

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form T-1  
July 2014

Form must be Typed  
Form must be Signed  
All blanks must be Filled

**REQUEST FOR CHANGE OF OPERATOR  
TRANSFER OF INJECTION OR SURFACE PIT PERMIT**

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,  
MUST be submitted with this form.

Check Applicable Boxes:

- Oil Lease: No. of Oil Wells \_\_\_\_\_ \*\*
- Gas Lease: No. of Gas Wells \_\_\_\_\_ \*\*
- Gas Gathering System: \_\_\_\_\_
- Saltwater Disposal Well - Permit No.: \_\_\_\_\_  
Spot Location: \_\_\_\_\_ feet from  N /  S Line  
\_\_\_\_\_ feet from  E /  W Line
- Enhanced Recovery Project Permit No.: \_\_\_\_\_  
Entire Project:  Yes  No  
Number of Injection Wells \_\_\_\_\_ \*\*

Field Name: \_\_\_\_\_

**\*\* Side Two Must Be Completed.**

Effective Date of Transfer: \_\_\_\_\_

KS Dept of Revenue Lease No.: \_\_\_\_\_

Lease Name: \_\_\_\_\_

\_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ R. \_\_\_\_\_  E  W

Legal Description of Lease:

County: \_\_\_\_\_

Production Zone(s): \_\_\_\_\_

Injection Zone(s): \_\_\_\_\_

Surface Pit Permit No.: \_\_\_\_\_  
(API No. if Drill Pit, WO or Haul)

\_\_\_\_\_ feet from  N /  S Line of Section

\_\_\_\_\_ feet from  E /  W Line of Section

Type of Pit:  Emergency  Burn  Settling  Haul-Off  Workover  Drilling

Past Operator's License No. \_\_\_\_\_

Contact Person: \_\_\_\_\_

Past Operator's Name & Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

New Operator's License No. \_\_\_\_\_

Contact Person: \_\_\_\_\_

New Operator's Name & Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Oil / Gas Purchaser: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

**Acknowledgment of Transfer:** The above request for transfer of injection authorization, surface pit permit # \_\_\_\_\_ has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

\_\_\_\_\_ is acknowledged as  
the new operator and may continue to inject fluids as authorized by  
Permit No.: \_\_\_\_\_ . Recommended action: \_\_\_\_\_

Date: \_\_\_\_\_  
Authorized Signature

\_\_\_\_\_ is acknowledged as  
the new operator of the above named lease containing the surface pit  
permitted by No.: \_\_\_\_\_ .

Date: \_\_\_\_\_  
Authorized Signature

DISTRICT \_\_\_\_\_ EPR \_\_\_\_\_ PRODUCTION \_\_\_\_\_ UIC \_\_\_\_\_



KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2014

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## CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

*This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.*

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (Cathodic Protection Borehole Intent)  T-1 (Transfer)  CP-1 (Plugging Application)

OPERATOR: License # \_\_\_\_\_

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_

Email Address: \_\_\_\_\_

Well Location:

\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West

County: \_\_\_\_\_

Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

*If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:*

**Surface Owner Information:**

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.*

*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.*

**Select one of the following:**

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: \_\_\_\_\_ Signature of Operator or Agent: \_\_\_\_\_ Title: \_\_\_\_\_

**PURCHASE AND SALE AGREEMENT**

**BY AND BETWEEN**

**CHAPARRAL ENERGY, L.L.C.**

**as Seller,**

**and**

**PO&G RESOURCES FUND, LP**

**as Buyer**

**EXECUTED ON MAY 10, 2018**



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## PURCHASE AND SALE AGREEMENT

**THIS PURCHASE AND SALE AGREEMENT** (as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance herewith, this “**Agreement**”) is entered into this \_\_\_\_\_ day of May, 2018 (the “**Execution Date**”), between Chaparral Energy, L.L.C., an Oklahoma limited liability company (“**Seller**”), and PO&G Resources Fund, LP, a Delaware limited partnership (“**Buyer**”). Buyer and Seller may be referred to collectively as the “**Parties**” or individually as a “**Party**.”

### WITNESSETH:

#### ARTICLE I DEFINITIONS AND REFERENCES

Section 1.1 Defined Terms. When used in this Agreement, the following terms shall have the respective meanings assigned to them in this **Section 1.1** or in the section, subsections or other subdivisions referred to below:

“**Affiliate**” means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, another Person. The term “*control*” and its derivatives with respect to any Person mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“**Allocated Amount**” means the portion of the Base Purchase Price allocated to each Property as shown on **Exhibit A**.

“**Applicable Contracts**” means all Contracts to which Seller is a party or is bound relating to any of the Properties and (in each case) that will be binding on Buyer after the Closing, including: communitization agreements; net profits agreements; production payment agreements; area of mutual interest agreements; joint venture agreements; confidentiality agreements; farmin and farmout agreements; bottom hole agreements; crude oil, condensate, and natural gas purchase and sale, gathering, transportation, and marketing agreements; hydrocarbon storage agreements; acreage contribution agreements; operating agreements; balancing agreements; pooling declarations or agreements; unitization agreements; processing agreements; saltwater disposal agreements; facilities or equipment leases; and other similar contracts and agreements, but exclusive of any master service agreements and Contracts relating to the Excluded Properties.

“**Applicable Environmental Laws**” means all applicable Laws by which the Properties are bound and which are pertaining or relating to (a) pollution or pollution control, (b) the protection of public health, wildlife, natural resources or the environment, and (c) the management, presence, transport, storage, disposal or release of waste materials and/or hazardous substances.

“**Asserted Defects**” means Asserted Title Defects and Asserted Environmental Defects, collectively.

**“Asserted Environmental Defects”** shall have the meaning assigned to such term in **Section 7.1**.

**“Asserted Title Defects”** shall have the meaning assigned to such term in **Section 7.1**.

**“Asset Taxes”** means ad valorem, property, excise, severance, production, sales, use, or similar Taxes (excluding, for the avoidance of doubt, any Income Taxes and Transfer Taxes) based upon or measured by the ownership or operation of the Properties or the production of hydrocarbons therefrom or the receipt of proceeds therefrom.

**“Base Purchase Price”** shall have the meaning assigned to such term in **Section 3.1**.

**“Business Day”** means any day other than a Saturday, a Sunday or other day on which commercial banks in Oklahoma City, Oklahoma are authorized or required by Law to close.

**“Buyer’s Indemnified Claim”** and **“Buyer’s Indemnified Claims”** shall have the meanings assigned to such terms in **Section 12.2**.

**“Closing”** and **“Closing Date”** shall have the meanings assigned to such terms in **Section 9.1**.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Condition of the Properties”** shall have the meaning assigned to such term in **Section 12.1(c)**.

**“Consents”** shall have the meaning assigned to such term in **Section 4.1(i)**.

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

**“Conveyance”** shall have the meaning assigned to such term in **Section 9.2(a)**.

**“Defect”** shall have the meaning assigned to such term in **Section 7.2**.

**“Defect Escrow Amount”** shall have the meaning assigned to such term in **Section 7.4(b)**.

**“Deposit”** shall have the meaning assigned to such term in **Section 3.2**.

**“Dispute Notice”** shall have the meaning assigned to such term in **Section 11.3**.

**“Effective Date”** shall have the meaning assigned to such term in **Section 9.2(a)**.

**“Environmental Defect Deductible”** shall have the meaning assigned to such term in **Section 7.8(b)**.



**“Environmental Defects”** shall have the meaning assigned to such term in **Section 7.2(c)**.

**“Escrow Account”** shall have the meaning assigned to such term in **Section 3.2**.

**“Escrow Agent”** shall have the meaning assigned to such term in **Section 3.2**.

**“Escrow Agreement”** shall have the meaning assigned to such term in **Section 3.2**.

**“Excluded Liens”** shall have the meaning assigned to such term in **Section 7.2(b)**.

**“Excluded Properties”** shall have the meaning assigned to such term in **Section 2.2**.

**“Fee Properties”** shall have the meaning assigned to such term in **Section 2.1(h)**.

**“Final Settlement Statement”** shall have the meaning assigned to such term in **Section 11.3**.

**“Fundamental Representations”** shall mean the representations and warranties of Seller set forth in **Section 4.1(a)**, **Section 4.1(b)**, **Section 4.1(c)** and **Section 4.1(d)**.

**“Governmental Authority”** or **“Governmental Authorities”** means any federal, state or local government or any court of competent jurisdiction, or any regulatory or administrative agency, commission, department, board with jurisdiction over any of the Properties.

**“Income Taxes”** means any income, franchise and similar Taxes.

**“Indemnitee”** shall have the meaning assigned to such term in **Section 12.3**.

**“Law”** or **“Laws”** means any applicable statute, law (including common law), rule, regulation, ordinance, order, injunction, decree or judgment by any Governmental Authority.

**“Leases”** shall have the meaning assigned to such term in **Section 2.1(a)**.

**“Like-Kind Exchange”** shall have the meaning assigned to such term in **Section 16.15**.

**“Marmaton Formation”** shall mean all depths between the stratigraphic equivalent of \_\_\_\_\_ and \_\_\_\_\_, as shown on the well log for the \_\_\_\_\_ well, API No. \_\_\_\_\_, located in \_\_\_\_\_.

**“Material Contracts”** shall have the meaning assigned to such term in **Section 4.1(f)**.

**“Oil and Gas Property”** and **“Oil and Gas Properties”** shall have the meanings assigned to such terms in **Section 2.1**.

**“Permitted Encumbrances”** shall have the meaning assigned to such term in **Section 7.3**.

“**Person**” means any individual, firm, corporation, company, partnership (general and limited), limited liability company, joint venture, association, trust, estate, unincorporated organization, Governmental Authority or any other entity.

“**Preferential Rights**” shall have the meaning assigned to such term in **Section 4.1(i)**.

“**Prior Sale**” means the transactions consummated under that certain Asset Purchase and Sale Agreement dated as of October 13, 2017 by and among Seller, Chaparral CO2, L.L.C., an Oklahoma limited liability company, Chaparral Real Estate, L.L.C., an Oklahoma limited liability, and Perdure Petroleum, LLC, a Delaware limited liability company, as amended from time to time.

“**Properties**” shall have the meaning assigned to such term in **Section 2.1**.

“**Property Costs**” means all operating expenses (including utilities, payroll, rentals, title examination and curative actions, and overhead costs), capital expenditures (including rentals, options and other lease maintenance payments, broker fees and other property acquisition costs and costs of acquiring equipment), and Asset Taxes, respectively, incurred in the ordinary course of business attributable to the use, operation, and ownership of the Properties, but excluding claims, actions, causes of action, liabilities, damages, costs or expenses attributable to (a) personal injury or death, property damage, torts, breach of contract, or violation of any Law, (b) obligations relating to the abandonment or plugging of Wells, dismantling or decommissioning facilities, closing pits and restoring the surface around such Wells, facilities and pits, (c) costs to Remediate Environmental Defects or cure Title Defects, (d) obligations with respect to imbalances, (e) obligations to pay royalties or other interest owners revenues or proceeds relating to the Properties but held in suspense, and (f) claims for indemnification or reimbursement from any third party with respect to costs of the types described in the preceding clauses (a) through (f), whether such claims are made pursuant to contract or otherwise.

“**Purchase Price**” shall have the meaning assigned to such term in **Section 3.1**.

“**Remediate**” means the implementation and completion of any remedial, removal, response, construction, closure, disposal or other corrective actions required under Applicable Environmental Laws to correct or remove material violations of Applicable Environmental Laws in the most cost effective manner reasonably available, consistent with requirements of Applicable Environmental Laws, taking into account that nonpermanent remedies (such as, by way of example, but not by limitation or similarity, mechanisms to contain or stabilize hazardous substances or materials, including monitoring site conditions, natural attenuation, risk-based corrective action, dikes, encapsulation, leachate collection system, etc.) that may be the most cost effective manner reasonably available.

“**Required Consent**” means any Consent which by its terms provides that the failure to obtain such Consent would: (i) render the assignment of the affected Properties void or voidable, or (ii) terminate the underlying interest in and to the affected Properties.

“**Routine Governmental Approvals**” shall have the meaning assigned to such term in **Section 4.1(c)**.



“**Seller’s Indemnified Claim**” and “**Seller’s Indemnified Claims**” shall have the meanings assigned to such terms in **Section 12.1**.

“**Seller’s Knowledge**” and any similar phrase shall mean the actual knowledge of the personnel of Seller set forth in **Exhibit 1.1**, with no duty of inquiry or investigation.

“**Seller’s Warranties**” shall have the meaning assigned to such term in **Section 4.2**.

“**Straddle Period**” means any Tax period beginning before and ending on or after the date on which the Effective Date occurs.

“**Survival Period**” shall have the meaning assigned to such term in **Section 16.1**.

“**Tax Return**” means any Tax return, declaration, report, claim for refund, or information return, including any schedule thereto and any amendment thereof.

“**Taxes**” means any taxes, assessments, unclaimed property or escheat obligations and other governmental charges imposed by any Governmental Authority, including income, profits, gross receipts, employment, stamp, occupation, premium, alternative or add-on minimum, ad valorem, real property, personal property, transfer, real property transfer, value added, sales, use, customs, duties, capital stock, franchise, excise, withholding, social security (or similar), unemployment, disability, payroll, windfall profit, severance, production, estimated or other tax, including any interest, penalty or addition thereto, whether disputed or not.

“**Taxing Authority**” means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision, including any governmental or quasi-governmental entity or agency that imposes, or is charged with collecting, social security or similar charges or premiums.

“**Title Defect Deductible**” shall have the meaning assigned to such term in **Section 7.8(a)**.

“**Transfer Taxes**” means any and all sales, use, transfer, stamp, documentary, registration or similar Taxes incurred or imposed with respect to the transfer of the Properties from Seller to Buyer and any other transactions described in this Agreement.

“**Wells**” shall have the meaning assigned to such term in **Section 2.1(d)**.

## **ARTICLE II PROPERTY TO BE SOLD AND PURCHASED**

Section 2.1 Properties. Seller shall sell and Buyer shall purchase, on the terms and provisions herein contained, the following described properties, rights and interests:

(a) All rights, titles and interests of Seller in and to the oil, gas and/or mineral leases which are described on **Exhibit A** hereto, regardless of whether the depths or lands covered

thereby are correctly described on **Exhibit A**, and any ratifications or amendments to such leases (the “**Leases**”); and

(b) Without limitation of the foregoing, all other right, title and interest (of whatever kind or character, whether legal or equitable, and whether vested or contingent) of Seller in and to the oil, gas and other minerals in and under or that may be produced from the lands and depths described on **Exhibit A** hereto or described in any of the Leases (including, without limitation, interests in oil, gas and/or mineral leases, overriding royalties, production payments, net profits interests, fee mineral interests, fee royalty interests and other interests insofar as they cover such lands), even though Seller’s interest therein may be incorrectly described in, or omitted from, such **Exhibit A**; and

(c) All rights, titles and interests of Seller in and to, or otherwise derived from, all presently existing and valid oil, gas and/or mineral unitization, pooling, and/or communitization agreements, declarations and/or orders (including, without limitation, all units formed under orders, rules, regulations, or other official acts of any federal, state or other authority having jurisdiction, and voluntary unitization agreements, designations and/or declarations) to the extent that they relate to any of the properties described in subsections (a) and (b) above; and

(d) All rights, titles and interests of Seller in and to the oil, condensate, natural gas, injection, salt water disposal or water wells, whether producing, non-producing, shut-in, temporarily abandoned, active or inactive, located on the Oil and Gas Properties, including, without limitation, those listed on **Exhibit A** hereto (the “**Wells**”);

(e) All rights, titles and interests of Seller in and to all presently existing and valid production sales contracts, operating agreements, and other agreements and contracts to the extent that they relate to any of the properties described in subsections (a), (b), (c) and (d) above;

(f) All rights, titles and interests of Seller in and to all materials, supplies, machinery, equipment, improvements and other personal property and fixtures (including, but not by way of limitation, all pumping units, flowlines, tanks, buildings, injection facilities, saltwater disposal facilities, compression facilities, gathering systems, and other equipment) located on the Oil and Gas Properties and used in connection with the exploration, development, operation or maintenance thereof;

(g) All rights, titles and interests of Seller in and to all easements, servitudes, rights of way and surface leases appurtenant to or used in connection with the properties described in subsections (a), (b), (c), (d) and (f) above, including those described on **Exhibit A-1** hereto; and

(h) All rights, titles and interests of Seller in and to the fee surface ownership of the properties described on **Exhibit A-2** hereto (collectively, the “**Fee Properties**”).

The properties, rights and interests specified in the foregoing subsections (a), (b), (c), and (d), except for the Excluded Properties as defined below, are herein sometimes collectively called the “**Oil and Gas Properties**,” and individually an “**Oil and Gas Property**,” and the properties, rights and interests specified in the foregoing subsections (a), (b), (c), (d), (e), (f), (g) and (h), except for the Excluded Properties, are herein sometimes collectively called the “**Properties**” and individually a “**Property**.”



Section 2.2 Excluded Properties. The Properties do not include, and there is hereby expressly excepted and excluded therefrom and reserved to Seller (where applicable):

(a) All rights and choses in action in favor of Seller, arising, occurring or existing prior to the Effective Date in connection with the Properties or the operation of or production from the Oil and Gas Properties prior to the Effective Date (including, but not limited to, any and all contract rights, claims, receivables, revenues, recoupment rights, recovery rights, accounting adjustments, mispayments, erroneous payments or other claims of any nature in favor of Seller and relating and accruing to any time period prior to the Effective Date, provided that rights to insurance proceeds are handled under item (d) below);

(b) Any accounts payable accruing before the Effective Date;

(c) All limited liability company, financial, Tax and legal (other than title) records of Seller;

(d) Subject to **Section 13.1**, all rights and interests of Seller (i) under any policy or agreement of insurance or indemnity, (ii) under any bond, or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events or damage to or destruction of property;

(e) All hydrocarbon production from or attributable to the Properties with respect to all periods prior to the Effective Date, as described in **Section 11.1** and all proceeds attributable thereto;

(f) Properties excluded from the purchase and sale contemplated by this Agreement under **Section 7.5(b)**;

(g) Copies (but not the originals) of all files, as described in **Section 10.1**;

(h) Except to the extent constituting suspended royalties, all deposits, cash, checks, funds and accounts receivable or received attributable to Seller's interests in the Properties with respect to any period of time prior to the Effective Date;

(i) All computer or communications software or intellectual property (including tapes, data and program documentation and all tangible manifestations and technical information relating thereto) owned, licensed or used by Seller;

(j) Any logo, service mark, copyright, trade name or trademark of or associated with Seller or any Affiliate of Seller or any business of Seller or of any Affiliate of Seller;

(k) Any documents withheld or not transferred pursuant to **Section 10.1**;

(l) Any files, records, information, or data to the extent that Seller is prevented from disclosing or transferring such property to Buyer (Seller shall provide Buyer with at least 10 days' written notice prior to Closing describing, in general terms, any such excluded files, records, information, or data);

(m) All claims of Seller or any of its Affiliates for refunds of, rights to receive funds from any Governmental Authority, or loss carry forwards or credits with respect to (i) Asset Taxes attributable to any period (or portion thereof) prior to the Effective Date, (ii) Income Taxes, or (iii) any Taxes attributable to the Excluded Properties;

(n) Any seismic records and surveys, gravity maps, electric logs, geological or other geophysical data and records that cannot be transferred without the consent of or payment to any third party unless such consent is obtained or Buyer elects to make such payment or obtain such consent; and

(o) All right, title and interest of Seller in and to the assets described on **Exhibit B**.

These excluded properties, rights and interests specified in the foregoing subsections (a) through (o), inclusive, of this **Section 2.2** are collectively referred to as the “**Excluded Properties**.”

Purchase Price

### **ARTICLE III. PURCHASE PRICE**

Section 3.1 Purchase Price. The purchase price for the Properties shall be One million, five hundred thousand Dollars (\$1,500,000.00) (such amount, unadjusted by any adjustments provided for in this Agreement or agreed to by the parties, being herein called the “**Base Purchase Price**”). Such Base Purchase Price may be adjusted as provided in **Section 6.5** and **Article VII** hereof (the Base Purchase Price, as so adjusted, and as the same may otherwise be adjusted by mutual agreement of the parties, being herein called the “**Purchase Price**”). The Purchase Price shall be paid in cash at the Closing as hereinafter provided.

Section 3.2 Deposit. Contemporaneously with the execution of this Agreement, Buyer, Seller and [EnergyNet] (the “**Escrow Agent**”) have entered into an escrow agreement (the “**Escrow Agreement**”), and Buyer has deposited into the escrow account contemplated by the Escrow Agreement (the “**Escrow Account**”) an amount equal to ten percent (10%) of the Base Purchase Price (such amount being herein called the “**Deposit**”). The Deposit shall bear interest at the rate established by the Escrow Agent. In the event the transaction contemplated hereby is consummated in accordance with the terms hereof, the Deposit, plus any earned interest, shall be released to Seller and credited against amounts to be paid by the Buyer at Closing. In the event this Agreement is terminated by Buyer or Seller in accordance with **Section 8.1** or **Section 8.2** below, the Deposit shall be paid to Buyer or Seller as provided in such Sections. If the Deposit is paid to Buyer, or if Buyer receives credit for same against the Purchase Price paid at Closing, such payment, or credit, shall be in the amount of the Deposit plus the amount of such earned interest. For federal income tax purposes, any interest earned on the Deposit shall be reported by Buyer if the Deposit is returned to Buyer or credited against the Purchase Price at Closing, and reported by Seller if the Deposit is paid to Seller. **THE PARTIES HEREBY ACKNOWLEDGE THAT THE EXTENT OF DAMAGES TO SELLER OCCASIONED BY THE FAILURE OF THIS TRANSACTION TO BE CONSUMMATED WOULD BE IMPOSSIBLE OR EXTREMELY DIFFICULT TO ASCERTAIN AND THAT THE AMOUNT OF THE DEPOSIT IS A FAIR AND REASONABLE ESTIMATE OF SUCH**



**DAMAGES UNDER THE CIRCUMSTANCES AND DOES NOT CONSTITUTE A PENALTY.**

Section 3.3 Tax Matters. Seller and Buyer agree that they shall allocate the Purchase Price among the Properties for Tax purposes in a manner consistent with the allocation set forth on **Exhibit A** (the “**Allocation Schedule**”) and in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder. Within three (3) Business Days prior to Closing, Seller and Buyer shall each submit to the other for review and reasonable comment a draft of IRS Form 8594 allocating the Purchase Price among the asset classes as provided in the Allocation Schedule. Seller and Buyer agree to file all information reports and Tax Returns (including IRS Form 8594 and any amended Tax Returns or claims for refund) in a manner consistent with the Allocation Schedule and neither Seller nor Buyer shall take, or permit any of their respective Affiliates to take, any position inconsistent with the Allocation Schedule on any Tax Return, in an audit or otherwise, unless required to do so by applicable Law or a “determination” within the meaning of Section 1313(a)(1) of the Code. The Allocation Schedule may be revised, from time to time, by the mutual written consent of Seller and Buyer, so as to reflect any matters that need updating (including Purchase Price adjustments, if any). If Seller and Buyer are unable to resolve any dispute with respect to proposed revisions to the Purchase Price allocations within 14 days, each of Buyer and Seller shall summarize its position with regard to such dispute in a written document of 20 pages or less and submit such summaries to such other Person as the Parties may mutually select (the “**Accounting Arbitrator**”), together with any other documentation such Party may desire to submit. Within 20 Business Days after receiving the Parties’ respective submissions, the Accounting Arbitrator shall render a decision choosing either Seller’s position or Buyer’s position (or another position which shall be no less favorable to Seller than Buyer’s position and no less favorable to Buyer than Seller’s position) with respect to each matter addressed based on the materials submitted to the Accounting Arbitrator as described above. Any decision rendered by the Accounting Arbitrator pursuant hereto shall be final, conclusive and binding on Seller and Buyer and will be enforceable against the Parties in any court of competent jurisdiction. The costs of the Accounting Arbitrator shall be borne pro rata between the Parties with each Party being responsible for the Accounting Arbitrator’s costs to the extent the Accounting Arbitrator has not selected such Party’s position on an aggregate dollar basis with respect to all amounts submitted for resolution by the Accounting Arbitrator.

**ARTICLE IV  
REPRESENTATIONS OF SELLER**

Section 4.1 Representations of Seller. Seller represents to Buyer that as of the date hereof and the Closing Date:

(a) Organization and Qualification. Seller is duly organized and legally existing and in good standing under the Laws of the state in which it was formed and is qualified to do business and in good standing in each state in which the Oil and Gas Properties are located where the Laws of such state require Seller to so qualify with respect to the interest in the Oil and Gas Properties to be conveyed by it hereunder.



(b) Due Authorization. Seller has full power and authority to enter into and perform its obligations under this Agreement and has taken all necessary action to authorize entering into this Agreement and performance of its obligations hereunder.

(c) Approvals. To Seller's Knowledge, neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor the compliance with the terms hereof, will result in any default under any agreement or instrument to which Seller is a party or by which the Properties are bound, or violate any order, writ, injunction, decree, statute, rule or regulation applicable to Seller or to the Properties, except for (i) requirements (if any) that there be obtained consents to assignment (or waivers of preferential rights to purchase) from third parties, (ii) approvals ("**Routine Governmental Approvals**") required to be obtained from Governmental Authorities which are customarily obtained post-closing, and (iii) the requirements of any maintenance of uniform interest provisions contained in any operating or other agreements.

(d) Valid, Binding and Enforceable. This Agreement constitutes (and the Conveyance provided for herein to be delivered at Closing will, when executed and delivered, constitute) the legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except as limited by bankruptcy or other Laws applicable generally to creditor's rights and as limited by general equitable principles.

(e) Litigation. Except as set forth on **Exhibit 4.1(e)**, as of the date of this Agreement, no pending suits, arbitrations, actions, or administrative proceedings are pending or, to Seller's Knowledge, threatened against Seller with respect to the Properties in which Seller is a party and has been served (or, to Seller's Knowledge, pending written demands or claims) and which could be reasonably expected to materially and adversely affect the Properties after the Effective Date (including, without limitation, any actions challenging or pertaining to Seller's title to any of the Properties or claiming a violation of Applicable Environmental Laws), or to enjoin or prohibit the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(f) Material Contracts. **Exhibit 4.1(f)** sets forth as of the Execution Date all Applicable Contracts of the type described below (collectively, the "**Material Contracts**"):

(i) any Applicable Contract that can reasonably be expected to result in aggregate payments by Seller of more than \$100,000 during the remainder of the current or any subsequent fiscal year (based solely on the terms thereof and current volumes, without regard to any expected increase in volumes or revenues);

(ii) any Applicable Contract that can reasonably be expected to result in aggregate revenues to Seller of more than \$100,000 during the remainder of the current or any subsequent fiscal year (based solely on the terms thereof and current volumes, without regard to any expected increase in volumes or revenues);

(iii) any hydrocarbon purchase and sale, transportation, gathering, treating, processing or similar Applicable Contract that is not terminable without penalty on 60 days' or less notice;

(iv) any indenture, mortgage, loan, credit or sale-leaseback or similar Applicable Contract that can reasonably be expected to result in payments by Seller during the current or any subsequent fiscal year; and

(v) any Applicable Contract with any Affiliate of Seller which will be binding on Buyer after the Closing Date and will not be terminable by Buyer within 60 days' or less notice.

Except as set forth in **Exhibit 4.1(f)**, there exists no material default under any Material Contract by Seller or, to Seller's Knowledge, by any other Person that is a party to such Material Contract.

(g) Commitments, Abandonments or Proposals. Except as set forth in **Exhibit 4.1(g)**, to Seller's Knowledge; (a) Seller has incurred no expenses, and has made no commitments to make expenditures (including Seller has not entered into any agreements that would obligate Buyer to make expenditures), in connection with the ownership or operation of the Properties after the Effective Date, other than customary and reasonable expenses incurred (i) in the normal operation of existing Wells or (ii) in the performance of continuous development obligations under any of the Leases; and (b) no proposals or authorities for expenditures are currently outstanding (whether made by Seller or by any other party) to drill additional wells, deepen, plug back, or rework existing Wells, or to conduct other operations other than normal operation of existing Wells, or to permanently abandon any Wells.

(h) Payment of Expenses. To Seller's Knowledge, all expenses (including all bills for labor, materials and supplies used or furnished for use in connection with the Properties, and all Asset Taxes) relating to the ownership or operation of the Properties, and for which Seller has received a bill, invoice or other written request for payment have been, and are being, paid (timely, and before the same become delinquent) by Seller, except such expenses and Asset Taxes as are disputed in good faith by Seller and for which an adequate accounting reserve has been established by Seller, such disputes being set forth on **Exhibit 4.1(h)**.

(i) Consents and Preferential Rights. To Seller's Knowledge, **Exhibit 4.1(i)** contains a complete and accurate list of all requirements that consents ("Consents") be obtained by Seller for the assignment of the Properties to Buyer and all preferential purchase rights ("**Preferential Rights**") that affect the Oil and Gas Properties.

(j) Well Status. To Seller's Knowledge, and for the period of Seller's ownership of the Oil and Gas Properties, except as set forth on **Exhibit 4.1(j)**, (a) there are no Wells that: (i) Seller is currently obligated by Law or contract to plug and abandon; (ii) Seller will be obligated by Law or contract to plug or abandon with the lapse of time or notice or both because the Well is not currently capable of producing in commercial quantities; or (iii) have been plugged and abandoned but have not been plugged in accordance with all applicable requirements of each regulatory authority having jurisdiction over the Oil and Gas Properties, and (b) Seller has not abandoned any Wells since the Effective Date.

(k) No Bankruptcy. There are no bankruptcy, insolvency, reorganization or arrangement proceedings pending, being contemplated by, or to Seller's Knowledge, threatened against Seller.



(l) Taxes. Seller has filed all Tax Returns and reports required to be filed by Seller in connection with its ownership and operation of the Oil and Gas Properties and all Asset Taxes due with respect to the Properties (whether or not shown on such tax returns) have been paid. Seller is not a “foreign person” within the meaning of Sections 1445 and 7701 of the Code

Section 4.2 Disclaimers. THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLER CONTAINED IN SECTION 4.1 ABOVE AND THE SPECIAL WARRANTY OF TITLE IN THE CONVEYANCE TO BE DELIVERED AT CLOSING (COLLECTIVELY, THE “SELLER’S WARRANTIES”) ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE. SELLER EXPRESSLY DISCLAIMS ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES. WITHOUT LIMITATION OF THE FOREGOING AND EXCEPT FOR SELLER’S WARRANTIES, THE PROPERTIES SHALL BE CONVEYED PURSUANT HERETO WITHOUT (a) ANY WARRANTY OR REPRESENTATION, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, RELATING TO (i) TITLE TO THE PROPERTIES, OR THE CONDITION, QUANTITY, QUALITY OF THE PROPERTIES, (ii) THE ACCURACY OR COMPLETENESS OF ANY DATA, REPORTS, RECORDS, PROJECTIONS, INFORMATION OR MATERIALS NOW, HERETOFORE OR HEREAFTER FURNISHED OR MADE AVAILABLE TO BUYER IN CONNECTION WITH THIS AGREEMENT, (iii) PRICING ASSUMPTIONS, OR QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE PROPERTIES OR THE ABILITY OR POTENTIAL OF THE PROPERTIES TO PRODUCE HYDROCARBONS, (iv) THE ENVIRONMENTAL CONDITION OF THE PROPERTIES, BOTH SURFACE AND SUBSURFACE, (v) THE STATUS OF THE PROPERTIES WITH RESPECT TO COMPLIANCE WITH APPLICABLE ENVIRONMENTAL LAWS, OR (vi) ANY OTHER MATTERS CONTAINED IN ANY MATERIALS FURNISHED OR MADE AVAILABLE TO BUYER BY SELLER OR BY SELLER’S AGENTS OR REPRESENTATIVES, OR (b) ANY OTHER EXPRESS, IMPLIED, STATUTORY OR OTHER WARRANTY OR REPRESENTATION WHATSOEVER. BUYER SHALL HAVE INSPECTED, OR WAIVED (AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED) ITS RIGHT TO INSPECT, THE PROPERTIES FOR ALL PURPOSES AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING BUT NOT LIMITED TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE OR RELEASE OF HAZARDOUS MATERIAL, INCLUDING HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS AND OTHER MAN MADE FIBERS, OR NATURALLY OCCURRING RADIOACTIVE MATERIALS. EXCEPT FOR THE SELLER’S WARRANTIES, SELLER FURTHER DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS, STATUTORY OR IMPLIED, OF RIGHTS OF A PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION OR RETURN OF THE PURCHASE PRICE, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT BUYER SHALL BE DEEMED TO BE OBTAINING THE PROPERTIES, INCLUDING, WITHOUT LIMITATION, THE EQUIPMENT COMPRISING PART OF THE PROPERTIES, IN THEIR PRESENT STATUS, AND CONDITION, “AS IS” AND “WHERE IS” WITH ALL FAULTS OR DEFECTS (KNOWN OR UNKNOWN, LATENT, DISCOVERABLE OR



UNDISCOVERABLE), AND THAT BUYER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS BUYER DEEMS APPROPRIATE. SELLER AND BUYER AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE EFFECTIVE, THE DISCLAIMERS OF CERTAIN REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS SECTION 4.2 ARE “CONSPICUOUS” DISCLAIMERS FOR THE PURPOSE OF ANY APPLICABLE LAW.

## **ARTICLE V REPRESENTATIONS OF BUYER**

Section 5.1 Representations of Buyer. Buyer represents to Seller that as of the date hereof and the Closing Date:

(a) Organization and Qualification. Buyer is duly organized and legally existing and in good standing under the Laws of the state in which it was formed and is qualified to do business and in good standing in each state in which the Oil and Gas Properties are located where the Laws of such state will require Buyer to so qualify with respect to the interest in the Oil and Gas Properties to be conveyed hereunder. Buyer is also qualified to own and operate oil and gas properties with all applicable Governmental Authorities having jurisdiction over the Properties, to the extent such qualification is necessary or appropriate or will be necessary or appropriate upon consummation of the transactions contemplated hereby (including, without limitation, Buyer has met all bonding requirements of such agencies).

(b) Due Authorization. Buyer has full power and authority to enter into and perform its obligations under this Agreement and has taken all proper action to authorize entering into this Agreement and performance of its obligations hereunder.

(c) Approvals. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor the compliance with the terms hereof, will result in any default under any agreement or instrument to which Buyer is a party, conflict with or result in a breach of any provisions of the organizational or other governing documents of Buyer, or violate any order, writ, injunction, decree, statute, rule or regulation applicable to Buyer, except for requirements (if any) that there be obtained consents to assignment (or waivers of preferential rights to purchase) from third parties, and Routine Governmental Approvals.

(d) Valid, Binding and Enforceable. This Agreement constitutes (and the Conveyance provided for herein to be delivered at Closing will, when executed and delivered, constitute) the legal, valid and binding obligation of Buyer, enforceable in accordance with its terms, except as limited by bankruptcy or other Laws applicable generally to creditor’s rights and as limited by general equitable principles.

(e) No Litigation. There are no pending suits, actions, or other proceedings in which Buyer is a party (or, to Buyer’s knowledge, which have been threatened to be instituted against Buyer) which affect the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(f) No Distribution. Buyer is an “accredited investor,” as such term is defined in Regulation D of the Securities Act of 1933, as amended, and is acquiring the Properties for its own account and not with the intent to make a distribution in violation of the Securities Act of 1933 as amended (and the rules and regulations pertaining thereto) or in violation of any applicable state blue sky Laws or other applicable securities Laws, rules or regulations.

(g) Knowledge and Experience. Buyer has, and had prior to negotiations regarding the Properties, such knowledge and experience in the ownership and operation of oil and gas properties and financial and business matters as to be able to evaluate the merits and risks of an investment in the Properties. Buyer is able to bear the risks of an investment in the Properties and understands risks of, and other considerations relating to, a purchase of the Properties.

(h) Opportunity to Verify Information. As of the Closing, Buyer has been afforded the opportunity to ask questions of the Seller (or a Person or Persons acting on its behalf) concerning the Properties, and Buyer has been furnished with materials relating to the Properties requested by Buyer under this Agreement. Buyer has made its own independent investigation of the Properties to the extent necessary to evaluate the Properties. At Closing, Buyer shall be deemed to have knowledge of all facts contained in all materials, documents and other information which Buyer has been furnished or to which Buyer has been given access.

(i) Merits and Risks of an Investment in the Properties. Buyer understands and acknowledges that: (i) an investment in the Properties involves certain risks; (ii) neither the United States Securities and Exchange Commission nor any federal, state or foreign agency has passed upon the Properties or made any finding or determination as to the fairness of an investment in the Properties or the accuracy or adequacy of the disclosures made to Buyer; and (iii) except as set forth in **Section 8.1** of this Agreement, Buyer is not entitled to cancel, terminate or revoke this Agreement.

(j) Financing. Buyer has, or will have as the same become due hereunder, all funds necessary to (i) pay the Purchase Price and all other amounts payable hereunder, (ii) pay any fees and expenses payable by Buyer in connection with the transaction contemplated hereby, and (iii) satisfy any of its other payment obligations hereunder.

(k) Bankruptcy. There are no bankruptcy, reorganization or arrangement proceedings pending against, being contemplated by, or, to the knowledge of Buyer, threatened against Buyer.

(l) Brokerage Fees and Commissions. Neither Buyer nor any Affiliate of Buyer has incurred any obligation or entered into any agreement for any investment banking, brokerage or finder’s fee or commission in respect of the transactions contemplated by this Agreement for which Sellers shall incur any liability.



**ARTICLE VI**  
**COVENANTS OF SELLER PENDING CLOSING**

Between the date of this Agreement and the Closing Date:

Section 6.1 Access to Records. Seller will give Buyer, or Buyer's authorized representatives, at Seller's office and at all reasonable times before the Closing Date, access to Seller's records pertaining to the ownership and/or operation of the Properties (including, without limitation, title files, and division order files), for the purpose of conducting due diligence reviews contemplated by **Section 7.1** below. Seller shall not be obligated to provide Buyer with access to any records or data which Seller considers to be proprietary or confidential to it or which Seller cannot provide to Buyer without, in its opinion, breaching, or risking a breach of, agreements with other parties, or waiving, or risking waiving, legal privilege. However, as to those files and records for which Seller reasonably believes legal privilege may be lost or waived if they are provided or transferred to Buyer or which Seller reasonably believes Seller is prohibited from providing or transferring to Buyer, Seller shall make a reasonable good faith effort to obtain permission to provide such files or records to Buyer without waiving any such privilege or breaching any such agreement, provided Seller is only obligated to request such permission and Seller shall not be obligated to incur any costs or expenses to obtain such permission. **BUYER RECOGNIZES AND AGREES THAT ALL MATERIALS, DOCUMENTS, AND OTHER INFORMATION, MADE AVAILABLE TO IT AT ANY TIME IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY, WHETHER MADE AVAILABLE PURSUANT TO THIS SECTION OR OTHERWISE, ARE MADE AVAILABLE TO IT AS AN ACCOMMODATION, AND WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED OR STATUTORY, AS TO THE ACCURACY AND COMPLETENESS OF SUCH MATERIALS, DOCUMENTS, AND OTHER INFORMATION.**

Section 6.2 Physical Inspection. Seller shall make a good faith effort to give Buyer, or Buyer's authorized representatives, at all reasonable times before the Closing Date and upon adequate notice to Seller, physical access to the Oil and Gas Properties for the purpose of inspecting same. Buyer recognizes that some or all of the Properties may be operated by parties other than Seller and that Seller's ability to obtain access to such properties, and the manner and extent of such access, is subject to such third parties' consent. Buyer agrees to comply fully with the rules, regulations and instructions issued by Seller (and, where Properties are operated by other parties, such other parties) regarding the actions of Buyer while upon, entering or leaving the Properties. Buyer's environmental investigation of the Properties shall be limited to conducting a Phase I Environmental Site Assessment in accordance with the American Society for Testing and Materials (A.S.T.M.) Standard Practice Environmental Site Assessments: Phase I Environmental Site Assessment Process (each, a "**Site Assessment**") accompanied by a representative of Seller. Buyer shall furnish, free of costs, Seller with a copy of any written report prepared by or for Buyer related to any Site Assessment of the Properties as soon as reasonably possible after it is prepared. All environmental reports prepared by or for Buyer shall be maintained in strict confidence and for use solely in connection with its evaluation of the Properties. Except for the obligations to



provide reports to Seller as set forth in this **Section 6.2**, if Closing does not occur, such reports shall not be disclosed to any other party.

**Section 6.3 Exculpation and Indemnification.** If Buyer exercises rights of access under this **Article VI** or otherwise, or conducts examinations or inspections under this **Article VI** or otherwise, then (a) such access, examination and inspection shall be at Buyer's sole risk, cost and expense and Buyer waives and releases all claims against Seller (and its partners and its and their affiliates and the respective members, directors, managers, officers, employees, attorneys, contractors and agents of such parties) arising in any way therefrom or in any way connected therewith or arising in connection with the conduct of its directors, officers, employees, attorneys, contractors and agents in connection therewith and (b) Buyer shall indemnify, defend and hold harmless Seller (and its partners and its and their affiliates and the respective members, officers, managers, directors, employees, attorneys, contractors and agents of such parties) from any and all claims, actions, causes of action liabilities, damages, losses, costs or expenses (including, without limitation, court costs and attorneys' fees), or liens or encumbrances for labor or materials, arising out of or in any way connected with such matters. **THE FOREGOING RELEASE AND INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH CLAIMS, ACTIONS, CAUSES OF ACTION, LIABILITIES, DAMAGES, LOSSES, COSTS OR EXPENSES ARISE OUT OF (i) NEGLIGENCE (INCLUDING SOLE NEGLIGENCE, SIMPLE NEGLIGENCE, CONCURRENT NEGLIGENCE, ACTIVE OR PASSIVE NEGLIGENCE, BUT EXPRESSLY NOT INCLUDING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) OF ANY INDEMNIFIED PARTY, OR (ii) STRICT LIABILITY.** In connection with exercising its rights of access under **Section 6.2**, Buyer represents to Seller that it has in force and effect comprehensive liability (including, without limitation, personal injury) and property damage, automobile and workmen's compensation insurance with respect to Buyer and its agents, which insurance (x) is obtained from and maintained with an insurer acceptable to Seller, and (y) has limits of not less than \$1,000,000 for property damage, \$1,000,000 for personal injury, \$1,000,000 for automobile liability, and workmen's compensation coverage as required by applicable Laws.

**Section 6.4 Interim Operation.** As to Properties operated by Seller, between the date of this Agreement and the Closing Date, Seller will continue the operation of the Properties in the ordinary course of its business (or, where Seller is not the operator of a Property, Seller will continue its actions as a non-operator in the ordinary course of its business), and Seller will not sell or otherwise dispose of any portion of the Oil and Gas Properties without the prior written consent of Buyer, except for sales or other dispositions of (a) oil, gas and other minerals in the ordinary course of business after production, or (b) equipment and other personal property or fixtures in the ordinary course of business where the same has become obsolete, is otherwise no longer necessary for the operation of the Properties, or is replaced by an item or items of at least equal suitability. Seller may enter into new agreements related to the Properties without Buyer's prior written consent (x) if the value of such agreement does not exceed \$20,000, net to Seller's interest, or (y) such agreement is necessary in Seller's reasonable judgment to continue operation of the Properties. Seller may allow any nonproducing leases (or nonproducing portions of producing leases) that are part of the Oil and Gas Properties to expire by their own terms and Seller shall have no obligation to renew or extend any such nonproducing leases or to take any action or make any payment to keep



them in effect. Should Seller receive (or desire to make) any proposals to drill additional wells on the Oil and Gas Properties, or to conduct other operations which require consent of non-operators under the applicable operating agreement, it will notify Buyer of, and consult with Buyer concerning, such proposals, but any decisions with respect to proposals shall be made by Seller in its sole discretion. Without expanding any obligations which Seller may have to Buyer, it is expressly agreed that Seller shall never have any liability to Buyer with respect to its operation of a Property greater than that which it might have as the operator to a non-operator under the applicable operating agreement (or, in the absence of such an agreement, under the AAPL 610 (1989 Revision) form Operating Agreement), **IT BEING RECOGNIZED THAT, UNDER SUCH AGREEMENTS AND SUCH FORM, SELLER IS NOT RESPONSIBLE FOR ITS OWN NEGLIGENCE, AND HAS NO RESPONSIBILITY OTHER THAN FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.**

Section 6.5 Preferential Rights and Consents. Seller will use reasonable efforts, consistent with industry practices in transactions of this type, to identify the names and addresses of parties holding the Preferential Rights or Consents identified on **Exhibit 4.1(i)**, but shall in no event be obligated to go beyond reviewing its own records. Within ten (10) Business Days after the date of this Agreement, Seller will request, from the parties so identified (and in accordance with the documents creating such rights), execution of such Consents and/or waivers of Preferential Rights. Seller shall have no obligation other than to so request such execution of such Consents and/or waivers of Preferential Rights (including, without limitation, Seller shall have no obligation to assure that such Consents or waivers of Preferential Rights are obtained). Except to the extent that Buyer can establish that Seller failed to fulfill the obligations set forth above in this Section, Buyer shall indemnify and hold Seller (and its partners and its and their affiliates and the respective members, officers, managers, directors, employees, attorneys, contractors and agents of such parties) harmless from and against all claims, actions, causes of action, liabilities, damages, losses, costs or expenses (including, without limitation, court costs and attorney's fees) whatsoever that arise out of the failure to obtain Consents or waivers of Preferential Rights with respect to any transfer by Seller to Buyer of any part of the Properties and with respect to any subsequent transfers **WHETHER OR NOT SUCH CLAIMS, ACTIONS, CAUSES OF ACTION, LIABILITIES, DAMAGES, LOSSES, COSTS OR EXPENSES ARISE OUT OF NEGLIGENCE (INCLUDING SOLE NEGLIGENCE, SIMPLE NEGLIGENCE, CONCURRENT NEGLIGENCE, ACTIVE OR PASSIVE NEGLIGENCE, BUT EXPRESSLY NOT INCLUDING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) OF ANY INDEMNIFIED PARTY.** If, prior to Closing, Seller is unable to obtain any Consent which is not a Required Consent, the affected Property shall nevertheless be conveyed at Closing and there shall be no reduction to the Purchase Price on account of Seller's failure to obtain such Consent. If a party from whom a waiver of a Preferential Right is requested exercises such Preferential Right, Seller will tender to such party the affected Property, or affected portion thereof (in exchange for a price equal to the Allocated Amount set forth on **Exhibit A** for such Property, reduced appropriately, if less than the entire Property must be tendered), and the interest in such Property will be excluded from the transaction contemplated hereby and the Base Purchase Price will adjusted downward by the amount actually paid to Seller by the party exercising such right. If a party from whom a waiver of a Preferential Right is requested refuses to give such waiver, and the



period of time to exercise such Preferential Right has not expired, or if a Required Consent has not been obtained, prior to Closing, such Preferential Right or Consent shall not constitute a Defect, and the Parties shall (i) exclude the Property affected by such Preferential Right and (ii) reduce the Base Purchase Price by the Allocated Amount of the affected Property. If Seller obtains a waiver of any such Preferential Right or any such Required Consent within thirty (30) days after Closing, then Seller shall promptly provide notice of such waiver to Buyer, and Seller shall convey the affected Property to Buyer using an instrument in the form of the Conveyance in exchange for the Allocated Amount for such Property, which amount shall be paid to Seller by Buyer in immediately available funds.

Section 6.6 Insurance. Seller shall maintain its current insurance policies in effect in accordance with industry practice until Closing.

Section 6.7 Bonds. Prior to Closing, Buyer shall take such actions as may be necessary or appropriate so that all surety bonds, guaranties, and cash collateral listed on **Exhibit 6.9** will be released and replaced immediately after Closing with comparable surety bonds, guaranties, and cash collateral from Buyer or an Affiliate of Buyer. Buyer shall promptly reimburse Seller for any losses or costs incurred by Seller in connection with such surety bonds, guaranties, or cash collateral after Closing.

## ARTICLE VII DUE DILIGENCE REVIEW

Section 7.1 Review By Buyer. Should, as a result of Buyer's examinations and investigations, or otherwise, one or more matters come to Buyer's attention which would constitute a Defect (as below defined), and should there be one or more of such Defects which Buyer is unwilling to waive and close the transaction contemplated hereby notwithstanding the fact that such Defects exist, Buyer shall notify Seller in writing of such Defects (such Defects of which Buyer so provides notice are herein called "**Asserted Title Defects**", if arising under **Section 7.2(a)** or **Section 7.2(b)** and "**Asserted Environmental Defects**" if arising under **Section 7.2(c)**) as set forth in this paragraph. Buyer agrees to use reasonable efforts to give Seller, on or before the end of each calendar week prior to the Defect Deadline, written notice of all alleged Defects (as well as any claims that would be claims under the special warranty set forth in the Conveyance) discovered by Buyer during the preceding calendar week, which notice may be preliminary in nature and supplemented prior to the Defect Deadline. Buyer shall provide notice of all Asserted Environmental Defects and all Asserted Title Defects no event later than May 31, 2018 (the "**Defect Deadline**"). Such notification shall include, for each Asserted Defect, (a) a description of the Asserted Defect (including, for each Asserted Environmental Defect, a reference to the Applicable Environmental Law providing the basis for such Asserted Environmental Defect) and the Wells, and/or Leases to which it relates and all supporting documentation reasonably necessary to fully describe the basis for the Defect or, if the supporting documentation is contained in Seller's files, sufficient information to enable Seller to expeditiously locate such supporting documentation, (b) for each applicable Well, the size of any variance from the "Net Revenue Interest" or "Working Interest" listed on **Exhibit A** which does or could result from such Asserted Defect, and (c) the amount by which Buyer would propose to adjust the Base Purchase Price. Buyer may not assert any Defects after the Defect Deadline, and any



Defect with respect to which Buyer fails to so give Seller notice by the Defect Deadline will be deemed waived for all purposes, including if applicable, as a condition to close or indemnification claim. **EXCEPT FOR THE CONDITION TO CLOSE IN SECTION 8.1(C) AND THE SPECIAL WARRANTY OF TITLE IN THE CONVEYANCE TO BE EXECUTED AND DELIVERED AT CLOSING, BUYER'S SOLE AND EXCLUSIVE RIGHTS AND REMEDIES WITH RESPECT TO ANY MATTER THAT CONSTITUTES A DEFECT SHALL BE THOSE SET FORTH IN THIS ARTICLE VII, AND BUYER SHALL NOT BE ENTITLED TO REFUSE TO CLOSE OR TO INDEMNIFICATION OR ANY OTHER RIGHT OR REMEDY WITH RESPECT TO ANY DEFECT. ALL ACCESS TO SELLER'S RECORDS AND THE PROPERTIES IN CONNECTION WITH SUCH DUE DILIGENCE SHALL BE SUBJECT AND PURSUANT TO SECTION 6.1, SECTION 6.2, AND SECTION 6.3.**

Section 7.2 Nature of Defects. The term "Defect" as used in this Section shall mean the following:

(a) NRI or WI Variances. Seller's ownership of each Well listed on **Exhibit A** hereto, *insofar and only insofar* as to the producing depths set forth on **Exhibit A** for such Well, is such that it (i) entitles Seller to receive a decimal share of the oil, gas and other hydrocarbons produced from currently producing depths in such Well which is less than the decimal share set forth on **Exhibit A** in connection with such Well in the column headed "Net Revenue Interest" or (ii) causes Seller to be obligated to bear a decimal share of the cost of operation of the currently producing depths in such Well greater than the decimal share set forth on **Exhibit A** in connection with such Well in the column headed "Working Interest" (without at least a proportionate increase in the share of production to which Seller is entitled to receive from such Well).

(b) Liens. Seller's ownership of each Oil and Gas Property, *insofar and only insofar* as to the producing depths set forth on **Exhibit A** for such Oil and Gas Property, is subject to a lien other than (i) a lien for Taxes which are not yet delinquent or which is being contested in good faith or (ii) a mechanic's or materialmen's lien (or other similar lien), or a lien under an operating agreement or similar agreement, to the extent the same relates to expenses incurred which are not yet delinquent or (iii) liens which will be released at or before Closing (the liens described in (i), (ii) and (iii) of this **Section 7.2(b)** are herein called "**Excluded Liens**").

(c) Environmental Matters. An Oil and Gas Property is in violation of Applicable Environmental Laws in any material respect (the Defects described in this **Section 7.2(c)** are herein called "**Environmental Defects**"). Notwithstanding anything in this Agreement to the contrary, any matter disclosed on **Schedule 7.2(c)** shall be deemed not to be an Environmental Defect.

Section 7.3 Permitted Matters and Encumbrances. Notwithstanding any other provision in this Agreement to the contrary, the following matters shall not constitute a Defect, or a breach of any covenant, representation or warranty of Seller or a failure to satisfy a condition to Buyer's obligation to close and shall not be asserted as such (collectively, the "**Permitted Encumbrances**"): (a) defects or irregularities arising out of lack of proof of representative authority on behalf of a corporation, partnership, limited liability company, or



trust unless Buyer provides affirmative evidence that such action was not authorized and results in another person's superior claim of title to the relevant Property; (b) defects or irregularities in acknowledgments; (c) defects or irregularities that have been cured or remedied by applicable statutes of limitation or statutes for prescription; (d) defects or irregularities in the chain of title consisting of the failure to recite marital status in documents or omissions of heirship proceedings; (e) defects or irregularities resulting from or related to probate proceedings or the lack thereof which defects or irregularities have been outstanding for five (5) years or more; (f) a gas imbalance (e.g., a situation where Seller and its predecessor in title to the Properties have taken more or less gas from a Well or unit than ownership of the Properties would entitle them to receive); (g) the application of maintenance of uniform interest provisions contained within joint operating agreements or similar agreements; (h) defects or irregularities arising out of prior oil and gas leases which, on their face, expired more than five (5) years prior to the Closing, and which have not been released of record; (i) conventional rights of reassignment normally actuated by an intent to abandon or release a lease and requiring notice to the holders of such rights; (j) outstanding deed of trust and mortgage liens burdening the interest of any lessor under any of the oil and gas leases included in the Properties, unless there is evidence that the mortgagee or lien holder has asserted a default under any such deed of trust or mortgage and has exercised, or intends to exercise, foreclosure proceedings; (k) defects or irregularities arising out of mortgages, deeds of trust and other liens which, by their terms, matured more than five (5) years prior to the Closing, but which have not been released of record; (l) defects or irregularities arising out of the lack of a survey; (m) normal and customary liens of co-owners under operating agreements, unitization agreements, and pooling orders relating to the Properties, pursuant to which Seller is not in default; (n) all rights reserved in any Governmental Authorities to control or regulate any of the Properties in any manner; (o) lessor's royalties, non-participating royalties, overriding royalties, reversionary interests and similar burdens upon, measured by or payable out of production if the net cumulative effect of such burdens does not operate to reduce the "Net Revenue Interest" set forth on **Exhibit A** for such Property; (p) the terms, conditions, restrictions, exceptions, reservations and limitations contained in the Leases, Material Contracts, and other matters of record that individually or in the aggregate are not such as to materially interfere with ownership, operation or use of any of the Properties or reduce the "Net Revenue Interest" set forth on **Exhibit A** for any Property; (q) any other liens, privileges, charges, encumbrances, obligations, defects and irregularities affecting the Properties that individually or in the aggregate are not such as to materially interfere with the ownership, operation or use of any of the Properties or reduce the "Net Revenue Interest" set forth on **Exhibit A** for any Property.

**Section 7.4 Seller's Response to Asserted Defects.** In the event that Buyer notifies Seller of Asserted Defects:

(a) **Cure.** Seller may (but shall have no obligation to) attempt to cure, prior to Closing, one or more Asserted Defects.

(b) **Postpone Closing.** Whether or not Seller has then begun to, or ever begins to, cure one or more Asserted Defects (and whether or not Seller has elected to proceed under **Section 7.5** or **Section 7.6** below with respect to one or more Asserted Defects), Seller may postpone the Closing, with respect to any of the Properties as to which Buyer has raised an



Asserted Defect, by designating a new Closing Date not later than ninety (90) days after the initial Closing as to Properties unaffected by such Asserted Defects. Notwithstanding any such election to postpone Closing, Seller shall still have no obligation to commence to cure or cure any Asserted Defects. In the event Seller elects to proceed under this **Section 7.4(b)**, then at Closing, Buyer shall deposit into the Escrow Account an amount equal to the aggregate Allocated Amounts of all Properties affected by such Asserted Defects (the “**Defect Escrow Amount**”). Within two (2) Business Days following the resolution of such Asserted Defects in accordance with the procedures set forth in **Section 7.4**, **Section 7.5**, or **Section 7.6** below, as applicable, the Parties shall deliver joint instructions to the Escrow Agent, which shall instruct the Escrow Agent to disburse the Defect Escrow Amount in a manner consistent with such resolution.

(c) Adjustment. Notwithstanding any election made under **Section 7.4(a)** or **(b)**, Seller may elect to have one or more Asserted Defects handled under **Section 7.5** or **Section 7.6** below:

**Section 7.5 Resolution of Uncured Defects**. In the event that, as a part of the due diligence reviews provided for in **Section 7.1** above, Asserted Defects are presented to Seller and Seller is unable or unwilling to cure such Asserted Defects prior to Closing, or in the event that Buyer or Seller has elected (pursuant to **Section 13.1** to treat an Oil and Gas Property affected by a casualty loss as if it was an Oil and Gas Property affected by an Asserted Defect), then:

(a) Agree Upon Adjustment. Buyer and Seller shall, with respect to each Property affected by such matters, attempt to agree upon an appropriate downward adjustment of the Base Purchase Price to account for such matters; and

(b) Excluded Property. With respect to each Property as to which Buyer and Seller are unable to agree upon appropriate adjustment with respect to all such matters affecting such Property, unless Seller elects to proceed under **Section 7.6** below, such Property will be excluded from the transaction contemplated hereby, and the Base Purchase Price will be reduced by the “Allocated Amount” attributed on **Exhibit A** to such Property.

**Section 7.6 Adjustment For Certain Uncured Defects**. In the event that Buyer raises as a Defect one of the following types of Defects and such Defect is not cured prior to the Closing (including any postponement of the Closing by Seller pursuant to **Section 7.4**), Seller may elect to adjust the Purchase Price as set forth below instead of proceeding or continuing to proceed under **Section 7.5**.

(a) NRI Variance/Proportionate Price Reductions. If the Asserted Defect is a Defect described in clause (i) of **Section 7.2(a)**: a downward adjustment equal to the amount determined by multiplying the “Allocated Amount” set forth for such Well on **Exhibit A** by a fraction (i) the numerator of which is an amount equal to the “Net Revenue Interest” shown on **Exhibit A** for such Well less the decimal share to which Seller would be entitled to as a result of its ownership interest in such Well which is unaffected by such Defect and (ii) the denominator of which is the “Net Revenue Interest” shown for such Well on **Exhibit A**.



(b) Liens/Payoff Amount. If the Asserted Defect is a Defect described in **Section 7.2(b)**: a downward adjustment equal to the lesser of (i) the cost to remove such lien from the Property or (ii) the “Allocated Amount” set forth for such Property as set forth on **Exhibit A**.

(c) Environmental Matters/Remediation Costs. If the Asserted Defect is a Defect described in **Section 7.2(c)**: the costs agreed to by Buyer and Seller to Remediate such Defect consistent with the requirements of Applicable Environmental Laws.

(d) Other Defects. If the Asserted Defect is not of the type described in the other subsections of this **Section 7.6**, the amount by which the Allocated Amount of an affected Property is reduced shall be determined by taking into account (i) the portion of the Property affected by such Asserted Defect, (ii) the legal effect of such Asserted Defect, (iii) the economic effect of such Asserted Defect over the life of the Property, (iv) the values placed upon such Asserted Defect by Buyer and Seller and (v) such other reasonable factors as are necessary to make a proper evaluation.

**Section 7.7 Possible Upward Adjustments**. Should Seller determine (or should Buyer, in the course of its due diligence reviews contemplated by **Section 7.1** above, determine) that the ownership of the Properties by Seller entitles Seller to a decimal share of the production from a Well listed on **Exhibit A** greater than the decimal share shown for such Well under the column headed “Net Revenue Interest” on **Exhibit A**, then such Party shall propose an upward adjustment to the Base Purchase Price to account for such fact, in which case such adjustment shall be handled in the same manner as provided in **Section 7.5** above with respect to adjustments for Asserted Defects. The Party making such determination shall notify the other Party no later than the Defect Deadline.

**Section 7.8 Limitations on Adjustments**.

(a) Title Defects. If the Base Purchase Price reduction with respect to a particular Asserted Title Defect which would result from the above provided for procedure does not exceed Fifty Thousand Dollars (\$30,000), no adjustment shall be made for such Asserted Title Defect. If the Base Purchase Price reduction (or increase) which would result from the above provided for procedure, as applied to all Asserted Title Defects for which an adjustment is to be made (and to all upward adjustments under **Section 7.7**) does not exceed two percent (2%) of the Base Purchase Price (the “**Title Defect Deductible**”), then no adjustment of the Base Purchase Price shall occur, and none of the Properties which would be excluded by such procedure shall be excluded. If the Base Purchase Price reduction (or increase) which would result from the above provided for procedure as applied to all Asserted Title Defects for which an adjustment is to be made (and to all upward adjustments under **Section 7.7**) exceeds the Title Defect Deductible, the Purchase Price shall be adjusted by the amount by which such reduction (or increase) exceeds the Title Defect Deductible.

(b) Environmental Defects. If the Base Purchase Price reduction with respect to a particular Asserted Environmental Defect which would result from the above provided for procedure does not exceed Fifty Thousand Dollars (\$30,000), no adjustment shall be made for such Asserted Environmental Defect. If the Base Purchase Price reduction which would result from the above provided for procedure, as applied to all Asserted Environmental Defects for



which an adjustment is to be made does not exceed two percent (2%) of the Base Purchase Price (the “**Environmental Defect Deductible**”), then no adjustment of the Base Purchase Price shall occur, and none of the Properties which would be excluded by such procedure shall be excluded. If the Base Purchase Price reduction which would result from the above provided for procedure as applied to all Asserted Environmental Defects for which an adjustment is to be made exceeds the Environmental Defect Deductible, the Purchase Price shall be adjusted by the amount by which such reduction (or increase) exceeds the Environmental Defect Deductible.

(c) Other Limitations. In no event shall an adjustment for any Asserted Defect exceed the Allocated Amount of the Property to which such Asserted Defect relates. All Asserted Defect values and related adjustments to the Base Purchase Price shall be made without duplication.

## **ARTICLE VIII CONDITIONS PRECEDENT TO CLOSING OBLIGATIONS**

Section 8.1 Conditions Precedent to the Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to each of the following conditions being met:

(a) Representations True and Correct. Each of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made on and as of such date, except (i) as affected by transactions contemplated or permitted by this Agreement, and (ii) to the extent that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all material respects as of such specified date.

(b) Compliance with Covenants and Agreements. Seller shall have performed and complied in all material respects with (or compliance therewith shall have been waived by Buyer) each and every covenant and agreement required by this Agreement to be performed or complied with by Seller prior to or at the Closing.

(c) Price Adjustment Limitations. The aggregate downward (or upward) adjustment (if any) of the Purchase Price which results from the procedures set forth in **Section 6.5, Article VII** and **Section 13.1** does not exceed twenty percent (20%) percent of the Base Purchase Price.

(d) Litigation. Except as set forth in Exhibit 4.1(e), no suit, action or other proceedings shall, on the date of Closing, be pending or threatened before any court or Governmental Authority seeking to restrain, prohibit, or obtain material damages or other material relief in connection with the Properties.

If any such condition on the obligations of Buyer under this Agreement is not met as of the Closing Date, or in the event the Closing does not occur on or before the Closing Date, and (in either case) Buyer is not in material breach of its obligations hereunder, this Agreement may, at the option of Buyer, be terminated. In the event such a termination by Buyer occurs the parties shall have no further obligations to one another hereunder (other than the obligations under **Section 6.3** and **Section 12.4** hereof all of which will survive such termination). In the event of such a termination by Buyer, the Deposit plus interest will be refunded to Buyer. If



Buyer proceeds to Closing with knowledge of any condition precedent above not being met by Seller, such condition precedent will be deemed waived by Buyer as a condition to close and Buyer hereby waives any claim for breach of a representation and warranty or for indemnity related thereto.

Section 8.2 Conditions Precedent to the Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the each of the following conditions being met:

(a) Representations True and Correct. Each of the representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date made and (having been deemed to have been made again on and as of the Closing Date in the same language) on and as of the Closing Date, except as affected by transactions permitted by this Agreement and except to the extent that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all material respects as of such specified date.

(b) Compliance With Covenants and Agreements. Buyer shall have performed and complied in all material respects with (or compliance therewith shall have been waived by Seller) each and every covenant and agreement required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

(c) Price Adjustment Limitations. The aggregate downward adjustment (if any) to the Base Purchase Price which results from the procedures set forth in **Section 6.5, Article VII** and **Section 13.1** does not exceed twenty percent (20%) percent of the Base Purchase Price.

(d) Litigation. Except as set forth in Exhibit 4.1(e), no suit, action or other proceedings shall, on the date of Closing, be pending or threatened before any court or Governmental Authority seeking to restrain, prohibit, or obtain material damages or other material relief in connection with the Properties.

If any such condition on the obligations of Seller under this Agreement is not met as of the Closing Date, or in the event the Closing does not occur on or before the Closing Date, and (in either case) Seller is not in material breach of its obligations hereunder, this Agreement may, at the option of Seller, be terminated, in which case the parties shall have no further obligations to one another hereunder (other than the obligations under **Section 6.3** and **Section 12.4** hereof, all of which will survive such termination). If Seller proceeds to Closing with knowledge of any condition precedent above not being met by Buyer, such condition precedent will be deemed waived by Seller as a condition to close and Seller hereby waives all claims for breach of a representation and warranty or for indemnity related thereto. In the event of such a termination by Seller, the Deposit plus interest will be refunded to Buyer, unless (i) one or both of conditions (a) or (b) above are not met, or (ii) Buyer shall otherwise have breached this Agreement, in which event the Deposit plus interest shall be paid to Seller. Notwithstanding the foregoing, if this Agreement is terminated in accordance with item (i) or (ii) of the foregoing sentence, and at the time of such termination Buyer's conditions to Closing in **Section 8.1** above are not met due to material breach of this Agreement by Seller, then the Deposit shall be refunded to Buyer.

## ARTICLE IX CLOSING

Section 9.1 Closing. The closing (herein called the “**Closing**”) of the transaction contemplated hereby shall take place in the offices of Chaparral Energy L.L.C. on June 7, 2018, at 10:00 a.m. Central Standard Time, or at such other date and time (i) as the Buyer and Seller may mutually agree upon or (ii) to which Seller may postpone the Closing pursuant to **Section 7.4** hereof (such date and time, as changed pursuant to clauses (i) and (ii), being herein called the “**Closing Date**”).

Section 9.2 Seller’s Closing Obligations. At the Closing,

(a) Delivery of Conveyance. Upon receipt of payment of the amount provided in **Section 9.3(a)**, Seller shall execute, acknowledge and deliver to Buyer a conveyance of the Properties (the “**Conveyance**”), in the form attached hereto as **Schedule I** (and with **Exhibit A** and **Exhibit A-1** hereto, with such modifications as may be mutually agreed to by Buyer and Seller, being attached), effective as of May 1, 2018 (herein called the “**Effective Date**”).

(b) Federal and State Conveyance Forms. Seller shall execute (and, where required, acknowledge) and deliver to Buyer forms of conveyance or assignment as required by the applicable Governmental Authorities for transfers of any interests in state, federal or Indian leases included in the Oil and Gas Properties.

(c) Letters in Lieu. Seller shall, if requested by Buyer, execute and deliver to Buyer letters in lieu of transfer orders (or similar documentation), in form acceptable to both parties.

(d) Turn Over Possession. Seller shall turn over possession of the Properties.

(e) IRS Form 8594. Seller shall provide a copy of IRS Form 8594 completed in accordance with **Section 3.3**.

(f) Release of Liens. Seller shall deliver original, executed and acknowledged releases, in recordable form, of any liens securing indebtedness for borrowed money by Seller.

(g) Non-Foreign Affidavit. Seller shall deliver an executed statement described in Treasury Regulation §1.1445-2(b)(2) certifying that it is not a foreign person within the meaning of the Code.

Section 9.3 Buyer’s Closing Obligations. At the Closing,

(a) Payment to Seller. (i) Buyer shall deliver to Seller, by wire transfer of immediately available funds to an account designated by Seller, an amount equal to (A) the Purchase Price, less or plus (as the case may be) (B) any adjustments under **Section 11.1** or **Section 11.2** which are to be made at Closing, less (C) the Defect Escrow Amount, if any; and (ii) Buyer shall deposit the Defect Escrow Amount, if any, into the Escrow Account.

(b) Delivery of Conveyance. Buyer shall execute, acknowledge and deliver to Seller the Conveyance.



(c) Federal and State Conveyance Forms. Buyer shall execute (and, where required, acknowledge) and deliver to Seller forms of conveyance or assignment as required by the applicable Governmental Authorities for transfers of any interests in state, federal or Indian leases included in the Oil and Gas Properties.

(d) Succession by Buyer. Buyer shall (A) furnish to Seller such evidence (including, without limitation, evidence of satisfaction of all applicable bonding and surety requirements) as Seller may require that Buyer is qualified with the applicable authorities to succeed Seller as the owner and, where applicable, operator of the Properties, (B) with respect to properties operated by Seller where Buyer is to succeed as operator, execute and deliver to Seller appropriate evidence reflecting change of operator as required by applicable Governmental Authorities, and (C) execute and deliver to Seller such forms as Seller may reasonably request for filing with the applicable authorities to reflect Buyer's assumption of plugging and abandonment liabilities with respect to the Wells or on units in which the Properties participate.

(e) IRS Form 8594. Buyer shall provide a copy of IRS Form 8594 completed in accordance with **Section 3.3**.

## ARTICLE X POST CLOSING ACTIONS

Section 10.1 Transfer of Files. Seller will use its best efforts to deliver to Buyer, at Buyer's expense, and within ten (10) days after Closing, all of Seller's lease files, abstracts and title opinions, division order files, production records, Well files, accounting records (but not including general financial accounting or Tax records), and other similar files and records which directly relate to the Properties, other than those which Seller considers to be proprietary or confidential to it or which Seller cannot provide to Buyer without, in its reasonable opinion, breaching, or risking a breach of, agreements with other parties, or waiving, or risking waiving, legal privilege. However, as to those files and records for which Seller reasonably believes legal privilege may be lost or waived if provided or transferred to Buyer or which Seller reasonably believes is prohibited from providing or transferring to Buyer, Seller shall make a reasonable good faith effort to obtain permission to provide such files or records to Buyer without waiving any such privilege or breaching any such agreement within twenty (20) days after execution of this Agreement by all parties, provided Seller is only obligated to cause those responsible for the files to expend a reasonable amount of time in an effort to obtain such permission and Seller shall not be obligated to incur any costs or expenses to obtain such permission other than the salaries of such employees. Seller may, at its election, make and retain copies of any or all such files. Buyer shall preserve all files so delivered by Seller for a period of five (5) years following Closing and will allow Seller access (including, without limitation, the right to make copies at Seller's expense) to such files at all reasonable times.

Section 10.2 Operational Transition. **THERE IS NO ASSURANCE GIVEN BY SELLER THAT BUYER SHALL SUCCEED SELLER AS OPERATOR OF ANY PROPERTY WHERE OTHER PARTIES OWN INTERESTS IN THE WELLS LOCATED THEREON AND BUYER ACCEPTS THE RISK THEREOF.**

Section 10.3                    Notifications by Buyer. Immediately after the Closing, Buyer shall notify all applicable operators, non-operators, oil and gas purchasers, and Governmental Authorities that it has purchased the Properties.

## ARTICLE XI ACCOUNTING ADJUSTMENTS

Section 11.1                    Adjustments for Revenues and Expenses. Appropriate adjustments to the Base Purchase Price and the Purchase Price, as applicable, shall be made between Buyer and Seller so that:

(a)            Subject to subsection (c) below, Buyer will bear all Property Costs attributable to periods on or after the Effective Date, and Buyer will receive all proceeds from sales of oil, gas and/or other minerals which are produced from (or attributable to) the Properties and which are produced on or after the Effective Date, and

(b)            except as provided in subsection (c) below, **Section 11.4** below, **Article XII**, and **Article XV**, Seller will bear all Property Costs attributable to periods before the Effective Date and Seller will receive all proceeds from the sale of oil, gas and/or other minerals which were produced from (or attributable to) the Properties before the Effective Date, and

(c)            It is agreed that, in making such adjustments:

(i)            oil which was produced from the Oil and Gas Properties and which was, on the Effective Date, stored in tanks located on the Oil and Gas Properties (or located elsewhere but used by Seller to store oil produced from, or attributable to, the Oil and Gas Properties prior to delivery to oil purchasers) and above pipeline connections shall be deemed to have been produced before the Effective Date,

(ii)           the provisions of **Section 16.3** shall be effective as of the Effective Date,

(iii)           casualty losses shall be handled in accordance with **Section 13.1**, and

(iv)           each Party shall be responsible for its own Income Taxes, and the Parties shall bear responsibility for Asset Taxes as set forth in **Article XV**.

Section 11.2                    Initial Adjustment at Closing. At least five (5) days before the Closing Date, Seller shall provide to Buyer a statement showing its computations of the amount of the adjustments provided for in **Article VII** and **Section 11.1** above based on amounts which prior to such time have actually been paid or received by Seller. Buyer and Seller shall attempt to agree upon such adjustments prior to Closing, provided that if agreement is not reached, Seller's computation shall be used at Closing, subject to further adjustment under **Section 11.3** below.

Section 11.3                    Adjustment Post Closing. On or before 120 days after the Closing, Seller shall deliver to Buyer a final settlement statement (the "**Final Settlement Statement**") prepared by Seller based on actual income and expenses during the period between the Execution Date and Closing and which takes into account all final adjustments



made to the Purchase Price. As soon as practicable, and in any event within 30 days after receipt of the Final Settlement Statement, Buyer will deliver to Seller a written report containing any proposed changes to the Final Settlement Statement and an explanation of any such changes and the reasons therefor (the “**Dispute Notice**”). Any changes not so specified in the Dispute Notice shall be deemed waived and Seller’s determinations with respect to all such elements of the Final Settlement Statement that are not addressed specifically in the Dispute Notice shall prevail. If Seller and Buyer are unable to resolve the matters addressed in the Dispute Notice (if any), each of Buyer and Seller shall within 14 Business Days after the delivery of such Dispute Notice, summarize its position with regard to such dispute in a written document of 20 pages or less and submit such summaries to the Accounting Arbitrator, together with the Dispute Notice, the Final Settlement Statement and any other documentation such Party may desire to submit. Within 20 Business Days after receiving the Parties’ respective submissions, the Accounting Arbitrator shall render a decision choosing either Seller’s position or Buyer’s position (or another position which shall be no less favorable to Seller than Buyer’s position and no less favorable to Buyer than Seller’s position) with respect to each matter addressed in any Dispute Notice, based on the materials submitted to the Accounting Arbitrator as described above. Any decision rendered by the Accounting Arbitrator pursuant hereto shall be final, conclusive and binding on Seller and Buyer and will be enforceable against the Parties in any court of competent jurisdiction. The costs of the Accounting Arbitrator shall be borne pro rata between the Parties with each Party being responsible for the Accounting Arbitrator’s costs to the extent the Accounting Arbitrator has not selected such Party’s position on an aggregate dollar basis with respect to all amounts submitted for resolution by the Accounting Arbitrator. If the adjustments set forth in the Final Settlement Statement are mutually agreed upon by Seller and Buyer, the Final Settlement Statement and the adjusted Purchase Price shall be final and binding on the Parties, subject to the provisions of **Section 11.4**. Any difference in the Purchase Price as paid at Closing and the Purchase Price as adjusted pursuant to the Final Settlement Statement shall be paid by the owing Party to the owed Party within 10 days after final determination of such owed amounts in accordance herewith. All amounts paid pursuant to this **Section 11.3** shall be delivered in United States currency by wire transfer of immediately available funds to the account specified in writing by the relevant Party.

**Section 11.4**                      Additional Expenses. After the Parties’ agreement upon the Final Settlement Statement, (i) if either Party receives monies belonging to the other Party, including proceeds of production, then such amount shall, within 30 days after the end of the calendar month in which such amounts were received, be paid over to the proper Party, (ii) if either Party pays monies which are the obligation of the other Party under **Section 11.1** above, then such other Party shall, within 30 days after the end of the calendar month in which the applicable invoice and proof of payment of such invoice were received, reimburse the Party which paid such expenses, (iii) if a Party receives an invoice of an expense or obligation (other than an invoice of an expense or obligation with respect to Asset Taxes or Income Taxes) which is owed by the other Party, such Party receiving the invoice shall promptly forward such invoice to the Party obligated to pay the same, and (iv) if an invoice or other evidence of an obligation (other than an obligation with respect to Asset Taxes or Income Taxes) is received by a Party, which is partially an obligation of both Seller and Buyer, then the Parties shall consult with each other, and each shall promptly pay its portion of such obligation to the obligee thereof.



Section 11.5                      Suspended Funds. As soon as reasonably practicable after Closing, Seller shall cause to be disbursed to Buyer, all the funds (including interest owed thereof, if any) held in suspense by Seller as of the Execution Date, as set forth on **Exhibit 11.5**, as such amounts may have increased or decreased between the date of this Agreement and such date, and that have not been thus paid or disbursed. Buyer shall be responsible for the proper distribution of all such suspended proceeds and agrees to indemnify, defend and hold harmless Seller from and against any and all claims, liabilities and losses related to such suspended proceeds except to the extent Seller unlawfully suspended such proceeds.

## ARTICLE XII ASSUMPTION AND INDEMNIFICATION

Section 12.1                      Assumption and Indemnification By Buyer. From and after the Closing, Buyer shall assume timely pay and perform, all duties, obligations and liabilities relating to the ownership and/or operation of the Properties regardless of whether the same accrued or otherwise arose before or after the Closing, other than the Excluded Properties and except for Property Costs which have been accounted for in **Section 11.1**, (including, without limitation, those arising under the contracts and agreements described in **Section 2.1**, and, to the extent arising following the expiration of the Survival Period, the Buyer's Indemnified Claims set forth in **Section 12.2**), and indemnify and hold Seller (and its partners, members, and all their affiliates, and all their respective members, directors, managers, officers, employees, attorneys, contractors and agents) harmless from and against any and all claims, actions, causes of action, liabilities, damages, costs or expenses (including, without limitation, court costs and consultants' and attorneys' fees) of any kind or character (individually a "**Seller's Indemnified Claim**" and collectively "**Seller's Indemnified Claims**") arising out of:

(a) any misrepresentation or breach of any warranty, covenant or agreement of Buyer contained in this Agreement;

(b) the ownership and/or operation of the Properties regardless of whether the same accrued or otherwise arose before or after the Closing (including, without limitation, those arising under the contracts and agreements described in **Section 2.1**), provided that, with respect to Seller's Indemnified Claims that occurred or arose before the Closing, Buyer is not obligated to indemnify Seller under this subparagraph (b) for any Buyer's Indemnified Claim to the extent that Seller is obligated to indemnify Buyer for such Buyer's Indemnified Claim pursuant to this Agreement;

(c) the condition ("**Condition of the Properties**") of the Properties on the date of Closing (including, without limitation, within such matters all obligations to properly plug and abandon, or replug and re-abandon, Wells, to restore the surface of the Properties and to comply with, or to bring the Properties into compliance with, Applicable Environmental Laws, rules, regulations and orders, including conducting any remediation activities which may be required on or otherwise in connection with activities on the Properties), regardless of whether such condition or the events giving rise to such condition arose or occurred before or after the Closing;

- (d) the regulation by any Governmental Authority of the Properties;
- (e) any Taxes for which Buyer is responsible hereunder;
- (f) the Leases or Applicable Contracts;
- (g) any imbalances or suspended funds allocable to the Properties; or
- (h) any Defect, except for any right of Buyer under **Article VII** to an adjustment to the Base Purchase Price for such Defect or to exclude a Property for such Defect and to receive a reduction in the Base Purchase Price to account for the exclusion of such Property.

**THE FOREGOING ASSUMPTIONS AND INDEMNIFICATIONS SHALL APPLY WHETHER OR NOT SUCH DUTIES, OBLIGATIONS OR LIABILITIES, OR SUCH CLAIMS, ACTIONS, CAUSES OF ACTION, LIABILITIES, DAMAGES, LOSSES, COSTS OR EXPENSES ARISE OUT OF (i) NEGLIGENCE (INCLUDING SOLE NEGLIGENCE, SIMPLE NEGLIGENCE, CONCURRENT NEGLIGENCE, ACTIVE OR PASSIVE NEGLIGENCE, BUT EXPRESSLY NOT INCLUDING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) OF ANY INDEMNIFIED PARTY, OR (ii) STRICT LIABILITY.**

Section 12.2 Indemnification By Seller. From and after Closing, Seller shall indemnify and hold Buyer (and its directors, officers, employees and attorneys, contractors and agents) harmless from and against any and all claims, actions, causes of action, liabilities, damages, costs or expenses (including without limitation court costs and consultants and attorneys' fees) (individually a "**Buyer's Indemnified Claim**" and collectively "**Buyer's Indemnified Claims**") arising out of:

- (a) the employment relationship between Seller and any of Seller's present or former employees or the termination of any such employment relationship;
- (b) any personal injury (including death) or property damage caused by the Oil and Gas Properties prior to Closing;
- (c) any misrepresentation or breach of any warranty, covenant or agreement of Seller contained in this Agreement; or
- (d) the Excluded Properties.
- (e) the payment of any Property Taxes or Severance Taxes allocable to the period prior to the Effective Date.
- (f) the payment of any royalties, overriding royalties and other lease burdens chargeable against or attributable to Seller's interest in the Properties or otherwise payable by Seller accruing during the period of Seller's ownership of the Properties prior to the Effective Date and any interest thereon imposed as a result of such non-payment.
- (g) all Operating Expenses that accrued prior to the Effective Date.



Section 12.3            Notice of Claim. If indemnification pursuant to **Section 12.1** or **Section 12.2** is sought, the party seeking indemnification (the “**Indemnitee**”) shall give written notice to the indemnifying party of an event giving rise to the obligation to indemnify, describing in reasonable detail the factual basis for such claim, and shall allow the indemnifying party to assume and conduct the defense of the claim or action with counsel reasonably satisfactory to the Indemnitee, and cooperate with the indemnifying party in the defense thereof; provided, however, that the omission to give such notice to the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the Indemnitee, except to the extent that the indemnifying party is prejudiced by the failure to give such notice and as otherwise provided in **Section 16.1**. The Indemnitee shall have the right to employ separate counsel to represent the Indemnitee if the Indemnitee is advised by counsel that an actual conflict of interest makes it advisable for the Indemnitee to be represented by separate counsel and the reasonable expenses and fees of such separate counsel shall be paid by the indemnifying party.

Section 12.4            No Commissions Owed. Seller agrees to indemnify and hold Buyer (and its partners and its and their affiliates, and the respective officers, directors, employees, attorneys, contractors and agents of such parties) harmless from and against any and all claims, actions, causes of action, liabilities, damages, losses, costs or expenses (including, without limitation, court costs and attorneys’ fees) of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by, or on behalf of, Seller with any broker or finder in connection with this Agreement or the transaction contemplated hereby. Buyer agrees to indemnify and hold Seller (and its partners and its and their affiliates and the respective members, officers, managers, directors, employees, attorneys, contractors and agents of such parties) harmless from and against any and all claims, actions, causes of action, liabilities, damages, losses, costs or expenses (including, without limitation, court costs and attorneys’ fees) of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by, or on behalf of, Buyer with any broker or finder in connection with this Agreement or the transaction contemplated hereby.

Section 12.5            Limitations on Seller’s Indemnity Obligations. Notwithstanding anything to the contrary, (a) in no event shall the Seller be obligated under this Agreement to indemnify Buyer for Buyer’s Indemnified Claims except to the extent, if any, that the aggregate of all of Buyer’s Indemnified Claims exceed three percent (3%) of the Base Purchase Price, (b) in no event shall Seller be liable under this Agreement in excess of an amount equal to thirty percent (30%) of the Base Purchase Price; provided, however, that such limitations shall not apply to Seller’s indemnification obligations under **Section 12.2(b)** and **Section 12.2(c)**. In no event shall Seller’s aggregate liability under this Agreement exceed an amount equal to the Base Purchase Price.

## ARTICLE XIII CASUALTY LOSSES

Section 13.1 Casualty Loss. In the event of damage by fire or other casualty to, or condemnation of, all or any portion the Properties prior to the Closing, this Agreement shall remain in full force and effect, and in such event:

(a) Oil and Gas Properties. As to each such Property so affected which is an Oil and Gas Property, then (unless Seller is able to and elects to repair such damage, which Seller shall have no obligation to do, in which case all rights to insurance proceeds, and claims against third parties, related thereto shall belong to Seller), (i) at the election of either Buyer or Seller, such Property shall be treated as if it had an Asserted Defect associated with it and the procedure provided for in **Section 7.5** shall be applicable thereto (in which case, unless Buyer and Seller agree to the contrary, all rights to insurance proceeds, and claims as to the affected Properties against third parties, related thereto shall belong to Seller), or, (ii) if no such election is made by Buyer or Seller, the Purchase Price will not be adjusted, and Seller shall, at Seller's election, either collect (and when collected pay over to Buyer) any insurance claims related to such damage, or assign to Buyer such insurance claims, and, in either event, Buyer shall take title to the Property affected by such loss without reduction of the Purchase Price.

(b) Other Properties. As to each such Property which is other than an Oil and Gas Property and which is not condemned, Seller shall, at Seller's election, either (i) repair such damage or replace such Property, (ii) collect (and when collected pay over to Buyer) any insurance claims related to such damage, or (iii) assign to Buyer any insurance claims related to such damage. Whether Seller elects either (i), (ii) or (iii) under this **Section 13.1(b)**, Buyer shall take title to the Property (or the replacement property to the extent Seller elects to replace such Property under item (i)) affected by such loss without reduction of the Purchase Price.

#### ARTICLE XIV NOTICES

Section 14.1 Notices. All notices and other communications required under this Agreement shall (unless otherwise specifically provided herein) be in writing and be delivered personally, by recognized commercial courier or delivery service which provides a receipt, by electronic mail (with delivery acknowledged), or by registered or certified mail (postage prepaid), at the following addresses:

If to Buyer:

PO&G Resources Fund, LP  
Attention: Christopher A. Moore  
5847 San Felipe, Suite 3200 Houston, TX  
77057  
christopher\_moore@pogresources.com  
(713) 244-9986

If to Seller:

Chaparral Energy, L.L.C.  
Attention: Director - Land  
701 Cedar Lake Blvd.  
Oklahoma City, Oklahoma 73114  
Telephone: 405-478-8770  
Email: Lincoln.McElroy@chaparralenergy.com

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

Thompson & Knight LLP



One Arts Plaza  
1722 Routh Street, Suite 1500  
Dallas, Texas 75201  
Attn: Robert Dougherty  
Email: Robert.Dougherty@tklaw.com  
Telephone: (214) 969-1398

or such other post office address within the continental limits of the United States as a Party may designate for itself by giving notice to the other Party, in the manner provided in this Section, at least ten (10) days prior to the effective date of such change of address. All notices given by personal delivery or mail shall be effective on the date of actual receipt at the appropriate address as provided above. Notices given by electronic mail, if receipt is confirmed by the transmitting device, shall be effective upon actual receipt of received during recipient's normal business hours or at the beginning of the next Business Day after receipt if received after recipient's normal business hours.

## **ARTICLE XV TAX MATTERS**

### Section 15.1      Asset Taxes.

(a) Seller shall be allocated and bear all Asset Taxes for any period or portion thereof ending prior to the Effective Date, and Buyer shall be allocated and bear all Asset Taxes for any period or portion thereof that begins at or after the Effective Date.

(b) For purposes of this **Section 15.1**, (i) Asset Taxes that are attributable to the severance or production of hydrocarbons shall be allocated to the period in which the severance or production giving rise to such Asset Taxes occurred, (ii) Asset Taxes that are based upon or related to income or receipts or imposed on a transactional basis (other than such Asset Taxes described in clause (i)), shall be allocated to the period in which the transaction giving rise to such Asset Taxes occurred, and (iii) Asset Taxes that are ad valorem, property or other Asset Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending immediately prior to the date on which the Effective Date occurs and the portion of such Straddle Period beginning on the date on which the Effective Date occurs by prorating each such Asset Tax based on the number of days in the applicable Straddle Period that occur before the date on which the Effective Date occurs, on the one hand, and the number of days in such Straddle Period that occur on or after the date on which the Effective Date occurs, on the other hand. For purposes of clause (iii) of the preceding sentence, the period for such Asset Taxes shall begin on the date on which ownership of the applicable Properties gives rise to liability for the particular Asset Tax and shall end on the day before the next such date.

(c) To the extent the actual amount of an Asset Tax is not determinable at the Closing or at the time of the determination of the Final Settlement Statement pursuant to **Section 11.3**, as applicable, (i) the Parties shall utilize the most recent information available in estimating the amount of such Asset Tax for purposes of such adjustment, and (ii) upon the later

determination of the actual amount of such Asset Tax, timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under **Section 15.1(b)**.

Section 15.2            Transfer Fees and Taxes. All required documentary, filing and recording fees and expenses in connection with the filing and recording of the assignments, conveyances or other instruments required to convey title to the Properties to Buyer shall be borne by Buyer. Any and all Transfer Taxes shall be borne by Buyer, provided that Seller shall pay or cause to be paid to the applicable Governmental Authorities any Transfer Taxes that it is required by Law to collect and remit. Buyer shall indemnify and hold Seller harmless from and against such Transfer Taxes within thirty (30) days of Seller's written demand therefor. If Seller (not Buyer) is required by applicable Law to appeal or protest the assessment of Transfer Taxes, the appeal or protest of such proposed assessment shall be treated as an item for which Seller is entitled to indemnification and if Buyer provides a written request and instructs Seller to do so, Seller shall prosecute the protest or appeal; in such event Buyer shall pay all out-of-pocket expenses of Seller (including attorneys' fees) incurred by Seller in connection with such appeal or protest. Seller and Buyer shall reasonably cooperate in good faith to minimize, to the extent permissible under applicable Law, the amount of any such Transfer Taxes.

Section 15.3            Tax Returns.

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

(b)        From the Effective Date through the Closing Date, Seller shall be responsible for filing with the applicable Taxing Authority the applicable Tax Returns for Asset Taxes which are required to be filed on or before the Closing Date and paying the Taxes reflected on such Tax Returns as due and owing (provided that to the extent such Taxes relate to the periods from and after the Effective Date, such payment shall be on behalf of Buyer, and promptly following the Closing Date, Buyer shall reimburse Seller for any such Taxes; but without duplication and only to the extent that such amounts have not already been accounted for hereunder). Buyer shall be responsible for the preparation and timely filing of any Tax Returns and the payment to the applicable Taxing Authority of all Asset Taxes that become due and payable on or after the Closing Date, and Buyer shall indemnify and hold Seller harmless for any failure to file such Tax Returns and to make such payments.



(c) No Party shall file an amended Tax Return or self assessment of Taxes after the Effective Date that reflects additional Taxes payable, which are allocated to the non-filing Party pursuant to this Agreement without the non-filing Party's prior written consent. Seller shall be entitled to all Tax credits and Tax refunds which relate to any such Taxes allocable to any Tax period, or portion thereof, ending before the Effective Date.

(d) Seller shall have the right to, and Buyer shall take all actions necessary or advisable to allow and permit Seller to, control the conduct, defense, and settlement of any Tax proceeding related to Taxes that are allocated to the Seller under this Agreement. If Seller elects not to control the conduct or defense of such Tax proceeding, Buyer shall control the conduct and defense of such proceeding, provided that Buyer shall not settle or compromise any such proceeding without Seller's prior written consent.

## ARTICLE XVI MISCELLANEOUS MATTERS

Section 16.1 Survival of Provisions. The representations and warranties of Buyer contained in this Agreement, or in any certificate delivered at Closing shall survive the Closing and the delivery of the Conveyance. The representations and warranties of Seller contained in this Agreement, or in any certificate delivered at Closing shall survive the Closing and delivery of the Conveyance for period of twelve (12) months from the Closing, except for the Fundamental Representations, which shall survive the Closing until the expiration of the applicable statute of limitations (in each case, the "**Survival Period**"). All covenants of Seller or Buyer contained in this Agreement, or in any certificate delivered at the Closing shall survive the Closing and the delivery of the Conveyance, except for (a) any covenant which by its terms terminates as of a specific date, or is only made for a specified period, (b) the covenants set forth in **Section 12.2(c)** to indemnify Buyer for breach by Seller of its representations and warranties, which shall survive for the Survival Period, and (c) the covenants set forth in **Section 12.2(b)**, which shall survive for a period of twelve (12) months after Closing. No Party shall have any indemnification obligation pursuant to **Article XII** unless it shall have received from the Party seeking indemnification written notice of existence of the claim for or in respect of which indemnification is being sought and such notice is received on or before the applicable Survival Period (or other applicable survival date as set forth in this **Section 16.1**).

Section 16.2 Further Assurances. After the Closing, Seller shall execute and deliver, and shall otherwise cause to be executed and delivered, from time to time, such further instruments, notices, division orders, transfer orders and other documents, and do such other and further acts and things, as may be reasonably necessary to more fully and effectively grant, convey and assign the Properties to Buyer.

Section 16.3 Gas Imbalances, Make-Up Obligations. Without limitation on any other provision of this Agreement, it is expressly understood and agreed that, upon the occurrence of Closing, but effective as of the Effective Date, Buyer shall succeed to and assume the position of Seller with respect to all gas imbalances and make-up obligations related to the Properties (regardless of whether such imbalances or make-up obligations arise at the wellhead, pipeline, gathering system or other level, and regardless of whether the same



arise under contract or otherwise). As a result of such succession, Buyer shall (i) be entitled to receive any and all benefits which Seller would have been entitled to receive by virtue of such position (including, without limitation, rights to produce and receive volumes of production in excess of volumes which it would otherwise be entitled to produce and receive by virtue of ownership of the Properties and rights to receive cash balancing payments), and (ii) be obligated to suffer any detriments which Seller would have been obligated to suffer by virtue of such position (including, without limitation, the obligation to deliver to others production volumes which would have otherwise been attributable to its ownership of the Properties, to deliver production to purchasers hereof without receiving full payment therefor, or to make cash balancing payments or to repay take or pay payments) and (iii) shall be responsible for any and all royalty obligations with respect to such imbalances (including, without limitation, any of the same arising out of royalties having been paid on an "entitlement" basis rather than a "receipts" basis).

Section 16.4                      Waiver of Consumer Rights. Buyer hereby waives its rights under the Texas Deceptive Trade Practices - Consumer Protection Act, Section 17.41 et seq., Business and Commerce Code, a Law that gives consumers special rights and protections, and any similar Law in any other state to the extent such Act or similar Law would otherwise apply. After consultation with an attorney of Buyer's own selection, Buyer voluntarily consents to this waiver. To evidence Buyer's ability to grant such waiver, Buyer represents to Seller that it (a) is in the business of seeking or acquiring, by purchase or lease, goods or services for commercial or business use, (b) has knowledge and experience in financial and business matters that enable it to evaluate the merits and risks of the transactions contemplated hereby, (c) is not in a significantly disparate bargaining position, and (d) has consulted with, and is represented by, an attorney of Buyer's own selection in connection with this transaction, and such attorney was not directly or indirectly identified, suggested, or selected by Seller or an agent of Seller.

Section 16.5                      Parties Bear Own Expenses/No Special Damages. Each Party shall bear and pay all expenses (including, without limitation, legal fees) incurred by it in connection with the transaction contemplated by this Agreement. **NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY NEITHER PARTY SHALL HAVE ANY OBLIGATIONS WITH RESPECT TO THIS AGREEMENT, OR OTHERWISE IN CONNECTION HERewith, FOR ANY SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, PROVIDED THAT ANY SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES RECOVERED BY A THIRD PARTY (EXCEPT AN AFFILIATE OF THE INDEMNIFIED PARTY) SHALL BE RECOVERABLE BY A PARTY TO THE EXTENT THAT SUCH PARTY IS ENTITLED TO INDEMNIFICATION FOR THE MATTER FOR SUCH DAMAGES ARE RECOVERED.**

Section 16.6                      Entire Agreement. This Agreement contains the entire understanding of the parties hereto with respect to subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions among the parties with respect to such subject matter; provided that any confidentiality agreement executed by Buyer and Seller, or any representative of Seller, in connection with the transaction contemplated hereby is not superseded or modified by this Agreement.



Section 16.7 Amendments, Waivers. This Agreement may be amended, modified, supplemented, restated or discharged (and provisions hereof may be waived) only by an instrument in writing signed by the Party against whom enforcement of the amendment, modification, supplement, restatement or discharge (or waiver) is sought.

Section 16.8 Choice of Law. Without regard to principles of conflicts of Law, this Agreement shall be construed and enforced in accordance with and governed by the Laws of the state of Texas applicable to contracts made and to be performed entirely within such state and the Laws of the United States of America, except to the extent that real property laws of the state in which any portion of the Properties mandatorily governs. **EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.**

Section 16.9 Time of Essence. Time is of the essence in this Agreement.

Section 16.10 No Assignment. Neither Party shall have the right to assign this Agreement, including any indemnification rights, without the prior written consent of the other Party first having been obtained.

Section 16.11 Successors and Assigns. Subject to the limitation on assignment contained in **Section 16.10** above, the Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 16.12 No Press Releases. Except as may be required under applicable Law, prior to Closing neither Party shall make any public announcement with respect to the transaction contemplated hereby without the consent of the other Party.

Section 16.13 Counterpart Execution, Fax Execution. This instrument may be executed in a number of identical counterparts, each of which for all purposes is to be deemed an original, and all of which constitute collectively, one instrument. It is not necessary that each Party hereto execute the same counterpart so long as identical counterparts are executed by each such Party hereto. This instrument may be validly executed and delivered by facsimile or other electronic transmission.

Section 16.14 Exclusive Remedy. The sole and exclusive remedy of Buyer with respect to the Properties shall be pursuant to the express provisions of this Agreement. If the Closing does not occur due to the breach of Seller, (i) to the extent permitted by applicable Law, the sole and exclusive remedy of Buyer shall be the right to return of the Deposit to extent provided herein and to specific performance under applicable Law (ii) Buyer shall not be entitled to recover any monetary damages and (iii) Seller agrees that in such event Buyer's legal remedies will be inadequate and that the Properties are unique. If the foregoing limitation of Buyer's remedy to specific performance should for any reason be legally unenforceable, then the sole and exclusive remedy of Buyer, in such event, shall instead be any right to recover actual, direct damages for such breach, provided that in no event shall Buyer be entitled to recover an amount in excess of an amount equal to the Deposit.

Section 16.15                    Like Kind Exchange. Seller may elect to structure this transaction as a like-kind exchange pursuant to Section 1031 of the Code, and the Treasury Regulations promulgated thereunder, with respect to any or all of the Properties (a “**Like-Kind Exchange**”) at any time prior to the date of Closing. In order to effect a Like-Kind Exchange, Buyer shall cooperate and do all acts as may be reasonably required or requested by Seller with regard to effecting the Like-Kind Exchange, including, but not limited to, permitting Seller to assign its rights under this Agreement to a qualified intermediary of Seller’s choice in accordance with Treasury Regulation § 1.1031(k)-1(g)(4) or executing additional escrow instructions, documents, agreements or instruments to effect an exchange; provided, however, Buyer shall incur no expense in connection with such Like-Kind Exchange, Buyer shall not be required to take title to any property other than the Properties in connection with the Like-Kind Exchange, and Buyer’s possession of the Properties will not be delayed by reason of any such Like-Kind Exchange.

Section 16.16                    References, Titles and Construction.

(a) All references in this Agreement to articles, sections, subsections and other subdivisions refer to corresponding articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise.

(b) Titles appearing at the beginning of any of such subdivisions are for convenience only and shall not constitute part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions.

(c) The words “this Agreement”, “this instrument”, “herein”, “hereof”, “hereby”, “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited.

(d) Words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender.

(e) Examples shall not be construed to limit, expressly or by implication, the matter they illustrate.

Section 16.17                    Severability. The provisions of this Agreement will be deemed severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of any other provision.

Section 16.18                    Removal of Name. As promptly as reasonably possible, but in any case within thirty (30) days after the Closing Date, Buyer shall remove the names of Seller and any variants thereof from the Oil and Gas Properties.

Section 16.19                    Confidentiality. Prior to Closing, Buyer and Seller shall hold in strict confidence all aspects of the transactions contemplated by this Agreement and Buyer shall hold all proprietary information and data concerning the Properties and obtained in connection with the transactions contemplated by this Agreement (other than information and data that becomes generally available to the public other than through disclosure by a Party or



its partners, officers, managers, investors, employees or representatives), and without the prior written consent of all other parties neither Buyer nor Seller shall disclose any such information to anyone other than to its partners, officers, managers, employees and representatives; provided, however, the foregoing shall not restrict disclosures by Buyer or Seller in order to comply with applicable securities or other applicable Laws or to comply with existing loan or other agreements binding upon such Party. From and after the Closing (or if Closing does not occur, for a period of two (2) years following the date of this Agreement), Buyer shall keep all information and data not relating to the Properties that Buyer may have obtained during its due diligence in strict confidence and shall not disclose such information to any Person except to their attorneys, and to the extent such disclosure is required by applicable Law (including legal process, such as subpoenas) or regulations or the applicable rules of any stock exchange. The obligations set forth in this **Section 16.19** shall not apply to any information that (a) is already known to or in the possession of the receiving Party or its representatives as of the date of disclosure, (b) is already in possession of the public or becomes available to the public other than through the act or omission of the receiving Party or its representatives, or (c) is acquired independently from a third party that represents, after reasonable inquiry, that it has the right to disseminate such information at the time it is acquired by the receiving Party or its representatives. Notwithstanding anything in this Agreement to the contrary, the obligations set forth in this **Section 16.19** shall survive for a period of two (2) years from and after Closing.

Section 16.20 Agreement for Parties' Benefit Only. This Agreement is not intended to confer upon any Person not a Party hereto any rights or remedies hereunder except as expressly provided in **Article XII**, and no person other than the Parties hereto is entitled to rely on any representation, covenant, or agreement contained herein.

*[Remainder of page intentionally left blank; signature page follows.]*

Executed, as of the Execution Date, by:

**SELLER:**

**CHAPARRAL ENERGY, L.L.C.**

By:   
Name: Earl Reynolds  
Title: Chief Executive Officer

**BUYER:**

**PO&G RESOURCES FUND, LP**

By: PO&G Management Partners I, LP, its General Partner

By: \_\_\_\_\_  
Name: Steven A. Pfeifer  
Title: President





- Equipment, which are to be conveyed to Buyer, shall hereinafter be referred to as the "Interests".
- (5) all of Seller's lease files, abstracts and title opinions, production records, well files, accounting records (but not including general tax and general financial accounting records), insofar as related to the Leases, but excluding
  - (6) to the extent they may be assigned, all easements, right-of-way, surface leases and other surface rights, all permits and licenses, and all other appurtenances being primarily used or held for use in connection with, or otherwise related to, the exploration, development, operation, or maintenance of any of the properties described in (a), (b), and (c) above, or the treatment, storage, transportation, or marketing of production therefrom (or allocated thereto).
  - (7) SELLER'S RESERVATIONS. Seller reserves unto itself, and excepts from the Interest and Properties to be conveyed to Buyer, (a) any files and records that Seller is prohibited from transferring to Buyer by applicable law or any existing contractual relationship; (b) Seller's proprietary records, information, documentation, and data, including reserve estimates and reports, geophysical information (including seismic data), economic analyses, computer programs, software and applications, pricing forecasts, legal files and opinions (except abstracts of title, title opinions, certificates of title, or title curative documents to the extent pertaining to the Properties), attorney-client communications, attorney work product, financial records, records concerning taxes, and records and documents subject to confidentiality provisions, claims of privilege, or other restrictions on access; and (c) compressors owned by Seller or its affiliates which are located on the Lands or at the Wells and which have not been charged to the joint account of the Land(s) or Well(s).

Assignee, in consideration of the mutual benefits to be derived hereunder by its acceptance hereof, understands and agrees to the following terms and conditions:

1. THIS ASSIGNMENT IS EXECUTED WITHOUT ANY WARRANTY OF TITLE, MERCHANTABILITY, CONDITION, OR FITNESS FOR A PARTICULAR PURPOSE, EITHER EXPRESS OR IMPLIED AND WITHOUT ANY OTHER EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION WHATSOEVER.
2. Assignee hereby agrees to assume its proportionate part of any and all terms, obligations and provisions of the Leases and any and all existing royalties, excess royalties, overriding royalty interests or other burdens out of production with which said Leases may be burdened.
3. Assignee hereby agrees that it has inspected the lands, wells, personal property and equipment assigned, conveyed herein and that it accepts the same in their "AS IS, WHERE IS" present condition. As used in this paragraph 3 and lettered subparagraphs hereunder, "claims" shall include claims, demands, causes of action, liabilities, damages, penalties and judgments of any kind or character and all costs and fees in connection therewith, including attorneys fee.



- (a) Assignee shall (i) upon closing, but effective as of the effective date hereof, assume and be responsible for and comply with all duties and obligations of Assignor, express or implied, with respect to the interests conveyed herein, including, without limitation, those arising under or by virtue of any lease, contract, agreement, document, permit, applicable statute or rule, regulation or order of any governmental authority (specifically including without limitation, any governmental request or requirement to plug, re-plug, and/or abandon any well of whatsoever type, status or classification, or take any cleanup or other action with respect to the Property) and any subsequent work pursuant thereto, and (ii) defend, indemnify and hold Assignor harmless from any and all claims in connection therewith, after the Effective Time; and
  - (b) Notwithstanding anything to the contrary herein, Assignee assumes all rights or obligations associated with gas imbalances attributable to the Property, regardless of when such imbalances occurred or accrued.
  - (c) Assignee hereby releases, indemnifies, defends and holds harmless the Assignor and its manager, officers, directors, contractors, agents, employees, successors and assigns from and against all liability, claim, demand, damage, cost, interest, penalties, liens, suit, judgment, all other losses of any kind or nature whatsoever (including, but not limited to, any civil fines, penalties, expenses and costs of clean-up or remediation) and any lawsuits of whatsoever kind or nature brought by any and all persons, including but not limited to, Assignee's and Assignor's employees, agents or representatives and also any private citizens, persons, or organizations and any agency, branch or representative of federal, state, tribal or local government, on account of any claims arising from, out of, or incident to act, omission, events and/or production periods that occurs on or after the effective date of this assignment, and including, without limitation, any claim or liability related to the condition of the Properties or arising under any environmental law whether arising on or after the Effective Date. Assignor's right to indemnity from Assignee includes reasonable attorney fees and litigation costs to defend any matter covered by Assignee's indemnity obligation or to enforce Assignee's indemnity obligation to Assignor.
  - (d) Assignee hereby agrees to (1) assume, and to timely pay and perform all duties, obligations and liabilities relating to the ownership and operation of the Properties, that occurred after the Effective Time, and (2) to indemnify and hold the Assignor and its officers, directors, contractors, agents and employees harmless from and against any and all Losses arising out of or otherwise relating to (a) the breach of the Assignee of any representations, warranty of covenant herein set forth, or (b) the ownership and/or operation of the Properties, after the Effective Date.
4. Assignee acknowledges that the Property has been used for exploration, development, and production of oil and gas and that there may be petroleum, produced water, wastes,

or other materials located on, under or associated with the Property. Equipment and sites included in the Property may contain asbestos, hazardous substances, or naturally occurring radioactive material ("NORM"). NORM may affix or attach itself to the inside of wells, materials and equipment as scale, or in other forms; the wells, materials and equipment located on or included in the Property may contain NORM and other wastes or hazardous substances; and NORM containing material and other otherwise been disposed of on the Property. Special procedures may be required for the remediation, removal, transportation or disposal of wastes, asbestos, hazardous substances, and NORM from the Interests and Properties.

5. Assignee will store, handle, transport and dispose of or discharge all materials, substances, and wastes from Property (including produced water, drilling fluids, NORM and other wastes), whether present before or after the Effective Date or Time, in accordance with applicable local, state and federal laws and regulations. Assignee will keep records of the types, amounts and location of materials, substances and wastes that are stored, transported, handled, discharged released or disposed of onsite and offsite. When any lease terminates, an interest in which has been assigned under this Assignment, Assignee will take additional testing, assessment, closure, reporting and remedial action with respect to the Property as is necessary to satisfy all local, state and federal requirements in effect at that time and necessary to restore the Property.
6. Assignee hereby agrees to assume, be responsible for and comply with all duties and obligations for obtaining any consent which are or may be required in connection with this Assignment.
7. As to the distribution of production from the Property, all oil in storage above the pipeline connection or above the value line at the effective time hereof shall be credited to Assignor at the then prevailing price for such oil. For any of the Property operated by third parties, the quantity of such oil in storage shall be determined based on operator reports or applicable state regulatory agency production reports or records. Where actual information is unavailable, Assignor shall use estimates based on the best information obtained by Assignor.
8. Except as otherwise provided in this Assignment, all proceeds (including proceeds held in suspense or escrow), receipts, credits and income attributable to the Property for all periods or time prior to the effective time hereof shall belong to the Assignor and all proceeds, receipts, credits, and income attributable to the Property for all periods of time from and after the effective time shall belong to Assignee.
9. Within thirty (30) days following the execution of this Assignment, Assignee shall obtain all necessary governmental approvals in order to transfer the Property to Assignee, as may be applicable, and to file or cause to be filed this Assignment and such other documents, if any, as may be required by governmental regulations to transfer the Property to Assignee, in the appropriate federal, state or local public records.



10. Assignee shall be liable for and bear all taxes, including but not limited to, sales and use taxes, conveyance, transfer and recording fees and real estate transfer stamps or taxes, if any, imposed on the transfer of the Property.
- 11. ASSIGNOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, INFORMATION OR MATERIALS HERETOFORE OR HEREAFTER FURNISHED ASSIGNEE IN CONNECTION WITH PROPERTY, OR AS TO THE QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE PROPERTY OR THE ABILITY OF THE PROPERTY TO PRODUCE HYDROCARBONS, OR AS TO THE MARKETABILITY OF TITLE IN REGARD TO THE LEASES. ANY AND ALL SUCH DATA, INFORMATION AND OTHER MATERIALS FURNISHED BY ASSIGNOR IS PROVIDED TO ASSIGNEE AS A CONVENIENCE, AND ANY RELIANCE ON OR USED OF THE SAME SHALL BE AS ASSIGNEE'S SOLE RISK. ASSIGNEE WAIVES ITS RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT OR ANY SIMILAR ACT UNDER ANY STATE OR FEDERAL LAW. AFTER CONSULTATION WITH ANY ATTORNEY OF ITS OWN SELECTION, ASSIGNEE ACKNOWLEDGES THAT EXPRESS WAIVER SHALL BE CONSIDERED A MATERIAL AND INTEGRAL PART OF THIS ASSIGNMENT AND THE CONSIDERATION THEREOF, AND ACKNOWLEDGES THAT THIS WAIVER HAS BEEN BROUGHT TO THE ATTENTION OF ASSIGNEE AND EXPLAINED IN DETAIL AND THAT ASSIGNEE HAS VOLUNTARILY AND KNOWINGLY CONSENTED TO THIS WAIVER.**

It is the intent of the Assignor to convey and this Assignment hereby conveys to Assignee, subject to the reservations and conditions herein contained, all of Assignor's right, title and interest on the effective date hereof in and to the Leases and Property, regardless of the omission of any lease or leases, errors in description and any incorrect or misspelled names or any transcribed or incorrect recording references. This Assignment does not convey any right, title or interest that Assignor might acquire in or to the Property subsequent to the effective date of this assignment.

Notwithstanding anything contained herein to the contrary, this Assignment is made subject to the terms and conditions set forth in that certain Purchase and Sale Agreement dated \_\_\_\_\_ 20\_\_\_\_, made by and between Chaparral Energy, L.L.C., as Seller, and PO & G Resources Fund, L.P., as Buyer (herein the "PSA"), which Assignee hereby ratifies. In the event of a conflict between the PSA and this Assignment, the PSA shall prevail.

TO HAVE AND TO HOLD the same unto the said Assignee forever. The provisions hereof shall be covenants running with the lands and shall inure to the benefit of and be binding upon Assignor and Assignee, their respective personal representatives, successors

and assigns. This Assignment is made WITHOUT WARRANTY OF TITLE, EITHER EXPRESS OR IMPLIED.

IN WITNESS WHEREOF, the undersigned have executed this instrument on the date of the acknowledgements annexed hereto, but to be effective for all purposes from and after the \_\_\_ Day of \_\_\_\_\_, 20 \_\_\_\_\_.

ASSIGNOR:

**CHAPARRAL ENERGY, L.L.C.**

By: \_\_\_\_\_  
Lincoln C. McElroy, Attorney in Fact

ASSIGNEE:

**PO & G Resources Fund, L.P.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**ACKNOWLEDGEMENT**

STATE OF OKLAHOMA     )  
  )  
COUNTY OF OKLAHOMA    )    **ss.**

Before me, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_ day of \_\_\_\_\_, 2017, personally appeared **Lincoln McElroy as its Attorney in Fact for CHAPARRAL ENERGY, L.L.C.**

Given under my hand and seal of office the day and year last above written.

My Commission Expires: \_\_\_\_\_                      Notary Public: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF OKLAHOMA     )  
  )  
COUNTY OF \_\_\_\_\_)    **ss.**

Before me, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_ day of \_\_\_\_\_, 2017, personally appeared \_\_\_\_\_ as \_\_\_\_\_ of **PO & G Resources Fund, L.P.**

Given under my hand and seal of office the day and year last above written.

My Commission Expires: \_\_\_\_\_                      Notary Public: \_\_\_\_\_

## EXHIBIT "A"

Attached to and made a part of that certain Purchase and Sale Agreement by and between CHAPARRAL ENERGY, LLC as SELLER, and PO&G RESOURCES FUND, LP as BUYER, effective date of May 1, 2018.

**LEASES:**

LEASE NUMBER	LESSOR	LESSEE	DATED	RECORDED	SEC-TWSP-RGE	DESCRIPTION
0007318	MARTHA L REYNOLDS	UNITED PRODUCING COMPANY INC	3/28/1944	Book 12 - Page 611	Sec. 22, T-31S, R-35W	SW,W2SE
0007319	ERNEST E ANDERSON	NORTHERN NATURAL GAS COMPANY	7/19/1945	Book 13 - Page 535	Sec. 27, T-31S, R-35W	N2
0007320	CHURCHMAN E BIBLE & PHOEBE M BIBLE H/W	ALDEN W FOSTER	7/13/1934	Book 7 - Page 178	Sec. 22, T-31S, R-35W	S2N2, N2N2
0007321	WHEELER KELLY HAGNY TRUST COMPANY TRUSTEE	ALDEN W FOSTER	9/27/1934	Book 7 - Page 190	Sec. 22, T-31S, R-35W	E2SE
0007322	MARGARET RATCLIFF BOVIE	NORTHERN NATURAL GAS COMPANY	6/14/1946	Book 14 - Page 297	Sec. 34, T-31S, R-35W	SENE, N2NE, SWNE
0007322	MARGARET RATCLIFF BOVIE	NORTHERN NATURAL GAS COMPANY	6/14/1946	Book 14 - Page 297	Sec. 35, T-31S, R-35W	NW
0007323	HELEN M GREEN, MARGARET GREEN MAXWELL & WILLIAM MAXWELL W/H, KATHRYN GREEN WISE & PAUL S WISE W/H AND KIRKLAND GREEN & VONNA GREEN H/DAL	NORTHERN NATURAL GAS COMPANY	7/10/1946	Book 14 - Page 309	Sec. 35, T-31S, R-35W	E2NE, W2NE
0007324	CHARLES ROBINSON & LULU ROBINSON H/W	DERBY OIL COMPANY	9/20/1939	Book 9 - Page 126	Sec. 26, T-31S, R-35W	N2SW, S2SW, SENW, W2NW
0007325	RAY A BARTON & ELIZABETH BARTON H/W AND MARIE HENDRIXSON & ROY A HENDRIXSON W/H	NORTHERN NATURAL GAS COMPANY	8/19/1943	Book 12 - Page 543	Sec. 35, T-31S, R-35W	E2SE, SW, W2SE
0007326	CARRIE E KAUFFMAN AND CLAYTON O KAUFFMAN & ELSIE KAUFFMAN H/W	NORTHERN NATURAL GAS COMPANY	3/25/1943	Book 12 - Page 30	Sec. 27, T-31S, R-35W	S2
0007327	J S BROLLIER & RUTH BROLLIER H/W	ROSEL ENERGY INC	1/1/1985	Book 107 - Page 742	Sec. 28, T-31S, R-35W	E2NE
0007328	CHARLES ROBINSON & LULU ROBINSON H/W	NORTHERN NATURAL GAS COMPANY	8/18/1938	Book 9 - Page 227	Sec. 26, T-31S, R-35W	W2SE

**WELLS:**

WELL NUMBER	WELL NAME	API NUMBER	SEC-TWSP-RGE	LOCATION	County	State
4724.0003.001	CSMU #301 - DAVIS, RL #1	15189209500000	Sec. 26, T-31S, R-35W	SW/4 (660' FSL & 4620' FEL OF SEC)	Stevens	Kansas
4724.0002.001	CSMU #204 - REYNOLDS, ML B-7	15189209310000	Sec. 22, T-31S, R-35W	NW/4 SE/4 (1980' FSL & 1980' FEL OF SEC)	Stevens	Kansas
4724.0005.001	CSMU #404 - ANDERSON TRUST #4	15189206750000	Sec. 27, T-31S, R-35W	NE/4 NW/4 (660' FNL & 1980' FWL OF SEC)	Stevens	Kansas
4724.0007.001	CSMU #502 - KAUFFMAN A-2	15189100240000	Sec. 27, T-31S, R-35W	SW/4 SW/4 (660' FSL & 4620' FEL)	Stevens	Kansas
4724.0015.001	CSMU #1103 - BARTON, RAY #3	15189209450000	Sec. 35, T-31S, R-35W	S/2 SW/4 (660' FSL & 3960' FEL OF SW/4)	Stevens	Kansas
4724.0025.001	CSMU #406	15189226390000	Sec. 27, T-31S, R-35W	NW/4 (516' FNL & 660' FWL)	Stevens	Kansas
4724.0004.001	CSMU #302 - DAVIS, RL #2	15189210260000	Sec. 26, T-31S, R-35W	E/2 NW/4 SW/4 (1980' FSL & 4130' FEL OF SEC)	Stevens	Kansas
4724.0016.001	CSMU #104 - REYNOLDS, ML C-4 (INJ)	15189206700000	Sec. 22, T-31S, R-35W	SW/4 NW/4 (1980' FNL & 660' FWL OF SEC)	Stevens	Kansas
4724.0017.001	CSMU #202 - REYNOLDS, ML B-2 (INJ)	15189101710000	Sec. 22, T-31S, R-35W	SW/4 SW/4 (660' FSL & 4620' FEL OF SEC)	Stevens	Kansas
4724.0009.001	CSMU #504 - KAUFFMAN A-4	15189206800000	Sec. 27, T-31S, R-35W	NE/4 SW/4 (1980' FSL & 1980' FWL OF SW/4)	Stevens	Kansas
4724.0013.001	CSMU #1001 - GREEN, HELEN #1	15189209050000	Sec. 35, T-31S, R-35W	SW/4 NE/4 (3300' FSL & 1980' FEL)	Stevens	Kansas
4724.0014.001	CSMU #1101 - BARTON, RAY #1	15189208690000	Sec. 35, T-31S, R-35W	NE/4 SW/4 (1980' FSL & 3300' FEL OF SW/4)	Stevens	Kansas
4724.0008.001	CSMU #503 - KAUFFMAN A-3	15189206790000	Sec. 27, T-31S, R-35W	NE/4 SE/4 (1980' FSL & 660' FEL)	Stevens	Kansas
4724.0019.001	CSMU #501 - KAUFFMAN A-1 (INJ)	15189100230000	Sec. 27, T-31S, R-35W	SW/4 SE/4 (660' FSL & 1980' FEL OF SEC)	Stevens	Kansas
4724.0021.001	CSMU #801 - BROLLIER D-1 (INJ)	15189211840000	Sec. 26, T-31S, R-35W	SW/4 NW/4 (3300' FSL & 4620' FEL OF SEC)	Stevens	Kansas
4724.0012.001	CSMU #701 - BROLLIER #1	15189208330000	Sec. 28, T-31S, R-35W	W/2 E/2 NE/4 NE/4 (660' FNL & 510' FEL OF NE/4)	Stevens	Kansas
4724.0024.001	CSMU #401 - ANDERSON TRUST #1 WSW	15189000270000	Sec. 27, T-31S, R-35W	SW/4 NE/4 (1980' FNL & 1987' FEL)	Stevens	Kansas
4724.0023.001	CSMU #1104 - BARTON, RAY #4 (INJ)	15189209530000	Sec. 35, T-31S, R-35W	SW/4 NW/4 SE/4 (1923' FSL & 2036' OF SE/4)	Stevens	Kansas
4724.0010.001	CSMU #602 - MARGARET BOVIE A-2	15189209540000	Sec. 35, T-31S, R-35W	NE/4 NW/4 (4620' FSL & 3300' FEL)	Stevens	Kansas
4724.0026.001	CSMU #206	15189226380100	Sec. 22, T-31S, R-35W	W/2 NW/4 SW/4 (1980' FSL & 330' FWL)	Stevens	Kansas
4724.0018.001	CSMU #203 - REYNOLDS, ML B-3 (INJ)	15189206590000	Sec. 22, T-31S, R-35W	NW/4 SW/4 SE/4 (689' FSL & 2094' FEL OF SE/4)	Stevens	Kansas
4724.0022.001	CSMU #901 - BARNES ESTATE 1-26 (INJ)	15189212720000	Sec. 26, T-31S, R-35W	NW/4 SE/4 (1980' FSL & 1980' FEL OF SE/4)	Stevens	Kansas
4724.0027.51	CSMU-BARNES ESTATE #2-26 (SWD) (TA)	15189213350000	Sec. 26, T-31S, R-35W	NW/4 SE/4 (1980' FSL & 1980' FEL OF SE/4)	Stevens	Kansas
4724.0011.001	CSMU #603 - NEU, M R #B-2 (TA)	15189210090000	Sec. 34, T-31S, R-35W	NE/ NE/4 (4720' FSL & 554' FEL)	Stevens	Kansas

END OF EXHIBIT "A"



## EXHIBIT "A-1"

Attached to and made a part of that certain Purchase and Sale Agreement by and between CHAPARRAL ENERGY, LLC as SELLER, and PO&G RESOURCES FUND, LP as BUYER, effective date of May 1, 2018.

**EASEMENTS:**

LEASE NUMBER	LESSOR	LESSEE	DATED	RECORDED	SEC-TWSP-RGE	DESCRIPTION
0007337	JAMES F SHEPHERD AND SCOTT YOUNG	DIAMOND ENERGY OPERATING COMPANY	5/1/2004	UNRECORDED	Sec. 35, T-31S, R-35W	W2NE
0007337	JAMES F SHEPHERD AND SCOTT YOUNG	DIAMOND ENERGY OPERATING COMPANY	5/1/2004	UNRECORDED	Sec. 26, T-31S, R-35W	W2SE
0007338	AVANELL N GASKELL INDIVIDUALLY AND AS TRUSTEE FOR THE GLEN C GASKILL TESTAMENTARY TRUST	BELCO ENERGY CORP	10/22/2001	UNRECORDED	Sec. 22, T-31S, R-35W	S2N2
0007339	MABEL C ROLAND C/O GARRY ROLAND, INDIVIDUALLY AND AS ATTENDANT IN FACT	DIAMOND ENERGY OPERATING COMPANY	8/15/1995	UNRECORDED	Sec. 22, T-31S, R-35W	E2SE
0007340	KENNETH D KAUFMAN, DEANNA J. SMITH & MAXINE M. SMITH, TRUSTEE OF THE SMITH TRUST DTD 12/11/1989, SUB-TRUST "A"	DIAMOND ENERGY OPERATING COMPANY	8/15/1995	UNRECORDED	Sec. 27, T-31S, R-35W	S2
0007341	MARGARET R NEU, AS TRUSTEE OF THE MARGARET R NEU TRUST CREATED BY DECLARATION OF TRUST DTD JULY 28, 1982, C/O JAMES COLE HAYHURST	CODA ENERGY INC	10/3/1995	UNRECORDED	Sec. 34, T-31S, R-35W	N2NE;NW
0007341.001	MARGARET R NEU, AS TRUSTEE OF THE MARGARET R NEU TRUST CREATED BY DECLARATION OF TRUST DTD JULY 28, 1982	DIAMOND ENERGY OPERATING COMPANY	8/15/1995	UNRECORDED	Sec. 35, T-31S, R-35W	NW
0007341.001	MARGARET R NEU, AS TRUSTEE OF THE MARGARET R NEU TRUST CREATED BY DECLARATION OF TRUST DTD JULY 28, 1982	DIAMOND ENERGY OPERATING COMPANY	8/15/1995	UNRECORDED	Sec. 34, T-31S, R-35W	N2NE;SENE
0007341.002	WILBUR W & ELSIE WHITE H/W AS JOINT TENANTS	DIAMOND ENERGY OPERATING COMPANY	8/15/1995	UNRECORDED	Sec. 35, T-31S, R-35W	NW,W2SE
0007341.002	WILBUR W & ELSIE WHITE H/W AS JOINT TENANTS	DIAMOND ENERGY OPERATING COMPANY	8/15/1995	UNRECORDED	Sec. 34, T-31S, R-35W	SENE,N2NE
0007341.003	WILBUR W WHITE & ELSIE E WHITE, TRUSTEES OF THE WILBUR W WHITE AND ELSIE F WHITE TRUST	CODA ENERGY INC	4/29/1996	Book 170 - Page 611	Sec. 35, T-31S, R-35W	SE
0007341.004	JULIE A GOLLADAY, TRUSTEE	CODA ENERGY INC	5/2/1996	Book 170 - Page 615	Sec. 35, T-31S, R-35W	NW
0007342	RUTH E BROLIER ET AL	CODA ENERGY INC	8/15/1995	UNRECORDED	Sec. 27, T-31S, R-35W	NW
0016536	ALVIN MICHAEL GASKILL AND JANICE GASKILL	CHAPARRAL ENERGY LLC	5/1/2013	UNRECORDED	Sec. 27, T-31S, R-35W	NE

END OF EXHIBIT "A-1"

## **EXHIBIT "A-2"**

Attached to and made a part of that certain Purchase and Sale Agreement by and between CHAPARRAL ENERGY, LLC as SELLER, and PO&G RESOURCES FUND, LP as BUYER, effective date of May 1, 2018.

### **FEE PROPERTIES:**

None

**END OF EXHIBIT "A-2"**



## **EXHIBIT "B"**

Attached to and made a part of that certain Purchase and Sale Agreement by and between **CHAPARRAL ENERGY, LLC** as **SELLER**, and **PO&G RESOURCES FUND, LP** as **BUYER**, effective date of May 1, 2018.

### **EXCLUDED PROPERTIES:**

None

**END OF EXHIBIT "B"**

**Schedule 1.1**

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

**Seller's Knowledge - Personal**



**Schedule 4.1(e)**

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

**Litigation**

*None*

**Schedule 4.1(f)**

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

**Material Contracts**

Type: Joint Operating Agreement

Date: November 1, 1983

Working Interest Owner:

Ownership Percentage:

Chaparral Energy, LLC	98.136680%
Jill A. Roberts Trust	0.931660%
Susan A. Unterberg Trust UA IX	0.931660%



**Schedule 4.1(g)**

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

**Commitments**

*None*

**Well Abandonments**

WELL NUMBER	WELL NAME	API NUMBER	SEC-TWSP-RGE	LOCATION	County	State
4724.0027.S1	CSMU-BARNES ESTATE #2-26 (SWD) (TA)	15189213350000	Sec. 26, T-31S, R-35W	NW/4 SE/4 (1980' FSL & 1980' FEL OF SE/4)	Stevens	Kansas
4724.0011.001	CSMU #603 - NEU, M R #B-2 (TA)	15189210090000	Sec. 34, T-31S, R-35W	NE/ NE/4 (4720' FSL & 554' FEL)	Stevens	Kansas

**Outstanding Proposals**

*None*

**Schedule 4.1(h)**

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

**Good Faith Disputes**

*None*





### Schedule 4.1(j)

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

### Well Status

WELL STATUS	WELL NAME	API NUMBER	SEC-TWSP-RGE	LOCATION	County	State
Producing	CSMU #301 - DAVIS, RL #1	15189209500000	Sec. 26, T-31S, R-35W	SW/4 (660' FSL & 4620' FEL OF SEC)	Stevens	Kansas
Shut-In	CSMU #204 - REYNOLDS, ML B-7	15189209310000	Sec. 22, T-31S, R-35W	NW/4 SE/4 (1980' FSL & 1980' FEL OF SEC)	Stevens	Kansas
Shut-In	CSMU #404 - ANDERSON TRUST #4	15189206750000	Sec. 27, T-31S, R-35W	NE/4 NW/4 (660' FNL & 1980' FWL OF SEC)	Stevens	Kansas
Shut-In	CSMU #502 - KAUFFMAN A-2	15189100240000	Sec. 27, T-31S, R-35W	SW/4 SW/4 (660' FSL & 4620' FEL)	Stevens	Kansas
Shut-In	CSMU #1103 - BARTON, RAY #3	15189209450000	Sec. 35, T-31S, R-35W	S/2 SW/4 (660' FSL & 3960' FEL OF SW/4)	Stevens	Kansas
Shut-In	CSMU #406	15189226390000	Sec. 27, T-31S, R-35W	NW/4 (516' FNL & 660' FWL)	Stevens	Kansas
Shut-In	CSMU #302 - DAVIS, RL #2	15189210260000	Sec. 26, T-31S, R-35W	E/2 NW/4 SW/4 (1980' FSL & 4130' FEL OF SEC)	Stevens	Kansas
Shut-In	CSMU #104 - REYNOLDS, ML C-4 (INJ)	15189206700000	Sec. 22, T-31S, R-35W	SW/4 NW/4 (1980' FNL & 660' FWL OF SEC)	Stevens	Kansas
Shut-In	CSMU #202 - REYNOLDS, ML B-2 (INJ)	15189101710000	Sec. 22, T-31S, R-35W	SW/4 SW/4 (660' FSL & 4620' FEL OF SEC)	Stevens	Kansas
Shut-In	CSMU #504 - KAUFFMAN A-4	15189206800000	Sec. 27, T-31S, R-35W	NE/4 SW/4 (1980' FSL & 1980' FWL OF SW/4)	Stevens	Kansas
Shut-In	CSMU #1001 - GREEN, HELEN #1	15189209050000	Sec. 35, T-31S, R-35W	SW/4 NE/4 (3300 FSL & 1980' FEL)	Stevens	Kansas
Shut-In	CSMU #1101 - BARTON, RAY #1	15189208690000	Sec. 35, T-31S, R-35W	NE/4 SW/4 (1980' FSL & 3300' FEL OF SW/4)	Stevens	Kansas
Shut-In	CSMU #503 - KAUFFMAN A-3	15189206790000	Sec. 27, T-31S, R-35W	NE/4 SE/4 (1980' FSL & 660' FEL)	Stevens	Kansas
Shut-In	CSMU #501 - KAUFFMAN A-1 (INJ)	15189100230000	Sec. 27, T-31S, R-35W	SW/4 SE/4 (660' FSL & 1980' FEL OF SEC)	Stevens	Kansas
Shut-In	CSMU #801 - BROILLIER D-1 (INJ)	15189211840000	Sec. 26, T-31S, R-35W	SW/4 NW/4 (3300' FSL & 4620' FEL OF SEC)	Stevens	Kansas
Shut-In	CSMU #701 - BROILLIER #1	15189208330000	Sec. 28, T-31S, R-35W	W/2 E/2 NE/4 NE/4 (660' FNL & 510' FEL OF NE/4)	Stevens	Kansas
Shut-In	CSMU #401 - ANDERSON TRUST #1 WSW	15189000270000	Sec. 27, T-31S, R-35W	SW/4 NE/4 (1980' FNL & 1987' FEL)	Stevens	Kansas
Shut-In	CSMU #1104 - BARTON, RAY #4 (INJ)	15189209530000	Sec. 35, T-31S, R-35W	SW/4 NW/4 SE/4 (1923' FSL & 2036' OF SE/4)	Stevens	Kansas
Shut-In	CSMU #602 - MARGARET BOVIE A-2	15189209540000	Sec. 35, T-31S, R-35W	NE/4 NW/4 (4620' FSL & 3300' FEL)	Stevens	Kansas
Shut-In	CSMU #206	15189226380100	Sec. 22, T-31S, R-35W	W/2 NW/4 SW/4 (1980' FSL & 330' FWL)	Stevens	Kansas
Shut-In	CSMU #203 - REYNOLDS, ML B-3 (INJ)	15189206590000	Sec. 22, T-31S, R-35W	NW/4 SW/4 SE/4 (689' FSL & 2094' FEL OF SE/4)	Stevens	Kansas
Shut-In	CSMU #901 - BARNES ESTATE 1-26(INJ)	15189212720000	Sec. 26, T-31S, R-35W	NW/4 SE/4 (1980' FSL & 1980' FEL OF SE/4)	Stevens	Kansas
Temporarily Abandoned	CSMU-BARNES ESTATE #2-26 (SWD) (TA)	15189213350000	Sec. 26, T-31S, R-35W	NW/4 SE/4 (1980' FSL & 1980' FEL OF SE/4)	Stevens	Kansas
Temporarily Abandoned	CSMU #603 - NEU, M R #-2 (TA)	15189210090000	Sec. 34, T-31S, R-35W	NE/ NE/4 (4720' FSL & 554' FEL)	Stevens	Kansas



**Schedule 6.8**

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

**Bonds**

**Schedule 7.2(C)**

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

**Environmental Disclosures**



**Schedule 11.5**

**Attached to and made a part of that certain Purchase & Sale Agreement made by and between Chaparral Energy, L.L.C., Seller, and PO&G Resources Fund, L.P., Buyer, effective date of May 1, 2018.**

**Suspended Funds**

*None*