletion with respect to any Depletable Property, the Simulated Basis of such property shall be deemed to be the Gross Asset Value of such property, and in no event shall such allowance, in the aggregate, exceed such Simulated Basis.

"Simulated Gain" means the amount of gain realized from the sale or other disposition of Depletable Property as calculated in Regulations section 1.704-1(b)(2)(iv)(k)(2).

"Simulated Loss" means the amount of loss realized from the sale or other disposition of Depletable Property as calculated in Regulations section 1.704-1(b)(2)(iv)(k)(2).

"Spin Transaction" has the meaning set forth in the Recitals.

"Subordinated Note" has the meaning set forth in Section 9.14(c).

"Substituted Member" means any Person admitted to the Company as a substituted Member pursuant to the provisions of Article 9.

"Tag Eligible Seller" means any holder of Class A Units and/or Class B Units.

"Tag Eligible Seller Persons" has the meaning set forth in Section 9.8(k).

"Tag Inclusion Notice" has the meaning set forth Section 9.8(d).

"Tag Inclusion Right" has the meaning set forth Section 9.8(d).

"Tag Subject Member" has the meaning set forth in Section 9.8(a).

"Tag Subject Member Requested Class A Percentage" means the percentage determined by dividing (a) the total number of Class A Units that the Tag Subject Member proposes to sell in a Tag-Along Sale by (b) the total number of outstanding Class A Units then held by the Tag Subject Member.

"Tag-Along Offer" has the meaning set forth in Section 9.8(b).

"Tag-Along Price" has the meaning set forth in Section 9.8(b).

"Tag-Along Sale" has the meaning set forth in Section 9.8(a).

"Tag-Along Transferee" has the meaning set forth in Section 9.8(a).

"Tax" or "Taxes" means any tax, charge, fee, levy, deficiency or other assessment of whatever kind or nature, including but not limited to, any net income, gross income, profits, gross receipts, profits, excise, or withholding tax imposed by or on behalf of any government authority, together with any interest, penalties or additions to tax.

"Tax Distribution" has the meaning set forth in Section 5.4.

"Tax Matters Partner" has the meaning set forth in Section 6.5.

"Termination" has the meaning given to such term in the Incentive Plan.

"Third Party" with respect to any Member means any Person, including any other Member that is not a Permitted Transferee with respect to such first Member or the original holder of the related interest.

"Transfer," "Transferee" and "Transferor" have the respective meanings set forth in Section 9.1.

"Unit" has the meaning set forth in Section 3.1(a).

"Void Transfer" has the meaning set forth in Section 9.1.

"Withdrawing Member" has the meaning set forth in Section 9.2(d).

Section 2.2 Rules of Interpretation

. Unless the context otherwise clearly requires: (a) a term has the meaning assigned to it; (b) "or" is not exclusive; (c) wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in either the masculine, feminine or neuter shall include the masculine, feminine and neuter; (d) provisions apply to successive events and transactions; (e) all references in this Agreement to "include" or "including" or similar expressions shall be deemed to mean "including without limitation"; (f) all references in this Agreement to designated "Articles," "Sections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, paragraphs, clauses and other subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, paragraph, clause or other subdivision; and (g) any definition of or reference to any agreement, instrument, document, statute or regulation herein shall be construed as referring to such agreement, instrument, document, statute or regulation as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein). This Agreement is among financially sophisticated and knowledgeable parties and is entered into by the parties in reliance upon the economic and legal bargains contained herein and shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party who prepared, or caused the preparation of, this Agreement or the relative bargaining power of the parties.

ARTICLE 3. CAPITALIZATION

Section 3.1 Units; Initial Capitalization; Schedule of Members

.

(a) Each Member's interest in the Company, including such Member's interest, if any, in the capital, income, gains, losses, deductions and expenses of the Company, shall be represented by Units of limited liability company interest (each, a "Unit"). The Company shall have two authorized classes of Units designated as Class A Units (the "Class A Units") and Class B Units (the "Class B Units"), respectively. The Class A Units shall have one vote per Unit. The Class B Units shall have no voting rights. The Company shall have the authority to issue an unlimited number of Class A Units and up to 32,500 Class B Units. All Class A Units shall be held by Linn Holdco II. As of the Effective Date, no Class B Units have been issued. All Class B Units shall be convertible into shares of Common Stock in accordance with the terms of Section 9.15, the Incentive Plan, the applicable Award Agreement, and the Conversion Procedures.

(b) The aggregate number of outstanding Units, the aggregate amount of cash Capital Contributions that have been made by the Members, and the Fair Market Value of Capital Contributions in the form of any property other than cash contributed by the Members with respect to the Units (including, if applicable, a description and the amount of any liability assumed by the Company or to which contributed property is subject) shall be set forth on a schedule maintained by the Company which schedule shall, for the avoidance of doubt, not be prepared in the first instance until Class B Units have been issued. The Company shall also maintain a schedule, in the form attached hereto as Schedule I, setting forth (i) the name and address of each Member, (ii) the number and class of Units owned by such Member, and (iii) with respect to each Transfer permitted under this Agreement, the date of such Transfer, the number of Units transferred and the identity of the Transferor and Transferee(s) of such Units (such schedule, the "Schedule of Members"). The Company shall update the Schedule of Members as promptly as reasonably practicable following receipt of written notice of the consummation of any Transfer permitted by the Agreement.

(c) In the event of a dividend, split, recapitalization, reorganization, merger, consolidation, combination, exchange of all or any class of Units of the Company, liquidation, spin-off, or other change in organizational structure affecting the Units (including any conversion of the Company to a corporation, whether by merger, filing of a certificate of conversion or otherwise), the number and class of Units shall be appropriately adjusted for the benefit of the Members by the Company at the direction of the Board.

(d) The Company may, in the discretion of the Board, issue one or more certificates to the Members to evidence the Units in the form attached as Exhibit B (a "Membership Certificate"). Each certificate representing a Unit shall (i) be signed on behalf of the Company by the Chief Executive Officer, President or Secretary of the Company and (ii) set forth the number of such Units represented thereby. In case the officer of the Company who has signed or whose facsimile signature has been placed on such Membership Certificate shall have ceased to be an officer of the Company before such Membership Certificate is issued, it may be issued by the Company with the same effect as if such person were an officer of the Company at the time of its issue. The Membership Certificate shall contain a legend with respect to any restrictions on transfer.

(e) Each Unit in the Company shall constitute a "security" within the meaning of, and governed by, (i) Article 8 of the Uniform Commercial Code as in effect from time to time in the State of Delaware (the "DEUCC") (including Section 8-102(a)(15)), and (ii) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995. Notwithstanding any provision of this Agreement to the contrary, to the extent that any provision of this Agreement is inconsistent with any non-waivable provision of Article 8 of the DEUCC, such provision of Article 8 of the DEUCC shall be controlling. Each Membership Certificate evidencing Units shall bear the following legend:

"This Certificate evidences a limited liability company interest in Blue Mountain Midstream LLC and shall constitute a "security" within the meaning of, and governed by, (i) Article 8 of the Uniform Commercial Code as in effect from time

to time in the State of Delaware (including Section 8-102(a)(15)), and (ii) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995."

(f) The Company shall issue a new Membership Certificate in place of any Membership Certificate previously issued if the holder of the Units in the Company represented by such Membership Certificate, as reflected on the books and records of the Company:

(i) makes proof by affidavit, in form and substance satisfactory to the Company, that such previously issued Membership Certificate has been lost, stolen or destroyed;

(ii) requests the issuance of a new Membership Certificate before the Company has notice that such previously issued Membership Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the Company, delivers to the Company a bond, in form and substance satisfactory to the Company, with such surety or sureties as the Company may direct, to indemnify the Company against any claim that may be made on account of the alleged loss, destruction or theft of the previously issued Membership Certificate; and

(iv) satisfies any other reasonable requirements imposed by the Company.

Section 3.2 Authorization and Issuance of Additional Units

.

(a) The Board is authorized to (i) issue additional Units, (ii) subject to Section 12.1, create additional classes of Units, (iii) subdivide the Units (other than Class B Units) of any such class into one or more series, (iv) fix the designations, powers, preferences and rights of the Units (other than Class B Units) of each such class or series and any qualifications, limitations or restrictions thereof, and (v) subject to Section 12.1, amend this Agreement to reflect such actions and the resulting designations, powers, and relative preferences and rights of all the classes and series thereafter authorized under this Agreement.

(b) The authority of the Board with respect to each such newly created class and series created in accordance with this Section 3.2 shall include establishing the following: (i) the number of Units or securities constituting that class or series and the distinctive designation thereof, (ii) whether or not the Units or securities of such class or series shall be redeemable, and if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable and the amount per Unit or security payable in case of redemption, which amount may vary under different conditions and at different redemption dates, (iii) the rights and preferences of the Units or securities of that class or series in the event of voluntary or involuntary liquidation, dissolution or winding–up of the Company, (iv) the relative rights of priority, if any,

of allocations of income or loss or of payment with respect to Units or securities of that class or series and (v) any other relative rights, preferences and limitations of that class or series.

Section 3.3 Capital Contributions

. No Member shall be required to make any Capital Contributions without such Member's consent.

Section 3.4 No Interest on Capital Contributions

. No Member shall be entitled to any interest on or with respect to any Capital Contribution.

Section 3.5 Withdrawal and Return of Capital Contributions

. Except as provided in this Agreement, no Member shall be entitled to withdraw any part of such Member's Capital Contribution or to receive distributions from the Company.

Section 3.6 Capital Accounts

.

(a) A separate Capital Account shall be maintained for each Member on the books of the Company, and adjustments to such Capital Accounts shall be made as follows:

(i) A Member's Capital Account shall be credited with any amounts of cash contributed (or deemed contributed in connection with the settlement of Awards in Class B Units) by the Member to the Company, the Fair Market Value of any other property contributed to the Company (net of liabilities secured by the property that the Company is considered to assume or take subject to under Code section 752), the amount of any Company liabilities assumed by the Member (other than liabilities that are secured by any Company property distributed to such Member), and the Member's allocable share of any Net Income and items of income or gain allocated to that Member; and

(ii) A Member's Capital Account shall be debited with the amount of cash distributed to the Member, the Fair Market Value of other Company property distributed to the Member (net of liabilities secured by such property that the Member is considered to assume or take subject to under Code section 752), the amount of any liabilities of the Member assumed by the Company (other than liabilities that are secured by property contributed by such Members), and the Member's allocable share of Net Losses and items of loss, expense, or deduction allocated to that Member.

(b) The foregoing provisions of this Section 3.6 and Section 4.1 through 4.2, are intended to comply with section 1.704-1(b)(2)(iv) of the Regulations and shall be interpreted and applied in a manner consistent with such Regulations. If the Board shall determine that it is prudent to modify the manner in which the Capital Accounts are computed in order to comply with section 1.704-1(b)(2)(iv) of the Regulations, the Board may make such modification to the minimum extent necessary; *provided* that the Members are notified in writing of such modification prior to its effective date; *provided*, *further*, that the Board shall have no liability to any Member for any exercise of or failure to exercise any such discretion to make any modifications permitted under this Section 3.6.

ARTICLE 4. ALLOCATION OF NET INCOME AND NET LOSS

Section 4.1 Allocations of Net Income and Net Losses

. Except as otherwise provided in Section 4.2, Net Income and Net Losses (and items thereof) for any Fiscal Year (or other applicable period) shall be allocated among the Members in a manner such that the Capital Account of each Member, immediately after giving effect to such allocation, as increased by the amount of such Member's share of partnership minimum gain (as defined in Regulations section 1.704-2(g)(1) and (3)) and the amount of such Member's share of partner nonrecourse debt minimum gain (as defined in Regulations section 1.704-2(i)(5)), is, as nearly as possible, equal (proportionately) to the amount of the distributions that would be made to such Member during such Fiscal Year (or other applicable period) pursuant to Section 5.1, based on the assumptions that (i) the Company is dissolved and terminated, (ii) its affairs are wound-up and each asset of the Company is sold for cash equal to its Gross Asset Value, (iii) all Company liabilities are satisfied (limited with respect to each nonrecourse liability (as defined in Regulations section 1.704-2(b)(3)) and Member Nonrecourse Debt to the Gross Asset Value of the asset(s) securing such liability), and (iv) the net assets of the Company are distributed in accordance with Section 5.1 to the Members (taking into account distributions made during such Fiscal Year (or other applicable period)).

Section 4.2 Special Allocations

.

(a) Losses, deduction and expenditures attributable to Member Nonrecourse Debt shall be allocated in the manner required by Regulations section 1.704-2(i). If there is a net decrease during a taxable year in Member Minimum Gain, income and gain for such taxable year (and, if necessary, for subsequent taxable years) shall be allocated to the Members in the amounts and of such character as is determined according to Regulations section 1.704-2(i)(4). This Section 4.2(a) is intended to be a "partner nonrecourse debt minimum gain chargeback" provision that complies with the requirements of Regulations section 1.704-2(i)(4), and shall be interpreted in a manner consistent therewith.

(b) Except as otherwise provided in Section 4.2(a), if there is a net decrease in Company Minimum Gain during any taxable year, each Member shall be allocated income and gain for such taxable year (and, if necessary, for subsequent taxable years) in the amounts and of such character as is determined according to Regulations section 1.704-2(f). This Section 4.2(b) is intended to be a "minimum gain chargeback" provision that complies with the requirements of Regulations section 1.704-2(f), and shall be interpreted in a manner consistent therewith.

(c) If any Member that unexpectedly receives an adjustment, allocation or distribution described in Regulations section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) has a deficit balance in its Adjusted Capital Account as of the end of any taxable year, computed after the application of Section 4.2(a) and Section 4.2(b) but before the application of any other provision of Section 4.1, Section 4.2 and Section 4.3, then income for such taxable year shall be allocated to such Member in proportion to, and to the extent of, such deficit balance. This Section 4.2(c) is intended to be a "qualified income offset" provision as described in Regulations section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(d) "Nonrecourse deductions" (as defined in Regulation sections 1.704-2(b)(1) and (c)) for each Fiscal Year (or other applicable period) shall be allocated among the Members pro rata in accordance with the allocation of Net Income and Net Losses with respect to such Fiscal Year (or other applicable period) pursuant to Section 4.1.

(e) No Net Loss (or items thereof) shall be allocated to a Member to the extent such allocation would cause or increase a deficit balance in the Adjusted Capital Account of such Member. Instead, such Net Loss (and items thereof) shall be allocated among the other Members that have positive account balances in the same ratios that such other Members are allocated Net Loss for such year under Section 4.1 until all such positive balances have been reduced to zero.

(f) The adjustments described in clause (d) of the definition of Gross Asset Value shall be allocated in a manner consistent with the manner that the adjustments to the Capital Accounts are required to be made pursuant to Regulations section 1.704-1(b)(2)(iv)(m).

(g) Simulated Depletion for each Depletable Property, and Simulated Loss upon the disposition of a Depletable Property, shall be allocated to the Members in proportion to their shares of the Simulated Basis in such property.

(h) The allocations set forth in Section 4.2(a) through Section 4.2(g) inclusive (the "Regulatory Allocations") are intended to comply with certain requirements of section 1.704-1(b) and 1.704-2 of the Regulations. The Regulatory Allocations may not be consistent with the manner in which the Members intend to allocate Net Income and Net Loss of the Company or to make Distributions. Accordingly, notwithstanding the other provisions of Section 4.1, Section 4.2 and Section 4.3, but subject to the Regulatory Allocations, items of Net Income and Net Loss of the Company shall be allocated among the Members so as to eliminate the effect of the Regulatory Allocations and thereby cause the respective Capital Account balances of the Members to be in the amounts (or as close thereto as possible) they would have been if Net Income and Net Loss had been allocated without reference to the Regulatory Allocations. In general, the Members anticipate that this shall be accomplished by specially allocating other Net Income and Net Loss among the Members so that the net amount of Regulatory Allocations and such special allocations to each such Member is zero.

Section 4.3 Allocations for Income Tax Purposes

. The income, gains, losses, deductions and credits of the Company for any Fiscal Year (or other applicable period) shall be allocated to the Members in the same manner as Net Income and Net Loss were allocated to the Members for such Fiscal Year (or other applicable period) pursuant to Sections 4.1 and 4.2; *provided*, *however*, in accordance with the principles of Code section 704(c) and the Regulations thereunder (including the Regulations applying the principles of Code section 704(c) to changes in Gross Asset Values), income, gain, deduction and loss with respect to any Company property having a Gross Asset Value that differs from such property's adjusted U.S. federal income tax basis shall, solely for U.S. federal income tax purposes, be allocated among the Members in order to account for any such difference using any method or methods as determined by the Board to be appropriate and in accordance with the applicable Regulations.

Section 4.4 Income Tax Allocations with Respect to Depletable Properties

.

(a) Cost and percentage depletion deductions with respect to any Depletable Property shall be computed separately by the Members, rather than the Company. For purposes of such computations, the U.S. federal income tax basis of each Depletable Property shall be allocated to each Member in accordance with such Member's Capital Interest Percentage as of the time such Depletable Property is acquired by the Company (and any additions to such U.S. federal income tax basis resulting from expenditures required to be capitalized in such basis shall be allocated among the Members in a manner designed to cause the Members' proportionate shares of such adjusted U.S. federal income tax basis to be in accordance with their Capital Interest Percentages as determined at the time of any such additions), and shall be reallocated among the Members in accordance with the Members' Capital Interest Percentages as determined immediately following the occurrence of an event giving rise to an adjustment to the Gross Asset Values of the Company's Depletable Properties pursuant to clause (b) of the definition of Gross Asset Value; *provided*, *however*, that in accordance with the principles of Code section 704(c) and the Regulations thereunder (including the Regulations applying the principles of Code section 704(c) to changes in Gross Asset Values), income, gain, deduction and loss with respect to any Depletable Property having a Gross Asset Value that differs from such property's adjusted U.S. federal income tax basis shall, solely for U.S. federal income tax purposes, be allocated among the Members in order to account for any such difference any method or methods as determined by the Board to be appropriate and in accordance with the applicable Regulations. The Company shall inform each Member of such Member's allocable share of the U.S. federal income tax basis of each Depletable Property promptly following the acquisition of such Depletable Property by the Company, any adjustment resulting from expenditures required to be capitalized in such basis, and any reallocation of such basis as provided in the previous sentence.

(b) For purposes of the separate computation of gain or loss by each Member on the taxable disposition of Depletable Property, the amount realized from such disposition shall be allocated (i) first, to the Members in an amount equal to the Simulated Basis in such Depletable Property in proportion to their allocable shares thereof and (ii) second, any remaining amount realized shall be allocated consistent with the allocation of Simulated Gains.

(c) The allocations described in this Section 4.4 are intended to be applied in accordance with the Members' "interests in partnership capital" under Code section 613A(c)(7)(D); *provided*, that the Members understand and agree that the Board may authorize special allocations of U.S. federal income tax basis, income, gain, deduction or loss, as computed for U.S. federal income tax purposes, in order to eliminate differences between Simulated Basis and adjusted U.S. federal income tax basis with respect to Depletable Properties, in such manner as determined consistent with the principles outlined in Section 4.3. The provisions of this Section 4.4(c) and the other provisions of this Agreement relating to allocations under Code section 613A(c)(7)(D) are intended to comply with Regulations section 1.704-1(b)(4)(v) and shall be interpreted and applied in a manner consistent with such Regulations.

(d) Each Member, with the assistance of the Company, shall separately keep records of its share of the adjusted tax basis in each Depletable Property, adjust such share of the adjusted tax basis for any cost or percentage depletion allowable with respect to such Depletable Property and use such adjusted tax basis in the computation of its cost depletion or in the computation of its gain or loss on the disposition of such property by the Company. Upon the reasonable request of the Company, each Member shall advise the Company of its adjusted tax

basis in each Depletable Property and any depletion computed with respect thereto, both as computed in accordance with the provisions of this subsection for purposes of allowing the Company to make adjustments to the tax basis of its assets as a result of certain transfers of interests in the Company or distributions by the Company. The Company may rely on such information and, if it is not provided by the Member, may make such reasonable assumptions as it shall determine with respect thereto.

Section 4.5 Tax Withholding and Entity-Level Taxes

. To the extent the Company is required by applicable law to withhold or to make tax payments on behalf of or with respect to any Member or former Member, the Company is hereby authorized to withhold such amounts and make such tax payments as so required. All amounts withheld pursuant to applicable law with respect to any Member or payable by the Company pursuant to Code section 6225 (or any similar provision of state, local or foreign law) that (as reasonably determined in good faith by the Board based upon this Agreement) are attributable to or allocable to any Member (and, in each case, not paid to the Company by such Member pursuant to the immediately following sentence) shall be treated as distributed to such Member pursuant to Section 5.1 or Section 5.4, as reasonably determined by the Board, for all purposes of this Agreement and shall reduce amounts such Member would otherwise be entitled to receive under Section 5.1 or Section 5.4, as applicable. To the extent that at any time any such withheld or paid amounts exceeds the distributions that such Member or former Member would have received but for such withholding or payment, such Member or former Member shall, upon demand by the Company, as determined by the Board, promptly pay to the Company the amount of such excess. Each Member hereby agrees, severally and not jointly, to indemnify and hold harmless the Company and the other Members from and against any liability (including any liability for taxes, penalties, additions to tax or interest) with respect to income attributable to or distributions or other payments to such Member; *provided, however*, that the indemnifying Member shall be entitled to request and receive information sufficient to support the Board's determination of the applicable Tax benefit; *provided, further*, that if the indemnifying Member disagrees with the Board's determination of any Tax benefit, such Member shall be entitled to a determination of such Tax benefit by an accounting firm (utilizing procedures similar to those procedures specified in Section 5.3), with the costs of such accounting firm determination to be borne by the Company, in the event the accounting firm concludes the Board's determination of the Tax benefit was understated by more than a *de minimis* amount, and, otherwise, by the Member seeking such determination. A Member may satisfy any such obligation through the use of any vested security issued by the Company or its Affiliates. The agreement in the final sentence of this Section 4.5 shall continue in effect if such Member ceases to be a Member of the Company.

Section 4.6 Allocations to Transferred Interests

. If any Units in the Company are transferred, increased or decreased during a Fiscal Year (or other applicable period), all items of income, gain, loss, deduction and credit recognized by the Company for such Fiscal Year (or other applicable period) shall be allocated among the Members to take into account their varying interests during the Fiscal Year (or other applicable period) in any manner approved by the Board, as then permitted by the Code.

ARTICLE 5. DISTRIBUTIONS

Section 5.1 Distributions

. Subject to the provisions of Section 5.4, Distributions shall be made to the Members as and when determined by the Board. Subject to the provisions of Section 5.4, any Distribution made to the Members pursuant to this Section 5.1 shall be made as follows: (a) the Class A Percentage Interest to the Class A Members in proportion to their respective Class A Sharing Ratios, and (b) the Class B Percentage Interest to the Class B Members in proportion to their respective Class B Sharing Ratios. For all purposes of this Section 5.1 (including for purposes of the definitions of defined terms used in this Section 5.1), with respect to Class B Units that have not been issued, but that are issuable to a Participant pursuant to any outstanding Award Agreement ("Award Units"), cash distributions issuable hereunder shall be credited to a dividend book entry account on behalf of the relevant Participant with respect to each relevant Award Unit, *provided*, that such cash dividends shall not be deemed to be reinvested in Units and shall be held uninvested and without interest and paid in cash at the same time that the Units underlying the relevant Award Units are delivered to the Participant in accordance with the relevant Award Agreement. Equity or property dividends on Units shall be credited to a dividend book entry account on behalf of each Participant with respect to each Award Unit granted to such Participant; *provided*, that such equity or property dividends shall be paid in (i) Units, (ii) in the case of a spin-off, equity of the entity that is spun-off from the Company, or (iii) other property in the same form as is applicable to Unit holders, as applicable and in each case, at the same time that the Units underlying the Award Units are delivered to the Participant in accordance with the relevant Award Agreement. Except as otherwise provided herein, the Incentive Plan or an Award Agreement, no Participant shall have any rights as a unitholder or Member with respect to any Units covered by any Award Unit unless and until such Participant has become the holder of record of such Units.

Section 5.2 Successors

. For purposes of determining the amount of Distributions, each Member shall be treated as having made the Capital Contributions and as having received the Distributions made to or received by its predecessors in respect of any of such Member's Units.

Section 5.3 Distributions In-Kind

. To the extent that the Company makes pro rata distributions of property in-kind to the Members, the Company shall be treated as making a Distribution equal to the Fair Market Value of such property, with Fair Market Value determined immediately after such Distribution for purposes of Section 5.1 and such property shall be treated as if it were sold for an amount equal to its Fair Market Value, with Fair Market Value determined immediately after such Distribution. Any resulting gain or loss shall be allocated to the Members' Capital Accounts in accordance with Article 4.

Section 5.4 Tax Distributions

. Subject to the limitations set forth in any indenture or other credit, or other financing and warehousing or similar agreement governing indebtedness or other liabilities of the Company or any of its subsidiaries (any such limitation, a "Credit Limitation"), no later than (i) the tenth (10th) day following the end of each of the first, second, and third Quarterly Estimated Tax Period of each Fiscal Year and (ii) December 10th (with respect to the fourth Quarterly Estimated Tax Period) of each Fiscal Year, the Company shall, to the extent of available cash of the Company, make a distribution in cash (each, a "Tax Distribution") to each Member in an amount equal to the excess of (A) the product of (x) the

taxable income of the Company (as computed for U.S. federal income tax purposes) attributable to such period and all prior quarterly periods in such Fiscal Year allocated by the Company to such Member, based upon (I) the information returns filed by the Company, as amended or adjusted to date, and (II) estimated amounts, in the case of periods for which the Company has not yet filed information returns (determined by disregarding any adjustment to the taxable income of any Member that arises under Code section 743(b) and is attributable to the acquisition by such Member of an interest in the Company in a transaction described in Code section 743(a)), multiplied by (y) the Assumed Tax Rate applicable to such Member, over (B) the aggregate amount of distributions made by the Company with respect to such Fiscal Year (treating any Tax Distribution made with respect to income for such Fiscal Year, regardless of when made, and any distribution other than a Tax Distribution made during such Fiscal Year, as being made with respect to such Fiscal Year). Any amount distributed pursuant to this Section 5.4 shall be deemed to be an advance distribution of amounts otherwise distributable to the Members pursuant to Section 5.1 (including in accordance with Article 10) and shall reduce the amounts that would subsequently otherwise be distributed to the Members pursuant to Section 5.1 in the order in which they would otherwise have been distributable; *provided, however*, that in the event of (a) any repurchase or redemption of a Member's units (including, but not limited to, pursuant to the Conversion Procedures or pursuant to Article 9 of this Agreement), (b) any disposition of all or substantially all of the Company's assets or other Company liquidation event, or (c) the Company's insolvency or any other event that will cause distributions under Section 5.1 to cease, if such Member has received a greater amount of Tax Distributions (on a per unit basis) than any other Member, which greater amount has not been (and will not be) accounted for through reductions in distributions that would otherwise be received under Section 5.1 (an "Excess Tax Distribution"), then (i) in the case of any repurchase or redemption of such Member's units, the amount of consideration received by such Member in such repurchase or redemption shall be reduced by the amount of such Excess Tax Distribution, and if the amount of consideration that would have been received by such Member in such repurchase or redemption is less than the amount of such Excess Tax Distribution, then such Member shall, within five (5) Business Days of the Company's request, remit to the Company an amount equal to the Excess Tax Distribution minus the amount that the consideration otherwise payable to such Member was reduced, and (ii) in the case of any disposition of all or substantially all of the Company's assets or other Company liquidation event or any other event that will cause distributions under Section 5.1 to cease, then, within five (5) Business Days of the Company's request, such Member shall remit to the Company an amount equal to the Excess Tax Distribution (determined after taking account of any final distributions being made under Section 5.1). If any Tax Distribution cannot be made due to a Credit Limitation or the lack of available cash, then following the lapse of such Credit Limitation or the receipt by the Company of available cash (as applicable), the Company shall make such Tax Distribution to the Members with interest at the applicable statutory rate for underpayment of taxes from the date such Tax Distribution otherwise would have been made but for such Credit Limitation or lack of available cash until the date the Company actually makes such Tax Distribution and with the amount of such Tax Distribution sufficient to cover all interest and penalties imposed on the Members as a result of the delay in the Tax Distribution. The Company will use its reasonable best efforts to negotiate all indenture or other credit, or other financing and warehousing or similar agreements governing indebtedness or other liabilities of the Company or any of its subsidiaries so as to permit Tax Distributions and not impose a Credit Limitation. If there is insufficient available cash to make all required Tax Distributions for a Fiscal Year, or if

there is a limitation on Tax Distributions imposed by any indenture or other credit, or other financing and warehousing or similar agreements governing indebtedness or other liabilities of the Company or any of its subsidiaries, the amount available shall be distributed pro rata to the Members based on each Member's Tax Distribution amount for such Fiscal Year as a percentage of the aggregate Tax Distribution amounts of all Members for such Fiscal Year. This Section 5.4 shall apply only after the Company has more than one Member and is treated as a partnership for U.S. federal income tax purposes.

ARTICLE 6. BOOKS OF ACCOUNT, RECORDS AND REPORTS, FISCAL YEAR, TAX MATTERS

Section 6.1 Books and Records

. Proper and complete records and books of account shall be kept by the Company in which shall be entered fully and accurately all transactions and other matters relative to the Company's business as are usually entered into records and books of account maintained by Persons engaged in businesses of a like character, including the Capital Account established for each Member. The Company's books and records shall be kept in a manner determined by the Board in its sole discretion to be most beneficial for the Company. The books and records shall at all times be maintained at the principal office of the Company and shall be open to the inspection and examination of the Members or their duly authorized representatives for a proper purpose as set forth in Section 18-305 of the Act during reasonable business hours and at the sole cost and expense of the inspecting or examining Member.

Section 6.2 Annual Reports

. The Company shall prepare or cause to be prepared all Federal, state and local tax returns that the Company is required to file. The Company shall use its best efforts to send to each Person who was a Member at any time during each Fiscal Year (or other applicable period) a copy of Schedule K-1 to Internal Revenue Service Form 1065 (or any successor form) indicating such Member's share of the Company's income, loss, gain, expense and other items relevant for Federal income tax purposes and corresponding analogous state and local tax forms within ninety (90) days after the end of such Fiscal Year (or other applicable period).

Section 6.3 Tax Elections and Determinations

. The Company shall make on the first U.S. federal income tax return due after the date hereof (and taking into account the Tax status of the Company on the date hereof, as specified in Section 13.11), and keep in effect, a valid election under Code section 754. The Board shall have the authority to make any and all other tax elections and other decisions relating to Tax matters (including any of the determinations made under the Code and Regulations under this Agreement); *provided* that the Board shall be permitted to delegate such authority.

Section 6.4 Fiscal Year

. The fiscal year of the Company (the "Fiscal Year") shall be the calendar year; *provided*, *however*, that the last Fiscal Year of the Company shall end on the date on which the Company is terminated; *provided*, *further*, that in the event of a deemed termination under Code section 708, the Fiscal Year shall terminate to the extent the Board determines such termination is reasonable and appropriate to address matters of tax compliance and reporting.

Section 6.5 Tax Matters Partner

. For purposes of Code section 6231(a)(7) as in effect prior to the enactment of the Bipartisan Budget Act of 2015 and Code section 6223(a) as amended by the Bipartisan Budget Act of 2015, the Company and each Member hereby designate Linn Holdco II as the "tax matters partner" and the "partnership representative," respectively (collectively, the "Tax Matters Partner"). The Board may remove or replace the Tax Matters Partner at any time and from time to time. The Tax Matters Partner is specifically directed and authorized to take whatever steps may be necessary or desirable to perfect such designation, including filing any forms or documents with the Internal Revenue Service and taking such other action as may from time to time be required under the Regulations. The Company shall indemnify and reimburse, to the fullest extent permitted by law, the Tax Matters Partner for all expenses (including legal and accounting fees) incurred as Tax Matters Partner while acting in good faith pursuant to this Section 6.5.

Section 6.6 Amended Returns

. In the event of an adjustment by the Internal Revenue Service of any item of income, gain, loss, deduction or credit of the Company for a taxable year of the Company under Code section 6225(a) (a "Partnership Audit Adjustment") that results, or would with the passing of time result, in a final assessment under Code section 6232, unless the Board elects, with the consent of the majority of the Class A Members, not to apply the provisions of this Section 6.6, upon the receipt of an amended Schedule K-1 from the Company (other than pursuant to Code section 6226), each Member (and each former Member) agrees to file an amended return as provided under Code section 6225(c)(2) taking into account all Partnership Audit Adjustments allocated to such Member (or former Member) as proposed in the Partnership Audit Adjustment (or, for the avoidance of doubt, as otherwise allocated pursuant to this Agreement if not allocated in the Partnership Audit Adjustment), and to pay the amount of any tax (including any interest and penalties thereon) due with respect to such amended return in such a manner and in such amount that the amount of any "imputed underpayment" of the Company, within the meaning of Code section 6225(a)(1), otherwise resulting from the Member's (or former Member's) allocable share of the Partnership Audit Adjustment is determined without regard to the portion of the Partnership Audit Adjustment taken into account by such Member (or former Member) on such amended return.

ARTICLE 7. POWERS, RIGHTS AND DUTIES OF THE MEMBERS

Section 7.1 Limitations

. Other than as set forth in this Agreement, the Members shall not participate in the management or control of the Company's business nor shall they transact any business for the Company, nor shall they have the power to act for or bind the Company, said powers being vested solely and exclusively in the Board.

Section 7.2 Liability

. Subject to the provisions of the Act, no Member shall be liable for the repayment, satisfaction or discharge of any Company liabilities in excess of the balance of such Member's Capital Account. No Member shall be personally liable for the return of any portion of the Capital Contributions (or any return thereon) of any other Member.

Section 7.3 Priority

. Except as otherwise provided in this Agreement, no Member shall have priority over any other Member as to Company allocations or distributions.

Section 7.4 Member Standard of Care

. To the fullest extent permitted by law, no Member shall, in its capacity as a Member, have any fiduciary or other duties to the Company or to any other Member, other than any duties expressly set forth in this Agreement. To the extent that any Member has any liabilities or duties at law or in equity in its capacity as a Member, including fiduciary duties or other standards of care, such liabilities and duties are hereby expressly eliminated and disclaimed by the Company and the Members to the fullest extent permitted by law.

ARTICLE 8. MANAGEMENT

Section 8.1 Management

.

(a) Management Under Direction of Linn Holdco II. Notwithstanding anything to the contrary herein, from the Effective Date until the date on which Linn Holdco II appoints one or more Linn Managers pursuant to Section 8.2(a)(i), the business and affairs of the Company shall be managed and controlled by Linn Holdco II and Linn Holdco II will be the "manager" within the meaning of the Act. During such time (i) all references in this Agreement to "Manager," "Board" and "Board Approval" shall be deemed to be references to Linn Holdco II and the approval of Linn Holdco II, as applicable, *mutatis mutandis*, (ii) references to "Management Manager" and "Independent Manager" shall be disregarded and (iii) Sections 8.2(a) - (e) (other than the last sentence of Section 8.2(e)) and Section 8.2(n) shall be disregarded.

(b) Management Under Direction of the Board. Upon and following the date on which Linn Holdco II appoints one or more Linn Managers pursuant to Section 8.2(a)(i), the business and affairs of the Company shall be managed and controlled by a board of managers (the "Board," and each member of the Board, a "Manager"), and the Board shall have full and complete discretion to manage and conduct the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as it deems necessary, advisable or appropriate to accomplish the purposes and business of the Company as set forth in Section 1.3. Notwithstanding the foregoing, no Manager in his or her individual capacity shall have the authority to manage the Company or approve matters relating to, or to otherwise bind, the Company, such powers being reserved to all of the Managers acting pursuant to Section 8.2(e) through the Board and to such agents of the Company as may be designated by the Board.

Section 8.2 Board of Managers

.

(a) Composition; Initial Managers. The Board shall initially consist of up to seven Managers, designated as follows:

(i) five designees appointed by Linn Holdco II (each, a "Linn Manager");

(ii) one Manager (the "Management Manager") who shall be the Chief Executive Officer (for so long as such individual holds office), who is Greg Harper as of the Effective Date; and

(iii) one Independent Manager appointed by Linn Holdco II after reasonable consultation with the Chief Executive Officer.

Linn Holdco II shall be entitled to assign its right to designate one or more Managers that Linn Holdco II is entitled to designate pursuant to the foregoing to any Person in connection with the Transfer by Linn Holdco II of any Class A Units held by Linn Holdco II. Each Manager shall serve in such capacity until such Manager's successor has been elected and qualified or until such Manager's death, resignation or removal. The Managers shall be "managers" within the meaning of the Act.

(b) Removal

.

(i) The Linn Managers may be removed, with or without cause, only by Linn Holdco II.

(ii) The Management Manager may be removed, with or without cause, only with Board Approval and Requisite Investor Approval; *provided*, that the Management Manager shall be automatically removed if he is no longer the Chief Executive Officer.

(iii) The Independent Manager may be removed, with or without cause, only with Requisite Investor Approval.

(c) Resignations

. A Manager may resign at any time (and in the case of the Management Manager, shall be deemed to have resigned in the circumstances described in Section 8.2(b)(ii)). Such resignation shall be in writing and shall take effect at the time specified therein or, if no time is specified, at the time of its receipt by the Company. The acceptance of a resignation shall not be necessary to make it effective unless expressly so provided in the resignation.

(d) Vacancies. In the event that a vacancy is created on the Board by the death, disability, retirement, resignation or removal of any Manager, such vacancy shall be filled only by consent of the Person(s) then entitled to designate such Manager pursuant to Section 8.2(a). Any Person(s) entitled to designate a Manager may do so at any time by written notice to the Company.

(e) Votes Per Manager; Quorum; Required Vote for Board Action. Each Manager shall be entitled to exercise one vote; *provided*, that a Linn Manager may exercise the vote of any absent Linn Manager (but not, for the avoidance of doubt, any other absent Manager) or if there is a vacancy in the Linn Managers then the Linn Manager(s) present at the meeting shall be given one additional vote for each such vacancy (and, if more than one Linn Manager is present at the meeting, then such additional vote(s) shall be allocated among the Linn Managers present in proportion to the number of Linn Managers present, or, in such other proportions as are determined by the present Linn Managers). A meeting of the Board will be called on at least 24 hours' prior notice to each Manager, unless such notice is waived by each Manager. Managers having a majority of the votes then entitled to be cast by the total number of Managers then entitled to be appointed to the Board, including at least one Linn Manager, either present (in person or by telephone pursuant to Section 8.2(k) or by proxy), shall be necessary and sufficient to constitute a quorum for the transaction of business at a meeting of the Board. Unless expressly provided otherwise in this Agreement, approval of a matter by the Board will require the affirmative vote

of a majority of the votes cast on such matter, including the affirmative vote of at least one Linn Manager (such approval, "Board Approval").

(f) Place of Meetings; Order of Business. The Board may hold its meetings and may have an office and keep the books of the Company, except as otherwise provided by law, in such place or places, within or without the State of Delaware, as the Board may from time to time determine by resolution. At all meetings of the Board, business shall be transacted in such order as shall from time to time be determined by the resolution of the Board.

(g) Regular Meetings. Regular meetings of the Board shall be held at such times and places as shall be designated from time to time by resolution of the Board.

(h) Special Meetings. Special meetings of the Board may be called by any Managers having at least two votes, including at least one Linn Manager. Notice of a special meeting need not state the purpose or purposes of such meeting.

(i) Compensation. No Manager, other than an Independent Manager, shall receive any compensation for serving on the Board. All of the Managers shall be entitled to reimbursement for reasonable out-of-pocket expenses in attending meetings of the Board. Except as restricted by the immediately preceding sentence, the Board shall have the authority to fix the compensation of Managers.

(j) Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all Managers. The writing or writings evidencing the action by written consent shall be filed with the minutes of proceedings of the Board.

(k) Telephonic Conference Meeting. Subject to the requirement for notice of meetings, members of the Board may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(l) Waiver of Notice Through Attendance. Attendance of a Manager at any meeting of the Board (including pursuant to Section 8.2(k)) shall constitute a waiver of notice of such meeting, except where such Manager attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened and notifies the other Managers at such meeting of such purpose.

(m) Reliance on Books, Reports and Records. Each Manager shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or reports made to the Company by any of its Officers or by an independent certified public accountant or by an appraiser selected with reasonable care by the Board, or in relying in good faith upon other records of the Company.

(n) Committees

.

(i) Designation; Powers. Subject to the provisions of Section 8.2(n)(ii), the Board may designate one or more committees (including a compensation committee or an audit committee) with each such committee consisting of one or more of the Managers, including at least one Linn Manager, unless otherwise agreed by Linn Holdco II. Any such designated committee shall have and may exercise such of the powers and authority of the Board in the management of the business and affairs of the Company as may be provided in such resolution, except that no such committee shall have the power or authority of the Board with regard to amending the Certificate or this Agreement. In addition, such committee or committees shall have such other limitations of authority as may be determined from time to time by resolution adopted by the Board. Unless otherwise determined by the Board, the Management Manager shall not be permitted to serve on any committee in respect of which the scope of the matters delegated to such committee is such that it would require the Management Manager to recuse himself if such matters were considered by the full Board.

(ii) Procedure; Meetings; Quorum. Any committee designated in accordance with this Section 8.2(n) shall choose its own chairman and, if desired, its own secretary, shall keep regular minutes of its proceedings and report the same to the Board when requested, shall fix its own rules or procedures, and shall meet at such times and at such place or places as may be provided by such rules or procedures, or by resolution of such committee or the Board. At every meeting of any committee, the presence of a majority of all the members thereof (including at least one Linn Manager if any such Manager serves on such committee) shall constitute a quorum. The affirmative vote of a majority of the members of any committee shall be necessary for the approval of any matter by such committee. Any action required or permitted to be taken at any meeting of any committee may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Managers having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members of such committee entitled to vote thereon were present (in person or by teleconference) or represented by proxy and voted.

(iii) Substitution of Managers. Subject to the provisions of Section 8.2(n)(ii), the Board may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

Section 8.3 Officers

.

(a) Designation and Appointment. The Board may, from time to time, employ and retain Persons as may be necessary or appropriate for the conduct of the Company's business, including employees, agents and other Persons (any of whom may be a Member) who may be designated as officers of the Company (each, an "Officer" and, collectively, "Officers"), with such titles as and to the extent authorized by the Board. Any number of offices may be held by the same Person. In its discretion, the Board may choose not to fill any office for any period as it may deem advisable. Officers need not be residents of the State of Delaware or Members. Any Officers so designated shall have such authority and perform such duties as the Board may from time to time delegate to them. The Board may assign titles to particular Officers. Each Officer shall hold office until his successor shall be duly designated and shall qualify or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. The salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Board.

Designation of an Officer shall not of itself create any contractual or employment rights. The Officers as of the Effective Date are set forth on Schedule II.

(b) Resignation and Removal. Any Officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the Board. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Any Officer may be removed as such, either with or without cause at any time by the Board.

(c) Standard of Care.

(i) The officers of the Company shall owe the same fiduciary duties to the Members and the Company as are owed by officers of a Delaware corporation to such corporation and the stockholders; *provided*, *however*, that an officer of the Company shall not be personally liable to the Company or the Members for monetary damages for breach of fiduciary duty as an officer of the Company, except for liability (A) subject to paragraph (ii) below, for any breach of such officer's duty of loyalty to the Company or the Members, (B) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (C) for any transaction from which such officer derived any improper personal benefit.

(ii) Notwithstanding anything to the contrary set forth in this Agreement, to the extent that officers of the Company have any fiduciary or similar duties to the Company pursuant to the laws of the State of Delaware, whether in law or in equity, that result solely from the fact that such individual is an officer of the Company and that are more expansive than those contemplated by this Section 8.3(c), such duties are hereby modified to the extent permitted under the Act to those contemplated by this Section 8.3(c).

Section 8.4 Existence and Good Standing

. The Board may take all action which may be necessary or appropriate (i) for the continuation of the Company's valid existence as a limited liability company under the laws of the State of Delaware (and of each other jurisdiction in which such existence is necessary to enable the Company to conduct the business in which it is engaged) and (ii) for the maintenance, preservation and operation of the business of the Company in accordance with the provisions of this Agreement and applicable laws and regulations. The Board may cause to be filed for recordation in the office of the appropriate authorities of the State of Delaware, and in the proper office or offices in each other jurisdiction in which the Company is formed or qualified, such certificates (including certificates of limited liability companies and fictitious name certificates) and other documents as are required by the applicable statutes, rules or regulations of any such jurisdiction or as are required to reflect the identity of the Members and the amounts of their respective capital contributions.

Section 8.5 Investment Company Act

. The Board shall use its best efforts to ensure that the Company shall not be subject to registration as an investment company pursuant to the Investment Company Act of 1940, as amended.

Section 8.6 Indemnification of the Managers, Officers and Agents

.

(a) The Company shall indemnify and hold harmless the Managers and their respective Affiliates, and the former and current Officers, agents and employees of the Company, and each such Affiliate (each, an "Indemnified Party"), from and against any loss, expense, damage or injury suffered or sustained by them, by reason of any acts, omissions or alleged acts or omissions arising out of their activities on behalf of the Company or in furtherance of the interests of the Company, including any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim if the acts, omissions or alleged acts or omissions upon which such actual or threatened action, proceeding or claims are based were not a result of fraud, gross negligence or willful misconduct by such Indemnified Party. Any indemnification pursuant to this Section 8.6 shall only be from the assets of the Company.

(b) Expenses (including reasonable attorneys' fees) incurred by an Indemnified Party in a civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding; *provided*, that if an Indemnified Party is advanced such expenses and it is later determined that such Indemnified Party was not entitled to indemnification with respect to such action, suit or proceeding, then such Indemnified Party shall reimburse the Company for such advances.

(c) No amendment, modification or deletion of this Section 8.6 shall apply to or have any effect on the right of any Indemnified Party to indemnification for or with respect to any acts or omissions of such Indemnified Party occurring prior to such amendment, modification or deletion.

Section 8.7 Certain Costs and Expenses

. The Company shall pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Company (including the costs, fees and expenses of attorneys, accountants or other professionals and the compensation of all personnel providing services to the Company) incurred in pursuing and conducting, or otherwise related to, the activities of the Company.

ARTICLE 9. TRANSFERS OF INTEREST BY MEMBERS; PRE-EMPTIVE RIGHTS; IPO CONVERSION; REPURCHASE RIGHTS; CONVERSION RIGHTS

Section 9.1 Restrictions on Transfers of Interests by Members

. No Member may sell, assign, pledge or in any manner dispose of or create or suffer the creation of a security interest in or any encumbrance (it being agreed that no provision of the Conversion Rights set forth in Section 9.15 shall constitute an encumbrance for purposes of this Agreement) on all or a portion of its Interest in the Company (the commission of any such act being referred to as a "Transfer," any person who effects a Transfer being referred to as a "Transferor" and any person to whom a Transfer is effected being referred to as a "Transferee") except in accordance with the terms and conditions set forth in this Article 9. No Transfer of an Interest in the Company shall be effective until such time as all requirements of this Article 9 in respect thereof have been satisfied and, if consents, approvals or waivers are required under this Agreement by a Member, all of the same shall have been confirmed in writing by such Member. Any Transfer or purported Transfer of an Interest in the Company not made in accordance with this Agreement (a "Void Transfer") shall be null and void and of no force or effect whatsoever. Any amounts otherwise distributable under Article 5 or Article 10 in respect of an Interest in the Company that has been the subject of a Void

Transfer may be withheld by the Company until the Void Transfer has been rescinded, whereupon the amount withheld (after reduction by any damages suffered by the Company attributable to such Void Transfer) shall be distributed without interest to the rightful holder of such Interest.

Section 9.2 Transfer of Interest of Members

.

(a) Except pursuant to Section 9.8, Section 9.9 and Section 9.15, no Class B Member may Transfer all or any portion of its Interest in the Company to any Person without complying with Section 9.3 and obtaining the prior written consent of the Board; *provided*, that, subject to Section 9.3, a Member holding Class B Units may transfer such Units to (i) a Person within such Member's Family Group without such consent, *provided* that such Member provides reasonable advance written notice of such transfer to the Board and (ii) a Permitted Transferee of such Member, upon consent of the Board, not to be unreasonably withheld, conditioned or delayed. Class A Members may Transfer all or any portion of their respective Class A Units in the Company to (x) Permitted Transferees of such Persons and (y) to any Person, subject such Class A Member's compliance with Section 9.7 or Section 9.8.

(b) The Transferee of a Member's Interest in the Company may be admitted to the Company as a Substituted Member upon the prior written consent of the applicable Member (which consent shall not be unreasonably withheld, conditioned or delayed); *provided* that such consent shall not be necessary in the case of a Transferee who is a Person within the Family Group of a Member holding Class B Units. Unless a Transferee of a Member's Interest in the Company is admitted as a Substituted Member under this Section 9.2(b), it shall have none of the powers of a Member hereunder and shall have only such rights of an assignee under the Act as are consistent with this Agreement. No Transferee of a Member's Interest shall become a Substituted Member unless such Transfer shall be made in compliance with Sections 9.2(a) and 9.3.

(c) Upon the Transfer of the entire Interest in the Company of a Member and effective upon the admission of its Transferee as a Member, the Transferor shall be deemed to have withdrawn from the Company as a Member.

(d) Upon the death, dissolution, resignation or withdrawal in contravention of Section 10.1, or the bankruptcy of a Member (the "Withdrawing Member"), the Company shall have the right to treat such Member's successor(s)-in-interest as assignee(s) of such Member's Interest in the Company but, until any such successor-in-interest has executed a joinder to this Agreement (which shall be delivered to the Company as soon as reasonably practicable after a Member becomes aware of such event), with none of the powers of a Member hereunder and with only such rights of an assignee under the Act as are consistent with this Agreement. For purposes of this Section 9.2(d), if a Withdrawing Member's Interest in the Company is held by more than one Person (for purposes of this clause (d), the "Assignees"), the Assignees shall appoint one Person with full authority to accept notices and distributions with respect to such Interest in the Company on behalf of the Assignees and to bind them with respect to all matters in connection with the Company or this Agreement.

(e) Upon request of the Company, each Member agrees to provide to the Company information regarding its adjusted tax basis in its Interests along with documentation

substantiating such amount, and any other information, documentation and certification necessary for the Company to comply with Code section 743 and the Regulations thereunder.

(f) The Company shall reflect each Transfer and admission of a Member authorized under this Article 9 by amending the Schedule of Members maintained pursuant to Section 3.1.

(g) Transfers of Units otherwise permitted or required by this Agreement may only be made in compliance with applicable foreign, U.S. federal and state securities laws, including the Securities Act.

Section 9.3 Further Requirements

. In addition to the other requirements of Section 9.2, and unless waived in whole or in part by the Board, no Transfer of all or any portion of an Interest in the Company may be made unless the following conditions are met:

(a) The Transferor or Transferee shall have paid all reasonable costs and expenses, including attorneys' fees and disbursements and the cost of the preparation, filing and publishing of any joinder or amendment to this Agreement or the Certificate, incurred by the Company in connection with the Transfer;

(b) The Transferor shall have delivered to the Company a fully executed copy of all documents relating to the Transfer, executed by both the Transferor and the Transferee, and the agreement of the Transferee in writing and otherwise in form and substance reasonably acceptable to the Board to:

(i) be bound by the terms imposed upon such Transfer by the terms of this Agreement; and

(ii) assume all obligations of the Transferor under this Agreement relating to the Interest in the Company that is the subject of such Transfer;

(c) The Board shall have been reasonably satisfied, including, at its option, having received an opinion of counsel to the Company reasonably acceptable to the Board, that:

(i) the Transfer will not cause the Company to be treated as an association taxable as a corporation for Federal income tax purposes;

(ii) the Transfer *either* (a) will not cause the Company to be treated as a "publicly traded partnership" within the meaning of Code section 7704 (a "PTP Event") *or* (b) if the Transfer would result in a PTP Event, (i) the Board is fully aware that a PTP Event would occur; (ii) the Board concludes that a PTP Event is in the best interests of the Members; and (iii) the majority of Class A Members consent to the PTP Event;

(iii) the Transfer will not cause the Company to be required to register as an investment company under the Investment Company Act of 1940, as amended, or other similar regulatory authority;

(iv) the Transfer will not result in any class of equity securities of the Company being held of record by a number of Persons that the Board determines could result in the Company's being required to file periodic reports under the Exchange Act, as amended; and

(v) the Transfer does not require registration under the Securities Act or any rules or regulations thereunder, or under applicable state securities laws.

Any waivers from the Board under this Section 9.3 shall be given or denied as reasonably determined by the Board.

Section 9.4 Consequences of Transfers Generally

.

(a) In the event of any Transfer or Transfers permitted under this Article 9, the Transferor and the Interest in the Company that is the subject of such Transfer shall remain subject to this Agreement, and the Transferee shall hold such Interest in the Company subject to all unperformed obligations of the Transferor. Any successor or Transferee hereunder shall be subject to and bound by this Agreement as if originally a party to this Agreement.

(b) Unless a Transferee of a Member's Interest becomes a Substituted Member, such Transferee shall have no right to obtain or require any information or account of Company transactions, or to inspect the Company's books or to exercise any rights of approval reserved only to admitted Members of the Company with respect to Company matters. Such a Transfer shall, subject to the last sentence of Section 9.1, merely entitle the Transferee to receive the share of distributions, Net Income, Net Loss and items of income, gain, deduction and loss to which the Transferor otherwise would have been entitled. Each Member agrees that such Member will, upon request of the Company, execute such certificates or other documents and perform such acts as the Board deems appropriate after a Transfer of such Member's Interest in the Company (whether or not the Transferee becomes a Substituted Member) to preserve the limited liability of the Members under the laws of the jurisdictions in which the Company is doing business.

(c) The Transfer of a Member's Interest in the Company and the admission of a Substituted Member shall not be cause for dissolution of the Company.

Section 9.5 Capital Account; Interests

. Any Transferee of a Member under this Article 9 shall, subject to the last sentence of Section 9.1, succeed to the portion of the Capital Account and Interests so transferred to such Transferee.

Section 9.6 Additional Filings

. Upon the admission of a Substituted Member under Section 9.2, the Company shall cause to be executed, filed and recorded with the appropriate governmental agencies such documents (including amendments to this Agreement) as are required to accomplish such substitution.

Section 9.7 Drag-Along Rights

.

(a) A Drag-Along Transaction that is a bona fide transaction with a counterparty or counterparties that are not Affiliates of the Initiating Member may be initiated in compliance with this Section 9.7 at any time by the Class A Members, acting with Requisite

Investor Approval. The Class A Member or Class A Members initiating a Drag-Along Transaction pursuant to this Section 9.7(a) are referred to as the "Initiating Members."

(b) In connection with any Drag-Along Transaction properly initiated pursuant to Section 9.7(a), and subject to the terms and conditions set forth in this Section 9.7, all holders of Units entitled to consent thereto shall consent to and raise no objections against the consummation of the Drag-Along Transaction, and if the Drag-Along Transaction is structured as: (i) a direct or indirect consolidation, merger or other business combination, or a sale or other disposition of all or substantially all of the assets of the Company, each holder of Units entitled to vote thereon shall vote in favor of the Drag-Along Transaction and shall waive any appraisal rights or similar rights in connection with such consolidation, merger, other business combination or asset sale; or (ii) a sale of all or substantially all of the Units, each holder of Units shall agree to sell all of his or its Units that are the subject of the Drag-Along Transaction, on the terms and conditions of such Drag-Along Transaction. The holders of Units shall promptly take all necessary and desirable actions in connection with the consummation of the Drag-Along Transaction reasonably requested by the Initiating Members, including the execution of such agreements and such other instruments and the taking of such other actions reasonably necessary to (A) provide customary representations, warranties, indemnities, and escrow or holdback arrangements relating to such Drag-Along Transaction (in each case, subject to Sections 9.7(c)(iii), 9.7(c)(iv), 9.7(c)(v) and 9.7(c)(vi)), in each case to the extent that each other holder of Units is similarly obligated except as otherwise provided for in this Agreement, and (B) effectuate the allocation and distribution of the aggregate consideration upon the consummation of the Drag-Along Transaction as set forth in Section 9.7(c). The holders of Units shall be permitted to sell their Units pursuant to any Drag-Along Transaction without complying with any other provisions of this Article 9 other than this Section 9.7(c).

(c) The obligations of the holders of Units pursuant to this Section 9.7 are subject to the following terms and conditions:

(i) upon the consummation of the Drag-Along Transaction, each holder of Units shall receive the same proportion of the aggregate consideration from such Drag-Along Transaction that such holder would have received if such aggregate consideration had been distributed by the Company in complete liquidation pursuant to the rights and preferences set forth in Section 5.1 as in effect immediately prior to such Drag-Along Transaction, and if a holder of Units receives consideration from such Drag-Along Transaction in a manner other than as contemplated by such rights and preferences or in excess of the amount to which such holder is entitled in accordance with such rights and preferences, then such holder shall take such action as is necessary so that such consideration shall be immediately reallocated among and distributed to the holders of Units in accordance with such rights and preferences;

(ii) the Company shall bear the reasonable, documented costs incurred in connection with any Drag-Along Transaction (costs incurred by or on behalf of any holder of Units for its sole benefit will not be considered costs of the Drag-Along Transaction) unless otherwise agreed by the Company and the acquiror, in which case no holder of Units shall be obligated to make any out-of-pocket expenditure prior to the consummation of the Drag-Along Transaction (excluding modest expenditures for postage, copies, and the like) and no holder of Units shall be obligated to pay any portion (or, if paid, such holder shall be entitled to be

reimbursed by the Company for that portion paid) that is more than its pro rata share (based upon the amount of consideration received by such holder in the Drag-Along Transaction) of reasonable expenses incurred in connection with a consummated Drag-Along Transaction for the benefit of all holders of Units and are not otherwise paid by the Company or another Person;

(iii) no holder of Units shall be required to provide any representations, warranties or indemnities under any agreements entered into in connection with the Drag-Along Transaction, other than (A) representations, warranties or indemnities relating to the business or condition of the Company or its subsidiaries for which the sole recourse is to consideration in escrow or holdback or by way of offset against amounts potentially payable in the future pursuant to earn-out rights or similar contractual arrangements, and (B) customary (including with respect to qualifications) several (and not joint) representations, warranties and indemnities concerning: (1) such holder's valid title to and ownership of the Units, free and clear of all liens, claims and encumbrances (excluding those arising under applicable securities laws); (2) such holder's authority, power and right to enter into and consummate the Drag-Along Transaction; (3) the absence of any violation, default or acceleration of any agreement to which such holder is subject or by which its assets are bound as a result of the Drag-Along Transaction; and (4) the absence of, or compliance with, any governmental or third party consents, approvals, filings or notifications required to be obtained or made by such holder in connection with the Drag-Along Transaction (and then only to the extent that each other holder of Units provides similar representations, warranties and indemnities with respect to the Units held by such holder of Units);

(iv) no holder of Units shall be obligated in respect of any indemnity obligations other than with respect to the customary representations, warranties and indemnities made on a several (and not joint) basis and referred to in Section 9.7(c)(iii) in such Drag-Along Transaction for an aggregate amount in excess of the total consideration payable to such holder of Units in such Drag-Along Transaction;

(v) no holder of Units shall be obligated in respect of any noncompetition, non-solicitation or similar restrictive covenants in such Drag-Along Transaction, in each case that are more restrictive than any such restrictive covenants by which such holder is bound to the Company or any of its Affiliates at the time of such Drag-Along Transaction;

(vi) consideration placed in escrow or held back shall be allocated among holders of Units such that if the applicable Third Party in the Drag-Along Transaction ultimately is entitled to some or all of such escrow or holdback amounts, then the net ultimate proceeds received by such holders shall still comply with the intent of Section 9.7(c)(i) as if the ultimate resolution of such escrow or holdback had been known at the closing of the Drag-Along Transaction; and

(vii) if some or all of the consideration received in connection with the Drag-Along Transaction is other than cash, then such consideration shall be deemed to have a dollar value equal to the Fair Market Value of such consideration.

(d) Notwithstanding anything to the contrary in this Section 9.7, if the consideration proposed to be paid to the holders of Units in a Drag-Along Transaction includes securities with respect to which no registration statement covering the issuance of such securities

has been declared effective under the Securities Act, then each holder of Units that is not then an Accredited Investor (without regard to Rule 501(a)(4) under the Securities Act) may be required, at the request and election of the Initiating Members, to (i) at the cost of the Company, appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to such requesting holders, or (ii) accept cash in lieu of any securities such non-Accredited Investor would otherwise receive in an amount equal to the Fair Market Value of such securities.

(e) The Initiating Members proposing a Drag-Along Transaction shall have the right in connection with such a prospective transaction (or in connection with the investigation or consideration of any such prospective transaction) to require the Company to cooperate fully with potential acquirors in such prospective transaction by taking all customary and other actions reasonably requested by such holders or such potential acquirors, including making the Company's properties, books and records, and other assets reasonably available for inspection by such potential acquirors, establishing a physical or electronic data room including materials customarily made available to potential acquirors in connection with such processes and making its officers and employees reasonably available for presentations, interviews and other diligence activities, in each case subject to reasonable and customary confidentiality provisions. In addition, the Initiating Members proposing a Drag-Along Transaction shall be entitled to take all steps reasonably necessary to carry out an auction of the Company, including selecting an investment bank, providing confidential information (pursuant to confidentiality agreements), selecting the winning bidder and negotiating the requisite documentation. The Company shall provide assistance with respect to these actions as reasonably requested.

(f) To the extent a Drag-Along Transaction includes assets other than Units, then the Initiating Members shall propose an initial value for the Company and the Initiating Members and the holders of the Units who are not Initiating Members shall engage in good faith negotiations for a period of 10 days to determine the value allocable to the Company in connection therewith. If after such period the Initiating Members and the holders of the Units who are not Initiating Members are unable to agree to such value, then the Initiating Members and the holders of the Units who are not Initiating Members will, within 30 days of the end of such 10-day negotiation period, engage a nationally recognized valuation firm experienced in the valuation of private companies that is mutually agreeable to the Initiating Members and the holders of the Units who are not Initiating Members and independent of each of the parties (the "Auditor"), to resolve such dispute. For this purpose, a valuation firm shall be considered independent of each of the parties if, within the prior two-year period, the valuation firm has neither (i) provided any services to the Company or any of its Affiliates, nor (ii) performed any substantial services for the holders of the Units who are not Initiating Members or their respective Affiliates. The parties shall promptly provide the Auditor with any information requested by the Auditor as necessary or appropriate in resolving such dispute. The Auditor shall review such information and, within 30 days of its appointment, shall deliver its determination of value allocable to the Company in connection with the Drag-Along Transaction includes assets other than Units, which, absent a court's finding of fraud or manifest error, shall be binding on the parties. The fees and expenses of the Auditor shall be borne by (x) the Initiating Members, if the final value allocable to the Company by the Auditor is greater than 110% of the initial value proposed by the Initiating Members, and (y) the holders of Units other than the Initiating Members, if the final value allocable

to the Company by the Auditor is less than or equal to 110% of the initial value proposed by the Initiating Members.

Section 9.8 Tag-Along Rights

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(a) If any one or more Members (in such capacity, collectively, the "Tag Subject Member") desire to Transfer a number of Units (other than Class B Units) that represent, in the aggregate, at least 50% of the total economic value of all Units (other than Class B Units) to a Third Party (the "Tag-Along Transferee"), other than through an Excluded Transfer, then the Tag Subject Member shall offer to include in such proposed Transfer (a "Tag-Along Sale") a number of Units owned and designated by any Tag Eligible Seller, in each case in accordance with the terms of this Section 9.8.

(b) The Tag Subject Member shall cause the offer from such Tag-Along Transferee (the "Tag-Along Offer") to be reduced to writing, which writing shall include: (i) an offer to purchase or otherwise acquire Units from the Tag Eligible Sellers as required by this Section 9.8; (ii) a time and place designated for the closing of such purchase; and (iii) the per-Unit purchase price proposed to be paid by the Tag-Along Transferee for the Tag Subject Member's and Tag Eligible Sellers' Units in such Tag-Along Sale (the "Tag-Along Price").

(c) Each of the Tag Eligible Sellers shall be entitled to request to include certain Units in such Tag-Along Sale, in each case in accordance with the terms of this Section 9.8.

(d) The Tag Subject Member shall send written notice of such Tag-Along Offer (a "Tag Inclusion Notice"), together with the Tag Subject Member Requested Class A Percentage, to each of the Tag Eligible Sellers. Each Tag Eligible Seller shall have the right (a "Tag Inclusion Right"), exercisable by delivery of written notice to the Tag Subject Member at any time within 10 Business Days after receipt of the Tag Inclusion Notice, to request to sell in the Tag-Along Sale a number of Class A Units or Class B Units up to the total number of Class A Units or Class B Units, as applicable, held by such Tag Eligible Seller multiplied by the Tag Subject Member Requested Class A Percentage.

(e) Promptly following the completion of the procedures described in Section 9.8(d), the following procedures shall apply:

(i) first, the Tag Subject Member shall notify the Tag-Along Transferee of the number of Requested Units; and

(ii) next, the Tag Subject Member shall determine whether the Tag-Along Transferee is willing to purchase all of the Requested Units. If the Tag-Along Transferee is unwilling to purchase all such Units, then the Tag Subject Member shall determine what percentage of Requested Units such Tag-Along Transferee is willing to purchase in the aggregate (the "Purchased Percentage"). In such event, the number of Requested Units that the Tag Subject Member and each of the exercising Tag Eligible Sellers otherwise would have sold in the Tag-Along Sale shall be reduced on a pro rata basis so as to permit the Tag Subject Member and the exercising Tag Eligible Sellers to sell in the aggregate a number of Units equal to the total number of Requested Units multiplied by the Purchased Percentage (the "Purchased Units").

(f) Notwithstanding anything to the contrary in this Section 9.8, if the consideration proposed to be paid by the Tag-Along Transferee in a Tag-Along Sale includes securities with respect to which no registration statement covering the issuance of such securities has been declared effective under the Securities Act, then each holder of Units participating in the Tag-Along Sale that is not then an Accredited Investor (without regard to Rule 501(a)(4) under the Securities Act) may be required, at the request and election of the Tag Subject Member, to: (i) at the cost of the Company, appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to such Tag Subject Member; or (ii) agree to accept cash in lieu of any securities such holder would otherwise receive in an amount equal to the Fair Market Value of such securities; *provided*, *however*, that upon written request the Board shall provide any holder of Units all information reasonably related to its determination of Fair Market Value.

(g) At the time (subject to extension to the extent necessary to pursue any required regulatory or equityholder approvals, including to allow for the expiration or termination of all waiting periods under the HSR Act) and place provided for the closing in the Tag-Along Offer, or at such other time and place as the Tag Subject Member, and the Tag-Along Transferee shall agree, the Tag Subject Member and the exercising Tag Eligible Sellers shall sell to the Tag-Along Transferee all of the Purchased Units. Each sale of Purchased Units pursuant to this Section 9.8(g) shall be upon terms and conditions, if any, not more favorable individually and in the aggregate to the purchaser than those in the Tag-Along Offer and the Tag Inclusion Notice, and upon the consummation of such sale, each transferor of Purchased Units shall receive the consideration specified in Section 9.8(h).

(h) Upon the consummation of a Tag-Along Sale, each transferor of Purchased Units shall receive an amount of consideration equal to the product obtained by multiplying (i) the number of Purchased Units sold by such transferor in the Tag-Along Sale by (ii) the Tag-Along Price. If a transferor of Purchased Units receives consideration from such Tag-Along Sale in a manner other than as contemplated by the immediately preceding sentence or in excess of the amount to which such transferor is entitled in accordance with the immediately preceding sentence, then such transferor shall take such action as is necessary so that such consideration shall be immediately reallocated among and distributed to the transferors of Purchased Units in accordance with the immediately preceding sentence.

(i) The Class A Members shall have the right in connection with any Tag-Along Sale (or in connection with the investigation or consideration of any potential Tag-Along Sale) to require the Company to cooperate fully with potential acquirors in such prospective Tag-Along Sale by taking all customary and other actions reasonably requested by the Class A Members, acting with Requisite Investor Approval, or such potential acquirors, including making the Company's properties, books and records, and other assets reasonably available for inspection by such potential acquirors, establishing a physical or electronic data room including materials customarily made available to potential acquirors in connection with such processes and making its employees reasonably available for presentations, interviews and other diligence activities, in each case subject to reasonable and customary confidentiality provisions. The Company shall provide assistance with respect to these actions as reasonably requested by the Class A Members, acting with Requisite Investor Approval.

(j) No holder of Units shall be obligated in respect of any noncompetition, non-solicitation or similar restrictive covenants in such Tag-Along Sale, in each case that are more restrictive than any such restrictive covenants by which such holder is bound to the Company or any of its Affiliates at the time of such Tag-Along Sale.

(k) Notwithstanding anything to the contrary in this Agreement, at any time after the six-month anniversary of the date of the delivery of the Tag Inclusion Notice with respect to each proposed Tag-Along Sale, the Board, with Requisite Investor Approval, shall be entitled to waive, on behalf of each Tag Eligible Seller, each former Tag Eligible Seller and each of their respective Affiliates, successors and assigns and the members, partners, stockholders, directors, managers, officers, liquidators and employees of each of the foregoing (collectively, the "Tag Eligible Seller Persons"), any and all claims such Tag Eligible Seller Persons have, had, may have, or may have had with respect to any non-compliance with or violation of this Section 9.8 by any Person with respect to such Tag-Along Sale (whether or not any Units were transferred pursuant to this Section 9.8), other than any such claim that has been made in writing and delivered to the Company prior to the expiration of such six-month anniversary.

Section 9.9 Qualified Public Offering

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(a) A Qualified Public Offering may be initiated and approved by the holders of Class A Units acting with Requisite Investor Approval. The Member or Members initiating a Qualified Public Offering pursuant to this Section 9.9 are referred to as the "IPO Initiating Members."

(b) In connection with any proposed Qualified Public Offering approved in accordance with this Agreement, if required by the IPO Initiating Members, the outstanding Units may be converted or exchanged in accordance with this Section 9.9 (the "IPO Exchange") into equity securities of the IPO Issuer and/or its general partner (an "IPO GP") (if applicable) ("IPO Securities"); *provided*, that all Units so converted or exchanged shall be converted or exchanged into the same class and/or series of IPO Securities. IPO Securities issued in connection with any IPO Exchange in exchange for Units may or may not include, in whole or in part, equity securities of the IPO Issuer of the same class or series as the securities of the IPO Issuer proposed to be offered to the public in the Qualified Public Offering (the "Publicly Offered Securities"). In connection with any IPO Exchange, each outstanding Unit will be converted into or exchanged for IPO Securities such that each holder of Units will receive IPO Securities having a value equal to the amount that such holder would have received if, immediately prior to the consummation of the Qualified Public Offering, all of the Company's assets had been sold for their Fair Market Values (which Fair Market Values shall be determined, if applicable, taking into account the expected offering price per Publicly Offered Security in the Qualified Public Offering, net of any underwriting discounts and commissions) and the resulting amount had been distributed by the Company pursuant to the rights and preferences set forth in Section 5.1 and Section 10.3 as in effect immediately prior to such distribution. Notwithstanding the foregoing, if the IPO Securities will include multiple classes of securities (including any subordinated interests, general partner interest or incentive distribution rights) in the IPO Issuer or an IPO GP, or will include the implementation of an "Up-C" or similar structure, then the IPO Exchange shall be structured in a manner such that each holder of Units has the right to elect to receive substantially the same proportionate share of the Publicly Offered Securities and of each such other class of securities, or

otherwise shares proportionately the economic benefits of such class of securities, as each other holder of Units (taking into account the amount that would be received by each such holder in the hypothetical Distribution described in the immediately preceding sentence).

(c) If, in connection with the IPO Exchange, the IPO Initiating Members reasonably determine that it is advisable to have the holders of the Units contribute all of the Units to the IPO Issuer and/or an IPO GP in one or a series of transactions pursuant to an agreement that provides for the exchange of Units into IPO Securities of such Person or Persons (with the amount of IPO Securities to be received by each such holder being reasonably determined in accordance with this Section 9.9), each holder of Units agrees to participate in such an exchange. For the sake of clarity, the IPO Initiating Members may elect, in connection with a proposed Qualified Public Offering where a subsidiary of the Company or another entity that is not the Company or its successor is the IPO Issuer, not to cause an IPO Exchange in connection therewith and, to the extent such an IPO Exchange does not occur, this Agreement may continue in effect after a Qualified Public Offering in accordance with its terms.

(d) Subject to Section 9.9(b), but notwithstanding anything to the contrary in this Agreement, at any time after the approval of a Qualified Public Offering in accordance with this Agreement, the IPO Initiating Members shall be entitled to approve the transaction or transactions to effect the IPO Exchange and to take all such other actions as are required or necessary to facilitate the Qualified Public Offering including: (i) determining the terms of the organizational documents of the IPO Issuer and the IPO GP (if applicable); (ii) forming any entities required or necessary in connection with the Qualified Public Offering (including any IPO GP); (iii) transferring or causing to be transferred any assets between or among the Company, the IPO Issuer and any of the Company's subsidiaries; and (iv) subject to Section 12.1, amending the terms of this Agreement, in each case without the consent or approval of any other Person (including the Board). If the IPO Initiating Members elect to exercise rights to initiate a Qualified Public Offering under this Section 9.9, each of the Members and the Board shall take such actions as may be reasonably requested in connection with consummating the IPO Exchange, including (A) such actions as are required to Transfer all of the issued and outstanding Units or assets of the Company to an IPO Issuer or its general partner and (B) such actions as are required in order to merge or consolidate the Company into or with an IPO Issuer or IPO GP.

(e) Each Member shall sell any fractional IPO Securities owned by such party (after taking into account all IPO Securities held by such party) to the IPO Issuer or IPO GP, as applicable, upon the request of the Company in connection with or in anticipation of the consummation of a Qualified Public Offering, for cash consideration equal to the Fair Market Value of such fractional securities.

(f) Notwithstanding anything to the contrary in this Section 9.9, if no registration statement covering the issuance of the IPO Securities to the Members in the IPO Exchange has been declared effective under the Securities Act, then each of the Members that is not then an Accredited Investor (without regard to Rule 501(a)(4) under the Securities Act) may be required, at the request and election of the IPO Initiating Members, to: (i) at the cost of the Company, appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to such IPO Initiating Members; or (ii) agree to accept cash

in lieu of any IPO Securities which such Member that is not then an Accredited Investor would otherwise receive in an amount equal to the Fair Market Value of such IPO Securities.

Section 9.10 Pre-emptive Rights

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(a) Prior to the Company issuing, other than through an Excluded Unit Issuance, any Units or options or other rights to acquire Units, whether through exchange, conversion or otherwise, including pursuant to a commitment or subscription to acquire Units over time pursuant to capital calls or otherwise (collectively, the "New Interests") to a proposed purchaser (the "Proposed Purchaser"), each Eligible Purchaser shall have the right to purchase the number of New Interests as provided in this Section 9.10. For all purposes of this Section 9.10 (including for purposes of the definitions of defined terms used in this Section 9.10), Qualifying Participants shall be deemed to be Eligible Purchasers pursuant to this Section 9.10 and such Qualifying Participants shall have the pre-emptive rights granted to such Qualifying Participants pursuant to the Incentive Plan.

(b) The Company shall give each Eligible Purchaser at least 15 calendar days' prior notice (the "Pre-emptive Notice") of any proposed issuance of New Interests, which notice shall set forth in reasonable detail the proposed terms and conditions thereof and shall offer to each Eligible Purchaser the opportunity to purchase its Pre-Emptive Proportionate Share (which Pre-Emptive Proportionate Share shall be calculated as of the date of such notice) of the New Interests at the same price, on the same terms and conditions and at the same time as the New Interests are proposed to be issued by the Company. If any Eligible Purchaser wishes to exercise its pre-emptive rights, it must do so by delivering an irrevocable written notice to the Company within 15 calendar days after delivery of the Pre-emptive Notice by the Company (the "Election Period"), which notice shall state the dollar amount of New Interests such Eligible Purchaser (each a "Requesting Purchaser") would like to purchase up to a maximum amount equal to such Eligible Purchaser's Pre-Emptive Proportionate Share of the total offering amount plus the additional dollar amount of New Interests such Requesting Purchaser would like to purchase in excess of its Pre-Emptive Proportionate Share (the "Over-Allotment Amount"), if any, if other Eligible Purchasers do not elect to purchase their entire respective Pre-Emptive Proportionate Shares of the New Interests. The rights of each Requesting Purchaser to purchase a dollar amount of New Interests in excess of each such Requesting Purchaser's Pre-Emptive Proportionate Share of the New Interests shall be based on the relative Pre-Emptive Proportionate Shares of the New Interests of those Requesting Purchasers desiring Over-Allotment Amounts.

(c) If not all of the New Interests are subscribed for by the Eligible Purchasers, the Company shall have the right, but shall not be required, to issue and sell the unsubscribed portion of the New Interests to the Proposed Purchaser at any time during the 90 days following the termination of the Election Period pursuant to the terms and conditions set forth in the Pre-emptive Notice. The Board may, in its reasonable discretion, impose other reasonable and customary terms and procedures, such as setting a closing date, rounding the number of Units covered by this Section 9.10 to the nearest whole Unit and requiring customary closing deliveries in connection with any pre-emptive rights offering. In the event any Eligible Purchaser refuses to purchase offered New Interests for which it subscribed pursuant to the exercise of pre-emptive rights granted thereto under this Section 9.10, in addition to any other rights the Company may be permitted to enforce at law or in equity, such Eligible Purchaser and any Permitted Transferee of

such Eligible Purchaser shall not be considered an Eligible Purchaser for any future rights granted under this Section 9.10 unless the Board expressly designates such Person as an Eligible Purchaser (which the Board, in its sole discretion, may do on an offer-by-offer basis or not at all).

(d) Notwithstanding anything to the contrary in this Agreement, with Requisite Investor Approval, the Company may, in order to expedite the issuance of the New Interests under this Agreement, issue all or a portion of such New Interests to any Proposed Purchaser approved by the Board without complying with Sections 9.10(a)-(c); *provided*, *however*, that prior to such issuance, either (i) such Proposed Purchaser agrees to offer to sell to each Eligible Purchaser such Eligible Purchaser's respective Pre-Emptive Proportionate Share of such New Interests (before giving effect to the issuance of New Interests pursuant to this Section 9.10(d)) on the same terms and conditions as issued to such Proposed Purchaser (other than the date any such Eligible Purchaser may acquire such New Interests) in a manner which provides each such Eligible Purchaser with rights substantially similar to the rights set forth in Section 9.10(a)-(c) or (ii) the Company shall agree to offer to sell an amount of New Interests to each such Eligible Purchaser in an amount equal to such Eligible Purchaser's respective Pre-Emptive Proportionate Share of such New Interests and in a manner which otherwise provides each such Eligible Purchaser with rights substantially similar to the rights set forth in Sections 9.10(a)-(c). Any such Proposed Purchaser or the Company, as applicable, shall offer, in writing, to sell such New Interests to each Eligible Purchaser within 45 days of the issuance of such New Interests to such Proposed Purchaser and each Eligible Purchaser will have 15 Business Days after delivery of such a written offer to such Eligible Purchaser to deliver an irrevocable written notice to such Proposed Purchaser or the Company, as applicable, which notice shall state the amount of such New Interests that such Eligible Purchaser would like to purchase up to the maximum dollar amount equal to such Eligible Person's Pre-Emptive Proportionate Share of the total offering amount, plus any desired Over-Allotment Amount, if other Eligible Purchasers do not elect to purchase their full Pre-Emptive Proportionate Shares of the New Interests. The rights of each Requesting Purchaser to purchase Over-Allotment Amounts shall be allocated in the same manner as described in Section 9.10(b).

(e) Notwithstanding anything to the contrary in this Agreement, at any time after the six-month anniversary of the delivery of the Pre-emptive Notice with respect to each proposed issuance of New Interests pursuant to this Section 9.10, the Board, with Requisite Investor Approval, shall be entitled to waive, on behalf of each Eligible Purchaser, each former Eligible Purchaser and each of their respective Affiliates, successors and assigns and the members, partners, stockholders, directors, managers, officers, liquidators and employees of each of the foregoing (collectively, the "Eligible Purchaser Persons") any and all claims such Eligible Purchaser Persons have, had, may have, or may have had with respect to any non-compliance with or violation of this Section 9.10 by any Person with respect to such proposed issuance of New Interests (whether or not any Units were issued or sold pursuant to this Section 9.10), other than any such claim that has been made in writing and delivered to the Company prior to the expiration of such six-month anniversary.

Section 9.11 Registration Rights

. At or prior to (a) the consummation of any Qualified Public Offering or (b) the conversion of the Class B Units, pursuant to Section 9.15, into equity that is publicly traded on a national securities exchange and/or registered under the Exchange Act, the Members, on the one hand, and the IPO Issuer (in the case of clause (a) of this Section 9.11) or Riviera or the BMM Spinoff Parent, as applicable (in the case of clause (b) of this

Section 9.11), on the other hand, shall enter into a registration rights agreement in customary form providing for certain registration rights for the Members, which registration rights agreement shall include provisions incorporating the agreements set forth in Exhibit C.

Section 9.12 Specific Performance

. Each Member agrees that it shall be inadequate or impossible, or both, to measure in money the damage to the Company or the Members, if any of them or any Transferee or any legal representative of any party hereto fails to comply with any of the restrictions or obligations imposed by this Article 9, that every such restriction and obligation is material, and that in the event of any such failure, the Company or the Members shall not have an adequate remedy at law or in damages. Therefore, each Member consents to the issuance of an injunction or the enforcement of other equitable remedies against such Member at the suit of an aggrieved party, without the posting of any bond or other security, to compel specific performance of all of the terms of this Article 9 and to prevent any Transfer of Units in contravention of any terms of this Article 9, and waives any defenses thereto, including the defenses of: (a) failure of consideration; (b) breach of any other provision of this Agreement; and (c) availability of relief in damages.

Section 9.13 Termination and Survival of Certain Provisions Following Qualified Public Offering

. Notwithstanding anything to the contrary in this Agreement, the provisions of this Article 9 (other than Section 9.2(g), Section 9.11 and Section 9.12) shall terminate and be of no further force or effect upon the earliest to occur of (i) the consummation of an IPO Exchange and (ii) with respect to any Class B Unit that is converted pursuant to Section 9.15, such conversion.

Section 9.14 Repurchase Rights

. The following provisions shall apply to each Class B Unit granted by an Award Agreement in accordance with the Incentive Plan and this Agreement:

(a) Repurchase. On or after a Participant's (i) Termination, for any reason or no reason, or (ii) breach of any restrictive covenants in favor of the Company or any of its subsidiaries (each, a "Repurchase Event"), the Company shall have the right (but not the obligation) to repurchase, from time to time, all or any portion of such Participant's vested, non-converted and non-forfeited Class B Units (including any such Class B Units that were Transferred by such Participant pursuant to Section 9.2(a)) (the "Purchasable Units"). The purchase price for the Purchasable Units being repurchased shall equal: (A) in the case of a repurchase pursuant to clause (i), the Fair Market Value of such Purchasable Units, measured as of the date of the Repurchase Notice, and (B) in the case of a repurchase pursuant to clause (ii), the lower of the amount determined pursuant to clause (A) and the Participant's cash cost incurred in acquiring such Purchasable Units (as applicable, the "Repurchase Price"); *provided*, *that*, if a Participant takes such prohibited action as specified in clause (ii) hereof after the Company pays the Repurchase Price for such Purchasable Units, then the Participant shall repay to the Company any amounts paid in excess of that contemplated by the preceding clause. The Company's repurchase right pursuant to this Section 9.14 shall terminate upon the Registration Date.

(b) Repurchase Notice. In order to exercise its right pursuant to this Section 9.14, the Company must deliver a written notice to the Participant (or such Participant's relevant Transferee, if applicable) (the "Repurchase Notice") no later than one year after the later of (i) the

date upon which the Company first became aware that it was entitled to exercise its repurchase rights hereunder and (ii) the date that is six months plus one day after the date on which the relevant Purchasable Units vested (*provided* that such periods may be tolled in accordance with Section 9.14(d) below), which Repurchase Notice shall set forth the number of Purchasable Units to be acquired, the Repurchase Price and the time and place for the closing of the repurchase contemplated by this Section 9.14 (the "Repurchase Closing").

(c) Repurchase Closing. The Repurchase Closing shall take place on the date designated by the Company in the Repurchase Notice, which date shall be on or before the thirtieth day following the date of the Repurchase Notice (the "Repurchase Closing Date"). On the Repurchase Closing Date, the Company shall pay the Repurchase Price for the Purchasable Units to be purchased, by, at the Company's election, delivery of a cashier's or bank check, wire transfer of immediately available funds or a subordinated note (the "Subordinated Note"), which Subordinated Note (if any) would (i) be on the terms and conditions, including a reasonable rate of interest, as determined by the Board, with reasonable consultation with the Class B Unitholder and (ii) mature upon the earliest to occur of the following: (A) a Change in Control (as defined in the Incentive Plan), (B) the Registration Date and (C) the date that is 24 months after the Repurchase Closing Date (such date, the "Maturity Date"); *provided*, *that*, the Company may offset against such Repurchase Price any then existing documented and bona fide monetary debts owed by the Participant to the Company or any of its subsidiaries; *provided*, *further*, that with respect to any Repurchase Price paid by a Subordinated Note, the amount of such Subordinated Note shall be equal to the sum of (I) the Repurchase Price plus (II) the amount of any distributions that would have been made in respect of the Purchasable Units repurchased by the Company with such Subordinated Note with respect to the time period between the Repurchase Closing Date and the Maturity Date, assuming that the Purchasable Units had not been repurchased by the Company. The Company will receive customary representations and warranties from each seller regarding the sale of the Purchasable Units, including, but not limited to, representations that such seller has good and marketable title to the Purchasable Units to be Transferred free and clear of all liens, claims and other encumbrances, and the Company will be entitled to require all sellers' signatures to be guaranteed by a national bank or reputable securities broker. For the avoidance of doubt, if the Repurchase Price for the Purchasable Units to be repurchased hereunder is zero, the repurchase shall nonetheless be consummated as provided herein, and the Company shall not be required to deliver any consideration at the closing of such repurchase transaction.

(d) Liquidity Limitations. If payment of all or a portion of the Repurchase Price by the Company would violate applicable law or any bona fide third party credit agreements to which the Company is a party, the Company shall pay such portion of the Repurchase Price as soon as practicable following the lapse of such prohibitions or restrictions.

Section 9.15 Conversion Rights

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(a) If (i) the Spin Transaction is consummated, (ii) Riviera (as successor to Riviera LLC) or its successor, directly or indirectly, continues to hold Class A Units on or after April 2, 2021, and (iii) the Registration Date has not occurred as of April 2, 2021, then any holder of Class B Units shall be entitled to convert the Class B Units held by such electing holder into Common Stock on the terms and conditions set forth in the Conversion Procedures; *provided* that this Section 9.15(a) shall terminate automatically on the Registration Date.

(b) If the Spin Transaction is not consummated prior to April 2, 2021, the parties hereto covenant to enter into good-faith negotiations regarding appropriate amendments to this Agreement to provide holders of Class B Units substantially similar economic benefits and liquidity rights as such holders would have received had the Spin Transaction been consummated no later than April 2, 2021.

(c) If, after the execution of this Agreement, a spinoff transaction occurs pursuant to which the stock of the Company or the then-current parent of the Company other than Riviera (the "BMM Spinoff Parent") is distributed to the stockholders of the ultimate parent of the Company, and the BMM Spinoff Parent is then quoted for trading on the OTCQB or is otherwise publicly traded on a national securities exchange and/or registered under the Exchange Act, then such spinoff shall be deemed to be the "Spin Transaction" for all purposes of Section 9.15(a) and all references to Riviera in (i) the definition of "Common Stock," (ii) Section 9.15(a) and (iii) the Conversion Procedures shall be deemed to be references to the BMM Spinoff Parent.

(d) If, after the execution of this Agreement, a Qualified Public Offering occurs, then any holder of Class B Units shall be entitled to convert the Class B Units held by such electing holder into IPO Securities on the terms and conditions set forth in Section 9.9(b), without regard to the words: "if required by the IPO Initiating Members."

Section 9.16 Appraisal Rights

. Solely for purposes of Section 9.14 and Section 9.15, if a Participant, in good faith, disagrees with the Board's determination of the Fair Market Value of the Purchasable Units (in the case of Section 9.14), the Common Stock (in the case of Section 9.15(a)), the common stock of the BMM Spinoff Parent (in the case of Section 9.15(c)) or the applicable equity securities in the case of Section 9.15(b) (exclusively limited to the Board's determination pursuant to clauses (a) or (c) of the definition of Fair Market Value in this Agreement) (the "Equity FMV") (as applicable, the "Disputed Value"), the Participant may request that the Board's determination be reviewed by a mutually acceptable nationally recognized valuation firm (the "Appraiser"), taking into account relevant factors in accordance with applicable law (including applicable tax rules) (the "Appraisal"). The Participant shall have 60 calendar days from the date on which the Company provides the Participant with the Board's determination to provide the Company with written notice of such dispute (the "Dispute Notice"), which Dispute Notice shall include an acknowledgement of the potential responsibility of the Participant for fees and expenses payable pursuant to this dispute provision. If the Participant provides the Company with a Dispute Notice, the Company and the Participant shall work together in good faith to resolve the issues in dispute. If the Company and the Participant are unable to resolve all such disputed issues within ten business days following the Company's receipt of the Dispute Notice, the Participant may request the Appraisal. Any determination of the Appraiser pursuant to the foregoing provisions shall be a final and binding determination of the Disputed Value on the Participant and the Company. If such Appraiser's determination of the Disputed Value is less than or equal to 110% of the Equity FMV determined by the Board, all costs and expenses associated with the Appraisal shall be borne by the Participant up to a maximum of $250,000 in the aggregate, with the remaining costs and expenses borne by the Company. If the Appraiser's determination of the Disputed Value is more than 110% of the Equity FMV determined by the Board, all costs and expenses associated with the Appraisal shall be borne by the Company. If the Appraisal with respect to the Equity FMV results in a greater Repurchase Price payable in respect of the Purchasable Units pursuant to Section 9.14(a), the Common Stock pursuant to Section 9.15(a) or

the common stock of the BMM Spinoff Parent pursuant to Section 9.15(c) above, the additional amount, in the same form of consideration as the initial Repurchase Price, shall be paid to the Participant within 45 days of the Appraisal completion date. Notwithstanding anything to the contrary herein, the appraisal rights provided for in this Section 9.16 with respect to conversions pursuant to Section 9.15(a) or Section 9.15(c) shall be exercisable (a) only if, at the time of such exercise, Riviera (in the case of Section 9.15(a)) or the BMM Spinoff Parent (in the case of Section 9.15(c)) holds material assets other than direct or indirect equity interests in the Company and (b) no more than two times by each Participant and its Permitted Transferees.

ARTICLE 10. RESIGNATION OF MEMBERS; TERMINATION OF COMPANY; LIQUIDATION AND DISTRIBUTION OF ASSETS

Section 10.1 Resignation of Members

. Except as otherwise specifically permitted in this Agreement, a Member may not resign or withdraw from the Company unless unanimously agreed to in writing by all other Members. The Board shall reflect any such resignation or withdrawal by amending the Schedule of Members maintained pursuant to Section 3.1(b), dated as of the date of such resignation or withdrawal, and the resigning or withdrawing Member (or such Member's successors-in-interest) shall have none of the powers of a Member hereunder and shall only have such rights of an assignee of a limited liability company interest under the Act as are consistent with the other terms and provisions of this Agreement and with no other rights under this Agreement. The remaining Members may, in their sole discretion, cause the Company to distribute to the resigning or withdrawing Member the balance in its Capital Account on the date of such resignation or withdrawal. Upon the distribution to the resigning or withdrawing Member of the balance in its Capital Account, the resigning or withdrawing Member shall have no further rights with respect to the Company. Any Member resigning or withdrawing in contravention of this Section 10.1 shall indemnify, defend and hold harmless the Company and all other Members from and against any losses, expenses, judgments, fines, settlements or damages suffered or incurred by the Company or any such other Member arising out of or resulting from such resignation or withdrawal.

Section 10.2 Dissolution of Company

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(a) Except as expressly provided herein or as otherwise required by the Act, the Members shall have no power to dissolve the Company. The Company shall be dissolved, wound up and terminated as provided herein upon the occurrence of any event that would make it unlawful for the business of the Company to be continued to the extent that such event cannot be remedied or cured.

(b) In the event of the dissolution of the Company for any reason, Linn Holdco II or a liquidating agent or committee appointed by the Board shall act as a liquidating agent (Linn Holdco II or such liquidating agent or committee, in such capacity, is hereinafter referred to as the "Liquidator") and shall commence to wind up the affairs of the Company and to liquidate the Company assets. The Members shall continue to share all income, losses and distributions during the period of liquidation in accordance with Article 4 and Article 5. The Liquidator shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Company assets pursuant to such liquidation, giving due regard to the activity and condition of the relevant market and general financial and economic conditions.

(c) The Liquidator shall have all of the rights and powers with respect to the assets and liabilities of the Company in connection with the liquidation and termination of the Company that the Board would have with respect to the assets and liabilities of the Company during the term of the Company, and the Liquidator is hereby expressly authorized and empowered to execute any and all documents necessary or desirable to effectuate the liquidation and termination of the Company and the transfer of any Company assets.

(d) Notwithstanding the foregoing, a Liquidator which is not a Member shall not be deemed a Member and shall not have any of the economic interests in the Company of a Member; and such Liquidator shall be compensated for its services to the Company at normal, customary and competitive rates for its services to the Company, as reasonably determined by the Board.

Section 10.3 Distribution in Liquidation

. The Company's assets shall be applied in the following order of priority:

(a) first, to pay the costs and expenses of the winding-up, liquidation and termination of the Company;

(b) second, to creditors of the Company, in the order of priority provided by law, including fees, indemnification payments and reimbursements payable to the Members or their Affiliates, but not including those liabilities (other than liabilities to the Members for any expenses of the Company paid by the Members or their Affiliates, to the extent the Members are entitled to reimbursement hereunder) to the Members in their capacity as Members;

(c) third, to establish reserves reasonably adequate to meet any and all contingent or unforeseen liabilities or obligations of the Company; *provided*, *however*, that at the expiration of such period of time as the Liquidator may deem advisable, the balance of such reserves remaining after the payment of such contingencies or liabilities shall be distributed as hereinafter provided; and

(d) fourth, the remainder to the Members in accordance with Section 5.1.

If the Liquidator, in its sole discretion, determines that Company assets other than cash are to be distributed, then the Liquidator shall cause the Fair Market Value of such non-cash assets to be determined (with any such determination normally made by the Board in accordance with the definition of "Fair Market Value" being made instead by the Liquidator). Such assets shall be retained or distributed by the Liquidator as follows:

(i) the Liquidator shall retain assets having a value, net of any liability related thereto, equal to the amount by which the cash net proceeds of liquidated assets are insufficient to satisfy the requirements of clauses (a), (b), and (c) of this Section 10.3; and

(ii) the remaining assets shall be distributed to the Members in the manner specified in clause (d) of this Section 10.3.

(e) If the Liquidator, in its sole discretion, deems it not feasible or desirable to distribute to each Member its allocable share of each asset, the Liquidator may allocate and

distribute specific assets to one or more Members as the Liquidator shall reasonably determine to be fair and equitable, taking into consideration, *inter alia*, the Fair Market Value of such assets and the tax consequences of the proposed distribution upon each of the Members (including both distributees and others, if any). Any distributions in-kind shall be subject to such conditions relating to the disposition and management thereof as the Liquidator deems reasonable and equitable.

Section 10.4 Final Reports

. Within a reasonable time following the completion of the liquidation of the Company's assets, the Liquidator shall deliver to each of the Members a statement which shall set forth the assets and liabilities of the Company as of the date of complete liquidation and each Member's portion of distributions pursuant to Section 10.3.

Section 10.5 Rights of Members

. Each Member shall look solely to the Company's assets for all distributions with respect to the Company and such Member's Capital Contribution (including return thereof), and such Member's share of profits or losses thereon, and shall have no recourse therefor (upon dissolution or otherwise) against any other Member or the Managers.

Section 10.6 Deficit Restoration

. Notwithstanding any other provision of this Agreement to the contrary, upon liquidation of a Member's Interest in the Company (whether or not in connection with a liquidation of the Company), no Member shall have any liability to restore any deficit in its Capital Account. In addition, no allocation to any Member of any loss, whether attributable to depreciation or otherwise, shall create any asset of or obligation to the Company, even if such allocation reduces the Capital Account of any Member or creates or increases a deficit in such Capital Account; it is also the intent of the Members that no Member shall be obligated to pay any such amount to or for the account of the Company or any creditor of the Company. No creditor of the Company is intended as a third-party beneficiary of this Agreement nor shall any such creditor have any rights hereunder.

Section 10.7 Termination

. The Company shall terminate when all property owned by the Company shall have been disposed of and the assets shall have been distributed as provided in Section 10.3. The Liquidator shall then execute and cause to be filed a Certificate of Cancellation of the Company.

ARTICLE 11. NOTICES AND CONSENT OF MEMBERS

Section 11.1 Notices

. All notices, demands or requests required or permitted under this Agreement must be in writing, and shall be made by hand delivery, certified mail, overnight courier service, electronic mail or facsimile to the address, electronic mail address or facsimile number set forth in the Schedule of Members, but any party hereto may designate a different address, electronic mail address or facsimile number by a notice similarly given to the Company. Any such notice or communication shall be deemed given when delivered by hand, if delivered on a Business Day, the next Business Day after delivery by hand if delivered by hand on a day that is not a Business Day; four Business Days after being deposited in the United States mail, postage prepaid, return receipt requested, if mailed; on the next Business Day after being deposited for next day delivery with Federal Express or a similar overnight courier; when receipt is acknowledged, whether by facsimile confirmation or return electronic mail, if sent by facsimile

or electronic mail on a Business Day; and the next Business Day following the day on which receipt is acknowledged whether by facsimile confirmation or return electronic mail, if sent by facsimile or electronic mail on a day that is not a Business Day.

Section 11.2 Member Consents and Approvals

. Any action requiring the consent or approval of Members under this Agreement, unless otherwise specified herein, may be taken at a meeting of Members or, in lieu thereof, by written consent of Members holding the requisite Interests or, where expressly required by this Agreement or by applicable law, by all of the Members.

ARTICLE 12. AMENDMENT OF AGREEMENT

Section 12.1 Amendments

. This Agreement may be amended, supplemented, waived or modified only with the written consent of the Board without the approval of any other Member or other Person; *provided*, that to the extent that any such amendment, supplement, waiver or modification would adversely and disproportionately affect the rights of the holders of any given class of Units relative to any other class of Units, including by the addition of any additional class of Units, other than any such additional class of Units issued in an arms'-length transaction and which does not disproportionately adversely affect the economic rights (including the distributions contemplated by Section 5.1) of the holders of Class B Units relative to the holders of Class A Units as of the Effective Date, such amendment, supplement, waiver or modification shall require the consent of the holders of 75% of the then outstanding Units held by any such affected Members voting together as a single class; *provided* that no amendment, supplement, waiver or modification of any provisions of Articles 3, 5, 6, 9, 10, 12 or 13 may be made without such consent.

Section 12.2 Amendment of Certificate

. In the event that this Agreement shall be amended, supplemented or modified pursuant to this Article 12, the Board shall amend, supplement or modify the Certificate to reflect such change if the Board deems such amendment, supplement or modification of the Certificate to be necessary or appropriate.

ARTICLE 13. MISCELLANEOUS

Section 13.1 Entire Agreement

. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes any prior agreement or understandings among them with respect to the subject matter hereof, and it may not be modified or amended in any manner other than as set forth herein.

Section 13.2 Governing Law

. This Agreement and the rights of the parties hereunder shall be governed by, and interpreted in accordance with, the law of the State of Delaware.

Section 13.3 Severability

. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced as a result of any rule of law or public policy, all other terms and other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto 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 transactions contemplated by this Agreement are fulfilled to the greatest extent possible.

Section 13.4 Effect

. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, successors and permitted assigns.

Section 13.5 Captions

. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any provision hereof.

Section 13.6 Counterparts

. This Agreement may contain more than one counterpart of the signature page and this Agreement may be executed by the affixing of the signatures of each of the Members, which may be delivered via facsimile or .pdf, to one of such counterpart signature pages. All of such counterpart signatures pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

Section 13.7 Waiver of Partition

. The Members hereby agree that the Company assets are not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all rights (if any) that such Member may have to maintain any action for partition of any of such assets.

Section 13.8 Waiver of Judicial Dissolution

. Each Member agrees that irreparable damage would occur if any Member should bring or have brought on its behalf an action for judicial dissolution of the Company. Accordingly, each Member accepts the provisions under this Agreement as such Member's sole entitlement on dissolution of the Company and waives and renounces all rights to seek or have sought for such Member a court decree of dissolution or to seek the appointment by a court of a liquidator for the Company.

Section 13.9 Waiver of Trial by Jury

. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

Section 13.10 Consent to Jurisdiction

. Each party hereto irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Delaware Court of Chancery (or, if such court does not have jurisdiction, to the Superior Court of New Castle County Delaware) and any appellate court from any thereof, with respect to any action or proceeding with respect to any dispute, claim or controversy arising out of or relating to this Agreement that cannot be resolved amicably by the parties, including the scope or applicability of this Section 13.10, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto hereby waives any right it may have to assert the

doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this Section, and stipulates that the Delaware Court of Chancery (or, if that court does not have jurisdiction, the Superior Court of New Castle County Delaware) shall have *in personam* jurisdiction and venue over each of the parties for the purpose of litigating any dispute, controversy, or proceeding arising out of or relating in any way whatsoever to this Agreement.

Section 13.11 Tax Status of Company. As of the date of this Agreement, (a) the Company is a disregarded entity for U.S. federal income tax purposes; (b) no Class B Units are outstanding as of the date of this Agreement; and (c) no potential recipient of Class B Units shall be treated as a partner of the Company for applicable Tax purposes until Class B Units are actually issued to such recipient. Notwithstanding anything in this Agreement to the contrary, any initial determinations with respect to Capital Accounts, Gross Asset Value, and any other determinations necessary to comply with the Code or Regulations as they relate to the taxation of partnerships shall be made only after the Company is taxed as a partnership for U.S. federal income tax purposes.

[*Signature Page Follows*]

[FORM OF SIGNATURE PAGE]

DATED AS OF: JULY 1, 2018

SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF BLUE MOUNTAIN MIDSTREAM LLC

IN WITNESS WHEREOF, the undersigned Member has caused this counterpart signature page to the Second Amended and Restated Limited Liability Company Operating Agreement of **BLUE MOUNTAIN MIDSTREAM LLC**, dated as of July 1, 2018, to be duly executed as of the date first above written.

[NAME OF MEMBER]

By: /s/ Candice J. Wells
Name: Candice J. Wells
Title: Senior Vice President, General Counsel and Corporate Secretary

Address for Notices:

600 Travis, Suite 1400
Houston, TX 77002
Attention: Candice J. Wells
Phone: 281-840-4156
Fax: 832-426-5956
E-mail: cwells@linnenergy.com

DATED AS OF: JULY 1, 2018

SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF BLUE MOUNTAIN MIDSTREAM LLC

IN WITNESS WHEREOF, the undersigned has caused this counter-part signature page to the Second Amended and Restated Limited Liability Company Operating Agreement of **BLUE MOUNTAIN MIDSTREAM LLC**, dated as of July 1, 2018, to be duly executed as of the date first above written.

LINN ENERGY HOLDCO II LLC

By: Holly Anderson
Name: Holly Anderson
Title: Executive Vice President and General Counsel

Address for Notices:

600 Travis, Suite 1400
Houston, TX 77002
Attention: Holly Anderson
Phone: 281-840-4155
Fax: 832-726-5955
E-mail: handerson@linnenergy.com

DATED AS OF: JULY 1, 2018

SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF BLUE MOUNTAIN MIDSTREAM LLC

IN WITNESS WHEREOF, the undersigned has caused this counter-part signature page to the Second Amended and Restated Limited Liability Company Operating Agreement of **BLUE MOUNTAIN MIDSTREAM LLC**, dated as of July 1, 2018, to be duly executed as of the date first above written, solely for purposes of Section 9.15.

RIVIERA RESOURCES, LLC

By: Holly Anderson
Name: Holly Anderson
Title: Executive Vice President and General Counsel

Address for Notices:

600 Travis, Suite 1400
Houston, TX 77002
Attention: Holly Anderson
Phone: 281-840-4155
Fax: 832-726-5955
E-mail: handerson@linnenergy.com

BLUE MOUNTAIN MIDSTREAM LLC

2018 OMNIBUS INCENTIVE PLAN

ARTICLE I
PURPOSE

The purpose of this Blue Mountain Midstream LLC 2018 Omnibus Incentive Plan is to enhance the profitability and value of the Company for the benefit of its unitholders by enabling the Company to offer Eligible Individuals cash and unit-based incentives in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's unitholders. The Plan is effective as of the date set forth in Article XV.

ARTICLE II
DEFINITIONS

For purposes of the Plan, the following terms shall have the following meanings:

2.1 **"Affiliate"** means each of the following: (a) any Subsidiary; (b) any Parent; (c) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, units, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; (d) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which directly or indirectly controls 50% or more (whether by ownership of stock, units, assets or an equivalent ownership interest or voting interest) of the Company; and (e) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by resolution of the Committee; provided that, unless otherwise determined by the Committee, the Units subject to any Option constitute "service recipient stock" for purposes of Section 409A of the Code or otherwise do not subject the Option to Section 409A of the Code.

2.2 **"Award"** means any award under the Plan of any Option, Restricted Unit Award, Performance Award, Other Unit-Based Award or Other Cash-Based Award. All Awards shall be granted by, confirmed by, and subject to the terms of, a written Award Agreement executed by the Company and the Participant.

2.3 **"Award Agreement"** means the written or electronic agreement setting forth the terms and conditions applicable to an Award.

2.4 **"Board"** means the Board of Managers of the Company.

2.5 **"Cause"** means, unless otherwise determined by the Committee in the applicable Award Agreement, with respect to a Participant's Termination of Employment or Termination of Consultancy, the following: (a) in the case where there is no employment agreement, consulting

agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of like import)), termination due to a Participant's: (i) conviction of, or plea of nolo contendere to, any felony or to any crime or offense causing substantial harm to any of the Company or its direct or indirect Subsidiaries (whether or not for personal gain) or involving acts of theft, fraud, embezzlement, moral turpitude or similar conduct; (ii) repeated intoxication by alcohol or drugs during the performance of his or her duties; (iii) willful and intentional misuse of any of the funds of the Company or its direct or indirect Subsidiaries; (iv) embezzlement; (v) willful and material misrepresentations or concealments on any written reports submitted to any of the Company or its direct or indirect Subsidiaries; or (vi) conduct constituting a material breach of the Company's then current Code of Business Conduct and Ethics, and any other written policy referenced therein; provided that, in each case, the Participant knew or should have known such conduct to be a breach; provided, further, that determination of whether one or more of the elements of "Cause" has been met under the Plan shall be in the reasonable discretion of (x) the Board for Eligible Employees with the title of Senior Vice President and above and (y) the Committee for all other Participants; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement under which the definition of "cause" only applies on occurrence of a Change in Control, such definition of "cause" shall not apply until a Change in Control actually takes place and then only with regard to a termination thereafter.

2.6 **"Change in Control"** has the meaning set forth in Section 10.2.

2.7 **"Change in Control Price"** has the meaning set forth in Section 10.1.

2.8 **"Code"** means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision and any Treasury Regulation and other official guidance and regulations promulgated thereunder.

2.9 **"Committee"** means any committee of the Board duly authorized by the Board to administer the Plan. If no committee is duly authorized by the Board to administer the Plan, the term "Committee" shall be deemed to refer to the Board for all purposes under the Plan.

2.10 **"Company"** means Blue Mountain Midstream LLC, a Delaware limited liability company, and its successors by operation of law.

2.11 **"Consultant"** means any natural person who is an advisor or consultant to the Company or its Affiliates.

2.12 **"Disability"** means, unless otherwise determined by the Committee in the applicable Award Agreement, with respect to a Participant's Termination, the following: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define

"disability" (or words of like import)), a permanent and total disability as defined in Section 22(e)(3) of the Code; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "disability" (or words of like import), "disability" as defined under such agreement. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code, Disability shall mean that a Participant is disabled under Section 409A(a)(2)(C)(i) or (ii) of the Code.

2.13 **"Effective Date"** means the effective date of the Plan as defined in Article XV.

2.14 **"Eligible Employees"** means each employee of the Company or an Affiliate.

2.15 **"Eligible Individual"** means an Eligible Employee or a Consultant who is designated by the Committee in its discretion as eligible to receive Awards subject to all of the terms and the conditions set forth herein, including those set forth in Section 4.1.

2.16 **"Exchange Act"** means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.17 **"Fair Market Value"** means, for purposes of the Plan, as of any date: (a) with respect to any security (including the Units) that is traded, listed or otherwise reported or quoted on a national securities exchange, the last sales price reported for such security on the applicable date on the principal national securities exchange in the United States on which it is then traded, listed or otherwise reported or quoted; or (b) (i) with respect to any security (including the Units) that is not traded, listed or otherwise reported or quoted on a national securities exchange, or (ii) with respect to any property that is not a security, the Committee shall determine in good faith the price at which the applicable security or other property would be sold by a willing buyer to a willing seller, neither acting under compulsion, taking into account the requirements of Section 409A of the Code and any other applicable laws, rules or regulations and without applying any discounts for minority interest, illiquidity or other similar factors. For purposes of the grant of any Award, the applicable date shall be the trading day immediately prior to the date on which the Award is granted. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or, if not a day on which the applicable market is open, the next day that it is open.

2.18 **"Family Member"** means "family member" as defined in Section A.1.(a)(5) of the general instructions of Form S-8 of the United States Securities and Exchange Commission.

2.19 **"Good Reason"** means, unless otherwise determined by the Committee in the applicable Award Agreement, the following: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or

where there is such an agreement but it does not define "good reason" (or words of like import)), the occurrence, without the Participant's written consent, of any of the following events: (i) a reduction in the Participant's base salary; (ii) any material reduction in the Participant's title, authority or responsibilities; or (iii) relocation of the Participant's primary place of employment to a location more than fifty (50) miles from (x) the Company's location, if the Participant is employed by the Company, or (y) the employing Affiliate's location, if the Participant is employed by an Affiliate (with the employing entity, the "Employer"). If Termination is by the Participant with Good Reason, the Participant will give the Participant's Employer written notice, which will identify with reasonable specificity the grounds for the Participant's resignation and provide the Participant's Employer with thirty (30) days from the day such notice is given to cure the alleged grounds for resignation contained in the notice. A Termination will not be for Good Reason if the Participant's Employer has cured the alleged grounds for resignation contained in the notice within thirty (30) days after receipt of such notice or if such notice is given by the Participant to the Participant's Employer more than thirty (30) days after the occurrence of the event that the Participant alleges is Good Reason for the Participant's Termination hereunder. In order for a Termination to be for Good Reason, the Employer must fail to remedy the alleged grounds for resignation within the cure period, and the Participant must actually terminate employment with the Employer within ninety (90) days after the expiration of the cure period; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "good reason" (or words of like import), "good reason" as defined under such agreement; provided, however, that with regard to any agreement under which the definition of "good reason" only applies on occurrence of a Change in Control, such definition of "good reason" shall not apply until a Change in Control actually takes place and then only with regard to a termination thereafter.

2.20 **"LLC Agreement"** means that certain Second Amended and Restated Limited Liability Company Operating Agreement of Blue Mountain Midstream LLC, dated as of the date hereof, as amended from time to time.

2.21 **"Option"** means any option to purchase Units granted to Eligible Individuals granted pursuant to Article VI.

2.22 **"Other Cash-Based Award"** means an Award granted pursuant to Section 9.3 of the Plan and payable in cash at such time or times and subject to such terms and conditions as determined by the Committee in its sole discretion.

2.23 **"Other Unit-Based Award"** means an Award under Article IX of the Plan that is valued in whole or in part by reference to, or is payable in or otherwise based on, Units, including, without limitation, an Award valued by reference to an Affiliate.

2.24 **"Parent"** means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.25 **"Participant"** means an Eligible Individual to whom an Award has been granted pursuant to the Plan.

2.26 **"Performance Award"** means an Award granted to a Participant pursuant to Article VIII hereof contingent upon achieving certain Performance Goals.

2.27 **"Performance Goals"** means goals established by the Committee as contingencies for Awards to vest and/or become exercisable or distributable based on one or more performance goals including, but not limited to, those set forth in Exhibit A hereto.

2.28 **"Performance Period"** means the designated period during which the Performance Goals must be satisfied with respect to the Award to which the Performance Goals relate.

2.29 **"Plan"** means this Blue Mountain Midstream LLC 2018 Omnibus Incentive Plan, as amended from time to time.

2.30 **"Proceeding"** has the meaning set forth in Section 14.8.

2.31 **"Registration Date"** means the date on which (a) the Company sells its Units in a bona fide, firm commitment underwriting pursuant to a registration statement under the Securities Act or (b) the Units are listed for trade on a national securities exchange.

2.32 **"Reorganization"** has the meaning set forth in Section 4.2(b)(ii).

2.33 **"Restricted Units"** means an Award of Units under the Plan that is subject to restrictions under Article VII.

2.34 **"Restriction Period"** has the meaning set forth in Section 7.3(a) with respect to Restricted Units.

2.35 **"Rule 16b-3"** means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provision.

2.36 **"Section 409A of the Code"** means the nonqualified deferred compensation rules under Section 409A of the Code and any applicable Treasury Regulations and other official guidance thereunder.

2.37 **"Securities Act"** means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Reference to a specific section of the Securities Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.38 **"Subsidiary"** means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.39 **"Termination"** means a Termination of Consultancy or Termination of Employment, as applicable.

2.40 **"Termination of Consultancy"** means: (a) that the Consultant is no longer acting as a consultant to the Company or any of its Affiliates; or (b) when an entity (other than the Company) which is retaining a Participant as a Consultant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that a Consultant becomes an Eligible Employee upon the termination of such Consultant's consultancy, unless otherwise determined by the Committee, in its sole discretion, no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant or an Eligible Employee. Notwithstanding the foregoing, the Committee may otherwise define Termination of Consultancy in the Award Agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter, provided that any such change to the definition of the term "Termination of Consultancy" does not subject the applicable Award to Section 409A of the Code.

2.41 **"Termination of Employment"** means: (a) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and all of its Affiliates; or (b) when an entity (other than the Company) which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that an Eligible Employee becomes a Consultant upon the termination of such Eligible Employee's employment, unless otherwise determined by the Committee, in its sole discretion, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee or a Consultant. Notwithstanding the foregoing, the Committee may otherwise define Termination of Employment in the Award Agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter, provided that any such change to the definition of the term "Termination of Employment" does not subject the applicable Award to Section 409A of the Code.

2.42 **"Transfer"** means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any entity), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). "Transferred" and "Transferable" shall have a correlative meaning.

2.43 **"Unit Reserve"** has the meaning set forth in Section 4.1(a).

2.44 **"Units"** means the Class B Units of the Company.

ARTICLE III
ADMINISTRATION

3.1 **The Committee**. The Plan shall be administered and interpreted by the Committee. To the extent required by applicable law, rule or regulation, it is intended that each

member of the Committee shall qualify as (a) a "non-employee director" under Rule 16b-3, and (b) an "independent director" under the rules of any national securities exchange or national securities association, as applicable. If it is later determined that one or more members of the Committee do not so qualify, actions taken by the Committee prior to such determination shall be valid despite such failure to qualify.

3.2 **Grants of Awards**. The Committee shall have full authority to grant, pursuant to the terms of the Plan, to Eligible Individuals: (i) Options; (ii) Restricted Units, (iii) Performance Awards; (iv) Other Unit-Based Awards; and (v) Other Cash-Based Awards. In particular, the Committee shall have the authority:

(a) to select the Eligible Individuals to whom Awards may from time to time be granted hereunder, subject, for the avoidance of doubt, to the limitations set forth in Section 4.1;

(b) to determine whether and to what extent Awards, or any combination thereof, are to be granted hereunder to one or more Eligible Individuals, subject, for the avoidance of doubt, to the limitations set forth in Section 4.1;

(c) to determine the number of Units to be covered by each Award granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the Units relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(e) to determine the amount of cash to be covered by each Award granted hereunder;

(f) to determine whether, to what extent and under what circumstances grants of Options and other Awards under the Plan are to operate on a tandem basis and/or in conjunction with or apart from other awards made by the Company outside of the Plan;

(g) to determine whether and under what circumstances an Option may be settled in cash, Units and/or Restricted Units under Section 6.3(d);

(h) to impose a "blackout" period during which Options may not be exercised;

(i) to determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of Units acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award;

(j) to modify, extend or renew an Award, subject to Article XII and Section 6.3(k), provided, however, that such action does not subject the Award to Section 409A of the Code without the consent of the Participant; and

(k) solely to the extent permitted by applicable law, to determine whether, to what extent and under what circumstances to provide loans (which may be on a recourse basis and shall bear interest at the rate the Committee shall provide) to Participants in order to exercise Options under the Plan.

For the sake of clarity and to the extent permitted by applicable law, the Board or the Committee may delegate to an officer of the Company the authority to make Awards hereunder.

3.3 Guidelines. Subject to Article XII hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable stock exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any Award Agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions. Notwithstanding the foregoing, no action of the Committee under this Section 3.3 shall impair the rights of any Participant without the Participant's consent. To the extent applicable, the Plan is intended to comply with the applicable requirements of Rule 16b-3, and the Plan shall be limited, construed and interpreted in a manner so as to comply therewith.

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith under the Plan, by or at the direction of the Company, the Board or the Committee (or any of its members), shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Designation of Consultants/Liability.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of the Plan and (to the extent permitted by applicable law and applicable exchange rules) may grant authority to officers to grant Awards and/or execute agreements or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated or granted authority pursuant to sub-section (a) above shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer or employee of the Company or its Affiliates or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it.

ARTICLE IV
UNIT LIMITATION

4.1 **Units**. (a) The aggregate number of Units that may be issued or used for reference purposes or with respect to which Awards may be granted under the Plan shall not exceed 32,500 Units (subject to any increase or decrease pursuant to Section 4.2) (the "Unit Reserve"), all of which may be either authorized and unissued Units or Units held in or acquired for the treasury of the Company or both.

(b) If any Option or Other Unit-Based Award granted under the 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 Plan. If any Restricted Units, Performance Awards or Other Unit-Based Awards denominated in Units awarded under the Plan to a Participant are forfeited for any reason, the number of forfeited Restricted Units, Performance Awards or Other Unit-Based Awards denominated in Units shall again be available for purposes of Awards under the Plan. Any Award under the Plan settled in cash shall not be counted against the foregoing maximum Unit limitations.

4.2 **Changes**.

(a) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the unitholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference units ahead of or affecting the Units, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate or (vi) any other corporate act or proceeding.

(b) Subject to the provisions of Section 10.1:

(i) If the Company at any time subdivides (by any split, recapitalization or otherwise) the outstanding Units into a greater number of Units, or combines (by reverse split, combination or otherwise) its outstanding Units into a lesser number of Units, then the respective exercise prices for outstanding Awards that provide for a Participant elected exercise and the number of Units covered by outstanding Awards shall be appropriately adjusted by the Committee to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(ii) Excepting transactions covered by Section 4.2(b)(i), if the Company effects any merger, consolidation, statutory exchange, spin-off, reorganization, sale or transfer of all or substantially all the Company's assets or business, or other corporate transaction or event in such a manner that the Company's outstanding Units are converted into the right to receive (or the holders of Units are entitled to receive in exchange therefor), either immediately or upon liquidation of the Company, securities or other property of the Company or other entity (each, a **"Reorganization"**), then, subject to the provisions of Section 10.1, (A) the aggregate

number or kind of securities that thereafter may be issued under the Plan, (B) the number or kind of securities or other property (including cash) to be issued pursuant to Awards granted under the Plan (including as a result of the assumption of the Plan and the obligations hereunder by a successor entity, as applicable), or (C) the purchase price thereof, shall be appropriately adjusted by the Committee to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(iii) If there shall occur any change in the capital structure of the Company other than those covered by Section 4.2(b)(i) or 4.2(b)(ii), including by reason of any extraordinary dividend (whether cash or equity), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of equity securities of the Company, then the Committee shall equitably adjust all outstanding Awards and make such other adjustments to the Plan to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(iv) Any such adjustment determined by the Committee pursuant to this Section 4.2(b) shall be final, binding and conclusive on the Company and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Any adjustment to, or assumption or substitution of, an Award under this Section 4.2(b) shall be intended to comply with the requirements of Section 409A of the Code and Treasury Regulation §1.424-1 (and any amendments thereto), to the extent applicable. Except as expressly provided in this Section 4.2 or in the applicable Award Agreement, a Participant shall have no additional rights under the Plan by reason of any transaction or event described in this Section 4.2.

(v) Fractional Units resulting from any adjustment in Awards pursuant to Section 4.2(a) or this Section 4.2(b) shall be aggregated until, and eliminated at, the time of exercise or payment by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be required with respect to fractional Units eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

4.3 **Minimum Purchase Price**. Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued Units are issued under the Plan, such Units shall not be issued for a consideration that is less than as permitted under applicable law.

ARTICLE V
ELIGIBILITY

5.1 **General Eligibility**. All current and prospective Eligible Individuals are eligible to be granted Awards. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion, subject to the terms of the Plan, including, without limitation, Section 4.1.

5.2 **General Requirement**. The vesting and exercise of Awards granted to a prospective Eligible Individual are conditioned upon such individual actually becoming an Eligible Employee or Consultant, respectively.

5.3 **Company Repurchase Right**. The Units acquired pursuant to an Award shall be subject to the repurchase rights set forth in the LLC Agreement.

ARTICLE VI
OPTIONS

6.1 **General**. Options may be granted alone or in addition to other Awards granted under the Plan.

6.2 **Grants**. The Committee shall have the authority to grant to any Eligible Individual one or more Options pursuant to an Award Agreement.

6.3 **Terms of Options**. Options granted under the Plan shall be subject to the following terms and conditions and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable, including those set forth in an Award Agreement:

(a) Exercise Price. The exercise price per Unit subject to an Option shall be determined by the Committee at the time of grant, provided that the per Unit exercise price of an Option shall not be less than 100% of the Fair Market Value of the Unit at the time of grant.

(b) Option Term. The term of each Option shall be fixed by the Committee, provided that no Option shall be exercisable more than 10 years after the date the Option is granted.

(c) Exercisability. Unless otherwise provided by the Committee in accordance with the provisions of this Section 6.3, Options granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. If the Committee provides, in its discretion, that any Option is exercisable subject to certain limitations (including, without limitation, that such Option is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after the time of grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion.

(d) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under Section 6.3(c), to the extent vested, Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Company (or to its agent specifically designated for such purpose) specifying the number of Units to be purchased (which notice may be provided in an electronic form to the extent acceptable to the Committee and the Company). Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law, if the Units are traded on a national securities exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company Units with an aggregate Fair Market Value equal to the purchase price; (iii) by having the Company withhold Units issuable upon exercise of the Option; or (iv) on

such other terms and conditions as may be acceptable to the Committee (including, without limitation, with the consent of the Committee, by payment in full or in part in the form of Units owned by the Participant, based on the Fair Market Value of the Units on the payment date as determined by the Committee). No Units shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) Non-Transferability of Options. No Option shall be Transferable by the Participant other than by will or by the laws of descent and distribution, and all Options shall be exercisable, during the Participant's lifetime, only by the Participant. Notwithstanding the foregoing, the Committee may determine, in its sole discretion, at the time of grant or thereafter that an Option that is otherwise not Transferable pursuant to this Section is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. An Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred other than by will or by the laws of descent and distribution; (ii) remains subject to the terms of the Plan and the applicable Award Agreement; and (iii) may be exercised by such Family Member. Any Units acquired upon the exercise of an Option by a permissible transferee of an Option or a permissible transferee pursuant to a Transfer after the exercise of the Option shall be subject to the terms of the Plan and the applicable Award Agreement.

(f) Termination by Death or Disability. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is by reason of death or Disability, all Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant (or in the case of the Participant's death, by the legal representative of the Participant's estate) at any time within a period of one (1) year from the date of such Termination, but in no event beyond the expiration of the stated term of such Options; provided, however, that, in the event of a Participant's Termination by reason of Disability, if the Participant dies within such exercise period, all unexercised Options held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one (1) year from the date of such death, but in no event beyond the expiration of the stated term of such Options.

(g) Involuntary Termination Without Cause. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is by involuntary termination by the Company without Cause, all Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of ninety (90) days from the date of such Termination, but in no event beyond the expiration of the stated term of such Options.

(h) Voluntary Resignation. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is voluntary (other than a voluntary termination described in Section 6.3(i)(y) hereof), all Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of

thirty (30) days from the date of such Termination, but in no event beyond the expiration of the stated term of such Options.

(i) Termination for Cause. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination (A) is for Cause or (B) is a voluntary Termination (as provided in Section 6.3(h)) after the occurrence of an event that would be grounds for a Termination for Cause, all Options, whether vested or not vested, that are held by such Participant shall thereupon terminate and expire as of the date of such Termination.

(j) Unvested Options. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, Options that are not vested as of the date of a Participant's Termination for any reason shall terminate and expire as of the date of such Termination.

(k) Form, Modification, Extension and Renewal of Options. Subject to the terms and conditions and within the limitations of the Plan, including those set forth in the following sentence, Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Options granted under the Plan (provided that the rights of a Participant are not reduced without such Participant's consent and provided, further, that such action does not subject the Options to Section 409A of the Code without the consent of the Participant), and (ii) accept the surrender of outstanding Options (to the extent not theretofore exercised) and authorize the granting of new Options or other Awards in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, except in connection with a corporate transaction involving the Company in accordance with Section 4.2 (including, without limitation, any unit dividend, unit split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of Units), an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower price be substituted for a surrendered Option, unless such action is approved by the unitholders of the Company.

(l) Early Exercise. The Committee may provide that an Option include a provision whereby the Participant may elect at any time before the Participant's Termination to exercise the Option as to any part or all of the Units subject to the Option prior to the full vesting of the Option, and such Units shall be subject to the provisions of Article VII and be treated as Restricted Units, which will remain subject to the original vesting schedule applicable to the predecessor Option. Unvested Units so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.

(m) Other Terms and Conditions. The Committee may include a provision in an Award Agreement providing for the automatic exercise of an Option on a cashless basis on the last day of the term of such Option if the Participant has failed to exercise the Option as of such date, with respect to which the Fair Market Value of the Units underlying the Option exceeds the exercise price of such Option on the date of expiration of such Option, subject to Section 14.4. Options may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall deem appropriate. The recipient of an Option under this Article VI shall not be entitled to receive, currently or on a deferred basis, dividends or dividend

equivalents in respect of the number of Units covered by the Option. The Company will evidence each Participant's ownership of Units issued upon exercise of an Option pursuant to a designated system, such as book entries by the transfer agent; if a unit certificate for such Units is issued, it will be substantially in the form set forth in Section 7.2(c).

ARTICLE VII
RESTRICTED UNITS

7.1 **Awards of Restricted Units**. Restricted Units may be issued either alone or in addition to other Awards granted under the Plan. The Committee shall determine the Eligible Individuals, to whom, and the time or times at which, grants of Restricted Units shall be made, the number of Units to be awarded, the price (if any) to be paid by the Participant (subject to Section 7.2), the time or times within which such Awards may be subject to forfeiture, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards.

The Committee may condition the grant or vesting of Restricted Units upon the attainment of specified performance targets (including, the Performance Goals) or such other factor(s) as the Committee may determine in its sole discretion.

7.2 **Awards and Certificates**. If required by the Award Agreement, Eligible Individuals selected to receive Restricted Units shall not have any right with respect to such Award, unless and until such Participant has delivered a fully executed copy of the Award Agreement evidencing the Award to the Company, to the extent required by the Committee, and has otherwise complied with the applicable terms and conditions of such Award. Further, such Award shall be subject to the following conditions:

(a) Purchase Price. The purchase price of Restricted Units shall be fixed by the Committee. Subject to Section 4.3, the purchase price for the Restricted Units may be zero to the extent permitted by applicable law, and, to the extent not so permitted, such purchase price may not be less than par value.

(b) Acceptance. Awards of Restricted Units must be accepted within a period of sixty (60) days (or such shorter period as the Committee may specify at grant) after the grant date, by executing a Restricted Unit Award Agreement and by paying whatever price (if any) the Committee has designated thereunder.

(c) Legend. The Company will evidence each Participant's ownership of Restricted Units pursuant to a designated system, such as book entries by the transfer agent. If a unit certificate for such Restricted Units is issued, such certificate shall be registered in the name of such Participant, and shall, in addition to such legends required by applicable securities laws, bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

> "The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the Units represented hereby are subject to the terms and conditions (including forfeiture) of the Blue Mountain Midstream LLC (the "Company") 2018 Omnibus Incentive Plan (the "Plan") and an Agreement entered into between the

registered owner and the Company dated _____. Copies of such Plan and Agreement are on file at the principal office of the Company."

(d) Custody. If unit certificates are issued in respect of Units, the Committee may require that any unit certificates evidencing such Units be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Units, the Participant shall have delivered a duly signed unit power or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the Restricted Units in the event that such Award is forfeited in whole or part or otherwise transferred to the Company.

7.3 Restrictions and Conditions. The Restricted Units awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(a) Restriction Period. The Participant shall not be permitted to Transfer Restricted Units awarded under the Plan during the period or periods set by the Committee (the "Restriction Period") commencing on the date of such Award, as set forth in the Restricted Unit Award Agreement and such agreement shall set forth a vesting schedule and any event that would accelerate vesting of the Restricted Units. Within these limits, based on service, attainment of Performance Goals and/or such other factors or criteria as the Committee may determine in its sole discretion, the Committee may condition the grant or provide for the lapse of such restrictions in installments in whole or in part, or may accelerate the vesting of all or any part of any Restricted Unit Award and/or waive the deferral limitations for all or any part of any Restricted Unit Award.

(b) Rights as a Unitholder. Except as provided in Section 7.3(a) and this Section 7.3(b) or as otherwise determined by the Committee in an Award Agreement, the Participant shall have, with respect to the Restricted Units, all of the rights of a holder of Units, including, without limitation, the right to receive dividends (the payment of which may be deferred until, and conditioned upon, the expiration of the applicable Restriction Period, as determined in the Committee's sole discretion), the right to vote such Units and, subject to and conditioned upon the full vesting of Restricted Units, the right to tender such Units.

(c) Termination. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's Termination for any reason during the relevant Restriction Period, all Restricted Units still subject to restrictions will be forfeited in accordance with the terms and conditions established by the Committee at grant or thereafter.

(d) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Units, such earned Units (and to the extent ownership of such shares is evidenced by unit certificates, the unit certificates for such Units) shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant, except as otherwise required by applicable law or other limitations imposed by the Committee.

ARTICLE VIII
PERFORMANCE AWARDS

8.1 **Performance Awards**. The Committee may grant a Performance Award to a Participant payable upon the attainment of specific Performance Goals. If the Performance Award is payable in Restricted Units, such Units shall be transferable to the Participant only upon attainment of the relevant Performance Goal in accordance with Article VII. If the Performance Award is payable in cash, it may be paid upon the attainment of the relevant Performance Goals either in cash or in Restricted Units (based on the then current Fair Market Value of such Units), as determined by the Committee, in its sole and absolute discretion. Each Performance Award shall be evidenced by an Award Agreement in such form that is not inconsistent with the Plan and that the Committee may from time to time approve.

8.2 **Terms and Conditions**. Performance Awards awarded pursuant to this Article VIII shall be subject to the following terms and conditions:

(a) Earning of Performance Award. At the expiration of the applicable Performance Period, the Committee shall determine the extent to which the applicable Performance Goals are achieved and the percentage of each Performance Award that has been earned. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in account methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances.

(b) Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, Performance Awards may not be Transferred during the Performance Period.

(c) Dividends. To the extent determined by the Committee, Participants shall be entitled to receive an amount equal to the dividends paid on the number of Units covered by the Performance Award; provided that the Committee may, in its sole discretion, provide for either of the following at the time of grant: (i) dividends or dividend equivalents will be paid as accrued but will be subject to the same vesting terms and conditions as the underlying Performance Award; or (ii) payment of dividends or dividend equivalents shall be deferred until, and conditioned upon, settlement of the underlying Performance Award.

(d) Payment. Following the Committee's determination in accordance with Section 8.2(a), the Company shall settle Performance Awards, in such form (including, without limitation, in Units or in cash) as determined by the Committee, in an amount equal to such Participant's earned Performance Awards. Notwithstanding the foregoing, the Committee may, in its sole discretion, award an amount less than the earned Performance Awards and/or subject the payment of all or part of any Performance Award to additional vesting, forfeiture and deferral conditions as it deems appropriate.

(e) Termination. Subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's Termination for any reason during the Performance Period for a given Performance Award, the Performance Award in question will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant.

(f) Accelerated Vesting. Based on service, performance and/or such other factors or criteria, if any, as the Committee may determine, the Committee may, at or after grant, accelerate the vesting of all or any part of any Performance Award.

ARTICLE IX
OTHER UNIT-BASED AND CASH-BASED AWARDS

9.1 Other Unit-Based Awards. The Committee is authorized to grant to Eligible Individuals Other Unit-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to Units, including but not limited to, Units awarded purely as a bonus and not subject to restrictions or conditions, Units in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company or an Affiliate, unit equivalents, restricted security units, and Awards valued by reference to book value of Units. Other Unit-Based Awards may be granted either alone or in addition to or in tandem with other Awards granted under the Plan.

Subject to the provisions of the Plan, the Committee shall have authority to determine the Eligible Individuals, to whom, and the time or times at which, such Awards shall be made, the number of Units to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the grant of Units under such Awards upon the completion of a specified Performance Period.

The Committee may condition the grant or vesting of Other Units-Based Awards upon the attainment of specified Performance Goals as the Committee may determine, in its sole discretion.

9.2 Terms and Conditions. Other Unit-Based Awards made pursuant to this Article IX shall be subject to the following terms and conditions:

(a) Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, Units subject to Awards made under this Article IX may not be Transferred prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(b) Dividends; Dividend Equivalents. To the extent determined by the Committee, Participants shall be entitled to receive an amount equal to the dividends paid on the number of Units covered by Awards made under this Article IX; provided that the Committee may, in its sole discretion, provide for either of the following at the time of grant: (i) dividends or dividend equivalents will be paid as accrued but will be subject to the same vesting terms and conditions as the underlying Award; or (ii) payment of dividends or dividend equivalents shall be deferred until, and conditioned upon, settlement of the underlying Award.

(c) Vesting. Any Award under this Article IX and any Units covered by any such Award shall vest or be forfeited to the extent so provided in the Award Agreement, as determined by the Committee, in its sole discretion.

(d) Price. Units issued on a bonus basis under this Article IX may be issued for no cash consideration. Units purchased pursuant to a purchase right awarded under this Article IX shall be priced, as determined by the Committee in its sole discretion.

9.3 **Other Cash-Based Awards**. The Committee may from time to time grant Other Cash-Based Awards to Eligible Individuals in such amounts, on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by applicable law, as it shall determine in its sole discretion. Other Cash-Based Awards may be granted subject to the satisfaction of vesting conditions or may be awarded purely as a bonus and not subject to restrictions or conditions, and if subject to vesting conditions, the Committee may accelerate the vesting of such Awards at any time in its sole discretion. The grant of an Other Cash-Based Award shall not require a segregation of any of the Company's assets for satisfaction of the Company's payment obligation thereunder.

ARTICLE X
CHANGE IN CONTROL PROVISIONS

10.1 **Benefits**. In the event of a Change in Control of the Company (as defined below), and except as otherwise provided by the Committee in an Award Agreement, a Participant's unvested Awards shall not vest automatically and a Participant's Awards shall be treated in accordance with one or more of the following methods as determined by the Committee:

(a) Awards, whether or not then vested, shall be continued, assumed, or have new rights substituted therefor, as determined by the Committee in a manner consistent with the requirements of Section 409A of the Code, and restrictions to which Restricted Units or any other Award granted prior to the Change in Control are subject shall not lapse upon a Change in Control and the Restricted Unit or other Award shall, where appropriate in the sole discretion of the Committee, receive the same distribution as other Units on such terms as determined by the Committee; provided that the Committee may decide to award additional Restricted Units or other Awards in lieu of any cash distribution.

(b) The Committee, in its sole discretion, may provide for the purchase of any Awards by the Company or an Affiliate for an amount of cash equal to the excess (if any) of the Change in Control Price (as defined below) of the Units covered by such Awards, over the aggregate exercise price of such Awards. For purposes hereof, "Change in Control Price" shall mean the highest price per Unit paid in respect of the transaction that constitutes a Change in Control of the Company.

(c) The Committee may, in its sole discretion, terminate all outstanding and unexercised Options or any Other Unit-Based Award that provides for a Participant elected exercise, effective as of the date of the Change in Control, by delivering notice of termination to each Participant at least twenty (20) days prior to the date of consummation of the Change in Control, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Change in Control, each such Participant shall have the right to exercise in full all of such Participant's Awards that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Award Agreements), but any such exercise shall be contingent on the occurrence of the Change in Control, and, provided that, if the Change in Control does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void.

(d) The Committee may, in its sole discretion, make any other determination as to the treatment of Awards in connection with such Change in Control as the Committee may determine. Any escrow, holdback, earnout or similar provisions in the definitive agreement(s) relating to such transaction may apply to any payment to the holders of Awards to the same extent and in the same manner as such provisions apply to the holders of Units.

Notwithstanding any other provision herein to the contrary, the Committee may, in its sole discretion, provide for accelerated vesting or lapse of restrictions, of an Award at any time.

10.2 **Change in Control.** Unless otherwise determined by the Committee in the applicable Award Agreement or other written agreement with a Participant approved by the Committee, a "Change in Control" shall be deemed to occur if:

(a) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (i) the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, (ii) any company owned, directly or indirectly, by the unitholders of the Company in substantially the same proportions as their ownership of units of the Company, or (iii) any company owned directly or indirectly by the direct or indirect beneficial owners (as defined in Rule 13d-3 under the Exchange Act) of at least 50% of the units of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 75% of the combined voting power of the Company's then outstanding securities;

(b) consummation of a reorganization, merger, consolidation or other business combination (any of the foregoing, a "Business Combination") of the Company or any direct or indirect Subsidiary with any other corporation, in any case with respect to which the Company voting securities outstanding immediately prior to such Business Combination do not, immediately following such Business Combination, continue to represent (either by remaining outstanding or being converted into voting securities of the Company or any ultimate parent thereof) more than 25% of the then outstanding voting securities entitled to vote generally in the election of directors of the Company (or its successor) or any ultimate parent thereof after the Business Combination; or

(c) the consummation of a sale of all or substantially all of the assets of the Company and its Subsidiaries (on a consolidated basis) in one or a series of related transactions.

Notwithstanding the foregoing, with respect to any Award that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event is also a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code.

ARTICLE XI
PRE-EMPTIVE RIGHTS

11.1 This Article XI shall apply to each Participant who would qualify as an Eligible Purchaser (as defined in the LLC Agreement) if he or she held the Units underlying his or her

Award (each, a "Qualifying Participant"). Prior to the Company issuing, other than through an Excluded Unit Issuance (as defined in the LLC Agreement), any units of the Company or options or other rights to acquire units of the Company, whether through exchange, conversion or otherwise, including pursuant to a commitment or subscription to acquire units of the Company over time pursuant to capital calls or otherwise (collectively, the "New Interests") to a proposed purchaser (each, a "Proposed Purchaser"), each Qualifying Participant shall have the right to purchase the number of New Interests as provided in this Article XI.

11.2 The Company shall give each Qualifying Participant at least fifteen (15) days' prior notice (the "Pre-emptive Notice") of any proposed issuance of New Interests to a Proposed Purchaser, which notice shall set forth in reasonable detail the proposed terms and conditions thereof and shall offer to each Qualifying Participant the opportunity to purchase his or her Pre-Emptive Proportionate Share (which means, with respect to any Qualifying Participant, a fraction (expressed as a percentage), (i) the numerator of which equals the aggregate number of Units underlying such Qualifying Participant's outstanding Awards (excluding any Units that have been issued to and are held by such Qualifying Participant, which are subject to, and have the preemptive rights set forth in, the LLC Agreement), and (ii) the denominator of which equals (A) the aggregate number of issued and outstanding Units held by all Eligible Purchasers and Qualifying Participants, plus (B) the aggregate number of Units underlying outstanding Awards held by all Qualifying Participants), which Pre-Emptive Proportionate Share shall be calculated as of the date of such Pre-emptive Notice, of the New Interests at the same price, on the same terms and conditions and at the same time as the New Interests are proposed to be issued by the Company. If any Qualifying Participant wishes to exercise his or her pre-emptive rights, he or she must do so by delivering an irrevocable written notice to the Company within fifteen (15) days after delivery of the Pre-emptive Notice by the Company (the "Election Period"), which notice shall state the dollar amount of New Interests such Qualifying Participant (each, a "Requesting Participant") would like to purchase up to a maximum amount equal to such Qualifying Participant's Pre-Emptive Proportionate Share of the total offering amount, plus the additional dollar amount of New Interests such Requesting Participant would like to purchase in excess of his or her Pre-Emptive Proportionate Share (the "Over-Allotment Amount"), if any, if other Qualifying Participants and Eligible Purchasers do not elect to purchase their entire respective Pre-Emptive Proportionate Shares of the New Interests. The rights of each Requesting Participant to purchase a dollar amount of New Interests in excess of each such Requesting Participant's Pre-Emptive Proportionate Share of the New Interests shall be based on the relative Pre-Emptive Proportionate Shares of the New Interests of those Requesting Participants desiring Over-Allotment Amounts.

11.3 If not all of the New Interests are subscribed for by the Eligible Purchasers and the Qualifying Participants, the Company shall have the right, but shall not be required, to issue and sell the unsubscribed portion of the New Interests to the Proposed Purchaser at any time during the ninety (90) days following the termination of the Election Period pursuant to the terms and conditions set forth in the Pre-emptive Notice. The Board may, in its reasonable discretion, impose other reasonable and customary terms and procedures, such as setting a closing date, rounding the number of units covered by this Article XI to the nearest whole unit and requiring customary closing deliveries in connection with any pre-emptive rights offering. In the event any Qualifying Participant refuses to purchase offered New Interests for which he or she subscribed pursuant to the exercise of pre-emptive rights granted to him or her under this Article

XI, in addition to any other rights the Company may be permitted to enforce at law or in equity, such Qualifying Participant and any permitted transferee of such Qualifying Participant shall not be considered a Qualifying Participant for any future rights granted under this Article XI, unless the Board expressly designates such Participant as a Qualifying Participant (which the Board, in its sole discretion, may do on an offer-by-offer basis or not at all).

11.4 Notwithstanding anything to the contrary in the Plan or the LLC Agreement, with Requisite Investor Approval (as defined in the LLC Agreement), the Company may, in order to expedite the issuance of the New Interests, issue all or a portion of such New Interests to any Proposed Purchaser approved by the Board without complying with the foregoing provisions of this Article XI; provided, however, that prior to such issuance, either (i) such Proposed Purchaser agrees to offer to sell to each Qualifying Participant such Qualifying Participant's respective Pre-Emptive Proportionate Share of such New Interests (before giving effect to the issuance of New Interests pursuant to this Section 11.4) on the same terms and conditions as issued to such Proposed Purchaser (other than the date any such Qualifying Participant may acquire such New Interests) in a manner which provides each such Qualifying Participant with rights substantially similar to the rights set forth in the foregoing provisions of this Article XI, or (ii) the Company shall agree to offer to sell an amount of New Interests to each such Qualifying Participant in an amount equal to such Qualifying Participant's respective Pre-Emptive Proportionate Share of such New Interests and in a manner which otherwise provides each such Qualifying Participant with rights substantially similar to the rights set forth in Section 11.2. Any such Proposed Purchaser or the Company, as applicable, shall offer, in writing, to sell such New Interests to each Qualifying Participant within forty-five (45) calendar days of the issuance of such New Interests to such Proposed Purchaser, and each Qualifying Participant will have fifteen (15) days after delivery of such a written offer to such Qualifying Participant to deliver an irrevocable written notice to such Proposed Purchaser or the Company, as applicable, which notice shall state the amount of such New Interests that such Qualifying Participant would like to purchase up to the maximum dollar amount equal to such Qualifying Participant's Pre-Emptive Proportionate Share of the total offering amount, plus any desired Over-Allotment Amount, if other Qualifying Participants do not elect to purchase their full Pre-Emptive Proportionate Shares of the New Interests. The rights of each Proposed Purchaser to purchase Over-Allotment Amounts shall be allocated in the same manner as described in Section 11.2.

11.5 Notwithstanding anything to the contrary in the Plan or the LLC Agreement, at any time after the six (6)-month anniversary of the delivery of the Pre-emptive Notice with respect to each proposed issuance of New Interests pursuant to this Article XI, the Board, with Requisite Investor Approval, shall be entitled to waive, on behalf of each Qualifying Participant, each former Qualifying Participant and each of their respective Affiliates, successors and assigns and the members, partners, stockholders, directors, managers, officers, liquidators and employees of each of the foregoing (collectively, the "Qualifying Participant Persons"), any and all claims such Qualifying Participant Persons have, had, may have, or may have had with respect to any non-compliance with or violation of this Article XI by any "person" with respect to such proposed issuance of New Interests (whether or not any units of the Company were issued or sold pursuant to this Article XI), other than any such claim that has been made in writing and delivered to the Company prior to the expiration of such six (6)-month anniversary.

ARTICLE XII
TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of the Plan, the Board may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XIV or Section 409A of the Code), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that the rights of a Participant, with respect to all Awards granted prior to such amendment, suspension or termination, may not be impaired in any way without the express written consent of such Participant; and provided, further, the Company shall not be permitted to amend the LLC Agreement in a manner that adversely and disproportionately affects the Units underlying Awards hereunder, without the prior written consent of the Participants in the Plan holding Awards represents a majority of the Units underlying Awards then outstanding. Notwithstanding anything herein to the contrary, the Board may amend the Plan or any Award Agreement at any time without a Participant's consent only to comply with applicable law, including Section 409A of the Code. The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, except as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder in any way without the holder's express written consent.

ARTICLE XIII
UNFUNDED STATUS OF PLAN

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Company.

ARTICLE XIV
GENERAL PROVISIONS

14.1 **Legend**. The Committee may require each person receiving Units pursuant to an Option or other Award under the Plan to represent to and agree with the Company in writing that the Participant is acquiring the Units without a view to distribution thereof. In addition to any legend required by the Plan, the certificates for such Units (if any) may include any legend that the Committee deems appropriate to reflect any restrictions on Transfer. All certificates for Units (to the extent such Units are certificated) delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Units are then listed or any national securities exchange system or over-the-counter market upon whose system the Units are then quoted, any applicable federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

14.2 **Other Plans**. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to unitholder approval if such approval is

required, and such arrangements may be either generally applicable or applicable only in specific cases.

14.3 **No Right to Employment/Consultancy**. Neither the Plan nor the grant of any Option or other Award hereunder shall give any Participant or other employee or Consultant any right with respect to continuance of employment or consultancy by the Company or any Affiliate, nor shall the Plan nor the grant of any Option or other Award hereunder limit in any way the right of the Company or any Affiliate by which an employee is employed or a Consultant is retained to terminate such employment or consultancy at any time.

14.4 **Withholding of Taxes**. As a condition to the settlement of any Award hereunder, a Participant shall be required to pay in cash, or to make other arrangements reasonably satisfactory to the Company (including, without limitation, authorizing withholding from payroll and any other amounts payable to the Participant), an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind (including, but not limited to, the Participant's FICA and SDI obligations) which the Company, in its good faith discretion, deems necessary to comply with the Code and/or any other applicable law, rule or regulation with respect to the Award. Unless the tax withholding obligations of the Company are satisfied, the Company shall have no obligation to issue a certificate or book-entry transfer for such Units.

14.5 **No Assignment of Benefits**. No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

14.6 **Listing and Other Conditions**.

(a) Unless otherwise determined by the Committee, as long as the Units are listed on a national securities exchange, system sponsored by a national securities association or recognized over-the-counter market, the issuance of Units pursuant to an Award shall be conditioned upon such Units being listed on such exchange, system or market. The Company shall have no obligation to issue such Units unless and until such Units are so listed, and the right to exercise any Option or other Award with respect to such Units shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of Units pursuant to an Option or other Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise, with respect to Units or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 14.6, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all Units available before such suspension and as to Units which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Award.

(d) A Participant shall be required to supply the Company with certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

14.7 **Governing Law**. The Plan and actions taken in connection herewith shall be governed and construed in accordance with the laws of the State of Texas (regardless of the law that might otherwise govern under applicable Texas principles of conflict of laws).

14.8 **Jurisdiction; Waiver of Jury Trial**. Any suit, action or proceeding with respect to the Plan or any Award Agreement, or any judgment entered by any court of competent jurisdiction in respect of any thereof, shall be resolved only in the courts of the State of Texas or the United States District Court for the Southern District of Texas and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, the Company and each Participant shall irrevocably and unconditionally (a) submit in any proceeding relating to the Plan or any Award Agreement, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of Texas, the court of the United States of America for the Southern District of Texas, and appellate courts having jurisdiction of appeals from any of the foregoing, and agree that Tax claims in respect of any such Proceeding shall be heard and determined in such Texas State court or, to the extent permitted by law, in such federal court, (b) consent that any such Proceeding may and shall be brought in such courts and waives any objection that the Company and each Participant may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agree not to plead or claim the same, (c) waive all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to the Plan or any Award Agreement, (d) agree that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party, in the case of a Participant, at the Participant's address shown in the books and records of the Company or, in the case of the Company, at the Company's principal offices, attention General Counsel, and (e) agree that nothing in the Plan shall affect the right to effect service of process in any other manner permitted by the laws of the State of Texas.

14.9 **Construction**. Wherever any words are used in the Plan or an Award Agreement in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

14.10 **Other Benefits**. No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its

Affiliates nor affect any benefit under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

14.11 **Costs**. The Company shall bear all expenses associated with administering the Plan, including expenses of issuing Units pursuant to Awards hereunder.

14.12 **No Right to Same Benefits**. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

14.13 **Death/Disability**. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of the Plan and the applicable Award Agreement.

14.14 **Section 16(b) of the Exchange Act**. All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving Units are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

14.15 **Section 409A of the Code**. The Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void. The Company shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee or the Company and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Company. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of "nonqualified deferred compensation" (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan to a "specified employee" (as defined under Section 409A of the Code) as a result of such employee's separation from service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period.

14.16 **Successors and Assigns**. The Plan and any applicable Award Agreement(s) shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

14.17 **Severability of Provisions**. If any provision of the Plan or any Award Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan and/or Award Agreement shall be construed and enforced as if such provisions had not been included.

14.18 **Payments to Minors, Etc**. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their officers, directors/managers, employees, agents and representatives with respect thereto.

14.19 **Headings and Captions**. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

14.20 **Company Recoupment of Awards**. A Participant's rights with respect to any Award hereunder shall in all events be subject to any right or obligation that the Company may have regarding the clawback of "incentive-based compensation" under Section 10D of the Exchange Act and any applicable rules and regulations promulgated thereunder from time to time by the U.S. Securities and Exchange Commission.

ARTICLE XV
EFFECTIVE DATE OF PLAN

The Plan shall become effective upon its adoption by the Board.

ARTICLE XVI
TERM OF PLAN

No Award shall be granted pursuant to the Plan on or after the tenth anniversary of the earlier of the date that the Plan is adopted or the date of unitholder approval, but Awards granted prior to such tenth anniversary may extend beyond that date.

ARTICLE XVII
NAME OF PLAN

The Plan shall be known as the "Blue Mountain Midstream LLC 2018 Omnibus Incentive Plan."

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: November 8, 2018

/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: November 8, 2018

/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 September 30, 2018, 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: November 8, 2018

/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 September 30, 2018, 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: November 8, 2018

/s/ James G. Frew

James G. Frew

Executive Vice President and Chief Financial Officer