

Dated as of May 17, 2018

FRONTERA ENERGY CORPORATION,  
as the Borrower

THE GUARANTORS PARTY HERETO,

WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Collateral Agent

and

THE L/C ISSUERS PARTY HERETO

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LETTER OF CREDIT AND REIMBURSEMENT  
AGREEMENT

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## TABLE OF CONTENTS

	<b>Page</b>
<b>ARTICLE I DEFINITIONS .....</b>	<b>1</b>
Section 1.01. Defined Terms .....	1
Section 1.02. Other Interpretive Provisions.....	41
Section 1.03. Accounting Terms .....	42
Section 1.04. Rounding.....	42
Section 1.05. Times of Day; Rates .....	42
Section 1.06. Letter of Credit Amounts.....	42
Section 1.07. Dutch Terms .....	43
<b>ARTICLE II THE COMMITMENTS AND L/C CREDIT EXTENSIONS .....</b>	<b>43</b>
Section 2.01. [Reserved].....	43
Section 2.02. [Reserved].....	43
Section 2.03. Letters of Credit.....	43
Section 2.04. Use of Commitments .....	50
Section 2.05. Prepayments; Rebalancing of Commitments.....	50
Section 2.06. Termination or Reduction of Commitments.....	50
Section 2.07. Repayment of L/C Obligations .....	51
Section 2.08. Interest .....	51
Section 2.09. Collateral Agent Fees .....	51
Section 2.10. Upfront Fee.....	51
Section 2.11. Evidence of Debt .....	51
Section 2.12. Payments Generally .....	51
Section 2.13. Sharing of Payments and Cash Collateral by L/C Issuers .....	52
Section 2.14. Increase in Commitments. ....	53
Section 2.15. [Reserved].....	53
Section 2.16. Cash Collateral.....	53
Section 2.17. Defaulting L/C Issuers .....	53
Section 2.18. No use of proceeds in Switzerland .....	55
Section 2.19. Minimum interest payment / Swiss withholding tax .....	55
Section 2.20. Extension of Maturity Date .....	56
<b>ARTICLE III TAXES, YIELD PROTECTION AND ILLEGALITY .....</b>	<b>56</b>
Section 3.01. Taxes.....	56

Section 3.02. [Reserved] .....	60
Section 3.03. [Reserved] .....	60
Section 3.04. Increased Costs .....	60
Section 3.05. [Reserved] .....	61
Section 3.06. Mitigation Obligations; Designation of a Different Lending Office .....	62
Section 3.07. Survival .....	62
<b>ARTICLE IV CONDITIONS PRECEDENT TO L/C CREDIT EXTENSIONS</b> .....	<b>62</b>
Section 4.01. Conditions of Initial L/C Credit Extension .....	62
Section 4.02. Conditions to All L/C Credit Extensions .....	64
<b>ARTICLE V REPRESENTATIONS AND WARRANTIES</b> .....	<b>65</b>
Section 5.01. Corporate Existence and Power .....	65
Section 5.02. Corporate Authorization; No Contravention .....	65
Section 5.03. Governmental Authorization .....	65
Section 5.04. Compliance with Laws .....	66
Section 5.05. Corporate Authority; Binding Effect .....	66
Section 5.06. Litigation .....	66
Section 5.07. No Default .....	66
Section 5.08. Pension and Benefit Plans .....	66
Section 5.09. Use of Proceeds; Margin Regulations .....	67
Section 5.10. Ownership of Property; Liens .....	67
Section 5.11. Indebtedness .....	67
Section 5.12. Taxes .....	67
Section 5.13. Financial Condition .....	67
Section 5.14. Collateral Documents .....	67
Section 5.15. Intellectual Property .....	68
Section 5.16. Ventures, Subsidiaries and Affiliates; Outstanding Stock .....	68
Section 5.17. Jurisdiction of Organization; Chief Executive Office .....	69
Section 5.18. Deposit Accounts and Other Accounts .....	69
Section 5.19. Intercompany Indebtedness; U.S. Assets .....	69
Section 5.20. Accuracy of Information; Completeness .....	69
Section 5.21. Compliance with Certain Laws .....	69
Section 5.22. Financial Statements .....	71
Section 5.23. Investment Company .....	71
Section 5.24. Existing Letters of Credit .....	71

<b>ARTICLE VI AFFIRMATIVE COVENANTS</b> .....	72
Section 6.01. Notice of Default .....	72
Section 6.02. Maintenance of Books and Records; IFRS .....	72
Section 6.03. Further Assurances .....	72
Section 6.04. Reporting; Access to Information.....	72
Section 6.05. Maintenance of Existence and Properties .....	73
Section 6.06. Guarantors; Collateral.....	73
Section 6.07. Insurance.....	75
Section 6.08. Payment of Taxes and Claims .....	75
Section 6.09. Compliance with Laws .....	75
Section 6.10. Use of Proceeds .....	75
Section 6.11. Blocked Accounts .....	75
Section 6.12. Listings .....	75
<b>ARTICLE VII NEGATIVE COVENANTS</b> .....	76
Section 7.01. Indebtedness .....	76
Section 7.02. Liens .....	80
Section 7.03. Restricted Payments.....	83
Section 7.04. Sales of Assets .....	86
Section 7.05. Sale and Lease-Back Transactions .....	87
Section 7.06. Transactions with Affiliates.....	88
Section 7.07. Dividends and Other Payment Restrictions Affecting Subsidiaries .....	89
Section 7.08. Line of Business .....	92
Section 7.09. Pacinfra Holding Ltd. and Pacific Midstream Holding Corp .....	92
Section 7.10. Ship-or-Pay Contracts.....	92
Section 7.11. Mergers, Consolidations, Amalgamations and Combinations.....	92
Section 7.12. Financial Covenants.....	96
<b>ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES</b> .....	96
Section 8.01. Events of Default .....	96
Section 8.02. Remedies Upon Event of Default .....	99
Section 8.03. Application of Funds .....	100
<b>ARTICLE IX COLLATERAL AGENT</b> .....	101
Section 9.01. Appointment and Authority.....	101
Section 9.02. [Reserved].....	102
Section 9.03. Exculpatory Provisions .....	102

Section 9.04.	Reliance by Collateral Agent.....	103
Section 9.05.	Delegation of Duties .....	103
Section 9.06.	Resignation of Collateral Agent .....	103
Section 9.07.	Non-Reliance on Collateral Agent and Other L/C Issuers .....	104
Section 9.08.	[Reserved].....	105
Section 9.09.	[Reserved].....	105
Section 9.10.	Collateral and Guaranty Matters.....	105
<b>ARTICLE X MISCELLANEOUS</b>	.....	106
Section 10.01.	Amendments, Etc.....	106
Section 10.02.	Notices; Effectiveness; Electronic Communication .....	107
Section 10.03.	No Waiver; Cumulative Remedies .....	109
Section 10.04.	Expenses; Indemnity; Damage Waiver .....	109
Section 10.05.	Payments Set Aside .....	111
Section 10.06.	Successors and Assigns .....	111
Section 10.07.	Treatment of Certain Information; Confidentiality .....	115
Section 10.08.	Right of Setoff .....	116
Section 10.09.	Interest Rate Limitation .....	116
Section 10.10.	Counterparts; Integration; Effectiveness .....	117
Section 10.11.	Survival of Representations and Warranties.....	117
Section 10.12.	Severability .....	117
Section 10.13.	Replacement of L/C Issuer .....	117
Section 10.14.	Governing Law; Jurisdiction; Etc .....	118
Section 10.15.	WAIVER OF JURY TRIAL .....	119
Section 10.16.	No Advisory or Fiduciary Responsibility.....	120
Section 10.17.	Electronic Execution of Assignments and Certain Other Documents.....	120
Section 10.18.	USA PATRIOT Act.....	120
Section 10.19.	ENTIRE AGREEMENT .....	121
Section 10.20.	Acknowledgement and Consent to Bail-In of EEA Financial Institutions 121	
Section 10.21.	Interest Act (Canada).....	121
Section 10.24.	Santos Basin Sale Agreement and Northern Block Sale Agreement.....	123
<b>ARTICLE XI GUARANTY</b>	.....	123
Section 11.01.	Guaranty .....	123
Section 11.02.	Guarantee Unconditional .....	124
Section 11.03.	Waiver by the Guarantors .....	124

Section 11.04.	Subrogation and Contribution.....	125
Section 11.05.	Stay of Acceleration .....	125
Section 11.06.	Execution and Delivery of the Guarantee.....	125
Section 11.07.	Purpose of the Guarantee.....	125
Section 11.08.	Future Guarantors .....	125
Section 11.09.	Information .....	126
Section 11.10.	Limitation of Swiss Guarantors .....	126
Section 11.11.	Limitation of Guarantee – Luxembourg Guarantors .....	128
<b>ARTICLE XII</b>	<b>INTERCREDITOR AGREEMENT.....</b>	<b>129</b>

## SCHEDULES

1.01(a)	Initial Collateral
2.03	Commitments and Applicable Percentages
5.03	Government Authorization
5.06	Litigation
5.06(c)	Audits
5.11	Indebtedness
5.12	Taxes
5.15	Intellectual Property
5.16	Joint Ventures
5.17	Jurisdiction of Organization; Chief Executive Office
5.24	Existing Letters of Credit
10.02	Certain Addresses for Notices

## EXHIBITS

A	Form of Note
B-1	Assignment and Assumption
B-2	Form of Administrative Questionnaire
C	Form of U.S. Tax Compliance Certificates
D	Form of Compliance Certificate

## ANNEXES

A	Affirmative Covenants
B	Negative Covenants
C	Defined Terms

THIS LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT ("**Agreement**") is entered into as of May 17, 2018, among FRONTERA ENERGY CORPORATION, a company formed and existing under the laws of British Columbia, Canada (the "**Borrower**"), the Guarantors from time to time party hereto, each financial institution from time to time party hereto as a letter of credit issuer (collectively, the "**L/C Issuers**" and individually, an "**L/C Issuer**"), and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Collateral Agent.

WHEREAS, the Borrower has requested that the L/C Issuers provide a letter of credit facility, and the L/C Issuers are willing to do so on the terms and conditions set forth herein.

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

## ARTICLE I

### DEFINITIONS

Section 1.01. **Defined Terms.** As used in this Agreement, the following terms have the meanings set forth below:

"**Actual Knowledge**" means, with respect to any Person, actual knowledge of any senior officer (or similar agent) of such Person responsible for the administration of the transactions effected by this Agreement or such senior officer (or similar agent) as shall have been designated by such Person in this Agreement to receive written communications in connection therewith.

"**Additional Assets**" means (1) any property or assets (other than Indebtedness and Capital Stock) used or useful in a Related Business, (2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Borrower or another Restricted Subsidiary, or (3) Capital Stock of a Restricted Subsidiary acquired from a Person other than the Borrower, the Restricted Subsidiary or another Restricted Subsidiary.

"**Administration Charge**" shall have the meaning specified in the Sanction Order.

"**Administrative Questionnaire**" means an Administrative Questionnaire in substantially the form of Exhibit B-2 or any other form approved by the Borrower and the Required L/C Issuers.

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

"**Affiliate Transaction**" shall have the meaning specified in Section 7.06.

"**Aggregate Commitments**" means the Commitments of all the L/C Issuers.

"**Agreement**" has the meaning specified in the introductory paragraph hereto.

"**Applicable Law**" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable

to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

**"Applicable Percentage"** means with respect to any L/C Issuer at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such L/C Issuer's Commitment at such time, subject to adjustment as provided in Section 2.17. If the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each L/C Issuer shall be determined based on the Applicable Percentage of such L/C Issuer most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each L/C Issuer is set forth opposite the name of such L/C Issuer on Schedule 2.03 or in the Assignment and Assumption or joinder agreement pursuant to which such L/C Issuer becomes a party hereto, as applicable.

**"Applicable Rate"** means (1) prior to the New Notes Issuance Date, 5.00% *per annum* and (2) on and after the New Notes Issuance Date, 3.00% *per annum*.

**"Approved Fund"** means any Fund that is administered or managed by (a) an L/C Issuer, (b) an Affiliate of an L/C Issuer or (c) an entity or an Affiliate of an entity that administers or manages an L/C Issuer.

**"Asset Disposition"** means (1) any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Borrower or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, amalgamation, combination or other similar transaction (each referred to for the purposes of this definition as a "**disposition**") of:

(a) any shares of Capital Stock of a Subsidiary of the Borrower (other than directors' qualifying shares or shares required by Applicable Law to be held by a Person other than the Borrower or a Restricted Subsidiary);

(b) all or substantially all the assets of any division or line of business of the Borrower or any Restricted Subsidiary;

(c) any other assets of the Borrower or any of its Restricted Subsidiaries outside of the ordinary course of business of the Borrower or such Restricted Subsidiary; or

(2) any cash distributions received by either Joint Venture Holdco, to the extent such cash represents the proceeds of a disposition of assets or shares of Capital Stock by any direct or indirect Subsidiary thereof (including for greater certainty Pacific Midstream Ltd and Pacific Infrastructure Ventures Inc., and their direct and indirect Subsidiaries);

**provided, however, that** none of the following shall constitute Asset Dispositions:

(a) a sale, lease, transfer or other disposition to the Borrower or a Restricted Subsidiary other than by or to a Joint Venture Holdco or to a Swiss Restricted Subsidiary;

(b) a Permitted Investment or Restricted Payment not prohibited by Section 7.03;

(c) a sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) of assets with a Fair Market Value of less than U.S. \$5,000,000 in the aggregate for all such sales, leases, transfers or dispositions pursuant to this clause (c);

(d) a sale, lease, transfer or other disposition of Temporary Cash Investments or goods held for sale in the ordinary course of business;

(e) the merger, consolidation, amalgamation or consolidation by any L/C Party with or into any person or the conveyance, transfer or lease of the property or substantially all of the assets of any L/C Party to any person not prohibited by Section 7.11;

(f) the lease, assignment or sublease of any real or personal property in the ordinary course of business;

(g) the sale, lease, transfer or other disposition of assets in a Sale and Lease-Back Transaction, if otherwise permitted pursuant to Section 7.05;

(h) the Incurrence of any Permitted Lien and the sale, lease, transfer or other disposition of the asset or property subject to such Lien;

(i) a sale, lease, transfer or other disposition of obsolete, surplus or worn-out equipment or other obsolete assets or other property which is uneconomical and no longer useful for the Borrower or any Restricted Subsidiary in the ordinary course of business;

(j) the Santos Basin Sale pursuant to the terms of the Santos Basin Sale Agreement; or

(k) the Northern Block Sale pursuant to the terms of the Northern Block Sale Agreement, including the cash payments or transfers made by Pacific Brazil to Queiroz Galvão Exploração e Produção S.A. and the transfer or release of the Northern Block Sale Escrowed Proceeds.

**"Assignment and Assumption"** means an assignment and assumption entered into by an L/C Issuer and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), in substantially the form of Exhibit B-1 or any other form approved by the assigning L/C Issuer.

**"Authorized Officer"** means, (1) in the case of the Borrower, the individual(s) (who may include directors or senior officers of the Borrower) whose signatures and incumbency shall have been certified by the Borrower in an Officers' Certificate delivered to the L/C Issuers and the Collateral Agent which are legally entitled to represent the Borrower or (2) in the case of any other Person, the chairman of the board of directors, chief executive officer, chief financial officer, any vice president or any senior officer of such Person responsible for the administration of the transactions effected by this Agreement; **provided that** the secretary or assistant secretary of such Person shall have delivered an incumbency certificate to the L/C Issuers as to the authority of such Authorized Officer. Any document delivered hereunder that is signed by an Authorized Officer of an L/C Party shall be conclusively presumed to have been authorized by all necessary corporate,

partnership and/or other action on the part of such L/C Party and such Authorized Officer shall be conclusively presumed to have acted on behalf of such L/C Party.

**"Average Life"** means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (2) the sum of all such payments.

**"Bail-In Action"** means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

**"Bail-In Legislation"** means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

**"Bankruptcy Code"** means title 11 of the United States Code.

**"Blocked Account"** means each deposit account or other bank account of the Borrower and the other L/C Parties other than any Colombian Trust Account or Excluded Account.

**"Blocked Account Agreement"** means a springing-dominion account control agreement (or equivalent under Applicable Law in any jurisdiction), in form and substance satisfactory to the Second Lien Collateral Trustee (or prior to the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement), the First Lien Collateral Trustee pursuant to the Intercreditor Agreement), in respect of each Blocked Account.

**"Borrower"** has the meaning specified in the introductory paragraph hereto.

**"Borrower Materials"** has the meaning specified in Section 10.02(c).

**"Business Day"** means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state of New York or the countries of Colombia or Peru.

**"Canadian Defined Benefit Pension Plan"** means each Canadian Pension Plan which contains a "defined benefit provision" as defined in subsection 147.1(1) of the *Income Tax Act* (Canada).

**"Canadian Pension Plan"** means each pension plan required to be registered under Canadian federal or provincial law that is maintained or contributed to, or to which there is or may be an obligation to contribute by an L/C Party or a Subsidiary thereof, for its employees or former employees, but does not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively, including any Canadian Defined Benefit Pension Plan.

**"Canadian Proceeding"** means the main Canadian proceeding commenced under the CCAA in the Canadian Court in connection with the restructuring of the Borrower and certain of its Subsidiaries under Court File No. CV-16-11363-00CL before the Ontario Superior Court of Justice (Commercial List).

**"Capital Stock"** of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

**"Capitalized Lease Obligation"** means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with IFRS; and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty; **provided that** operating leases entered into in the ordinary course of business shall not be considered Capitalized Lease Obligations.

**"Cash Collateral Account"** means each deposit account or other bank account located in Canada held in the name of the Borrower or any other L/C Party which shall at all times during the Initial Term be subject to the sole dominion and control of the Second Lien Collateral Trustee (or prior to the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement), the First Lien Collateral Trustee pursuant to the Intercreditor Agreement).

**"Cash Collateralize"** means to pledge and deposit with or deliver to the Collateral Agent, as collateral for L/C Obligations, cash or deposit account balances or, if the Collateral Agent and the L/C Issuers shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Collateral Agent and the L/C Issuers. "Cash Collateral" has a meaning correlative to the foregoing and includes the proceeds of such cash collateral and other credit support.

**"CCAA"** means the Companies' Creditors Arrangement Act (Canada) and any successor statute thereto.

**"Change in Law"** means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; **provided that** notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

**"Change of Control"** means the occurrence of any of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation, amalgamation, combination or other similar transaction), in one or a series of related transactions, of all or substantially all of the assets of the Borrower and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to the Borrower or one of its Subsidiaries;

(2) the consummation of any transaction (including without limitation, any merger, consolidation, amalgamation, combination or other similar transaction) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than the Plan Sponsor, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Borrower, measured by voting power rather than number of shares or Voting Stock sufficient to enable such person to elect a majority of the board of directors;

(3) the Borrower merges, consolidates, amalgamates or combines with or into, any Person, in any such event pursuant to a merger, consolidation, amalgamation, combination or other similar transaction in which any of the outstanding Voting Stock of the Borrower or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Borrower outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction;

(4) at any time prior to the date of the Borrower's annual general meeting of shareholders in 2019, the first day on which the majority of the members of the board of directors of the Borrower ceases to be Continuing Directors; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Borrower.

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

**"Collateral"** means any and all property and assets of the L/C Parties (subject to certain exceptions agreed in the Collateral Documents) that secure the Obligations pursuant to the Collateral Documents from time to time.

**"Collateral Documents"** means the First Priority Collateral Documents and the Second Priority Collateral Documents.

**"Colombian Court"** means a court or agency seized of jurisdiction in the Colombian Proceeding.

**"Colombian Proceeding"** means the ancillary proceeding under Law 1116 commenced in the Colombian Court in connection with the restructuring of the Borrower and certain of its Subsidiaries under Expediente (File) No. 39978 before the *Superintendencia de Sociedades* (Superintendent of Corporations).

**"Colombian Recognition Order"** means the initial recognition order of the Colombian Court in the Colombian Proceeding in form and substance satisfactory to the Requisite Consenting Lenders (as defined in the Restructuring Support Agreement) and the Plan Sponsor.

**"Colombian Recognition Order Cash"** means the U.S.\$50 million of cash collateral required to be deposited pursuant to the seventh resolution of the Colombian Recognition Order.

**"Colombian Trust Account"** means a bank account held by a trust (*fiducia*) in favor of the Second Lien Collateral Trustee into which local Colombian Receivables owing to any Guarantor formed under the laws of Colombia, or the Colombian branch of any Guarantor, are to be paid.

**"Collateral Agent"** means Wilmington Trust, National Association in its capacity as collateral agent under any of the L/C Documents, or any successor collateral agent.

**"Collateral Agent's Letter Agreement"** means the fee letter, dated May 17, 2018, by and between the Borrower and the Collateral Agent.

**"Collateral Agent's Office"** means the Collateral Agent's address and, as appropriate, account as set forth on Schedule 10.02 or such other address or account as the Collateral Agent may from time to time notify to the Borrower and the L/C Issuers.

**"Collateral Release Date"** has the meaning specified in Section 9.10.

**"Commitment"** means, as to each L/C Issuer, its obligation pursuant to Section 2.03 to issue, renew, amend or extend Letters of Credit in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such L/C Issuer's name on Schedule 2.03 or in the Assignment and Assumption or joinder agreement pursuant to which such L/C Issuer becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

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

**"Connection Income Taxes"** means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

**"consolidated,"** when used in relation to the financial accounts or financial statements of a Person means the consolidation of accounts of such Person and its Subsidiaries in accordance with IFRS consistently applied; **provided, however, that** "consolidated" when specified as being in relation to the financial accounts or financial statements of the Borrower and its Restricted Subsidiaries will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Borrower or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment.

**"Consolidated Adjusted EBITDA"** means, for any period, without duplication, the Consolidated Net Income for such period, plus the following, without duplication and to the extent deducted (and not added back) in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) consolidated income tax expense and equity tax expense of the Borrower and its Restricted Subsidiaries;
- (3) consolidated depletion and depreciation expense of the Borrower and its Restricted Subsidiaries;
- (4) consolidated amortization expense of the Borrower and its Restricted Subsidiaries; and
- (5) consolidated impairment charge, exploration expense and abandonment costs of the Borrower and its Restricted Subsidiaries.

Notwithstanding the preceding sentence, clauses (1) through (5) relating to amounts of a Restricted Subsidiary of the referent Person will be added to Consolidated Net Income to compute Consolidated Adjusted EBITDA of such Person only in the same proportion that the net income of such Restricted Subsidiary was included in calculating the Consolidated Net Income of such Person.

**"Consolidated Debt to Consolidated Adjusted EBITDA Ratio"** means at any date (1) Consolidated Total Indebtedness as of such date divided by (2) Consolidated Adjusted EBITDA for the most recently ended period of four consecutive fiscal quarters for which financial statements of the Borrower have been provided to the L/C Issuers pursuant to Section 6.04 (the **"trailing four quarters"**); **provided that:**

- (1) if the Borrower or any Restricted Subsidiary has
  - (a) Incurred any Indebtedness since the beginning of the trailing four quarters that remains outstanding on the date of the transaction giving rise to the need to calculate the Consolidated Debt to Consolidated Adjusted EBITDA Ratio or if the transaction giving rise to the need to calculate the Consolidated Debt to Consolidated Adjusted EBITDA Ratio is an Incurrence of Indebtedness, Indebtedness at the end of such period, Consolidated Adjusted EBITDA and Consolidated Total Indebtedness for such trailing four quarters shall be calculated on a *pro forma* basis as if such Indebtedness had been Incurred on the first day of such trailing four quarters (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the day of such calculation will be deemed to be
    - (i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding; or
    - (ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation); or

(b) repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA for such period shall be calculated on a *pro forma* basis as if such discharge had occurred on the first day of such period and as if the Borrower or such Restricted Subsidiary had not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(2) if since the beginning of such period the Borrower or any Restricted Subsidiary shall have made any Asset Disposition, then giving *pro forma* effect to such disposition during such period on the Consolidated Adjusted EBITDA;

(3) if since the beginning of such period, the Borrower or any Restricted Subsidiary (by merger, consolidation, amalgamation, combination or other similar transaction or otherwise) shall have made an Investment in any Person that is merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, then giving *pro forma* effect to such Investment or acquisition on the Consolidated Adjusted EBITDA for such period, any such *pro forma* calculation may include adjustments appropriate to reflect, without duplication, any such acquisition to the extent such adjustments may be reflected in the preparation of *pro forma* financial information in accordance with the requirements of Article 11 of Regulation S-X under the Exchange Act, as amended; **provided, however, that** in each case such adjustments are set forth in an Officers' Certificate that states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the officers executing such Officers' Certificate at the time of such execution and (iii) that any related Incurrence of Indebtedness is permitted pursuant to this Agreement; and

(4) if since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clauses (2) or (3) above if made by the Borrower or a Restricted Subsidiary during such period, Consolidated Adjusted EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to an acquisition of assets and the amount of income or earnings relating thereto, the *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Borrower. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement

applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of twelve months).

**"Consolidated Fixed Charge Ratio"** means at any date, (i) the Consolidated Adjusted EBITDA for the most recently ended period of four consecutive fiscal quarters for which financial statements of the Borrower have been provided to the L/C Issuers pursuant to Section 6.04 (the "trailing four quarters"), divided by (ii) the Consolidated Interest Expense for such period; **provided that**

(1) if the Borrower or any Restricted Subsidiary has

(a) Incurred any Indebtedness since the beginning of the trailing four quarters that remains outstanding on the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Ratio or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Ratio is an Incurrence of Indebtedness, Consolidated Adjusted EBITDA and Consolidated Interest Expense for such trailing four quarters shall be calculated on a *pro forma* basis as if such Indebtedness had been Incurred on the first day of such trailing four quarters (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the day of such calculation will be deemed to be

(i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding; or

(ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation); or

(b) repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Ratio, Consolidated Adjusted EBITDA and Consolidated Interest Expense for such period shall be calculated on a *pro forma* basis as if such discharge had occurred on the first day of such period and as if the Borrower or such Restricted Subsidiary has not earned the interest income, if any, actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(2) if since the beginning of such period the Borrower or any Restricted Subsidiary shall have made any Asset Disposition, then giving *pro forma* effect to such disposition during such period on Consolidated Adjusted EBITDA and Consolidated Interest Expense for such period;

(3) if since the beginning of such period, the Borrower or any Restricted Subsidiary (by merger, consolidation, amalgamation, combination or other similar transaction or otherwise) shall have made an Investment in any Person that is merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in

connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, then giving *pro forma* effect to such Investment or acquisition on the Consolidated Adjusted EBITDA and Consolidated Interest Expense for such period, any such *pro forma* calculation may include adjustments appropriate to reflect, without duplication, any such acquisition to the extent such adjustments may be reflected in the preparation of *pro forma* financial information in accordance with the requirements of Article 11 of Regulation S X under the Exchange Act, as amended; **provided, that** in each case such adjustments are set forth in an Officers' Certificate that states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the officers executing such Officers' Certificate at the time of such execution, and (iii) that any related Incurrence of Indebtedness is permitted pursuant to this Agreement; and

(4) if since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (2) or (3) above if made by the Borrower or a Restricted Subsidiary during such period, Consolidated Adjusted EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to an acquisition of assets and the amount of income or earnings relating thereto, the *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Borrower. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of twelve months).

"**Consolidated Interest Expense**" means, for any period, the total consolidated finance cost of the Borrower and its Restricted Subsidiaries, whether paid or accrued, plus, to the extent not included in such interest expense and without duplication:

- (1) interest expense attributable to Capitalized Lease Obligations;
- (2) amortization of debt discount and debt issuance cost (**provided that** any amortization of bond premium will be credited to reduce Consolidated Interest Expense unless, pursuant to IFRS, such amortization of bond premium has otherwise reduced Consolidated Interest Expense);
- (3) non-cash interest expense (to the extent deducted in the calculation of Consolidated Net Income);
- (4) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(5) the interest expense on Indebtedness of another Person that is guaranteed by the Borrower or one of its Restricted Subsidiaries or secured by a Lien on assets of the Borrower or one of its Restricted Subsidiaries, whether or not such guarantee or Lien is called upon;

(6) cash costs associated with hedging obligations (including amortization of fees); **provided, however, that** if Hedging Obligations result in net cash benefits rather than costs, such benefits shall be credited to reduce Consolidated Interest Expense unless, pursuant to IFRS, such net benefits are otherwise reflected in Consolidated Net Income;

(7) the interest expense that was capitalized during such period; and

(8) all dividends paid or payable in cash, cash equivalents or Indebtedness or accrued during such period on any series of Disqualified Stock of the Borrower or on Preferred Stock of its Restricted Subsidiaries payable to a party other than the Borrower or a wholly-owned Subsidiary thereof.

**"Consolidated Net Income"** means, for any period, the aggregate net income (loss) of the Borrower and its Restricted Subsidiaries determined in accordance with IFRS; **provided, however, that** there will not be included (to the extent otherwise included therein) in such Consolidated Net Income:

(1) any net income (loss) of any Person (other than the Borrower) that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except that:

(a) subject to the limitations contained in clauses (3) and (4) below, the Borrower's equity in the net income of any such Person will be included only to the extent of the amount of cash dividends or distributions actually distributed by such Person during the relevant period to the Borrower or a Restricted Subsidiary; and

(b) the Borrower's equity in the net loss of any such Person for such period will be included to the extent such loss has been funded with cash from the Borrower or a Restricted Subsidiary during such period;

(2) any gain or loss realized upon the sale or other disposition of any property, plant or equipment of the Borrower or its consolidated Subsidiaries (including pursuant to any Sale and Lease-Back Transaction) which is not sold or otherwise disposed of in the ordinary course of business and any gain or loss realized upon the sale or other disposition of any Capital Stock of any Person;

(3) any extraordinary or nonrecurring gains or losses, together with any related provision for taxes on such gains or losses and all related fees and expenses;

(4) the cumulative effect of a change in accounting principles;

(5) any unrealized non-cash gains or losses or charges in respect of hedging obligations;

(6) income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued);

(7) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards;

(8) costs and expenses arising from the Administration Charge and the L/C Indemnity Charge; and

(9) any foreign exchange gains or losses.

**"Consolidated Tangible Assets"** shall mean, without duplication, as of the date of any determination thereof, total assets of the Borrower and its Subsidiaries determined on a consolidated basis after eliminating all intercompany transactions and all amounts properly attributable to goodwill, patents, patent applications, permits, trademarks, trade names, copyrights, licenses, franchises, experimental expense, organizational expense, unamortized debt discount and expense, future income tax assets and investment tax credits, deferred assets other than prepaid insurance and prepaid taxes, the excess of cost of shares acquired over book value of related assets, and such other assets as are properly classified as "intangible assets" in accordance with IFRS.

**"Consolidated Total Assets"** means, as of any date of determination, the total assets shown on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries as of the most recent date for which such a balance sheet is available, determined on a consolidated basis in accordance with IFRS (and, in the case of any determination relating to any Incurrence of Indebtedness or any Investment, on a *pro forma* basis including any property or assets being acquired in connection therewith).

**"Consolidated Total Indebtedness"** means, as of any date and with respect to the Borrower, the consolidated Indebtedness as of such date of the Borrower and its Restricted Subsidiaries, other than Subordinated Obligations.

**"Continuing Director"** means, as of any date of determination, any member of the board of directors of the Borrower who:

(1) was a member of such board of directors on the Effective Date; or

(2) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

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

"**Currency Agreement**" means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangement to which such Person is a party or of which it is a beneficiary.

"**Currency Due**" has the meaning specified in Section 10.23.

"**Debtor Relief Laws**" means the Bankruptcy Code of the United States, the CCAA, the *Bankruptcy and Insolvency Act* (Canada), Law 1116 and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Default Rate**" means an interest rate equal to the Applicable Rate *plus 2% per annum*.

"**Defaulting L/C Issuer**" means, subject to Section 2.17(b), any L/C Issuer that (a) has failed to (i) to issue, renew, amend or extend any Letter of Credit within two (2) Business Days of the date such Letters of Credit were required hereunder to be issued renewed, amended or extended by such L/C Issuer, as the case may be, unless such L/C Issuer notifies the Borrower in writing that such failure is the result of such L/C Issuer's determination that one or more conditions precedent to such issuance, renewal, amendment or extension, as the case may be (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to any other L/C Issuer any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, (b) has notified the Borrower in writing that it does not intend to comply with its obligations hereunder to issue, renew, amend or extend Letters of Credit, or has made a public statement to that effect (unless such writing or public statement relates to such L/C Issuer's obligation hereunder to issue, renew, amend or extend Letters of Credit and states that such position is based on such L/C Issuer's determination that a condition precedent to such issuance, renewal, amendment or extension, as the case may be, (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Borrower, to confirm in writing to the Borrower that it will comply with its prospective issuance, renewal, amendment and extension obligations hereunder (**provided that** such L/C Issuer shall cease to be a Defaulting L/C Issuer pursuant to this clause (c) upon receipt of such written confirmation by the Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; **provided that** an L/C Issuer shall not be a Defaulting L/C Issuer solely by virtue of the ownership or acquisition of any equity interest in that L/C Issuer or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such L/C Issuer with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such L/C Issuer (or such

Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such L/C Issuer. Any determination by the other L/C Issuers that an L/C Issuer is a Defaulting L/C Issuer under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such L/C Issuer shall be deemed to be a Defaulting L/C Issuer (subject to Section 2.17(b)) as of the date established therefor by the other L/C Issuers in a written notice of such determination, which shall be delivered by the other L/C Issuers to the Borrower (with a copy to the Collateral Agent) promptly following such determination.

**"Disqualified Stock"** means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event: (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise; (2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or (3) is redeemable at the option of the holder thereof, in whole or in part; in each case on or prior to the 91st day after the Maturity Date; **provided, however, that** any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the 91st day after the Maturity Date shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions of Section 7.04 or Section 8.01(xiv), as the case may be.

**"Dollar"** and **"U.S.\$"** mean the lawful currency for the time being in the United States.

**"Drawn Amounts"** has the meaning specified in Section 2.03(c).

**"EEA Financial Institution"** means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

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

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

**"Effective Date"** means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

**"Eligible Assignee"** means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

**"Employee Plan"** means any "employee benefit plan" within the meaning of Section 3(3) of ERISA to which any L/C Party has an obligation to make a contribution, including as the result of being an ERISA Affiliate, other than a Canadian Pension Plan.

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

**"ERISA Affiliate"** means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of the Borrower or its Subsidiaries under Code Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of Borrower or its Subsidiaries under Code Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412 of the Code, any organization subject to ERISA that is a member of an affiliated service group of which Borrower or any of its Subsidiaries is a member under Code Section 414(m) or (d) solely for purposes of Section 302 of ERISA and Section 412 of the Code, any Person subject to ERISA that is a party to an arrangement with Borrower or any of its Subsidiaries and whose employees are aggregated with the employees of the Borrower or any of its Subsidiaries under Code Section 414(o).

**"Equivalent in Dollars"** means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in Colombian pesos or Peruvian soles, the equivalent amount thereof in Dollars as determined by the applicable L/C Issuer at such time on the basis of the Spot Rate for the purchase of Dollars with Colombian pesos or Peruvian soles.

**"EU Bail-In Legislation Schedule"** means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

**"Event of Default"** has the meaning specified in Section 8.01.

**"Exchange Act"** means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

**"Excluded Account"** means any deposit account or other bank account of the Borrower or any L/C Party:

- (1) which does not have on deposit amounts in excess of U.S. \$10,000,000 at any time;
- (2) that is a disbursement account and into which no Receivables are deposited at any time;
- (3) that is maintained solely for payroll, tax or petty cash purposes; or
- (4) that is a Joint Venture Account.

**"Excluded Subsidiary"** means:

- (1) Pacific Infrastructure Ventures Inc. and Pacific Midstream Ltd., and their respective successors and Subsidiaries;

- (2) CGX Energy Inc. and any of its Subsidiaries;
- (3) Pacific Rubiales PNG Limited;
- (4) any other Subsidiary of the Borrower that:

(a) other than Pacific Belize Energy Corp., Pan Andean Resources Limited, Inversiones Sol del Sur SAS, Centro Multinacional Pacific S.R.L., Maurel & Prom Colombia B.V., Pacific Procurement Services (PPS) S.A., and Petro Rubiales Corp. Sucursal Colombia (Colombian branch of Petrolia Energy Corp. (Panama)), owns no Receivables in excess of U.S.\$1,000,000 (up to an aggregate of U.S.\$10,000,000 for all such Receivables for all Subsidiaries under this clause (4));

(b) other than Maurel and Prom Colombia B.V., C.I. Pacific Fuels International S.A.S. and Pacific Reinsurance Limited, owns no deposit account or other bank account with an amount in excess of U.S. \$500,000 on deposit at any one time (up to an aggregate of U.S. \$5,000,000 for all such accounts for all Subsidiaries under this clause (4));

(c) is a Person with respect to which neither the Borrower nor any of its Subsidiaries (other than another Excluded Subsidiary) has any direct or indirect obligation to subscribe for additional Capital Stock, or maintain or preserve such Person's financial condition or cause such Person to achieve any specified levels of operation results; and

(d) does not own property or assets that, when combined with the property and assets of all other Excluded Subsidiaries (other than Subsidiaries of Pacific Midstream Holding Corp. and Pacinfra Holding Ltd., CGX Energy Inc. and its Subsidiaries and Pacific Rubiales PNG Limited), account for more than 5% of Consolidated Tangible Assets calculated as at the end of the most recently ended financial quarter for which financial statements have been approved by the board of directors.

**"Excluded Taxes"** means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any L/C Issuer, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or dealing otherwise than at arm's length (for purposes of the *Income Tax Act* (Canada)) with the payor of such payments or (ii) that are Other Connection Taxes, (b) in the case of an L/C Issuer, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such L/C Issuer with respect to an applicable interest in a L/C Credit Extension or Commitment pursuant to a law in effect on the date on which (i) such L/C Issuer acquires such interest in the L/C Credit Extension or Commitment (other than pursuant to an assignment request by the Borrower under Section 10.13 and assignments under Section 3.06) or (ii) such L/C Issuer changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01, amounts with respect to such Taxes were payable either to such L/C Issuer's assignor immediately before such L/C Issuer became a party hereto or to such L/C Issuer immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.01(e), (d) any U.S. federal withholding Taxes imposed pursuant to

FATCA and (e) any Tax assessed or imposed by reason of the recipient or beneficial owner of such payment being a "specified shareholder" as defined in subsection 18(5) of the *Income Tax Act* (Canada) of the payer of such payment or not dealing at arm's length (for purposes of the *Income Tax Act* (Canada)) with a "specified shareholder" of the payer of such payment.

**"Existing Letter of Credit Facility"** means that certain Amended and Restated Credit Agreement, dated as of November 2, 2016, among the Borrower, as borrower, the guarantors party thereto, Wilmington Trust, National Association, as administrative agent, and the letter of credit issuers party thereto.

**"Exit Notes"** means the notes issued under the Exit Notes Indenture.

**"Exit Notes Indenture"** means that certain Indenture, dated as of June 22, 2016, among the Borrower, as issuer, the Guarantors party thereto, Computershare Trust Company, National Association, as trustee, security registrar and paying agent, as amended and restated pursuant to the Amended and Restated Indenture, dated as of November 2, 2016, and as amended, modified, supplemented or replaced from time to time.

**"Exit Notes Offer"** has the meaning specified in Section 7.04(a)(iii)(B).

**"Existing Letters of Credit"** means the letters of credit for the benefit of the Borrower issued by the L/C Issuers prior to the Effective Date and in effect on the Effective Date and listed on Schedule 5.24.

**"Exit Notes Trustee"** means Computershare Trust Company, National Association, as trustee under the Exit Notes Indenture.

**"Extension Conditions"** has the meaning specified in Section 2.20.

**"Extension Term"** means, subject to the satisfaction of the Extension Conditions and the extension of the Maturity Date pursuant to Section 2.20, the period from and including the Collateral Release Date to the date that is two (2) years from the Effective Date.

**"Fair Market Value"** means, with respect to any asset, the price which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing buyer, neither of which is under compulsion to complete the transaction, and, unless otherwise specified herein (except for assets consisting of publicly traded securities),

- (1) if such asset has a price of at least U.S. \$7,000,000 and less than U.S. \$30,000,000, as such price is determined in good faith by the board of directors of the Borrower, as evidenced by a resolution of such board of directors; or
- (2) if such asset has a price of at least U.S. \$30,000,000, as such price is determined in good faith by the board of directors of the Borrower or the Restricted Subsidiary, as applicable, as evidenced by a resolution of such board of directors, set forth in an Officers' Certificate delivered to the L/C Issuers and the Collateral Agent.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any applicable intergovernmental agreements with respect thereto and laws implementing such intergovernmental agreements.

"**Federal Funds Rate**" means, for any day, the rate *per annum* equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; **provided that** (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to major financial institutions reasonably acceptable to the L/C Issuers on such day on such transactions as determined by the L/C Issuers.

"**First Lien Collateral Trust Agreement**" means the collateral trust agreement dated as of June 22, 2016 among, among others, the Borrower, the First Lien Collateral Trustee, the Hedging Provider (if any) and the Exit Notes Trustee, as amended, restated, supplemented or otherwise modified pursuant to the terms thereof from time to time.

"**First Lien Collateral Trustee**" has the meaning specified in the Intercreditor Agreement.

"**First Priority Collateral Documents**" means the collateral documents entered into by the Exit Notes Trustee or an authorized sub-agent on its behalf and the Borrower or relevant Guarantor that are designated as "First Lien Collateral Documents" under the Intercreditor Agreement.

"**Fitch**" means Fitch, Inc. or any successor thereto.

"**Foreign L/C Issuer**" means (a) if the Borrower is a U.S. Person, an L/C Issuer that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, an L/C Issuer that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"**Fund**" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"**Governmental Authority**" means any nation or government, any state, province or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

**"Guarantee"** means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of any Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); **provided, however, that** the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning.

**"Guarantors"** means, collectively, (i) on the Effective Date, Frontera Energy Colombia AG, Pacific Stratus Energy S.A., Pacific Offshore Peru S.R.L., Pre-PSIE Coöperatief U.A., Pacific E&P International Holdings, S.a.r.L., Pacific Marketing International Corp., Pacific Stratus Energy Del Peru S.A., Petrominerales Peru Ltd., Petro International Ltd., Petrominerales Bermuda Ltd., Pacific Guatemala Energy Corp., Pre Corporate Services Corp., Pacific Midstream Holding Corp., Pacinfra Holding Ltd., Major International Oil S.A., Agro Cascada S.A.S., Frontera Petroleum International Holdings B.V. and any other guarantors of the Exit Notes from time to time and (ii) during the Extension Term, all guarantors of the New Notes, in each case from time to time.

**"Guaranty"** means the guaranty made by the Guarantors in favor of the Collateral Agent and the L/C Issuers in Article XI of this Agreement.

**"Hedging Facility"** means one or more secured hedging facilities or commodity forward purchase and sale contracts or similar agreements entered into by the Borrower, the Guarantors and one or more Hedging Providers, from time to time, with respect to up to 60% of the oil and gas production of the Borrower and its Subsidiaries (for all Hedging Facilities in the aggregate) from time to time, or such greater amount as may be agreed by the Required L/C Issuers.

**"Hedging Obligations"** of any Person means the obligations of such Person pursuant to (i) one or more Hedging Facilities, (ii) one or more Currency Agreements, and/or (iii) one or more hedging agreements for the purpose of fixing or hedging fluctuations in oil and/or gas prices in the ordinary course of business (provided, in the case of (iii), such obligations shall be unsecured).

**"Hedging Provider"** means a major international bank or other financial institution that provides hedging in the ordinary course of its business or a "super major" oil company (which for this purpose are understood to include BP Plc, ConocoPhillips, Chevron, Royal Dutch Shell, Total SA and Exxon Mobil and their respective affiliates) which provides a Hedging Facility, or, where the Hedging Facility is provided by a group of such banks or financial institutions or super major oil companies, the group as a whole.

**"Honor Date"** has the meaning assigned to such term in Section 2.03(c)(i).

**"IFRS"** means International Financial Reporting Standards as issued and interpreted by the International Accounting Standards Board (IASB).

**"Incur"** means issue, assume, Guarantee, incur or otherwise become liable for; **provided, however, that** any Indebtedness of a Person existing at the time such Person is merged, consolidated, amalgamated or combined with or into the Borrower or becomes a Restricted Subsidiary of the Borrower (whether by merger, consolidation, amalgamation, combination or other similar transaction) shall be deemed to be Incurred by such Person at the effective time of such merger, consolidation, amalgamation, combination or other similar transaction or at the time it becomes a Restricted Subsidiary of the Borrower. The term **"Incurrence"** when used as a noun shall have a correlative meaning. Neither the accretion of principal of a non-interest bearing or other discount security nor the capitalization accruing of interest on Indebtedness shall be deemed the Incurrence of Indebtedness.

**"Indebtedness"** means, with respect to any Person on any date of determination (without duplication):

- (1) the principal in respect of indebtedness of such Person for borrowed money;
- (2) the principal in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments (except to the extent such reimbursement obligations relate to a trade payable and such obligations are satisfied within thirty (30) days of Incurrence);
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except trade payables and contingent obligations to pay earn-outs), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services and all obligations to deliver hydrocarbons pursuant to prepaid forward sale arrangements that would be characterized as deferred revenue in the Borrower's financial statements;
- (5) all Capitalized Lease Obligations of such Person;
- (6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock;
- (7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; **provided, however, that** the amount of Indebtedness of such Person shall be the lesser of: (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons;
- (8) to the extent not otherwise included in this definition, the aggregate net termination value of all Hedging Obligations of such Person; and

- (9) all obligations of the type referred to in clauses (1) through (8) above of other Persons Guaranteed by such Person or for which such Person is otherwise liable as obligor, guarantor or otherwise.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

The following obligations shall not be deemed to be Indebtedness for any purpose:

- (1) obligations arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; **provided, however, that** such Indebtedness is extinguished within five (5) Business Days of its Incurrence;
- (2) Santos Basin Guarantee;
- (3) customer deposits and advance payments received from customers in the ordinary course of business;
- (4) the Borrower's indemnification obligations under the Northern Block Sale Agreement; or
- (5) the Northern Block Sale Escrowed Proceeds.

**"Indemnified Taxes"** means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any L/C Party under any L/C Document and (b) to the extent not otherwise described in (a), Other Taxes.

**"Indemnitee"** has the meaning specified in Section 10.04(b).

**"Information"** has the meaning specified in Section 10.07.

**"Initial Collateral"** means all Collateral of the L/C Parties in which a security interest has been granted pursuant to the documents set forth in Schedule 1.01(a).

**"Initial Term"** means the period from and including the Effective Date to the date that is the first to occur of (i) eight (8) months after the Effective Date and (ii) the Collateral Release Date.

**"Intellectual Property"** means all (a) trademarks; (b) patents and other discoveries, whether patentable or not; (c) trade secrets; (d) copyrights and (e) any other similar intellectual property or proprietary rights.

**"Intercompany Loan"** means any Indebtedness owed by (i) the Borrower to any of its Subsidiaries, (ii) a Subsidiary of the Borrower to the Borrower, or (iii) by a Subsidiary of the Borrower to another Subsidiary of the Borrower.

**"Intercreditor Agreement"** means that certain Intercreditor Agreement, dated as of June 22, 2016, among, *inter alios*, Computershare Trust Company of Canada, as First Lien Collateral Trustee and Exit Notes Trustee, Wilmington Trust, National Association, as Second Lien Collateral Trustee and Second Lien Agent, the Borrower and the Subsidiaries of the Borrower from time to time party thereto.

**"Interest Rate Agreement"** means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is a party or a beneficiary.

**"Investment"** in any Person means any direct or indirect advance, loan (other than advances to customers or suppliers in the ordinary course of business that are recorded as accounts receivable, pre-paid expenses or deposits on the balance sheet) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person. For purposes of the definition of "Unrestricted Subsidiary" and Section 7.03, Investment shall include the portion (proportionate to the Borrower's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Borrower at the time that such Subsidiary is designated an Unrestricted Subsidiary; **provided, however, that**, upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Borrower shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to: (1) the Borrower's Investment in such Subsidiary at the time of such redesignation less (2) the portion (proportionate to the Borrower's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation. Any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case, as determined in good faith by the board of directors of the Borrower.

**"IRS"** means the United States Internal Revenue Service.

**"ISP"** means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

**"Issuer Documents"** means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the applicable L/C Issuer and the Borrower (or any Subsidiary) or in favor of such L/C Issuer and relating to such Letter of Credit.

**"Joinder to Intercreditor Agreement"** means that certain joinder to the Intercreditor Agreement, dated as of the date hereof, among the Collateral Agent, as new representative, the Borrower (f/k/a Pacific Exploration & Production Corporation), Computershare Trust Company of Canada, as first lien agent and Wilmington Trust, National Association, as second lien agent.

**"Joinder to Second Lien Collateral Trust Agreement"** means that certain joinder to the Second Lien Collateral Trust Agreement, dated as of the date hereof, among the Collateral Agent, as new representative, the Borrower (f/k/a Pacific Exploration & Production Corporation), as trustor, the other trustors party thereto and Wilmington Trust, National Association, as collateral trustee.

**"Joint Venture Account"** means any deposit account or other bank account maintained pursuant to the terms and requirements of joint venture agreements, partnership agreements or joint operating agreements between the Borrower or any of its Subsidiaries and any other Person other than the Borrower or any of its Subsidiaries;

**"Joint Venture Cash"** means all cash and cash equivalents held in Joint Venture Accounts.

**"Joint Venture Holdcos"** means Pacific Midstream Holdings Corp., a single purpose holding company that owns the Borrower's ownership interest in Pacific Midstream Ltd., and Pacinfra Holding Ltd., a single purpose holding company that owns the Borrower's ownership interest in Pacific Infrastructure Ventures Inc.

**"Judgment Currency"** has the meaning specified in Section 10.23.

**"Laws"** means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

**"Law 1116"** means Ley 1116 of 2006 of Colombia, as amended, and any successor statute thereto.

**"L/C Credit Extension"** means, with respect to any Letter of Credit, the issuance, renewal, amendment or extension thereof.

**"L/C Documents"** means this Agreement, each Note, each Issuer Document, the Collateral Agent's Letter Agreement, each of the Second Priority Collateral Documents, the Joinder to Second Lien Collateral Trust Agreement, the New Facility Designation, the Reaffirmation Agreement, the Intercreditor Agreement, the Joinder to Intercreditor Agreement, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.16 of this Agreement and the Guaranty.

**"L/C Indemnity Agreement"** means the indemnity agreement dated as of August 23, 2016 between the Borrower and The Catalyst Capital Group Inc., as amended, restated or modified from time to time.

**"L/C Indemnity Charge"** shall have the meaning specified in the L/C Indemnity Order.

**"L/C Indemnity Order"** means the order of the Superior Court of Justice Commercial List dated August 23, 2016 granted in the context of the *CCAA proceedings* of the Borrower and the Guarantors, as such order is amended, restated or modified from time to time.

**"L/C Issuer"** has the meaning specified in the introductory paragraph hereto.

**"L/C Issuers' Advisors"** means the legal and financial advisors to the L/C Issuers.

**"L/C Obligations"** means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit *plus* the aggregate of all Drawn Amounts and Unreimbursed Amounts. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

**"L/C Parties"** means, collectively, the Borrower and each Guarantor.

**"Lending Office"** means, as to any L/C Issuer, the office or offices of such L/C Issuer as it may from time to time notify the Borrower and the Collateral Agent, which office may include any Affiliate of such L/C Issuer or any domestic or foreign branch of such L/C Issuer or such Affiliate. Unless the context otherwise requires each reference to an L/C Issuer shall include its applicable Lending Office.

**"Letter of Credit"** means any letter of credit issued, renewed, extended or amended hereunder providing for the payment of cash upon the honoring of a presentation thereunder and shall include the Existing Letters of Credit that are designated Letters of Credit. A Letter of Credit may be a standby letter of credit.

**"Letter of Credit Application"** means an application for the, issuance, renewal, extension or amendment of a Letter of Credit in the form from time to time in use by the applicable L/C Issuer.

**"Letter of Credit Expiration Date"** means the day that is ten (10) Business Days prior to the Maturity Date.

**"Letter of Credit Fee"** has the meaning specified in Section 2.03(h).

**"Lien"** means any mortgage, deed of trust, lien, security interest, pledge, hypothecation, assignment, deposit arrangement or other charge or encumbrance of any kind, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property, any right of set off or any similar arrangement under or with respect to any insurance policy or anything analogous to any of the foregoing under the laws of any jurisdiction. For the avoidance of doubt any preference of one creditor in the ordinary course over another arising by operation of law shall not be considered as a Lien.

**"Luxembourg Guarantor"** means any Guarantor incorporated under the laws of the Grand Duchy of Luxembourg.

**"Margin Stock"** means "margin stock" as such term is defined in Regulation T, U or X of the Federal Reserve Board.

**"Material Adverse Change"** means, since December 31, 2017, any change, development, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, developments, effects, events, circumstances, facts or occurrences, (a) is or would reasonably be expected to be material and adverse to the business, financial condition, properties, assets (tangible or intangible), liabilities (including any contingent liabilities), or results of operations of the L/C Parties or (b) prevents or materially adversely affects the ability of the L/C Parties to timely perform their obligations under the L/C Documents, in each case other than any change, development, effect, event, circumstance, fact or occurrence resulting from (i) the effect of any change in the United States or foreign economies or securities, commodities or financial markets, (ii) the effect of any action taken by L/C Issuers or their Affiliates with respect to the L/C Documents or with respect to the L/C Parties (including through such persons' participation in the Restructuring Proceedings), (iii) any effect resulting from the filing or public announcement of the Restructuring Proceeds, or (iv) developments in the oil and gas exploration, development and/or production industry or industries (including actual or expected industry wide changes in oil, gas or other commodity prices); **provided, however, that** with respect to clauses (i), (ii) or (iv), such changes, developments, effects, events, circumstances, facts or occurrences shall be taken into account to the extent they disproportionately and adversely affect Borrower and its Subsidiaries, taken as a whole, compared to other companies operating in the industries and regions in which Borrower and its Subsidiaries operate.

**"Material Adverse Effect"** means a material adverse effect on the business, properties, management, financial position or results of operations of the Borrower, the Guarantors, and any Subsidiaries taken as a whole.

**"Material Contracts"** means each agreement of the Borrower or any of its Subsidiaries non-compliance with which, or default or termination under, if terminated other than at scheduled maturity, would have, or could reasonably be expected to result in, a Material Adverse Effect.

**"Maturity Date"** means (i) January 17, 2019 or (ii) if automatically extended pursuant to Section 2.20, two (2) years after the Effective Date.

**"Minimum Collateral Amount"** means, at any time, with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with this Agreement, an amount equal to 100% of the Outstanding Amount of all L/C Obligations.

**"Minimum Legally Required Dividends"** means, for any Person and any period, an amount equal to the minimum dividend required to be distributed annually under Applicable Law by such Person to holders of its Capital Stock during such period.

**"Moody's"** means Moody's Investors Service, Inc. or any successor thereto.

**"Net Available Cash"** from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal fees and expenses, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Disposition;
- (2) all payments, including any prepayment premiums or penalties, made on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or that must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by Applicable Law be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Borrower or any of its Restricted Subsidiaries after such Asset Disposition.

**"Net Cash Proceeds"** with respect to any issuance or sale of Capital Stock of the Borrower means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees and expenses actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

**"New Facility Designation"** means that certain New Facility Designation, dated as of the date hereof, between the Borrower (f/k/a Pacific Exploration & Production Corporation) and Wilmington Trust, National Association, as collateral trustee.

**"New Notes"** means the notes issued under the New Notes Indenture.

**"New Notes Indenture"** means that certain indenture dated as of the New Notes Issuance Date, among the Borrower, as issuer, the Guarantors party thereto and the New Notes Trustee, as trustee, registrar and paying agent, as amended, modified, supplemented or replaced from time to time.

**"New Notes Issuance Date"** means the closing date of the New Notes Indenture.

**"New Notes Trustee"** means the trustee under the New Notes Indenture.

**"Non-Consenting L/C Issuer"** any L/C Issuer who does not agree to a departure or waiver of any provision of the L/C Documents or to any amendment thereto, in the event that (i) the Borrower has requested the L/C Issuers to consent to such departure, waiver or amendment, (ii) in accordance with the terms of Section 10.01, the consent, waiver or amendment in question requires the agreement of all affected L/C Issuers or all the L/C Issuers and (iii) the Required L/C Issuers have agreed to such consent, waiver or amendment.

**"Non-Defaulting L/C Issuer"** means, at any time, each L/C Issuer that is not a Defaulting L/C Issuer at such time.

**"Non-Wholly Owned Subsidiary Cash"** means all cash and cash equivalents held in accounts of the Borrower's non-wholly owned Subsidiaries.

**"Northern Block Sale"** shall mean the sale by Pacific Brazil to Queiroz Galvão Exploração e Produção S.A. of Pacific Brazil's participating interest in (1) Contract No. 48610.005428/2013-10 awarded by the Agencia Nacional do Petroleo, Gás Natural e Biocombustíveis of Brazil for the FZA-M-90 Block, to Queiroz Galvão Exploração e Produção S.A., Premier Oil do Brasil Petróleo e Gás Ltda., and Pacific Brazil, as amended from time to time, (2) Contract No. 48610.005469/2013-14 awarded by the Agencia Nacional do Petroleo, Gás Natural e Biocombustíveis of Brazil for the PAMA-M-337 Block, to Queiroz Galvão Exploração e Produção S.A. and Pacific Brazil, as amended from time to time, and (3) Contract No. 48610.005473/2013-74 awarded by the Agencia Nacional do Petroleo, Gás Natural e Biocombustíveis of Brazil for the PAMA-M-265 Block, to Queiroz Galvão Exploração e Produção S.A. and Pacific Brazil.

**"Northern Block Sale Agreement"** means collectively, (i) the farm out agreement between Pacific Brazil and Queiroz Galvão Exploração e Produção S.A. dated October 14, 2016 in respect of the Northern Block Sale, and (ii) the escrow agreement among the Borrower, Queiroz Galvão Exploração e Produção S.A. and Itaú Unibanco S.A. dated October 14, 2016, relating to the Northern Block Sale, as each may be modified, amended, supplemented or otherwise modified or further documented, in each case on terms no less favorable to Pacific Brazil and the Borrower, as reasonably determined and approved by the board of directors of the Borrower.

**"Northern Block Sale Escrowed Proceeds"** means the amount of U.S. \$10,000,000 held in escrow pursuant to and in accordance with the Northern Block Sale Agreement.

**"Note"** means a promissory note made by the Borrower in favor of an L/C Issuer evidencing L/C Credit Extensions made by such L/C Issuer, substantially in the form of Exhibit A.

**"Obligations"** means all advances to, and debts, liabilities, obligations, covenants and duties of, any L/C Party arising under any L/C Document or otherwise with respect to any Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any L/C Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

**"Officers' Certificate"** means a certificate signed by two Authorized Officers or by an Authorized Officer and the Chief Financial Officer of the Borrower, any of the Guarantors or any

Restricted Subsidiary, as the case may be, and delivered to the L/C Issuers and the Collateral Agent, as applicable.

**"Opinion of Counsel"** means an opinion in writing (subject to customary assumptions, qualifications and exclusions) signed by legal counsel, which counsel may be an employee of the Borrower, who is reasonably acceptable to the L/C Issuers and the Collateral Agent, as applicable.

**"Organization Documents"** means, (a) for any corporation, company, company branch or cooperative (coöperatief), the certificate of existence, the certificate or articles of incorporation or continuation, the certificate of articles of organization, the memorandum and articles of association, the bylaws, the resolution of incorporation, any certificate of determination or instrument relating to the rights of shareholders or members of such corporation, company, company branch or cooperative (coöperatief), and any shareholder or member rights agreement or other shareholders' or members' agreement (as applicable), (b) for any partnership, the partnership agreement and, if applicable, certificate of limited partnership, (c) for any limited liability company, the operating agreement and articles or certificate of formation or (d) any other document setting forth the manner of election or duties of the officers, directors, managers or other similar persons, or the designation, amount or relative rights, limitations and preference of the Capital Stock of a Person.

**"Other Connection Taxes"** means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any L/C Document, or sold or assigned an interest in any L/C Obligation or L/C Document).

**"Other Taxes"** means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any L/C Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06 or Section 10.03).

**"Outstanding Amount"** means, on any date of determination, the amount of L/C Obligations outstanding on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrower of Unreimbursed Amounts.

**"Pacific Brazil"** means Pacific Brasil Exploração e Produção de Oleo e Gas Ltda.

**"Participant"** has the meaning specified in Section 10.06(d).

**"PEL"** means Petroelectrica de los Llanos, Ltda., a Bermuda company.

**"PEL Promissory Note"** means the U.S. \$100,000,000 promissory note issued by PEL in favor of the Borrower.

**"Pension Plan"** means a Canadian Pension Plan, a U.S. Pension Plan and any similar pension or employee benefit plans established in any other jurisdiction, excluding in all cases any governmentally mandated pension plans or contributions to the extent required by Applicable Law.

**"Permits"** means, with respect to any Person, any permit, approval, authorization, license, registration, certificate, concession, grant, franchise, variance or permission from, and any other contractual obligations with, any Governmental Authority, in each case whether or not having the force of law and applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

**"Permitted Additional Letter of Credit Facility"** means any letter of credit facility (other than the letter of credit facility established by this Agreement) (a) that is a secured letter of credit facility established pursuant to Section 7.01(b)(xi) or (b) that is an unsecured letter of credit facility permitted under Section 7.01(b)(xiv) with respect to letter of credit obligations in a principal or face amount of at least U.S. \$10,000,000.

**"Permitted Investment"** means:

- (1) an Investment by the Borrower or any Restricted Subsidiary in the Borrower, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; **provided, however, that** the primary business of such Person is a Related Business and **provided, further, that**, any Investments made after the Effective Date in a Swiss Restricted Subsidiary shall only be made by way Intercompany Loans secured by substantially all assets of such Swiss Restricted Subsidiary, which secured Intercompany Loans shall be evidenced by a note (including any master note) which note shall, during the Initial Term, be pledged to the Second Lien Collateral Trustee as Collateral for the obligations under this Agreement, together with an allonge executed in blank in respect of such note (including any master note);
- (2) an Investment by the Borrower or any Restricted Subsidiary in another Person if as a result of such Investment such other Person is merged, consolidated, amalgamated or combined with or into, or transfers or conveys all or substantially all its assets to, the Borrower or a Restricted Subsidiary other than a Joint Venture Holdco or a Swiss Restricted Subsidiary; **provided, however, that** such Person's primary business is a Related Business;
- (3) an Investment by the Borrower or any Restricted Subsidiary in another Person; **provided, however, that** (i) the Borrower or any Restricted Subsidiary owns a minority interest in the Capital Stock of such Person (ii) such Person's primary business is a Related Business; (iii) any related Incurrence of Indebtedness is permitted pursuant to this Agreement; and (iv) the aggregate amount of any such Investment taken together with all other Investments pursuant to this clause (3) that are at the time outstanding, does not exceed U.S. \$50,000,000;
- (4) Investments made to finance the connection of the liquids terminal of Puerto Bahia to the Reficar refinery at Cartagena, Colombia and/or to comply with the Equity

Contribution Agreement among Pacinfra Holding Ltd., Pacific Infrastructure Ventures Inc., Sociedad Portuaria Puerto Bahia S.A. and Wilmington Trust, National Association dated as of October 4, 2013; **provided, however, that** the aggregate amount of any such Investment taken together with all other Investments pursuant to this clause (4) since the Effective Date does not exceed U.S. \$75,000,000 in the aggregate;

- (5) Temporary Cash Investments;
- (6) Receivables owing to the Borrower or any Restricted Subsidiary if created or acquired in the ordinary course of business;
- (7) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (8) stock, obligations or securities received in settlement or resolution of (or foreclosure with respect to) debts created in the ordinary course of business and owing to the Borrower or any Restricted Subsidiary or in satisfaction of judgments including as a result of the bankruptcy or reorganization of any Person;
- (9) an Investment by the Borrower or any Restricted Subsidiary in any Person to the extent such Investment represents the non cash or deemed cash portion of the consideration received for an Asset Disposition that was made pursuant to and in compliance with Section 4.1(i);
- (10) any Investment existing on the Effective Date and any extension, modification or renewal of any such Investments (but not any such extension, modification or renewal to the extent it involves additional advances, contributions or other investments of cash or property, other than reasonable expenses incidental to the structuring, negotiation and consummation of such extension, modification or renewal);
- (11) Hedging Obligations permitted under Section 7.01;
- (12) Guarantees of Indebtedness permitted under Section 7.01;
- (13) Investments that are made exclusively with (i) Capital Stock of the Borrower (other than Disqualified Stock), or (ii) net cash proceeds of an issuance of Capital Stock (other than Disqualified Stock) occurring not earlier than 270 days before the date of the related Investments;
- (14) (i) prior to the New Notes Issuance Date, Investments in the Exit Notes and (ii) on and after the New Notes Issuance Date, Investments in the New Notes;
- (15) an Investment by the Borrower or any Restricted Subsidiary in another Person to comply with investment commitments existing on the Effective Date required

pursuant to governmental or other contracts related to Maurel & Prom Colombia B.V. in an aggregate amount not to exceed U.S. \$25,000,000;

- (16) additional Investments on arm's length terms in a Person engaged in a Related Business, taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding, not to exceed U.S. \$50,000,000;
- (17) loans or other advances in a maximum aggregate amount not to exceed U.S. \$36,000,000 made by the Borrower or any of its Subsidiary to Pacific Brazil to fund payments due by Pacific Brazil or the Borrower to Queiroz Galvão Exploração e Produção S.A. pursuant to the Northern Block Sale Agreement, including the Northern Block Sale Escrowed Proceeds and the release thereof in accordance with the Northern Block Sale Agreement; and
- (18) the Santos Basin Guarantee.

Notwithstanding the foregoing, no Investment in the Plan Sponsor or its Affiliates, or any entity owned in whole or in part by the Plan Sponsor or its Affiliates shall be a Permitted Investment for the purposes of this Agreement; **provided that**, for purposes of this paragraph only, the following shall not be considered to be an Affiliate of the Plan Sponsor: the Borrower, a Subsidiary of the Borrower, or any Person that would constitute an Affiliate of the Plan Sponsor solely because the Borrower or a Restricted Subsidiary owns directly or indirectly an equity interest in or otherwise controls such Person.

**"Permitted Liens"** means the Liens permitted to be incurred in accordance with Section 7.02.

**"Person"** means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, other entity or Governmental Authority.

**"Plan Sponsor"** means The Catalyst Capital Group Inc., any funds managed or administered by it, or any Affiliates of any of the foregoing, together with their respective successors and permitted assigns.

**"Preferred Stock"** means, with respect to the Capital Stock of any Person, any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

**"Property"** means any property or asset, whether real, personal or mixed, and whether tangible or intangible, including any interest therein.

**"Public L/C Issuer"** has the meaning specified in Section 10.02(c).

**"Purchase Money Obligation"** means:

- (1) mortgage financings, purchase money obligations or other Indebtedness (including Guarantees provided by the Borrower or any Restricted Subsidiary to Colombian regulatory authorities) incurred or assumed for the purpose of financing or refinancing all or any part of the purchase price, lease, expense or cost of any property or asset (including capital assets), tangible or intangible used in any Related Business (including the documented cost of exploration, design, development, acquisition, construction (including capitalized interests), installation, improvement, transportation, integration and prepaid maintenance and all reasonable and documented related fees or expenses), or
- (2) a Capitalized Lease Obligation.

**"Rating Agencies"** means Fitch, Moody's and S&P or, if any of Fitch, Moody's or S&P shall not make a rating of the credit facilities publicly available, such other "nationally recognized statistical rating organization" (within the meaning of Rule 15c3 1(c)(2)(vi)(F) under the Exchange Act) as the Borrower may select (as certified by a resolution of the board of directors of the Borrower) as a replacement agency for Fitch, Moody's or S&P or each of them, as the case may be.

**"Reaffirmation Agreement"** means that certain Reaffirmation Agreement, dated as of the date hereof, by the Borrower (f/k/a Pacific Exploration & Production Corporation) and the other trustor parties thereto.

**"Real Estate"** means any real property owned, leased, subleased, licensed or sublicensed by any L/C Party or any Subsidiary of any L/C Party.

**"Receivables"** means all rights of the Borrower or any Restricted Subsidiaries to payments (whether constituting accounts, chattel paper, instruments, general intangibles or otherwise, and including the right to payment of any interest or finance charges), which rights are identified in the accounting records of the Borrower or such Restricted Subsidiary as accounts receivable.

**"Recipient"** means the Collateral Agent, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any L/C Party hereunder.

**"Recognized Stock Exchange"** means the Hong Kong Stock Exchange, the New York Stock Exchange, NASDAQ, London Stock Exchange, the Alternative Investment Market or the Toronto Stock Exchange.

**"Refinance"** means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, replace, prepay, redeem, defease or retire, in whole or in part, or to issue other Indebtedness in exchange or replacement for, in whole or in part, such Indebtedness. **"Refinanced"** and **"Refinancing"** shall have correlative meanings.

**"Refinancing Indebtedness"** means Indebtedness that is Incurred to Refinance any Indebtedness of the Borrower or any Restricted Subsidiary existing on the Effective Date or Incurred in compliance with this Agreement (including Indebtedness that Refinances Refinancing Indebtedness); **provided, however, that:**

(1) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the then Average Life of the Indebtedness being refinanced;

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or, if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced plus the amount of accrued and unpaid interest thereon, any premium paid to the holders of the Indebtedness being refinanced and reasonable expenses Incurred in connection therewith;

(4) if the Indebtedness being Refinanced is subordinated in right of payment to the L/C Obligations, such Refinancing Indebtedness is subordinated in right of payment to the L/C Obligations at least to the same extent as the Indebtedness being Refinanced; **provided, further, that** Refinancing Indebtedness shall not include Indebtedness of the Borrower or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary; and

(5) to the extent the Indebtedness being Refinanced is secured or guaranteed, the Refinancing Indebtedness should not have any security or guarantee beyond the security or guarantee of the Indebtedness being Refinanced.

**"Related Business"** means any business related, ancillary or complementary to the businesses of the Borrower and its Subsidiaries on the Effective Date.

**"Related Parties"** means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

**"Required L/C Issuers"** means, at any time, L/C Issuers holding more than 50% of the Aggregate Commitments then in effect or, if the Commitments have terminated, the Total Credit Exposure. The Total Credit Exposure of any Defaulting L/C Issuer shall be disregarded in determining Required L/C Issuers.

**"Requirement of Law"** means, with respect to any Person, the common law and any federal, state, provincial, municipal, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, guidelines, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements or requests of, any Governmental Authority, in each case whether or not having the force of law and

that are applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

**"Restricted Cash"** means cash or cash equivalents that would appear as "restricted" on the consolidated balance sheet of the Borrower.

**"Restricted Subsidiaries"** means all Subsidiaries of the Borrower other than Unrestricted Subsidiaries.

**"Restructuring Proceedings"** means, collectively, (a) the Canadian Proceeding, (b) the Colombian Proceeding and (c) the U.S. Proceeding.

**"Restructuring Support Agreement"** means the Restructuring Support Agreement, dated as of April 20, 2016, among the Borrower, the Affiliates of the Borrower party thereto, the Consenting Noteholders (as defined therein) party thereto, the Consenting Lenders (as defined therein) party thereto and the Plan Sponsor, together with the schedules and exhibits attached thereto.

**"S&P"** means S&P Global Ratings or any successor thereto.

**"Sale and Lease-Back Transaction"** means any arrangement with any Person (other than the Borrower or a Restricted Subsidiary), or to which any such Person is a party, providing for the leasing to the Borrower or a Restricted Subsidiary for a period of more than three years of any property or assets that have been or are to be sold or transferred by the Borrower or such Restricted Subsidiary to such Person or to any other Person (other than the Borrower or a Restricted Subsidiary) to which funds have been or are to be advanced by such Person on the security of the leased property or assets.

**"Sanction Order"** means the order of the Superior Court of Justice (Commercial List) dated August 23, 2016 granted in the context of the CCAA proceedings of the Borrower and the Guarantors, as such order is amended, restated or modified from time to time.

**"Santos Basin Guarantee"** means the guarantee by the Borrower of Pacific Brazil's obligations under the Santos Basin Sale Agreement.

**"Santos Basin Sale"** means the sale by Pacific Brazil to Karoon Petróleo & Gas Ltda of Pacific Brazil's participating interest in (1) Contrato de Concessão para Exploração, Desenvolvimento e Produção de Petróleo e Gás Natural No. 48610.001378/2008-34, (2) Contrato de Concessão para Exploração, Desenvolvimento e Produção de Petróleo e Gás Natural No. 48610.001379/2008-89, (3) Contrato de Concessão para Exploração, Desenvolvimento e Produção de Petróleo e Gás Natural No. 48610.001383/2008-47, (4) Contrato de Concessão para Exploração, Desenvolvimento e Produção de Petróleo e Gás Natural No. 48610.001384/2008-91 and (5) Contrato de Concessão para Exploração, Desenvolvimento e Produção de Petróleo e Gás Natural No. 48610.001385/2008-36.

**"Santos Basin Sale Agreement"** means the sale and purchase agreement among, *inter alia*, the Borrower, Pacific Brazil, Karoon Petróleo & Gas Ltda and Karoon Gas Australia Limited in respect of the Santos Basin Sale dated September 26, 2016, as may be modified amended,

supplemented or otherwise modified or further documented, in each case on terms no less favorable to Pacific Brazil and the Borrower, as reasonably determined and approved by the board of directors of the Borrower.

**"Santos Basin Security Interest"** means the security interest granted by Pacific Brazil in favor of the Borrower in respect of any proceeds derived from the Santos Basin Sale pursuant to and in accordance with the Santos Basin Sale Agreement.

**"Second Lien Collateral Trust Agreement"** means the collateral trust agreement dated as of June 22, 2016 among, among others, the Borrower, Wilmington Trust, National Association, as collateral trustee and the Collateral Agent.

**"Second Lien Collateral Trustee"** means Wilmington Trust, National Association, or any successor in such capacity, as collateral trustee for and on behalf of the L/C Issuers.

**"Second Priority Collateral Documents"** means any guarantee and security documents or instruments granted from time to time by the Borrower or any Guarantor in favor of the Second Lien Collateral Trustee or an authorized sub-agent on its behalf in order to guarantee or secure the Obligations, including, for greater certainty, any Blocked Account Agreements, securities account control agreements, and other collateral or ancillary documents relating thereto.

**"Second Priority Liens"** means the Liens created by the Second Priority Collateral Documents.

**"Secured Party"** has the meaning given to such term in the Second Lien Collateral Trust Agreement.

**"SFC"** means the Superintendencia Financiera de Colombia.

**"Software"** means (a) all computer programs, including source code and object code versions, (b) all data, databases and compilations of data, whether machine readable or otherwise, and (c) all documentation, training materials and configurations related to any of the foregoing.

**"Spot Rate"** for a currency means the rate determined by the applicable L/C Issuer to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. (New York City time) on the date that is two (2) Business Days prior to the date as of which the foreign exchange computation is made; **provided** that the applicable L/C Issuer may obtain such spot rate from another financial institution designated by such L/C Issuer if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; **provided, further** that the applicable L/C Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in Colombian pesos or Peruvian soles.

**"Stated Maturity"** means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final payment of principal of such Indebtedness is due and payable, including, with respect to any principal amount that is then due and payable pursuant to any mandatory redemption or prepayment provision, the date specified for the payment thereof

(but excluding any provision providing for the repurchase or prepayment of such Indebtedness at the option of the holder thereof upon the happening of any contingency beyond the control of the obligor thereunder unless such contingency has occurred).

**"Stock"** means all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

**"Stock Equivalents"** means all securities convertible into or exchangeable for Stock or any other Stock Equivalent and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any Stock or any other Stock Equivalent, whether or not presently convertible, exchangeable or exercisable.

**"Subordinated Obligation"** means Indebtedness of the Borrower or any Restricted Subsidiary (whether outstanding on the Effective Date or thereafter Incurred) (i) the terms of which provide that, (a) no principal amount in respect of such obligation will become due and payable until after all principal, interest and any other amounts owing with respect to the L/C Obligations have been paid in full, and (b) in the event that (A) an installment of interest with respect to such obligation is not paid on the applicable interest payment date or (B) the principal of (or premium, if any, on) any such obligations is not paid on the Stated Maturity or other date set for redemption, then the failure to make such payment on such interest payment date, maturity date or other redemption date shall not be a default under such obligation until after all principal, interest and any other amounts owing with respect to the L/C Obligations have been paid in full and (ii) which Canadian, Colombian, Panamanian or Swiss and other Applicable Law recognizes (whether in any reorganization or administrative takeover proceeding or otherwise) as being subordinated or junior in right of payment to the L/C Obligations.

**"Subsidiary"** means, with respect to any Person (the "**parent**") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with IFRS as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (1) of which securities or other ownership interests representing more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held; or (2) that is, as of such date, otherwise controlled by the parent or one or more Subsidiaries of the parent. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" refers to a Subsidiary or Subsidiaries of the Borrower.

**"Swiss Guarantor"** means any Guarantor incorporated in Switzerland and/or having its registered office in Switzerland and/or qualifying as a Swiss resident pursuant to article 9 of the Swiss Federal Act on the Withholding Tax of 13 October 1965 (*Bundesgesetz über die Verrechnungssteuer*), together with the related ordinances, regulations and guidelines, all as amended and applicable from time to time.

**"Swiss Restricted Subsidiary"** means Frontera Energy Colombia AG (and/or its Colombian branch Frontera Energy Colombia AG) and any other Restricted Subsidiary formed under the laws of Switzerland.

**"Taxes"** means any and all present or future income, stamp or other taxes, duties, levies, imposts, charges, fees, deductions or withholdings, including any interest, additions to tax or penalties applicable thereto, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority.

**"Temporary Cash Investments"** means any of the following:

(1) Investments in direct obligations of the United States or any agency thereof or obligations Guaranteed by the United States or any agency thereof, or obligations of or Guaranteed by any foreign country (other than Colombia) recognized by the United States whose long-term debt rating is rated "A-" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the U.S. Securities Act);

(2) Investments in time deposit accounts, certificates of deposit and money market deposits maturing within 365 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States, any state thereof or any foreign country recognized by the United States having capital, surplus and undivided profits aggregating in excess of U.S. \$50,000,000 (or the foreign currency equivalent thereof) and long-term debt rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the U.S. Securities Act);

(3) Investments in repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 365 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States or any foreign country recognized by the United States, in all events not excluding Colombia, with a rating at the time as of which any Investment therein is made of "P1" (or higher) according to Moody's; "A1" (or higher) according to S&P; F1 (or higher) according to Fitch; or, in the case of Investments made in Colombia, rated at least "A" by Duff and Phelps de Colombia;

(5) Investments in securities with maturities of 365 days or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's, or F3 (or higher) according to Fitch, in the case of Investments made in Colombia, rated at least "A" by Duff and Phelps de Colombia and "A" by BRC Investor Services; and

(6) (a) Investments in marketable direct obligations issued or unconditionally Guaranteed by Colombia, any agency or political subdivision thereof, or rated "BB+" or higher by a Colombian rating organization licensed by the SFC,

(b) Investments in time deposits or certificates of deposit of a Colombian bank or financial institution, the commercial paper or other short-term unsecured debt obligations of which (or in the case of a bank or financial institution that is the principal subsidiary of a holding company, the holding company) are rated "A" or higher by a Colombian rating organization licensed by SFC, and maturing within one year from the date of acquisition thereof by the Borrower or a Restricted Subsidiary,

(c) Investments in repurchase obligations with a term of not more than sixty (60) days for underlying securities of the types described in subclause (a) above entered into with a bank meeting the qualifications described in subclause (b) above,

(d) Investments in securities issued by (or representing shares of) Colombian companies rated "A" or higher by a Colombian rating organization licensed by the SFC, or

(e) Investments in certificates of deposit, time deposit accounts and money market accounts maturing not more than one year after the deposit of cash or acquisition thereof issued by (i) any of the largest ten banks (based on assets of the last December 31) organized under the laws of Colombia or (ii) so long as the outstanding amount of such Investments in any such bank does not exceed at any one time U.S. \$5,000,000 (or the foreign currency equivalent thereof), any other bank organized under the laws of Colombia.

**"Total Credit Exposure"** means, as to any L/C Issuer at any time, the aggregate principal amount at such time of its outstanding L/C Obligations.

**"UCC"** means the Uniform Commercial Code as in effect from time to time in the State of New York.

**"UCP"** means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce ("**ICC**") Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

**"United States"** and **"U.S."** mean the United States of America, its fifty states and the District of Columbia.

**"Unreimbursed Amount"** means the amount of an unreimbursed drawing owing to an L/C Issuer pursuant to Section 2.03(c).

**"Unrestricted Operating Cash"** means an amount equal to the amount of (i) all cash and cash equivalents of the Borrower and its Restricted Subsidiaries, (ii) less the amount of cash or cash equivalents deposited in the Cash Collateral Accounts, (iii) less, to the extent included in clause (i) above, the amount of the Colombian Recognition Order, (iv) less, to the extent included in clause (i) above, the Joint Venture Cash, (v) less, to the extent included in clause (i) above, Non-Wholly Owned Subsidiary Cash and (vi) less, to the extent included in clause (i) above, any Restricted Cash up to a maximum amount of such Restricted Cash of U.S. \$70,000,000.

**"Unrestricted Subsidiary"** means (a) CGX Energy Inc., (b) Pacific Infrastructure Ventures Inc., (c) Pacific Midstream Ltd., (d) Pacific Brazil, (e) any Subsidiary of the Borrower that at any time of determination shall be designated an Unrestricted Subsidiary by the board of

directors of the Borrower other than a Restricted Subsidiary that is a Guarantor on the Effective Date, and (f) any Subsidiary of an Unrestricted Subsidiary.

Notwithstanding the foregoing, the board of directors of the Borrower may designate any Subsidiary of the Borrower (including any newly acquired or newly formed Subsidiary) as an "Unrestricted Subsidiary" under this Agreement (a "**Designation**") only if:

(1) no creditor of any such Subsidiary shall have recourse to the Borrower or any Restricted Subsidiary thereof and neither the Borrower nor any Restricted Subsidiary has any direct or indirect obligation to subscribe for additional capital stock of such Subsidiary (for the avoidance of doubt, excluding the purchase of issued and outstanding capital stock of another shareholder) or to maintain or preserve such Subsidiary's financial condition or to cause such Subsidiary to achieve any specified levels of operating results;

(2) no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to such Designation;

(3) such Subsidiary and its Subsidiaries own no Capital Stock or Indebtedness of, and hold no Lien on any property of, the Borrower or any other Restricted Subsidiary of the Borrower that is not a Subsidiary of the Subsidiary so Designated; and

(4) the Subsidiary to be so Designated (i) has total consolidated assets of U.S. \$1,000 or less or (ii) the Borrower would be permitted under this Agreement to make an Investment under all applicable provisions of Section 7.03 at the time of Designation (assuming the effectiveness of such Designation) in an amount equal to the Fair Market Value of such Subsidiary on such date.

In addition, the Borrower may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "**Revocation**") if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of this Agreement.

Any such Designation or Revocation shall be evidenced by prompt delivery to the L/C Issuers and the Collateral Agent of a copy of the resolution of the board of directors of the Borrower giving effect thereto accompanied by an Officers' Certificate as to compliance with the foregoing provisions.

"**U.S. Pension Plan**" means each Employee Plan which is subject to the provisions of Title IV or Section 302 of ERISA or Sections 412 or 430 of the Code sponsored, maintained, or contributed to by any L/C Party or ERISA Affiliate or to which any L/C Party or ERISA Affiliate has any direct or indirect liability, contingent or otherwise.

"**U.S. Person**" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"**U.S. Proceeding**" means the recognition proceeding under chapter 15 of the Bankruptcy Code in connection with the restructuring of the Borrower and certain of its Subsidiaries under the caption *In re Pacific Exploration & Production Corp. et al.*, Case No. 16-11189 (JLG), before the U.S. Bankruptcy Court for the Southern District of New York.

"**U.S. Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"**U.S. Tax Compliance Certificate**" has the meaning specified in Section 3.01(e)(ii)(B)(III).

"**Value**" means, with respect to a Sale and Lease-Back Transaction, as of any particular time, the amount equal to the greater of (1) the net proceeds from the sale or transfer of the property leased pursuant to such Sale and Lease-Back Transaction and (2) the fair value in the opinion of the board of directors of the Borrower or the relevant Restricted Subsidiary of such property at the time of entering into such Sale and Lease-Back Transaction, in either case divided first by the number of full years of the original term of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

"**Voting Stock**" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"**Write-Down and Conversion Powers**" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Notwithstanding the foregoing, during the Extension Term, this Section 1.01 shall be replaced in its entirety with the Section 1.01 set forth in Appendix C hereto; **provided that** the parties hereto agree to amend this Agreement to the extent necessary to conform the defined terms set forth in this Section 1.01 with the defined terms set forth in the New Notes Indenture.

Section 1.02. **Other Interpretive Provisions.** With reference to this Agreement and each other L/C Document, unless otherwise specified herein or in such other L/C Document:

(a) The definitions of terms herein apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other L/C Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein,"

"hereof" and "hereunder," and words of similar import when used in any L/C Document, shall be construed to refer to such L/C Document in its entirety and not to any particular provision thereof, (iv) all references in an L/C Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the L/C Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other L/C Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other L/C Document.

**Section 1.03. Accounting Terms.** All terms of an accounting or financial nature shall be construed in accordance with, and all determinations of an accounting or financial nature shall be made in accordance with IFRS applied on a basis consistent with the consolidated financial statements of the Borrower most recently delivered hereunder. In the event that any Accounting Change (as defined below) occurs and such change results in a change in the method of calculation of the financial covenants set forth in Section 7.12 (and/or the defined terms used therein), then upon the written request of the Borrower or the L/C Issuers, the parties hereto will enter into good faith negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Change with the desired result that the criteria for evaluating the Borrower's financial condition will be the same after such Accounting Change as if such Accounting Change had not occurred; **provided, however, that** such Accounting Change shall be disregarded for purposes of this Agreement until the effective date of such amendment. "**Accounting Change**" means (i) any change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the International Accounting Standards Board or (ii) any change in the application of IFRS by the Borrower.

**Section 1.04. Rounding.** Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

**Section 1.05. Times of Day; Rates.** Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

**Section 1.06. Letter of Credit Amounts.** Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; **provided, however, that** with respect to any Letter of Credit that, by its

terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

Section 1.07. **Dutch Terms.** Notwithstanding anything herein to the contrary, insofar as it relates to any entity organized under the laws of the Netherlands, a reference to:

(a) a "**security interest**" includes any mortgage (*hypothek*), pledge (*pandrecht*), retention of title arrangement (*eigendomsvoorbehoud*), privilege (*voorrecht*), right of retention (*recht van retentie*), right to reclaim goods (*recht van reclame*), and, in general, any right *in rem* (*beperkte recht*), created for the purpose of granting security (*goederenrechtelijk zekerheidsrecht*);

(b) a "**merger**" includes a juridische fusie;

(c) a "**winding-up**" or "**dissolution**" (and any of those terms) includes a Dutch entity being declared bankrupt (*failliet verklaard*) or dissolved (*ontbonden*);

(d) any "**step**" or "**procedure**" taken in connection with insolvency proceedings includes a Dutch entity having filed a notice under Section 36 of the Dutch Tax Collection Act (*Invorderingswet 1990*);

(e) a "**receiver**" includes a curator;

(f) an "**interim-receiver**" includes a bewindvoerder as well as a stille bewindvoerder and beoogd curator; and

(g) an "**attachment**" includes a beslag.

## ARTICLE II

### THE COMMITMENTS AND L/C CREDIT EXTENSIONS

Section 2.01. **[Reserved].**

Section 2.02. **[Reserved].**

Section 2.03. **Letters of Credit.**

(a) **The Letter of Credit Commitment.**

(i) Subject to the terms and conditions set forth herein, each L/C Issuer agrees, from time to time on any Business Day during the period from the Effective Date until the Letter of Credit Expiration Date, to issue, renew, amend or extend Letters of Credit for the account of the Borrower (and on behalf of the Borrower or any Affiliate), in such form from time to time in use by the applicable L/C Issuer in accordance with subsection (b) below; **provided that** after giving effect to any L/C Credit Extension with respect to any Letter of Credit, the Total Credit

Exposure of any L/C Issuer shall not exceed such L/C Issuer's Commitment; **provided, further**, no amendment to any Letter of Credit shall, without the consent of the applicable L/C Issuer, have the effect of (x) changing or substituting the beneficiary of such Letter of Credit, (y) changing or substituting the agreement underlying such Letter of Credit or (z) increasing the amount available to be drawn under such Letter of Credit; **provided, further**, no amendment to any underlying agreement between an L/C Issuer and the beneficiary with respect to any Letter of Credit shall, without the consent of the applicable L/C Issuer, have the effect of changing the amount of any Letter of Credit or any L/C Issuer's Commitment hereunder. Each request by the Borrower for the issuance, renewal, amendment or extension of a Letter of Credit shall be deemed to be a representation by the Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the first proviso to the preceding sentence. Letters of Credit issued hereunder shall be in a minimum face amount of U.S. \$50,000.

(ii) Letters of Credit may be issued in Dollars, or, if available and at the applicable L/C Issuer's sole discretion, in Colombian pesos or Peruvian soles.

(iii) No L/C Issuer shall be under any obligation to issue, renew, amend or extend, as the case may be, any Letter of Credit if:

(A) the expiry date of the Letter of Credit would occur more than six (6) months after the date of the last extension thereof unless such L/C Issuer shall have approved such expiry date;

(B) the expiry date of the Letter of Credit would occur after the Letter of Credit Expiration Date, unless such L/C Issuer shall have approved such expiry date;

(C) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such L/C Issuer from issuing, renewing or extending the Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance, renewal or extension of letters of credit generally or the Letter of Credit in particular or shall impose upon such L/C Issuer any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which such L/C Issuer in good faith deems material to it;

(D) the issuance, renewal or extension of the Letter of Credit would violate one or more policies of such L/C Issuer applicable to letters of credit generally, including but not limited to "know your customer" or compliance related reasons; or that such L/C Issuer suspects that a fraud would be perpetrated by such issuance, renewal or extension; or that such issuance, renewal or extension would violate any Sanctions.

(E) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder;

(F) the face amount of such Letter of Credit so renewed, extended or amended would exceed the face amount of such Letter of Credit as in effect immediately prior to giving effect to such renewal, extension or amendment; or

(G) such L/C Issuer has received written notice from the Collateral Agent, any other L/C Issuer or any L/C Party, at least one (1) Business Day prior to the requested date of issuance, renewal, extension or amendment of any Letter of Credit, that one or more applicable conditions contained in Article IV shall not be satisfied on the date of the requested L/C Credit Extension.

(iv) No L/C Issuer shall be under any obligation to amend any Letter of Credit if (A) such L/C Issuer would have no obligation at such time to issue, renew or extend the Letter of Credit in its amended form under the terms hereof or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(v) On the first Business Day of each calendar month, the Borrower shall deliver to each L/C Issuer a report stating the issuer, amount and maturity date of each outstanding Letter of Credit issued during the course of the month just previously ended. Upon request, the Borrower shall deliver to the Collateral Agent a report stating the issuer, amount and maturity date of each outstanding Letter of Credit. The Collateral Agent shall be conclusively entitled to rely upon the report delivered by the Borrower in accordance with this paragraph in determining whether an action contemplated by this Agreement has been authorized by any L/C Issuer and/or the Required L/C Issuers.

**(b) Procedures for Issuance, Renewal, Extension or Amendment of Letters of Credit; Auto-Extension Letters of Credit.**

(i) Each Letter of Credit shall be issued, renewed, extended or amended, as the case may be, upon the request of the Borrower delivered to the applicable L/C Issuer in the form of a Letter of Credit Application, appropriately completed and signed by an Authorized Officer of the Borrower. Such Letter of Credit Application may be sent by facsimile, by United States mail, by overnight courier, by electronic transmission using the system provided by such L/C Issuer, by personal delivery or by any other means acceptable to such L/C Issuer. Such Letter of Credit Application must be received by the applicable L/C Issuer not later than 11:00 a.m. at least two (2) Business Days (or such later date and time as such L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed date of issuance, renewal, extension or amendment as the case may be. Such Letter of Credit Application shall specify in form and detail satisfactory to the applicable L/C Issuer: (A) the Letter of Credit to be issued, renewed, extended or amended; (B) the proposed date of issuance, renewal, extension or amendment thereof (which shall be a Business Day); (C) in the case of an amendment, the nature of the proposed amendment; and (D) such other matters as such L/C Issuer may require. Additionally, the Borrower shall furnish to the applicable L/C Issuer such other documents and information pertaining to such requested Letter of Credit issuance, renewal, extension or amendment, including any Issuer Documents, as such L/C Issuer may require.

(ii) Unless such L/C Issuer deems that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and

conditions hereof, such L/C Issuer shall, on the requested date, issue, renew, extend or amend, as the case may be, such Letter of Credit, in each case in accordance with such L/C Issuer's usual and customary business practices.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, the applicable L/C Issuer may, in its sole discretion, agree to issue or amend a Letter of Credit so that it has automatic extension provisions (each, an "**Auto-Extension Letter of Credit**"); **provided that** any such Auto-Extension Letter of Credit must permit such L/C Issuer to prevent any such extension at least once in each six-month period by giving prior notice to the beneficiary thereof not later than a day (the "**Non-Extension Notice Date**") in each such six-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by such L/C Issuer, the Borrower shall not be required to make a specific request to such L/C Issuer for any such extension. Such L/C Issuer shall not permit any such extension if (A) such L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is fifteen (15) Business Days before the Non-Extension Notice Date from the Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing such L/C Issuer not to permit such extension.

(iv) Promptly after its delivery of any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the applicable L/C Issuer will also deliver to the Borrower a true and complete copy of such amendment.

(c) **Drawings and Reimbursements.**

(i) Promptly following payment by the applicable L/C Issuer to the beneficiary under any Letter of Credit, the applicable L/C Issuer shall notify the Borrower thereof. Promptly and not later than 11:00 a.m. two (2) Business Days following the date of any payment by the applicable L/C Issuer under a Letter of Credit (each such date, an "**Honor Date**"), the Borrower shall reimburse such L/C Issuer in an amount equal to the amount of such drawing (the "**Drawn Amount**") plus interest accrued from the Honor Date to the date of such reimbursement. Any notice given by any L/C Issuer pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; **provided that** the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) With respect to any Unreimbursed Amount, such amount shall bear interest from the date that is two (2) Business Days after the Honor Date until the date it is paid in full.

(d) [Reserved].

(e) **Obligations Absolute.** The obligation of the Borrower to reimburse the applicable L/C Issuer for each drawing under each Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other L/C Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), such L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) waiver by such L/C Issuer of any requirement that exists for such L/C Issuer's protection and not the protection of the Borrower or any waiver by such L/C Issuer which does not in fact materially prejudice the Borrower;

(v) honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;

(vi) any payment made by such L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable;

(vii) any payment by such L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by such L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(viii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any Subsidiary.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the applicable L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against such L/C Issuer and its correspondents unless such notice is given as aforesaid. The foregoing Section 2.03(e) shall not be construed to excuse the L/C Issuers from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages for which the L/C Issuers will not be liable) suffered by the Borrower that are caused by the L/C Issuer's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable judgment when

determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof.

(f) **Role of L/C Issuer.** The Borrower agrees that, in paying any drawing under a Letter of Credit, the applicable L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuers, the Collateral Agent, any of their respective Related Parties nor any correspondent, participant or assignee of any L/C Issuer shall be liable to any other L/C Issuer for (i) any action taken or omitted in connection herewith at the request or with the approval of the L/C Issuers or the Required L/C Issuers, as applicable, (ii) any action taken or omitted in the absence of gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable judgment, or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; **provided, however, that** this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer with respect to any Letter of Credit, any of their respective Related Parties nor any correspondent, participant or assignee of such L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (viii) of Section 2.03(e); **provided, however, that** anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against such L/C Issuer, and such L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which a court of competent jurisdiction determines in a final and nonappealable judgment were caused by such L/C Issuer's willful misconduct or gross negligence or such L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuers may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and no L/C Issuer shall be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. Any L/C Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) **Applicability of ISP and UCP; Limitation of Liability.** Unless otherwise expressly agreed by the applicable L/C Issuer and the Borrower when a Letter of Credit is issued, renewed, amended or extended (including any such agreement applicable to an Existing Letter of Credit), the rules of the ISP or the UCP (but not both) as selected by the relevant L/C Issuer shall apply to a standby Letter of Credit. Notwithstanding the foregoing, no L/C Issuer shall be responsible to the Borrower for, and no L/C Issuer's rights and remedies against the Borrower shall be impaired by, any action or inaction of such L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this

Agreement, including the Law or any order of a jurisdiction where such L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice; **provided that** the foregoing shall not be construed to excuse the L/C Issuers from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages) suffered by the Borrower that are caused by the L/C Issuer's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable judgment when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof.

(h) **Letter of Credit Fees.** The Borrower shall pay directly to each L/C Issuer for its own account, subject to Section 2.17, a Letter of Credit fee (the "**Letter of Credit Fee**") for each Letter of Credit issued or maintained by such L/C Issuer equal to the Applicable Rate times the daily average face amount available to be drawn under such Letter of Credit (less the amount of any L/C Obligations that have previously been cash collateralized pursuant to Section 7.04(a)(iii)(B)). For purposes of computing the daily average face amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be due and payable monthly in arrears on the last Business Day of each calendar month, commencing with the first such date to occur after the Effective Date. While any Event of Default under Section 8.01(i), (ii), (iii), (x) or (xi) has occurred and is continuing, all Letter of Credit Fees shall accrue at the Default Rate.

(i) **Commitment Fee.** The Borrower shall pay directly to each L/C Issuer for its own account, subject to Section 2.17, a commitment fee (the "**Commitment Fee**") in an amount equal to 30% of the applicable Letter of Credit Fee times the daily average amount by which such L/C Issuer's Commitment exceeds its Total Credit Exposure. Such Commitment Fee shall be payable monthly in arrears on the last Business Day of each calendar month, commencing with the first such date to occur after the Effective Date.

(j) **Processing Charges and other Fees Payable to L/C Issuers.** The Borrower shall pay directly to the applicable L/C Issuer for its own account the customary issuance, presentation, renewal, extension, amendment and other processing fees, and other standard costs and charges of such L/C Issuer relating to letters of credit as from time to time in effect (including any fronting or confirming charges required by local banks). Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) **Conflict with Issuer Documents.** In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(l) **Letters of Credit Issued for Subsidiaries and Affiliates.** Notwithstanding that a Letter of Credit outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary or Affiliate of the Borrower, the Borrower shall be obligated to reimburse the applicable L/C Issuer hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the existence of Letters of Credit for the account of Subsidiaries and Affiliates of the Borrower inures to the benefit of the Borrower, and that the

Borrower's business derives substantial benefits from the businesses of such Subsidiaries and Affiliates of the Borrower.

Section 2.04. **Use of Commitments.** Notwithstanding anything to the contrary contained in this Agreement, the Borrower shall use commercially reasonable efforts to equally utilize each L/C Issuer's Commitment hereunder.

Section 2.05. **Prepayments; Rebalancing of Commitments.**

(a) The Borrower may, upon notice to the Collateral Agent and the L/C Issuers, at any time or from time to time voluntarily Cash Collateralize L/C Obligations on a *pro rata* basis in whole or in part without premium or penalty; **provided that** any Cash Collateralization of L/C Obligations shall be in an amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire amount of the then outstanding L/C Obligations. Each such notice shall specify the date and amount of such Cash Collateralization. If such notice is given by the Borrower, the Borrower shall make such Cash Collateralization and the amount of Cash Collateral specified in such notice shall be due and payable on the date specified therein.

(b) If, as of the last Business Day of any calendar month, any L/C Issuer's L/C Obligations are greater than 23% of the aggregate L/C Obligations of all L/C Issuers, the Borrower shall, within thirty (30) days, effect adjustments to one or more L/C Issuer's L/C Obligations sufficient to eliminate such excess or, failing to do so, Cash Collateralize the L/C Obligations of such L/C Issuer within two (2) Business Days in an amount equal to 100% of such excess. This Section 2.05(b) only inures to the benefit of the original L/C Issuers party hereto as of the Effective Date, and not to the benefit of any assignees or participants thereof.

(c) If, as of the last Business Day of any calendar month, any L/C Issuer determines that the sum of (i) the Total Credit Exposure of such L/C Issuer denominated in Dollars plus (ii) the Equivalent in Dollars of the Total Credit Exposure of such L/C Issuer denominated in Colombian pesos or Peruvian soles, exceeds the Commitment of such L/C Issuer on such date, the Borrower shall, within two (2) Business Days, Cash Collateralize the L/C Obligations of such L/C Issuer in an amount equal to 100% of such excess.

Section 2.06. **Termination or Reduction of Commitments.** The Borrower may from time to time, upon notice to the L/C Issuers, permanently reduce the Aggregate Commitments; **provided that** (i) any such notice shall be received by the L/C Issuers not later than 11:00 a.m. three (3) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of U.S. \$2,500,000 or any whole multiple of U.S. \$500,000 in excess thereof and (iii) if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Credit Exposure of any L/C Issuer would exceed the Commitments of such L/C Issuer, the Borrower shall Cash Collateralize the L/C Obligations in an aggregate amount equal to 100% of such excess. Any reduction of the Aggregate Commitments shall be applied to the Commitment of each L/C Issuer according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination, and, for the avoidance of doubt, following the effective date of any reduction of the Aggregate Commitments, fees payable under this Agreement shall be calculated based on the Aggregate Commitments after giving effect to such reduction.

Section 2.07. **Repayment of L/C Obligations.** The Borrower shall repay directly to each L/C Issuer on the Maturity Date the aggregate amount of Drawn Amounts and Unreimbursed Amounts held by such L/C Issuer outstanding on the Maturity Date.

Section 2.08. **Interest.**

(a) Drawn Amounts shall bear interest on the outstanding principal amount thereof at a rate *per annum* equal to the Applicable Rate plus 3.00% and, without duplication, Unreimbursed Amounts shall bear interest on the outstanding principal amount thereof at a rate *per annum* equal to the Default Rate plus 3.00% to the fullest extent permitted by applicable Laws.

(b) All computations of fees and interest payable under this Agreement shall be made on the basis of a 365-day year and actual days elapsed. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof. Interest hereunder shall be due and payable on demand and in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

Section 2.09. **Collateral Agent Fees.** The Borrower shall pay to the Collateral Agent the fees in the amounts and at the times specified in the Collateral Agent's Letter Agreement. All such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

Section 2.10. **Upfront Fee.** The Borrower shall pay to each L/C Issuer on the Effective Date, ratably in accordance with the aggregate amount of their respective Commitment, an upfront fee in an amount equal to 0.75% of the Aggregate Commitments.

Section 2.11. **Evidence of Debt.**

(a) The L/C Credit Extensions made by each L/C Issuer shall be evidenced by one or more accounts or records maintained by such L/C Issuer and the Borrower in the ordinary course of business. The accounts or records maintained by the Borrower and each L/C Issuer shall be conclusive absent manifest error of the amount of the L/C Credit Extensions made by the L/C Issuers to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the L/C Obligations. Upon the request of any L/C Issuer, the Borrower shall execute and deliver to such L/C Issuer a Note, which shall evidence such L/C Issuer's L/C Obligations in addition to such accounts or records. Each L/C Issuer may attach schedules to its Note and endorse thereon the date, amount and maturity of its L/C Obligations and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a) above, each L/C Issuer shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such L/C Issuer of participations in Letters of Credit.

Section 2.12. **Payments Generally.**

(a) **General.** All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff.

Except as otherwise expressly provided herein, all payments by the Borrower hereunder (x) in respect of any Letter of Credit or L/C Obligation with respect to any Letter of Credit shall be made to the L/C Issuer with respect to such Letter of Credit at the applicable L/C Issuer's Lending Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein and (y) all other payments by the Borrower shall be made to the respective L/C Issuers to which such payment is owed, at such L/C Issuer's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. All payments received by any L/C Issuer after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) **Obligations of L/C Issuers Several.** The obligations of the L/C Issuers hereunder to fund drawings under the Letters of Credit and make payments pursuant to Section 10.04(c) are several and not joint. The failure of any L/C Issuer to fund any drawing under any Letter of Credit and to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other L/C Issuer of its corresponding obligation to do so on such date, and no L/C Issuer shall be responsible for the failure of any other L/C Issuer to so fund any drawing under any Letter of Credit issued by any other L/C Issuer or make its payment under Section 10.04(c).

(c) **Funding Sources.** Nothing herein shall be deemed to obligate any L/C Issuer to obtain the funds for any drawing under any Letter of Credit in any particular place or manner or to constitute a representation by any L/C Issuer that has obtained or will obtain the funds for any drawing under any Letter of Credit in any particular place or manner.

Section 2.13. **Sharing of Payments and Cash Collateral by L/C Issuers.** If, after the exercise of remedies provided for in Section 8.02, any L/C Issuer shall, by exercising any right of setoff or counterclaim, requiring delivery of Cash Collateral in respect of any L/C Obligation or otherwise, obtain payment or Cash Collateral in respect of any L/C Obligation resulting in such L/C Issuer's receiving payment of, or Cash Collateral in respect of, a proportion of the aggregate amount of such L/C Obligations greater than its *pro rata* share thereof as provided herein, then the L/C Issuer receiving such greater proportion shall (a) notify the Collateral Agent and the other L/C Issuers of such fact, and (b) purchase (for cash at face value) participations in the L/C Obligations of the other L/C Issuers, or make such other adjustments as shall be equitable, so that the benefit of all such payments, reimbursements and Cash Collateral shall be shared by the L/C Issuers ratably in accordance with the aggregate amount of their respective L/C Obligations and other amounts owing them; **provided that:**

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

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of

a Defaulting L/C Issuer), (y) the application of Cash Collateral provided for in Section 2.16, or (z) any payment obtained by an L/C Issuer as consideration for the assignment of or sale of a participation in any of its L/C Obligations to any assignee or participant, other than an assignment to the Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply).

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

Section 2.14. **[Reserved]**.

Section 2.15. **[Reserved]**.

Section 2.16. **Cash Collateral.**

(a) **Certain Credit Support Events.** In addition to the requirements of Sections 2.05 and 2.06, if (i) on the Maturity Date any L/C Obligation for any reason remains outstanding or (ii) the Borrower shall be required to provide Cash Collateral pursuant to Section 8.02(c), in each case, the Borrower shall within two (2) Business Days following any request by the Collateral Agent or any L/C Issuer, provide Cash Collateral to the Collateral Agent in an amount not less than the Minimum Collateral Amount.

(b) **Application.** Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.16 or Section 2.05, 2.06, 2.17 or 8.02 in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) **Release.** Cash Collateral (or the appropriate portion thereof) shall be released promptly following the determination by the Collateral Agent and each L/C Issuer that requested the deposit of Cash Collateral that there exists excess Cash Collateral; **provided**, however, (x) any such release shall be without prejudice to, and any disbursement or other transfer of Cash Collateral shall be and remain subject to, any other Lien conferred under the L/C Documents and the other applicable provisions of the L/C Documents, and (y) the Borrower and the L/C Issuers may agree that Cash Collateral shall not be released but instead held to support future obligations.

Section 2.17. **Defaulting L/C Issuers.**

(a) **Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any L/C Issuer becomes a Defaulting L/C Issuer, then, until such time as that L/C Issuer is no longer a Defaulting L/C Issuer, to the extent permitted by applicable Law:

(i) **Waivers and Amendments.** Such Defaulting L/C Issuer's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required L/C Issuers" and Section 10.01.

(ii) **Defaulting L/C Issuer Waterfall.** Any payment of principal, interest, fees, Cash Collateral or other amounts received by the Collateral Agent or the other L/C Issuers for the account of such Defaulting L/C Issuer (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Collateral Agent or the other L/C Issuers from a Defaulting L/C Issuer pursuant to Section 10.08 shall be applied as follows: *first*, to the payment of any amounts owing by such Defaulting L/C Issuer to the Collateral Agent hereunder; *second*, to the payment on a *pro rata* basis of any amounts owing by such Defaulting L/C Issuer to the other L/C Issuers; *third*, to the payment of any amounts owing to the other L/C Issuers as a result of any judgment of a court of competent jurisdiction obtained by any L/C Issuer against such Defaulting L/C Issuer as a result of such Defaulting L/C Issuer's breach of its obligations under this Agreement; *fourth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting L/C Issuer as a result of such Defaulting L/C Issuer's breach of its obligations under this Agreement; and *fifth*, to such Defaulting L/C Issuer or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting L/C Issuer that are applied (or held) to pay amounts owed by a Defaulting L/C Issuer pursuant to this Section 2.17(a)(ii) shall be deemed paid to and redirected by such Defaulting L/C Issuer, and each L/C Issuer irrevocably consents hereto.

(iii) **Certain Fees.** No L/C Issuer that is a Defaulting L/C Issuer pursuant to clause (a) of the definition of "Defaulting L/C Issuer" shall be entitled to receive Letter of Credit Fees for any period during which that L/C Issuer is a Defaulting L/C Issuer.

(iv) **Loss of Secured Status.** During the Initial Term, for so long as any L/C Issuer remains a Defaulting L/C Issuer pursuant to clause (a) of the definition of "Defaulting L/C Issuer," the Obligations owed to such L/C Issuer shall cease to be Secured Obligations (as defined in the Second Lien Collateral Trust Agreement) and such L/C Issuer shall cease to be a Secured Party.

(b) **Defaulting L/C Issuer Cure.** If the Borrower and the Required L/C Issuers agree in writing (with a copy provided to the Collateral Agent) that an L/C Issuer is no longer a Defaulting L/C Issuer, as of the effective date specified in such writing and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that L/C Issuer will cease to be a Defaulting L/C Issuer; **provided that** no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that L/C Issuer was a Defaulting L/C Issuer; **provided, further, that** except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting L/C Issuer to Non-Defaulting L/C Issuer will constitute a waiver or release of any claim of any party hereunder arising from that L/C Issuer's having been a Defaulting L/C Issuer; and **provided, further,** under no circumstances shall an L/C Issuer cease to be a Defaulting L/C Issuer if a drawing under a Letter of Credit issued, renewed, extended or amended by such L/C Issuer shall have occurred during the period in which such L/C Issuer was a Defaulting L/C Issuer. During the Initial Term and immediately upon any L/C Issuer ceasing to be a Defaulting L/C Issuer pursuant to this clause (b), each of the parties hereto irrevocably agrees that the Obligations owed to such L/C Issuer by operation of this paragraph (b) if any drawing under any Letter of Credit issued, such L/C Issuer shall be deemed to be Secured Obligations (as defined in the Second Lien Collateral Trust Agreement) and such L/C Issuer shall be deemed to be a Secured Party.

Section 2.18. **No use of proceeds in Switzerland.** The Borrower and each other Guarantor shall ensure that no proceeds of the credit facilities will be used in a manner which would constitute a "use of proceeds in Switzerland" as interpreted by the Swiss Federal Tax Administration for purposes of Swiss withholding tax, unless a written confirmation or countersigned tax ruling application from the Swiss Federal Tax Administration has been obtained confirming that such use does not result in the credit facilities qualifying as a Swiss financing for Swiss withholding tax purposes.

Section 2.19. **Minimum interest payment / Swiss withholding tax.**

(a) The rates of interest provided for in this Agreement are minimum interest rates.

(b) When entering into this Agreement, the parties have assumed that the interest payable at the rates set out in Section 2.08 (*Interest*) or in other Sections of this Agreement, if any, is not and will not become subject to Swiss withholding tax (the "**Swiss Tax Deduction**"). Notwithstanding the foregoing, if a Swiss Tax Deduction is required by law in respect of any interest payable by an obligor under a L/C Document and should it be unlawful for that obligor to comply with Section 2.12 (*Payments Generally*) for any reason, where this would otherwise be required by the terms of Section 2.12 (*Payments Generally*) (taking into account the exclusions in Section 2.12 (*Payments Generally*)), then:

(i) the applicable interest rate in relation to that interest payment shall be the interest rate which would have applied to that interest payment as provided for by Section 2.08 (*Interest*) divided by one minus the rate at which the relevant Swiss Tax Deduction is required to be made under Swiss domestic tax law and/or applicable double taxation treaties (where the rate at which the relevant Swiss Tax Deduction is required to be made is for this purpose expressed as a fraction of one); and

(ii) that obligor shall:

(A) pay the relevant interest at the adjusted rate in accordance with sub-paragraph (i) above,

(B) make the Swiss Tax Deduction on the interest so recalculated, and

(C) all references to a rate of interest under the L/C Documents shall be construed accordingly.

(c) To the extent that interest payable by an obligor under an L/C Document becomes subject to Swiss withholding tax, each relevant L/C Issuer and the obligor shall promptly cooperate in completing any procedural formalities (including submitting forms and documents required by the appropriate tax authority) to the extent possible and necessary (i) for the relevant obligor to obtain authorization to make interest payments without them being subject to Swiss withholding tax or to being subject to Swiss withholding tax at a rate reduced under applicable double taxation treaties and (ii) to ensure that any person which is entitled to a full or partial refund under any applicable double taxation treaty is so refunded.

Section 2.20. **Extension of Maturity Date.** Notwithstanding anything to the contrary contained in this Agreement, the Maturity Date shall automatically extend to the date that is two (2) years from the Effective Date; **provided, that** the Borrower shall have delivered to the L/C Issuers a certificate of an Authorized Officer certifying that each of the following conditions (collectively, the "**Extension Conditions**") has been satisfied and, in the case of clauses (a) and (b) below, attaching documentation reasonably satisfactory to the L/C Issuers evidencing such satisfaction:

- (a) the occurrence of the New Notes Issuance Date;
- (b) the release of all Liens, to the extent securing the Exit Notes Indenture pursuant to the terms of the First Lien Collateral Trust Agreement;
- (c) the Borrower is in compliance with each of the covenants set forth in Articles VI and VII of this Agreement; and
- (d) no Default or Event of Default shall have occurred and be continuing.

### **ARTICLE III**

#### **TAXES, YIELD PROTECTION AND ILLEGALITY**

##### Section 3.01. **Taxes.**

(a) **Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.**

(i) Any and all payments by or on account of any obligation of any L/C Party under any L/C Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Required L/C Issuers or the Collateral Agent, as applicable) require the deduction or withholding of any Tax from any such payment by any L/C Issuer, an L/C Party or the Collateral Agent, then such L/C Issuer, such L/C Party or the Collateral Agent shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any L/C Party, any L/C Issuer or the Collateral Agent shall be required by the Code to withhold or deduct any Taxes, including both United States federal backup withholding and withholding taxes, from any payment, then (A) such L/C Issuer or the Collateral Agent shall withhold or make such deductions as are determined by the L/C Issuer or the Collateral Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such L/C Issuer or the Collateral Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable L/C Party shall be increased as necessary so that such withholding or deduction (including deductions or withholdings applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any L/C Party, any L/C Issuer or the Collateral Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such L/C Party, such L/C Issuer or the Collateral Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such L/C Party, such L/C Issuer or the Collateral Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable L/C Party shall be increased as necessary so that after any such withholding or deductions (including deductions or withholdings applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) **Payment of Other Taxes by the Borrower.** Without limiting the provisions of subsection (a) above, the L/C Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the L/C Issuers or the Collateral Agent timely reimburse them for the payment of, any Other Taxes.

(c) **Tax Indemnifications.**

(i) Each of the L/C Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability (together with reasonable particulars of the Taxes in question) delivered to the Borrower by an L/C Issuer or by the Collateral Agent shall be conclusive absent manifest error. Each of the L/C Parties shall, and does hereby, jointly and severally indemnify the Collateral Agent, and shall make payment in respect thereof within forty five (45) days after demand therefor, for any amount which an L/C Issuer for any reason fails to pay indefeasibly to the Collateral Agent as required pursuant to Section 3.01(c)(ii) below.

(ii) Each L/C Issuer shall, and does hereby, severally indemnify, and shall make payment in respect thereof within ten (10) days after demand therefor, (x) the Collateral Agent against any Indemnified Taxes attributable to such L/C Issuer (but only to the extent that any L/C Party has not already indemnified the Collateral Agent for such Indemnified Taxes and without limiting the obligation of the L/C Parties to do so) and (y) the Collateral Agent and the L/C Parties, as applicable, against any Excluded Taxes attributable to such L/C Issuer that are payable or paid by the Collateral Agent or an L/C Party in connection with any L/C Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any L/C Issuer by the Collateral Agent shall be conclusive absent manifest error. Each L/C Issuer hereby authorizes the Collateral Agent to set off and apply any and all amounts at any time owing to such L/C Issuer, as

the case may be, under this Agreement or any other L/C Document against any amount due to the Collateral Agent under this clause (ii).

(d) **Evidence of Payments.** As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority as provided in this Section 3.01, the Borrower shall deliver to the L/C Issuers or the Collateral Agent, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the L/C Issuers or the Collateral Agent.

(e) **Status of L/C Issuers; Tax Documentation.**

(i) Any L/C Issuer that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any L/C Document shall deliver to the Borrower, the other L/C Issuers or the Collateral Agent, as applicable, at the time or times reasonably requested by the Borrower, the other L/C Issuers or the Collateral Agent, such properly completed and executed documentation reasonably requested by the Borrower, the other L/C Issuers or the Collateral Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any L/C Issuer, if reasonably requested by the Borrower, the other L/C Issuers or the Collateral Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower, the other L/C Issuers or the Collateral Agent as will enable the Borrower, the other L/C Issuers or the Collateral Agent to determine whether or not such L/C Issuer is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (B) and (ii)(D) below) shall not be required if in the L/C Issuer's reasonable judgment such completion, execution or submission would subject such L/C Issuer to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such L/C Issuer.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any L/C Issuer that is a U.S. Person shall deliver to the Borrower, the other L/C Issuers and the Collateral Agent on or prior to the date on which such L/C Issuer becomes an L/C Issuer under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower, the other L/C Issuers or the Collateral Agent), executed copies of IRS Form W-9 certifying that such L/C Issuer is exempt from U.S. federal backup withholding tax;

(B) any Foreign L/C Issuer shall, to the extent it is legally entitled to do so, deliver to the Borrower, the other L/C Issuers and the Collateral Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign L/C Issuer becomes an L/C Issuer under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower, the other L/C Issuers or the Collateral Agent), whichever of the following is applicable:

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

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

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

(4) to the extent a Foreign L/C Issuer is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-2 or Exhibit C-3, IRS Form W9, and/or other certification documents from each beneficial owner, as applicable; **provided that** if the Foreign L/C Issuer is a partnership and one or more direct or indirect partners of such Foreign L/C Issuer are claiming the portfolio interest exemption, such Foreign L/C Issuer may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-4 on behalf of each such direct and indirect partner;

(C) any Foreign L/C Issuer shall, to the extent it is legally entitled to do so, deliver to the Borrower, the other L/C Issuers and the Collateral Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign L/C Issuer becomes an L/C Issuer under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower, the other L/C Issuers or the Collateral Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower, the other L/C Issuers or the Collateral Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to an L/C Issuer under any L/C Document would be subject to U.S. federal withholding Tax imposed by FATCA if such L/C Issuer were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such L/C Issuer shall deliver to the Borrower, the other L/C Issuers and the Collateral Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower, the other L/C Issuers and the Collateral Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by

the Borrower, the other L/C Issuers or the Collateral Agent as may be necessary for the Borrower, the other L/C Issuers and the Collateral Agent to comply with their obligations under FATCA and to determine that such L/C Issuer has complied with such L/C Issuer's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each L/C Issuer agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower, the other L/C Issuers and the Collateral Agent in writing of its legal inability to do so.

(f) **Treatment of Certain Refunds.** Unless required by applicable Law, at no time shall the Collateral Agent have any obligation to file for or otherwise pursue on behalf of an L/C Issuer, or have any obligation to pay any L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such L/C Issuer. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any L/C Party or with respect to which any L/C Party has paid additional amounts pursuant to this Section 3.01, it shall pay to the L/C Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by an L/C Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); **provided that** the L/C Party, upon the request of the Recipient, agrees to repay the amount paid over to the L/C Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the L/C Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any L/C Party or any other Person.

(g) **Survival.** Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Collateral Agent, or any assignment of rights by, or the replacement of, any L/C Issuer, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

Section 3.02. **[Reserved].**

Section 3.03. **[Reserved].**

Section 3.04. **Increased Costs.**

(a) **Increased Costs Generally.** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any L/C Issuer; or

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (e) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such L/C Issuer of issuing, renewing, amending, extending or maintaining any Letter of Credit (or of maintaining its obligation to issue, renew, amend or extend any Letter of Credit), or to reduce the amount of any sum received or receivable by such L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such L/C Issuer, the Borrower will pay to such L/C Issuer such additional amount or amounts as will compensate such L/C Issuer for such additional costs incurred or reduction suffered.

(b) **Capital Requirements.** If any L/C Issuer determines that any Change in Law affecting such L/C Issuer or any Lending Office of such L/C Issuer or such L/C Issuer's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such L/C Issuer's capital or on the capital of such L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such L/C Issuer, or the Letters of Credit issued, renewed, amended or extended by such L/C Issuer, to a level below that which such L/C Issuer or such L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such L/C Issuer's policies and the policies of such L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such L/C Issuer such additional amount or amounts as will compensate such L/C Issuer or such L/C Issuer's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement.** A certificate of an L/C Issuer setting forth the amount or amounts necessary to compensate such L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such L/C Issuer the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) **Delay in Requests.** Failure or delay on the part of any L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section 3.04 shall not constitute a waiver of such L/C Issuer's right to demand such compensation; **provided that** the Borrower shall not be required to compensate an L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such L/C Issuer notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 3.05. **[Reserved]**.

Section 3.06. **Mitigation Obligations; Designation of a Different Lending Office.** Each L/C Issuer may make any L/C Credit Extension to the Borrower through any Lending Office; **provided that** the exercise of this option shall not affect the obligation of the Borrower to repay the L/C Credit Extension in accordance with the terms of this Agreement. If any L/C Issuer requests compensation under Section 3.04, or requires the Borrower to pay any Indemnified Taxes or additional amounts to the L/C Issuer or any Governmental Authority for the account of the L/C Issuer pursuant to Section 3.01, then at the request of the Borrower such L/C Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its L/C Obligations hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, and (ii) in each case, would not subject such L/C Issuer to any unreimbursed cost or expense and would not otherwise be disadvantageous to such L/C Issuer. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any L/C Issuer in connection with any such designation or assignment.

Section 3.07. **Survival.** All of the Borrower's obligations under this Article III shall survive termination of the Aggregate Commitments, the repayment of all other Obligations hereunder and the resignation of the Collateral Agent.

## ARTICLE IV

### CONDITIONS PRECEDENT TO L/C CREDIT EXTENSIONS

Section 4.01. **Conditions of Initial L/C Credit Extension.** The effectiveness of this Agreement and the obligation of each L/C Issuer to make initial L/C Credit Extensions hereunder is subject to satisfaction of the following conditions precedent:

(a) **Documents.** The Collateral Agent and the L/C Issuers, or their counsel on their behalf, shall have received original, electronic or certified copies of all of the following, each duly executed and delivered by the party or parties thereto, in form and substance satisfactory to the L/C Issuers, dated the Effective Date unless otherwise indicated herein, and in full force and effect on the Effective Date:

- (i) this Agreement;
- (ii) the Joinder to Intercreditor Agreement;
- (iii) the Joinder to Second Lien Collateral Trust Agreement;
- (iv) the New Facility Designation; and
- (v) the Reaffirmation Agreement.

(b) **Organization Documents; Good Standing Certificates.** The Collateral Agent and the L/C Issuers shall have received (i) the Organization Documents of each L/C Party, in each case certified by an Authorized Officer of such L/C Party to be true, correct, complete and

in full force and effect as of the Effective Date and (ii) a certificate as to the valid existence and good standing (or equivalent) of each L/C Party.

(c) **Corporate Approvals.** The Collateral Agent and the L/C Issuers shall have received copies of all necessary corporate approvals (and third-party consents, if applicable) of each L/C Party, certified by an Authorized Officer of such L/C Party to be true, correct, complete and in full force and effect as of the Effective Date, and which authorizes the execution and delivery by such L/C Party of this Agreement and any other L/C Documents delivered on the Effective Date to which it is a party and the performance by it of all of its obligations hereunder and thereunder.

(d) **Incumbency.** The Collateral Agent and the L/C Issuers shall have received a certificate as to the incumbency and signatures of the officers or other Persons who have executed any documents on behalf of the any L/C Party in connection with the transactions contemplated by this Agreement and the other L/C Documents.

(e) **Opinion of L/C Parties' Counsel.** The Collateral Agent and the L/C Issuers shall have received opinion letters dated as of the Effective Date, in form and substance reasonably satisfactory to the L/C Issuers and the Collateral Agent, from external counsel to the L/C Parties in New York, Canada, Colombia, Peru, The Bahamas and Switzerland.

(f) **Fees and Expenses.** The Collateral Agent and the L/C Issuers shall have received all fees required to be paid hereunder (and, in the case of the Collateral Agent, under the Collateral Agent's Letter Agreement), and all expenses for which reasonably detailed invoices have been presented by 12:00 Noon, New York City time at least one (1) Business Day prior to the Effective Date (including, subject to Section 10.4, the reasonable fees and expenses of legal counsel to the Collateral Agent and the L/C Issuers) on or before the Effective Date.

(g) **No Default.** Both immediately prior to and immediately after giving effect to the consummation of the transactions contemplated by this Agreement and the other L/C Documents to occur on the Effective Date, there shall exist no Default or Event of Default.

(h) **Representations and Warranties.** The representations and warranties of the L/C Parties contained in Article V hereof and in the other L/C Documents shall be true and correct in all material respects, or with respect to representations and warranties qualified by materiality, in all respects (other than any such representation and warranty that by its terms refers to a specified earlier date which shall be true and correct in all material respects or, with respect to representations and warranties qualified by materiality, in all respects, as of such earlier date).

(i) **Financial Statements.** The L/C Issuers shall have received (i) the consolidated financial statements of the Borrower and its Subsidiaries for the fiscal year ended December 31, 2017, audited and accompanied by a report and opinion of the Borrower's certified independent public accountants, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any "going concern" or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the consolidated financial position of the Borrower and its

Subsidiaries and the consolidated results of operations and cash flows in accordance with IFRS and/or IAS 34 Interim Financial Reporting and presented in the English language and (ii) the unaudited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal quarter ended March 31, 2018, including balance sheets, income and cash flow statements.

(j) **No Material Adverse Change.** Since December 31, 2017, there shall have occurred no event or circumstance which has caused, or could reasonably be expected to cause, either individually or in the aggregate, a Material Adverse Change.

(k) **KYC/AML.** The L/C Parties shall have completed reasonable "know your client" and anti-money laundering procedures to the satisfaction of the L/C Issuers, the Collateral Agent and the Second Lien Collateral Trustee.

(l) **Agents for Service.** The L/C Issuers shall have received satisfactory evidence that the L/C Parties have appointed agents for service of process in the State of New York.

Section 4.02. **Conditions to All L/C Credit Extensions.** The obligation of each L/C Issuer to honor any Letter of Credit Application is subject to the following conditions precedent:

(a) The representations and warranties of the Borrower and each other L/C Party contained in Article V or any other L/C Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (except with respect to any representation containing a materiality qualifier, in which case such representation and warranty shall be true and correct in all respects) on and as of the date of such L/C Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except with respect to any representation containing a materiality qualifier, in which case such representation and warranty shall be true and correct in all respects) as of such earlier date.

(b) No Default or Event of Default shall exist, or would result from such proposed L/C Credit Extension.

(c) Such L/C Issuer shall have received a Letter of Credit Application in accordance with the requirements hereof.

(d) Such L/C Issuer (or any local bank issuing Letters of Credit on behalf of such L/C Issuer) shall have received such additional documents (including Notes) or instruments as such L/C Issuer may reasonably request.

(e) If requested by any local bank issuing Letters of Credit on behalf of such L/C Issuer, a local law governed promissory note.

Each Letter of Credit Application submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable L/C Credit Extension.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Collateral Agent and the L/C Issuers that:

**Section 5.01. Corporate Existence and Power.** Each L/C Party:

(a) is a corporation, company, cooperative (coöperatief) or society, as applicable, duly organized, validly existing and (to the extent such term is applicable in the relevant jurisdiction) in good standing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable; **provided, however, that** Pacific Offshore Perú S.R.L. is currently under cause of dissolution under Peruvian General Corporation Law, and therefore, is considered an irregular company under Peruvian Law until such cause is duly remedied by its partners;

(b) has the power and authority and all governmental licenses, authorizations, Permits, consents and approvals (i) necessary to own its assets and carry on its business and (ii) to execute, deliver and perform its obligations under the L/C Documents to which it is a party;

(c) is qualified to do business in each jurisdiction in which it conducts business;  
and

(d) is in compliance with all Requirements of Law;

except, in each case referred to in clause (b) (i), clause (c) or clause (d), to the extent that the failure to do so would not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Change.

**Section 5.02. Corporate Authorization; No Contravention.** The execution, delivery and performance by each L/C Party of this Agreement, and each other L/C Document to which such L/C Party is party, do not and will not:

(a) contravene the terms of any of that L/C Party's Organization Documents;

(b) conflict with or result in any material breach or contravention of, or result in the creation of any Lien (other than a Permitted Lien) under, any Material Contract to which such Person is a party or any order, injunction, writ or decree of any Governmental Authority to which such L/C Party or its material property is subject; or

(c) violate any material Requirement of Law in any material respect.

**Section 5.03. Governmental Authorization.** Except as specifically disclosed in Schedule 5.03, as of the Effective Date, no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against any L/C Party of this Agreement or any other L/C Document to which such L/C Party is a party except (1) for recordings and filings in connection with Liens granted to the Second Lien Collateral Trustee securing Obligations, (2) those obtained or made on or prior to the Effective Date and (3) those

which, if not obtained or made, would not reasonably be expected to cause, either individually or in the aggregate, a Material Adverse Change.

Section 5.04. **Compliance with Laws.** Each of the L/C Parties and their Subsidiaries is in compliance with all Applicable Law, except for any non-compliance which would not reasonably be expected to cause a Material Adverse Change.

Section 5.05. **Corporate Authority; Binding Effect.** This Agreement and each other L/C Document to which any L/C Party is a party constitute the legal, valid and binding obligations of each such L/C Party, enforceable against such L/C Party in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

Section 5.06. **Litigation.**

(a) Other than as set out on Schedule 5.06, as of the Effective Date, there is no action, suit, investigation, litigation, proceeding, claim or dispute pending, or to the knowledge of each L/C Party, threatened in writing, in any court or before any arbitrator or before any Governmental Authority, against any L/C Party, any Subsidiary of any L/C Party or any of their respective properties which:

(i) purports to affect or pertain to this Agreement, any other L/C Document or any of the transactions contemplated hereby or thereby; or

(ii) would reasonably be expected to result in equitable relief or monetary judgment(s), individually or in the aggregate which would reasonably be expected to result in a judgment against such L/C Party in excess of U.S. \$20,000,000 or that could reasonably be expected to have a Material Adverse Effect.

(b) No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other L/C Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

(c) Except as set out on Schedule 5.06(c), as of the Effective Date, none of the L/C Parties nor any of their Subsidiaries are the subject of an audit or, to each L/C Party's knowledge, any review or investigation by any Governmental Authority concerning the violation or possible violation of any material Requirement of Law.

Section 5.07. **No Default.** No Default or Event of Default exists or would result from the issuance, renewal, extension or amendment of the Letters of Credit or the incurring of any Obligations by any L/C Party or the consummation of the transactions contemplated under the L/C Documents.

Section 5.08. **Pension and Benefit Plans.** As of the Effective Date, neither the Borrower nor any of its Subsidiaries maintains any Pension Plan.

Section 5.09. **Use of Proceeds; Margin Regulations.** The Letters of Credit are intended to be and shall be used solely for the purposes set forth in and permitted by Section 6.10 and are intended to be and shall be used in compliance with Section 6.10. No L/C Party is engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock. Proceeds of the Letters of Credit shall not be used for the purpose of purchasing or carrying Margin Stock. As of the Effective Date, no L/C Party owns any Margin Stock.

Section 5.10. **Ownership of Property; Liens.** As of the Effective Date, each of the L/C Parties has good and valid title to all owned personal property and valid leasehold interests in all leased personal property, in each instance, necessary in the ordinary conduct of their respective businesses, except for minor defects in title that do not materially affect the use of such personal property or the conduct of the L/C Parties' respective businesses. As of the Effective Date, neither the L/C Parties nor any of their Subsidiaries, (a) owns title in fee simple to any Real Estate with a value in excess of U.S. \$3,000,000 (for avoidance of doubt, excluding (i) trust rights held by Major International Oil S.A., and (ii) ownership rights acting in the capacity of operator under oil and gas concessions or contracts), or (b) has leasehold interests in any Real Estate with a value (for such leasehold interest) in excess of U.S. \$5,000,000. As of the Effective Date, none of the property of any L/C Party is subject to any Liens other than Permitted Liens.

Section 5.11. **Indebtedness.** Except as set forth in Schedule 5.11, as of the Effective Date, the L/C Parties and their Subsidiaries have no other Indebtedness or letters of credit as of the Effective Date, prior to giving effect to this Agreement (the "**Existing Indebtedness**"). Neither Pacinfra Holding Ltd. nor Pacific Midstream Holding Corp. have any Indebtedness other than from a L/C Party as of the Effective Date, prior to giving effect to this Agreement.

Section 5.12. **Taxes.** Other than as set forth in Schedule 5.12, as of the Effective Date, all material income and franchise and other material tax returns, reports and statements (collectively, the "**Tax Returns**") required to be filed by any L/C Party or any Affiliate have been filed with the appropriate Governmental Authorities, all such Tax Returns are true, complete and correct in all material respects, and all taxes, assessments and other governmental charges and impositions and all other material taxes, levies and governmental charges (including interest and penalties thereon) otherwise due and payable have been paid except for those contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are maintained on the books of the appropriate L/C Party or Affiliate in accordance with IFRS. Proper and accurate amounts have been withheld by each L/C Party or Affiliate from their respective employees and payees for all periods in material compliance with the tax, social security, unemployment withholding and all other provisions of applicable Requirements of Law and such withholdings have been timely paid to the respective Governmental Authorities, except as would not reasonably be expected to cause a Material Adverse Change.

Section 5.13. **Financial Condition.** Since December 31, 2017, there has been no event or circumstance which has, or could reasonably be expected to cause, either individually or in the aggregate, a Material Adverse Change.

Section 5.14. **Collateral Documents.** During the Initial Term, each Second Priority Collateral Document is effective to create a legal, valid and enforceable security interest in the

Collateral described therein and the Joinder to Second Lien Collateral Trust Agreement is effective to extend such security interest to the Collateral Agent, for the benefit of itself and the L/C Issuers, as security for the Obligations. Each Second Priority Collateral Document constitutes a fully perfected Lien on, and security interest in, all right, title and interest of the applicable L/C Party in such Collateral, as security for the Obligations, ranking in priority to all other Liens (other than Liens arising by operation of Applicable Law and Liens securing the Indebtedness permitted under Section 7.01(b)(ix) and 7.01(b)(xiii) for so long as such Liens are subject to the Intercreditor Agreement).

#### Section 5.15. **Intellectual Property.**

(a) Schedule 5.15 sets forth a correct and complete list of all Intellectual Property which is registered with a Governmental Authority or is the subject of an application for registration, in each case which is owned by a L/C Party on the date hereof. Schedule 5.15 also lists each material Intellectual Property license, other than licenses for "off-the-shelf," non-customized Software that is readily and commercially available on non-discriminatory, reasonable terms and pricing for the public.

(b) Neither the operation of the Borrower's and its Subsidiaries' business as currently conducted nor the use of any of Intellectual Property in connection therewith by the Borrower or any of its Subsidiaries conflicts with, infringes, misappropriates, dilutes, misuses or otherwise violates the Intellectual Property rights of any other person in any material respect.

(c) Neither the owned Intellectual Property set forth on Schedule 5.15 nor any other owned material Intellectual Property is subject to any outstanding order, judgment or decree adversely affecting the Borrower's or any of its Subsidiaries' use thereof or their rights thereto except as could not reasonably be expected to cause a Material Adverse Change. Except as disclosed on Schedule 5.15(a), as of the Effective Date, the Borrower and its Subsidiaries have sufficient rights to use all owned material Intellectual Property and there is no litigation, opposition, cancellation, proceeding, objection or claim pending, or, to the knowledge of the Borrower, asserted or threatened against the Borrower or any of its Subsidiaries concerning the ownership, validity, registerability, enforceability, infringement or use of, or licensed right to use, any owned Intellectual Property set forth on Schedule 5.15.

**Section 5.16. Ventures, Subsidiaries and Affiliates; Outstanding Stock.** Except as set forth in the organizational chart attached as Schedule 5.16, as of the Effective Date, no L/C Party and no Subsidiary of any L/C Party (1) has any Subsidiaries, or (2) is engaged in any material joint venture or partnership with any other Person. All issued and outstanding Stock and Stock Equivalents of each of the L/C Parties and each of their respective direct Subsidiaries are duly authorized and validly issued, fully paid, non-assessable, and free and clear of all Liens other than Permitted Liens. All of the issued and outstanding Stock of each L/C Party (other than the Borrower) and each direct Subsidiary of each L/C Party is owned by each of the Persons and in the amounts set forth on Schedule 5.16. As of the Effective Date, except as set forth on Schedule 5.16, there are no pre-emptive or other outstanding rights to purchase, options, warrants or similar rights or agreements pursuant to which any L/C Party may be required to issue, sell, repurchase or redeem any of its Stock or Stock Equivalents or any Stock or Stock Equivalents of its direct Subsidiaries.

Section 5.17. **Jurisdiction of Organization; Chief Executive Office.** Schedule 5.17 lists, as of the Effective Date, each L/C Party's and each of its Subsidiaries' jurisdiction of organization or incorporation, legal name and organizational identification number, if any, and the location of each L/C Party's chief executive office or sole place of business, in each case as of the date hereof.

Section 5.18. **Deposit Accounts and Other Accounts.** All deposit or other accounts held as of the Effective Date with any financial institution of the L/C Parties and their Subsidiaries have been disclosed to the L/C Issuers' Advisors.

Section 5.19. **Intercompany Indebtedness; U.S. Assets.**

(a) All Indebtedness owing between the Borrower and its Subsidiaries and Affiliates as of the Effective Date has been disclosed to the L/C Issuers' Advisors. As of the Effective Date, all Receivables of the Borrower and its Subsidiaries originate in the jurisdictions disclosed to the L/C Issuers' Advisors and are deposited in the deposit accounts disclosed to the L/C Issuers' Advisors.

(b) The L/C Parties have no assets in the United States other than (i) any certificates representing Stock of any L/C Party which may be held in the United States for the purposes of perfection by control, (ii) a lease agreement in relation to premises located at 5555 San Felipe St, Suite 1250, Houston, TX 77056, and (iii) assets and liabilities of a *de minimis* nature.

(c) As of the Effective Date, Pacific Rubiales PNG Limited has no assets other than (i) an intercompany loan to Pacific E&P International Holdings, S.a.r.l. and (ii) assets and liabilities of a *de minimis* nature.

Section 5.20. **Accuracy of Information; Completeness.** The factual statements contained in all certificates and documents furnished to the L/C Issuers or the L/C Issuers' Advisors by the L/C Parties or the L/C Issuers' Advisors, taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make such statements not misleading in light of the circumstances in which they were made; **provided, that** with respect to projected, estimated or *pro forma* financial information, the representation shall be limited to the fact that such information has been prepared in good faith based upon assumptions believed by the Borrower or the relevant L/C Party to be reasonable at the time made, it being understood that no assurance can be given that any such assumption or the results of such projections will be realized. As of the Effective Date, each L/C Party has disclosed to the L/C Issuers all existing material liabilities, including liabilities to trade creditors, pension liabilities, employee liabilities, and tax liabilities.

Section 5.21. **Compliance with Certain Laws.**

(a) Neither the Borrower, nor any of its Subsidiaries, nor any director, officer or, to the knowledge of the Borrower, any agent, employee or other person associated with or acting on behalf of the Borrower or any of its Subsidiaries (the "**Borrower Group**"), has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee, to any employee or agent of a private entity with which

the Borrower Group does or seeks to do business or to foreign or domestic political parties or campaigns, in each case from corporate funds, (iii) violated or is in violation of any provision of any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or any applicable provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act 2010, as amended, the Corruption of Foreign Public Officials Act (Canada), as amended, or any other similar law of any other jurisdiction in which the Borrower Group operates its business, including, in each case, the rules and regulations thereunder, (iv) taken, is currently taking or will take any action in furtherance of an offer, payment, gift or anything else of value, directly or indirectly, to any person while knowing that all or some portion of the money or value will be offered, given or promised to anyone to improperly influence official action, to obtain or retain business or otherwise to secure any improper advantage or (v) otherwise made any bribe, rebate, payoff, influence payment, unlawful kickback or other unlawful payment. The Borrower and each of its Subsidiaries has instituted and has maintained, and will continue to maintain, policies and procedures reasonably designed to promote and achieve compliance with the laws referred to in (iii) above and with this representation and warranty; and none of the Borrower or its Subsidiaries will directly or indirectly use the Letters of Credit or lend, contribute or otherwise make available the proceeds of such Letters of Credit to any Subsidiary, Affiliate, joint venture partner or other person or entity for the purpose of financing or facilitating any activity that would violate the laws and regulations referred to in item (iii) above.

(b) The operations of the Borrower and its Subsidiaries are and have been conducted at all times in compliance with all applicable financial record keeping and reporting requirements, anti-terrorist financing legislation and money laundering statutes of all applicable jurisdictions and any related or similar rules, regulations or guidelines issued, administered or enforced by any Governmental Authority (collectively, "**Money Laundering Laws**"); the Borrower and its Subsidiaries have in place policies and procedures reasonably designed to ensure that its and its Subsidiaries' operations will continue to be conducted in compliance with all applicable Money Laundering Laws and no action, suit or proceeding by or before any court or Governmental Authority or any arbitrator involving the Borrower or any of its Subsidiaries with respect to Money Laundering Laws is pending or, to the best knowledge of the Borrower, threatened.

(c) Neither the Borrower nor any of its Subsidiaries or any director, officer, agent, employee or Affiliate or, to the best knowledge and belief of the Borrower, any Person acting on behalf of the Borrower or any of its Subsidiaries, is, or is directly or indirectly owned or controlled by, any Person that is (A) currently subject to any sanctions (i) administered by OFAC (including, but not limited to designation as a "specially designated national or blocked person" thereunder and sanctions pursuant to the *U.S. Iran Sanctions Act of 1996, Public Law 104-172*, as amended by the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, Public Law 111-195), the U.S. Departments of State or Commerce in the United States, Her Majesty's Treasury, the United Nations Security Council, the European Union, or any other relevant sanctions authority of any other jurisdiction, (ii) under Canadian sanctions laws, orders and implementing regulations, including under the *Special Economic Measures Act (Canada)* and all rules and regulations made under such act and any similar applicable law (collectively, "**Sanctions**"), nor (B) located or organized within, or doing business or operating from a country or territory that is, or whose government is, the subject of Sanctions. No action of the Borrower

or any of its Subsidiaries in connection with (i) the execution, delivery and performance of this Agreement and the L/C Documents, (ii) the renewal, extension and amendment of any Letters of Credit (iii) the direct or indirect use of Letters of Credit or the consummation of any other transaction contemplated hereby or the fulfillment of the terms hereof, will result in the proceeds of the transaction being used, loaned, contributed or otherwise made available to any Subsidiary of the Borrower, joint venture partner or other person or entity, for the purpose of financing the activities or business of any person, that, at the time of such funding, is the subject of Sanctions or in a country or territory that is, or whose government is, the subject of Sanctions, or that would otherwise result in a violation by any Person (including, without limitation, any L/C Issuer or its advisors) of any Sanctions, or any orders or licenses publicly issued under the authority of any Person described in (A) above.

(d) The Borrower hereby authorizes the L/C Issuers (or any of them) to investigate the accuracy and compliance with the foregoing provisions of this Section 5.21 and agrees to provide prompt and complete cooperation with any such investigation in all respects.

(e) Notwithstanding the foregoing provisions of this Section 5.21, nothing herein shall require any L/C Party organized or incorporated under the laws of Canada or any province or territory thereof, or any of their Subsidiaries which are organized or incorporated under the laws of Canada or any province or territory thereof (such L/C Party or Subsidiary of an L/C Party being a "**Canadian Party**"), to take any action or refrain from taking any action, to the extent such provisions would otherwise contravene, or require any notification to the Attorney General of Canada under, the *Foreign Extraterritorial Measures (United States) Order, 1992*, by any such Canadian Party and this Section 5.21 shall be limited and interpreted accordingly.

**Section 5.22. Financial Statements.** The Borrower has delivered to the L/C Issuers on or prior to the Effective Date the financial statements required to be delivered hereunder. Such financial statements and any financial statements required to be delivered by the Borrower hereunder fairly present in all material respects the consolidated financial position of the Borrower and its Subsidiaries at the dates specified therein and the consolidated results of operations and cash flows for the periods then ended, prepared in accordance with IFRS and or IAS 34 Interim Financial Reporting and presented in the English language. Since the date of the financial statements, there has occurred no event or circumstance which has caused, or could reasonably be expected to cause, either individually or in the aggregate, a Material Adverse Change.

**Section 5.23. Investment Company.** None of the L/C Parties or any of their Subsidiaries is required to be registered under the Investment Company Act of 1940 as an "investment company" within the meaning of that Act, and none of the L/C Parties or any of their Subsidiaries is subject to any federal, provincial, state, municipal or foreign statute, rule or regulation limiting its ability to incur Indebtedness, pledge its assets or perform its obligations under the L/C Documents.

**Section 5.24. Existing Letters of Credit.** Schedule 5.24 sets forth, with respect to each outstanding letter of credit (including the Letters of Credit) issued for the account of the Borrower or any other L/C Party, as of the Effective Date, (i) the issuing bank with respect to such letter of credit, (ii) whether such letter of credit constitutes a Letter of Credit renewed, amended or extended hereunder, (iii) the face amount of such letter of credit, (iv) the amount available to be drawn under

such letter of credit and (v) the amount of cash collateral (if any) (including the amount of Cash Collateral (if any)) provided to the issuer of such letter of credit or to an agent acting on behalf of such issuer.

## ARTICLE VI

### AFFIRMATIVE COVENANTS

So long as any L/C Issuer shall have any Commitment hereunder or any Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

Section 6.01. **Notice of Default.** The Borrower will furnish to the L/C Issuers and the Collateral Agent, not later than ten (10) Business Days after the Borrower obtains Actual Knowledge thereof, written notice of any Default or Event of Default, signed by an Authorized Officer of the Borrower, describing such Default or Event of Default and the steps that the Borrower proposes to take in connection therewith.

Section 6.02. **Maintenance of Books and Records; IFRS.** The Borrower will, and will cause each of its Subsidiaries to, maintain books, accounts and other records in accordance, in all material respects, with IFRS and the Borrower will cause its Subsidiaries organized under laws of any other jurisdiction to maintain their books and records in accordance, in all material respects, with the generally accepted accounting principles of the applicable jurisdiction. The Borrower shall not change or permit any change in accounting treatment or reporting practices except as may be required or permitted pursuant to IFRS.

Section 6.03. **Further Assurances.** The Borrower and the Subsidiaries will, at their own cost and expense, from time to time, do, execute and deliver or cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as may be reasonably necessary for the purpose of giving effect to this Agreement and the other L/C Document or as the L/C Issuers or the Collateral Agent may reasonably request from time to time.

#### Section 6.04. **Reporting; Access to Information.**

(a) The Borrower shall, within forty five (45) days after the end of each fiscal quarter of each fiscal year (other than the final fiscal quarter of any fiscal year) and ninety (90) days after the end of each fiscal year of the Borrower, provide to the L/C Issuers copies of an unaudited (with respect to a fiscal quarter) or audited (with respect to a fiscal year) consolidated balance sheet, statements of income and statements of cash flows of the Borrower, prepared in accordance with IFRS and or IAS 34 Interim Financial Reporting and presented in the English language. The audited information provided with respect to a fiscal year shall be accompanied by a report and opinion of the Borrower's certified independent public accountants, which report and opinion shall be prepared in accordance with generally accepted auditing standards to the effect that such consolidated financial statements present fairly in all material respects the consolidated financial position of the Borrower and its Subsidiaries and the consolidated results of operations and cash flows in accordance with IFRS and/or IAS 34 Interim Financial Reporting and presented in the English language.

(b) The Borrower shall, concurrently with the financial information provided pursuant to clause (a) above, provide to the L/C Issuers (with a copy to the Collateral Agent) a Compliance Certificate of an Authorized Officer of the Borrower certifying compliance with the financial covenants set forth in Section 7.12.

(c) The Borrower shall, concurrently with the financial information provided pursuant to clause (a) above, provide to the L/C Issuers (with a copy to the Collateral Agent) a list setting out all Restricted Subsidiaries, Unrestricted Subsidiaries and Excluded Subsidiaries at such time.

(d) The Collateral Agent's and L/C Issuers' receipt of any information pursuant to this Agreement shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants under this Agreement as to which the Collateral Agent and the L/C Issuers will be entitled to conclusively rely upon on an Officers' Certificate.

(e) The Borrower may, in lieu of delivering information referred to in clause (a) to the L/C Issuers and the Collateral Agent, post the copies specified above on its website no later than the date that the Borrower is required to provide those reports to the L/C Issuers and the Collateral Agent. The L/C Issuers and the Collateral Agent shall have no obligation to monitor whether the Borrower posts such reports, information and documents on its website, or to collect any such information from the Borrower's website.

(f) The Borrower shall schedule and participate in quarterly conference calls to discuss its results of operations; **provided that** so long as the Borrower continues to hold publicly accessible quarterly conference calls for equity investors the requirements of this clause shall be deemed satisfied.

**Section 6.05. Maintenance of Existence and Properties.** Subject to Section 7.11, the Borrower will, and will cause each of its Restricted Subsidiaries to (i) maintain in effect its corporate existence and all registrations necessary therefor; (ii) take all reasonable actions to maintain all rights, privileges, title to property and assets, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations; and (iii) keep all its material property used or useful for the operation of its business in good working order or condition (subject to ordinary wear and tear); **provided, that** the foregoing clauses (i) and (ii) shall not require the Borrower to preserve the corporate existence of any Restricted Subsidiary or maintain any such right, privilege, title to property or assets, license or franchise or property if the board of directors of the Borrower shall determine in good faith that (i) the maintenance or preservation thereof is no longer necessary or desirable in the conduct of the business of the Borrower and its Restricted Subsidiaries and (ii) the non-maintenance or non-preservation thereof would not be reasonably expected to have a Material Adverse Effect.

**Section 6.06. Guarantors; Collateral.**

(a) Each Subsidiary of the Borrower (other than an Unrestricted Subsidiary and an Excluded Subsidiary) shall become a Guarantor under this Agreement either on the Effective Date or, to the extent such Subsidiary no longer qualifies as an Unrestricted Subsidiary or an

Excluded Subsidiary after the Effective Date or any Person becomes a Subsidiary after the Effective Date, unless designated an Unrestricted Subsidiary or an Excluded Subsidiary in accordance with this Agreement, by delivering to the Collateral Agent and the L/C Issuers a joinder or supplement to this Agreement pursuant to which such Subsidiary will provide a Guaranty in respect of the L/C Obligations and all other obligations under this Agreement and the L/C Documents.

(b) The Borrower and each Guarantor (other than the Joint Venture Holdcos) have granted security interests in and over all of their respective present and future property and assets (including specific mortgages or charges over any real property with a value in excess of U.S. \$5,000,000 (for avoidance of doubt, specific mortgages or charges are not required in respect of (i) trust rights held by Major International Oil S.A. and (ii) ownership rights in real property acting in the capacity of operator under oil and gas concessions or contracts where such ownership rights are, not wholly owned by Borrower or its Subsidiaries)) pursuant to such Second Priority Collateral Documents (subject to such reasonable exclusions as have been agreed therein) in order to grant a validly perfected Lien in favor of the Second Lien Collateral Trustee, ranking in priority to all other Liens (other than the Administrative Charge, the L/C Indemnity Charge, Liens arising by operation of Applicable Law and Liens securing the Indebtedness permitted under Section 7.01(b)(ix) and 7.01(b)(xiii) for so long as such Liens are subject to the Intercreditor Agreement).

(c) Upon the acquisition by the Borrower or any Guarantor after the Effective Date of any after-acquired property or assets constituting Collateral, the Borrower or such Guarantor shall promptly execute and deliver any information, documentation (including specific mortgages or charges over any real property with a value in excess of U.S. \$5,000,000 (for avoidance of doubt, specific mortgages or charges shall not be required in respect of (i) trust rights held by Major International Oil S.A., and (ii) ownership rights in real property acting in the capacity of operator under oil and gas concessions or contracts where such ownership rights are, not wholly owned by Borrower or its Subsidiaries)), financing statements or other certificates as may be necessary to vest in the Second Lien Collateral Trustee a perfected security interest, subject only to Permitted Liens, in such after-acquired property and to have such after-acquired property added to the Collateral (together with opinions of counsel confirming such matters), and thereupon all provisions of this Agreement and the other L/C Documents relating to the Collateral shall be deemed to relate to such after-acquired property to the same extent and with the same force and effect.

(d) Except as provided under Section 7.02, none of the Borrower, the Guarantors or any of their respective Subsidiaries shall take or omit to take any action which would materially adversely affect or impair the Liens in favor of the Second Lien Collateral Trustee and the L/C Issuers with respect to the Collateral. Neither the Borrower, the Guarantors nor any of their respective Subsidiaries shall grant to any Person, or permit any Person to retain (other than the Second Lien Collateral Trustee), any Liens in the Collateral, other than Permitted Liens.

(e) The Borrower and the Guarantors will, at their sole cost and expense, execute and deliver all such agreements and instruments as may be reasonably necessary or desirable in order to give full effect to this Section 6.06.

Section 6.07. **Insurance.** Except to the extent failure to do so would not be reasonably expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, maintain insurance with financially sound, responsible and reputable insurance companies, in accordance with its past practices and covering such risks as the Borrower reasonably believes to be consistent with the practices of other companies of substantially similar size and scope of operations in the same or substantially similar businesses.

Section 6.08. **Payment of Taxes and Claims.** (1) Except to the extent failure to do so would not be reasonably expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, pay all material Taxes, assessments and other governmental charges imposed upon it or any of its property and assets in respect of any of its franchises, businesses, income or profits within the time period provided by Applicable Law before any penalty or interest accrues thereon, and (2) pay all claims (including claims for labor, services, materials and supplies) for amounts which have become due and payable and which by law have or might become a Lien upon its property or assets, except if such charge or claim is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and such reserves or other appropriate provision, if any, as shall be required by IFRS shall have been made therefor.

Section 6.09. **Compliance with Laws.** Except to the extent failure to do so would not be reasonably expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, comply with all Applicable Laws (including, without limitation, Debtor Relief Laws) except where the necessity of compliance therewith is contested in good faith by appropriate proceedings promptly initiated and diligently conducted and if such reserves or other appropriate provision, if any, as shall be required by IFRS shall have been made therefor. The Borrower and each of its Subsidiaries will maintain in effect and enforce policies and procedures reasonably designed to promote and achieve compliance by the Borrower, its Subsidiaries and their Related Parties with the laws referred to in Section 5.21(a)(iii), Money Laundering Laws and applicable Sanctions.

Section 6.10. **Use of Proceeds.** The Borrower will use the L/C Credit Extensions solely for exploratory and transportation commitments in Colombia and Peru and, solely with respect to Existing Letters of Credit that are Letters of Credit, for abandonment obligations owing to ANH (as defined in Section 10.06(b)(iii)).

Section 6.11. **Blocked Accounts.** Each L/C Party shall ensure that each Blocked Account shall at all times be subject to a Blocked Account Agreement providing the First Lien Collateral Trustee with dominion and control upon notice given by the First Lien Collateral Trustee to the financial institution maintaining such account or to the trust company managing such account, and which notice the First Lien Collateral Trustee may issue only after the occurrence and during the continuance of an Event of Default.

Section 6.12. **Listings.** The Borrower shall maintain a listing of its common shares on the Toronto Stock Exchange or, if such listing is not available as a consequence of listing requirements, on the TSX Venture Exchange; **provided that** if neither such listing is available to the Borrower as a consequence of the listing requirements of such exchanges, it will use its commercially reasonable best efforts to promptly obtain and maintain a listing of its common

shares on the most senior stock exchange available in Canada and, in any case shall remain a reporting issuer in Ontario and/or British Columbia or in the United States under equivalent applicable securities laws. At any time following a Change of Control, the foregoing covenant with respect to listing may be satisfied by a new parent company of the Borrower maintaining a listing of its Capital Stock (including any Capital Stock received by shareholders of the Borrower pursuant to the Change of Control) on any Recognized Stock Exchange.

Notwithstanding the foregoing, during the Extension Term, this Article VI shall be replaced in its entirety with the Article VI set forth in Appendix A hereto; **provided that** the parties hereto agree to amend this Agreement to the extent necessary to conform the affirmative covenants set forth in this Article VI with the affirmative covenants set forth in the New Notes Indenture.

## ARTICLE VII

### NEGATIVE COVENANTS

So long as any L/C Issuer shall have any Commitment hereunder or any Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

#### Section 7.01. **Indebtedness.**

(a) The Borrower will not, and will not permit any Restricted Subsidiary of the Borrower to, Incur, directly or indirectly, any Indebtedness; **provided, however, that** the Borrower or any Restricted Subsidiary (other than a Joint Venture Holdco or Swiss Restricted Subsidiary) may Incur Indebtedness on or after November 2, 2018 if (i) on the date of such Incurrence and after giving effect thereto and the application of proceeds therefrom, the Consolidated Fixed Charge Ratio would be no less than 3.25:1.0 and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than 2.5:1.0, (ii) such Indebtedness has a maturity date that is at least 90 days following the Maturity Date (other than as a result of the operation of clause (x) of the definition thereof) and (iii) no Default or Event of Default shall have occurred and be continuing; **provided, however, that** the amount of Indebtedness that may be Incurred by Restricted Subsidiaries that are not Guarantors at the time of Incurrence (and that do not become Guarantors thereafter) pursuant to this clause (a) and clauses (b) (iv), (v) or (xviii) below, shall not exceed U.S. \$10,000,000 at any one time outstanding.

(b) Notwithstanding the foregoing clause (a), the Borrower and its Restricted Subsidiaries (other than a Joint Venture Holdco or a Swiss Restricted Subsidiary, except in the case of items (b)(i)(A) (in the case of a Swiss Restricted Subsidiary only), and (ix), (xiii) or (xiv) (in the case of a Swiss Restricted Subsidiary or a Joint Venture Holdco only) below and Refinancing Indebtedness in respect thereof) may Incur the following Indebtedness:

(i) Indebtedness of the Borrower owed to and held by any Restricted Subsidiary of the Borrower or Indebtedness of a Restricted Subsidiary owed to and held by the Borrower or any other Restricted Subsidiary; **provided, however, that:**

(A) any such Indebtedness shall be (A) unsecured (other than Indebtedness owing by a Swiss Restricted Subsidiary, which shall be secured by all or substantially all of its assets in favor of the Borrower or the Restricted Subsidiary to which such Indebtedness

is owed) and (B) evidenced by a note (which may be a master note) and such note (together with all security therefor in the case of a Swiss Restricted Subsidiary) shall be assigned and delivered to the Second Lien Collateral Trustee (or prior to the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement), the First Lien Collateral Trustee pursuant to the Intercreditor Agreement), together with an allonge executed in blank in respect of such note (including any master note); and

(B) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Borrower or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof;

(ii) Indebtedness of the Borrower or any Restricted Subsidiary owed to and held by any Unrestricted Subsidiary; **provided, however, that** such Indebtedness is expressly subordinated to the prior payment in full in cash of all Obligations;

(iii) Indebtedness:

(A) of the Borrower and any Subsidiary outstanding on the Effective Date, including Indebtedness arising under the L/C Indemnity Agreement, or

(B) consisting of Guarantees of any Indebtedness otherwise permitted by and made in accordance with this Section 7.01;

(iv) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Borrower or a Restricted Subsidiary or otherwise became a Restricted Subsidiary (other than Indebtedness Incurred as consideration of, or to provide all or any portion of the funds or credit support utilized to consummate, or otherwise in contemplation of, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Subsidiary of, or was otherwise acquired by, the Borrower or a Restricted Subsidiary); **provided, however, that** on the date that such Restricted Subsidiary is acquired by the Borrower or a Restricted Subsidiary, either (x) the Borrower and the Restricted Subsidiaries would have been able to Incur U.S. \$1.00 of additional Indebtedness pursuant to the foregoing clause (a) (disregarding the time limitation set forth therein), after giving *pro forma* effect to the Incurrence of such Indebtedness pursuant to this subclause (iv) and the acquisition of such Restricted Subsidiary, or (y) the Consolidated Fixed Charge Ratio would be no less than the Consolidated Fixed Charge Ratio immediately prior to such transactions, and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than the Consolidated Debt to Consolidated Adjusted EBITDA Ratio immediately prior to the transactions;

(v) Indebtedness of another Person Incurred and outstanding on or prior to the date on which such Person merges, consolidates, amalgamates or combines with or into the Borrower or a Restricted Subsidiary (other than Indebtedness Incurred as consideration of, or to provide all or any portion of the funds or credit support utilized to consummate, or otherwise in contemplation of, the transaction or series of related transactions pursuant to which such Person

merges, consolidates, amalgamates or with or into the Borrower or a Restricted Subsidiary); **provided, however, that** on the date that such transaction is consummated, either (x) the Borrower and the Restricted Subsidiaries would have been able to Incur U.S. \$1.00 of additional Indebtedness pursuant to the foregoing clause (a) (disregarding the time limitation set forth therein), after giving *pro forma* effect to the Incurrence of such Indebtedness pursuant to this subclause (v) and the acquisition of such Restricted Subsidiary, or (y) the Consolidated Fixed Charge Ratio would be no less than the Consolidated Fixed Charge Ratio immediately prior to such transactions, and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than the Consolidated Debt to Consolidated Adjusted EBITDA Ratio immediately prior to the transactions;

(vi) Indebtedness in respect of bankers' acceptances, deposits, promissory notes, workers' compensation claims, self-insurance obligations, letters of credit and performance, surety, appeal or similar bonds and Guarantees provided by the Borrower or any Restricted Subsidiary in the ordinary course of business;

(vii) Indebtedness arising under agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case Incurred or assumed in connection with the acquisition or disposition of a business, assets or Capital Stock of a Restricted Subsidiary; **provided, however, that**, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness will at no time exceed the gross proceeds actually received by the Borrower or such Restricted Subsidiary in connection with such disposition;

(viii) Purchase Money Obligations and Capitalized Lease Obligations in an aggregate principal amount at any one time not to exceed U.S. \$25,000,000 (excluding for purposes of this calculation any Purchase Money Obligations and Capitalized Lease Obligations in existence on the Effective Date);

(ix) (i) Hedging Obligations under one or more Hedging Facilities **provided, that**, such Hedging Obligations are subject to the First Lien Collateral Trust Agreement and the Intercreditor Agreement; and **provided, further, that** the Hedge Provider may not be entitled under the Hedging Facility to exercise setoff rights and (ii) unsecured Hedging Obligations which may otherwise be Incurred by the Borrower or any Subsidiary of the Borrower for the purpose of fixing or hedging currency fluctuations or fluctuations in oil and/or gas prices in the ordinary course of business;

(x) Refinancing Indebtedness, including Refinancing Indebtedness Incurred to Cash Collateralize the Letters of Credit to the extent the proceeds therefrom are applied concurrently to Cash Collateralize the Letters of Credit;

(xi) Indebtedness (A) of the Borrower or any Subsidiary of the Borrower under this Agreement and the other L/C Documents and (B) relating to letters of credit, in an aggregate principal amount (including Indebtedness under the Existing Letter of Credit Facility, this Agreement and the other L/C Documents) at any time not to exceed U.S. \$200,000,000, which letters of credit may be secured by (I) the Collateral on a *pari passu* basis with the Liens securing this Agreement; **provided that** any secured Indebtedness Incurred pursuant to this clause (B) shall

be subject to the Intercreditor Agreement and that each financial institution providing any such letters of credit on a *pari passu* basis with the Liens securing the Obligations shall become a party to the Intercreditor Agreement of (II) cash collateral in an amount not to exceed U.S.\$25,000,000 at any one time outstanding;

(xii) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; **provided, however, that** such Indebtedness is extinguished within five (5) Business Days of its incurrence;

(xiii) Indebtedness arising under (i) the Exit Notes Indenture in an aggregate principal amount not to exceed U.S. \$250,000,000, plus the amount of any accrued and unpaid interest, paid-in-kind or capitalized amounts (including, any paid-in-kind or capitalized interest as contemplated in the Exit Notes Indenture or the New Notes Indenture, as applicable), premium (including any make-whole amount) and fees and (ii) the New Notes Indenture; **provided that** any secured Indebtedness incurred pursuant to this clause (xiii) shall be subject to the Intercreditor Agreement and the trustee and the collateral trustee with respect to such Indebtedness shall become a party to the Intercreditor Agreement;

(xiv) unsecured Indebtedness relating to letters of credit;

(xv) [reserved];

(xvi) Indebtedness consisting of bonds, surety obligations, pledges of deposit certificates, term deposits, restricted accounts, trusts or similar obligations required by governmental requirements in connection with the operation of the Borrower's and Restricted Subsidiaries' oil and gas properties or by offtake agreements related to hydrocarbons infrastructure, from time to time, which Indebtedness shall in no event exceed the higher of U.S. \$300,000,000 and 7.5% of Consolidated Total Assets at any one time outstanding;

(xvii) Guarantees of Indebtedness of PEL the net proceeds of which are applied to repay the PEL Promissory Note;

(xviii) Indebtedness of the Borrower or any of its Restricted Subsidiaries (including, but not limited to, Indebtedness consisting of working capital lines of credit) in an aggregate principal amount which, when taken together with all other Indebtedness of the Borrower and its Restricted Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by subclauses (i) through (xviii) or clause (a) above) does not exceed U.S. \$50,000,000; and

(xix) other Indebtedness of the Borrower and the Subsidiaries (other than Pacinfra Holding Ltd. and Pacific Midstream Holding Corp.) existing as of the Effective Date as set out on Schedule 5.11.

(c) Notwithstanding the foregoing, the Borrower may not Incur any Indebtedness pursuant to clause (b) above if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations, unless such Indebtedness will be subordinated to any

obligations owed under the Letters of Credit and this Agreement to at least the same extent as such Subordinated Obligations.

For purposes of determining the compliance with this Section 7.01:

- (x) Indebtedness permitted by this covenant (including clause (a) above), need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness, as determined by the Borrower in its sole discretion; and
- (y) In the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this covenant (including clause (a) above), the Borrower, in its sole discretion, shall classify (and from time to time may reclassify) such item of Indebtedness, in any manner that complies with this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred; **provided, however, that** if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this Section 7.01, the maximum amount of Indebtedness that the Borrower or any Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Accrual of interest, accrual of dividends, payment of interest in the form of additional Indebtedness, payment of dividends in the form of shares of Preferred Stock, accretion or amortization of original issue discount will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant.

Section 7.02. **Liens.** The Borrower will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien on any property, assets, income or profits of the Borrower or any Restricted Subsidiary except that the foregoing provisions shall not apply to the following Liens in the case of the Borrower and its Restricted Subsidiaries (other than the Joint Venture Holdcos, except in the case of clauses (l), (m) and (n) below):

(a) Liens in existence on the Effective Date, including Liens securing obligations under the L/C Indemnity Agreement and the Santos Basin Security Interest;

(b) Liens that secure Indebtedness owing by a Swiss Restricted Subsidiary to the Borrower and/or one or more other Restricted Subsidiaries (other than a Swiss Restricted Subsidiary);

(c) Liens on any property or assets acquired from a Person that is merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary, or any Liens on the property, Capital Stock, assets, income or profits of any Person, existing at the time such Person becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such Person); **provided, however, that** such Liens may not secure Indebtedness for borrowed money (for the avoidance of doubt, excluding pre-existing Purchase Money Obligations) and may not extend to any other property, assets, income or profits of the Borrower or any Restricted Subsidiary;

(d) any Lien on any property or assets existing at the time of acquisition thereof, including any acquisition by means of a merger, consolidation, amalgamation, combination or other similar transaction, and that is not created as a result of or in connection with or in anticipation of such acquisition (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such property or assets); **provided, however, that** such Liens may not secure Indebtedness for borrowed money (for the avoidance of doubt, excluding pre-existing Purchase Money Obligations) and may not extend to any other property, assets, income or profits of the Borrower or any Restricted Subsidiary;

(e) the Administration Charge;

(f) Liens (including extensions and renewals) with respect to Indebtedness Incurred to finance the acquisition of real or personal property including Capital Stock acquired after the Effective Date; **provided, however, that** (a) such Lien is created solely for the purpose of securing the payment of Indebtedness Incurred pursuant to Section 7.01 to finance the cost (including the cost, other than internal costs of the Borrower or any of its Subsidiaries, of design, development, acquisition, construction, installation, improvement, transportation or integration) of acquiring the item of property subject thereto and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition, the completion of construction or the commencement of the full operation of such property; (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost (including the cost, other than internal costs of the Borrower or any of its Restricted Subsidiaries, of design, development, acquisition, construction, installation, improvement, transportation or integration) of such property or assets; and (c) such Lien shall not extend to cover any property, assets, income or profits other than such items of property and any improvements on such items;

(g) Liens imposed by law, including carriers', warehousemen's and mechanics' Liens and other similar Liens, on the property or assets of the Borrower or any Restricted Subsidiary arising in the ordinary course of business and securing payment of obligations that are

not more than sixty (60) days past-due or are being contested in good faith by appropriate proceedings;

(h) Liens on the property or assets of the Borrower or any Restricted Subsidiary Incurred in the ordinary course of business to secure the performance of tenders, bids, statutory obligations, surety and appeal bonds and deposits (including, without limitation, as security for contested taxes or import or customs duties or for the payment of rent), government contracts, offtake agreements related to hydrocarbon infrastructure, workers compensation, unemployment insurance and social security claims, performance and return-of-money bonds, or other obligation of a like nature and Incurred in a manner consistent with industry practice, in each case which are not Incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property or assets in the operation of the business of the Borrower and its Restricted Subsidiaries;

(i) any interest or title of a lessor under any Capitalized Lease Obligation; **provided, however, that** the Indebtedness is related to a Capitalized Lease Obligation that is permitted under Section 7.01;

(j) easements, rights of way, restrictions, or defects or irregularities in title and other similar charges or encumbrances which do not interfere in any material respect with the business of the Borrower or any Restricted Subsidiary;

(k) Liens on Indebtedness Incurred to Cash Collateralize all of the Letters of Credit to the extent the proceeds therefrom are applied concurrently to Cash Collateralize all of the outstanding Letters of Credit;

(l) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights or remedies as to deposit accounts or other funds maintained with a creditor depository institution; **provided, however, that** (A) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Borrower or any Restricted Subsidiary in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve System of the United States or analogous governmental authorities in the jurisdiction of incorporation of any Restricted Subsidiary or any other country where the Borrower or any Subsidiary of the Borrower has oil and gas operations or investments and (B) such deposit account is not intended by the Borrower or any Subsidiary of the Borrower to provide collateral to such depository institution;

(m) Liens arising out of judgments or awards against the Borrower or a Restricted Subsidiary which do not give rise to an Event of Default;

(n) Liens imposed by law for taxes, assessments or governmental charges;

(o) Liens arising out of governmental concessions or licenses (including under contracts with governmental entities or agencies for technical evaluation or exploration and development rights of oil and natural gas fields, oil and gas transportation, energy generation and transmission and related activities) held by the Borrower or a Restricted Subsidiary;

(p) Liens to secure the Letters of Credit or the Guaranty;

(q) Liens securing the Hedging Obligations arising under the Hedging Facility pursuant to the Second Lien Collateral Trust Agreement;

(r) Leases and subleases of real property by the Borrower or any Restricted Subsidiary as lessor which do not materially interfere with the ordinary conduct of the business of the Borrower or any of its Restricted Subsidiaries;

(s) Liens securing the Exit Notes and related obligations permitted under Section 7.01(b)(xiii);

(t) Liens on the Collateral *pari passu* with the Liens securing the L/C Obligations securing Indebtedness permitted under Section 7.01(b)(xi);

(u) Liens securing obligations in an aggregate amount outstanding at any one time not to exceed U.S. \$5,000,000;

(v) Liens granted by Pacific Brazil in favor of the Borrower and/or any Restricted Subsidiary over all proceeds of the Santos Basin Sale owing to Pacific Brazil;

(w) Liens in favor of Queiroz Galvão Exploração e Produção S.A. over the Northern Block Sale Escrowed Proceeds;

(x) cash collateral in an amount not to exceed U.S.\$ 39,000,000 at any time, deposited in a bank account held by a trust (*fiducia*) for the benefit of certain of the creditors of the Colombian branches of certain of the Guarantors, in respect of amounts owing to such creditors, as set out in a payment schedule submitted to the Superintendencia de Sociedades of Colombia on June 10, 2016, which cash collateral shall be in lieu of the ninth resolution of the Colombian Recognition Order; and

(y) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (a) through (s) or of any Indebtedness secured thereby; **provided that** the principal amount of Indebtedness so secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement (plus accrued and unpaid interest and reasonable fees and expenses Incurred in connection therewith), and that such extension, renewal or replacement Lien shall be limited to all or part of the property that secured the Lien extended, renewed or replaced (plus improvements on or additions to such property).

### Section 7.03. **Restricted Payments.**

(a) The Borrower will not, and will not permit any Restricted Subsidiary of the Borrower to, directly or indirectly, (the actions described in subclauses (i) through (iv) below being herein referred to as "**Restricted Payments**"):

(i) declare or pay any dividend or make any distribution on or in respect of their Capital Stock (including any such payment in connection with any merger, consolidation, amalgamation, combination or other similar transaction involving the Borrower or any Restricted Subsidiary) or similar payment to the direct or indirect holders of their Capital Stock, except for

dividends or distributions payable solely in the form of issuance of additional Capital Stock (other than Disqualified Stock of the Borrower or a Restricted Subsidiary or Preferred Stock of a Restricted Subsidiary) and except dividends or distributions payable to the Borrower or a Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Borrower or other Restricted Subsidiaries, to its other shareholders on a *pro rata* basis); (subject to the restrictions set out in Section 7.09);

(ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Borrower held by Persons other than the Borrower or a Restricted Subsidiary;

(iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Obligations) (x) purchased, repurchased, redeemed, defeased or otherwise acquired in anticipation of satisfying a sinking fund obligation, principal installment or a final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or (y) owing to or held by the Borrower or a Restricted Subsidiary; or

(iv) make any Investment (other than a Permitted Investment) in any other Person.

For greater certainty, payments under the L/C Indemnity Agreement do not constitute Restricted Payments.

(b) The restrictions in clause (a) above will apply at any time prior to November 2, 2018 and such restrictions will apply at all other times if at the time the Borrower or such Restricted Subsidiary makes such Restricted Payment:

(i) a Default or an Event of Default has occurred and is continuing or would occur as a result thereof;

(ii) the Borrower could not Incur at least U.S. \$1.00 of additional Indebtedness pursuant to Section 7.01(a) after giving effect to the Restricted Payment; or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made would exceed the sum of, without duplication:

(A) 50% of Consolidated Net Income accrued during the period (treated as one accounting period) from the first day of the fiscal quarter immediately following the fiscal quarter in which the Effective Date occurs to the end of the most recent quarter for which financial statements have been delivered to the L/C Issuers under this Agreement prior to the date of such Restricted Payment (or, in case such Consolidated Net Income was a deficit, minus 100% of such deficit); *plus*

(B) the aggregate Net Cash Proceeds and Fair Market Value of any property received by the Borrower from the issue or sale of its Capital Stock (other than Disqualified Stock) or other capital contributions subsequent to the Effective Date (other than Net

Cash Proceeds (1) received from an issuance or sale of such Capital Stock to a Restricted Subsidiary of the Borrower and (2) used to make Permitted Investments; *plus*

(C) (1) the amount of a Guarantee of the Borrower or any Restricted Subsidiary upon the unconditional release in full of the Borrower or such Restricted Subsidiary from such Guarantee if such Guarantee was previously treated as a Restricted Payment; and (2) in the event that the Borrower or any Restricted Subsidiary makes an Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Borrower's or such Restricted Subsidiary's existing Investment in such Person; **provided that** any amount added pursuant to clauses (1) and (2) of this clause (C) shall not exceed the amount of such Guarantee or Investment previously made and treated as a Restricted Payment and not previously added pursuant to this clause (C); **provided, however, that** no amount will be included under this clause (C) to the extent it is already included under clause (A) above; *plus*

(D) the amount by which Indebtedness of the Borrower or any Restricted Subsidiary is reduced on the balance sheet of the Borrower or any Restricted Subsidiary upon the conversion or exchange subsequent to the Effective Date of any such Indebtedness for Capital Stock (other than Disqualified Stock) of the Borrower (less the amount of any cash or the Fair Market Value of other property distributed by the Borrower or any Restricted Subsidiary upon such conversion or exchange); *plus*

(E) the amount equal to the net reduction of Investments (other than Permitted Investments) made by the Borrower or any Restricted Subsidiary in any Person resulting from repurchases or redemptions of such Investment by such Person, proceeds realized upon the sale of such Investment, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to the Borrower or any Restricted Subsidiary or the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, consolidation, amalgamation or combination of an Unrestricted Subsidiary with or into any of the Borrower or a Restricted Subsidiary; **provided that** any amount added pursuant to this clause (5) shall not exceed the amount of such Investment previously made and treated as a Restricted Payment; **provided, however, that** no amount will be included under this clause (5) to the extent it is already included under clause (i) above; *less*

(F) the amount of any interest payments paid "in-kind" in accordance with the terms of this Agreement in the period from the Effective Date up to and including the date of the relevant Restricted Payment.

(c) The provisions of this Section 7.03 shall not prohibit:

(i) any purchase, repurchase, retirement, defeasance or other acquisition or retirement for value of Capital Stock of the Borrower or Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Borrower (other than Disqualified Stock or other than Capital Stock issued or sold to a Subsidiary of the Borrower);

(ii) (A) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of Subordinated Obligations; and (B) any purchase, repurchase, redemption or other acquisition or retirement for value of Disqualified Stock made by exchange for, or out of the proceeds of the substantially concurrent sale of Disqualified Stock;

(iii) dividends paid in accordance with Applicable Law after the date of declaration thereof if at such date of declaration such dividend would have complied with this Section 7.03; **provided, however, that** the payment or declaration, but not both the payment and the declaration, of such dividend will be included in the calculation of the amount of Restricted Payments pursuant to clause (a)(iii) above;

(iv) the payment of Minimum Legally Required Dividends;

(v) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities to the extent such Capital Stock represents a portion of the exercise price thereof;

(vi) any cash discount with respect to the contractual exercise price made to holders of the Borrower's warrants in connection with the exercise of such warrants by the holders thereof;

(vii) loans or advances to employees or directors of the Borrower or any Restricted Subsidiary consistent with the Borrower's policy and past practice, in an aggregate amount not in excess of U.S. \$5,000,000 at any one time outstanding; **provided, however, that** the amount of such loans and advances will be included in the calculation of the amount of Restricted Payments pursuant to clause (a)(iii) above; and

(viii) Restricted Payments in an amount which, when taken together with all Restricted Payments made pursuant to this clause (viii) shall not exceed U.S. \$5,000,000.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred, issued, purchased, repurchased, redeemed, retired, defeased or otherwise acquired by the Borrower or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount.

#### Section 7.04. **Sales of Assets.**

(a) The Borrower will not, and will not permit any Restricted Subsidiary to make any Asset Disposition unless:

(i) the Borrower or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and/or assets subject to such Asset Disposition (for purposes of this subclause (i), all determinations of Fair Market Value shall be made in good faith by the board of directors of the Borrower or the relevant Restricted Subsidiary as certified by an Officers' Certificate delivered to the L/C Issuers);

(ii) at least 75% of the consideration thereof received by the Borrower or such Restricted Subsidiary is in the form of cash or Temporary Cash Investments; **provided, however, that** the following shall be deemed to be cash for the purposes of this subclause (ii): (i) the amount (without duplication) of any consolidated liabilities (as shown on the Borrower's, or such Restricted Subsidiary's, most recent consolidated balance sheet or in the notes thereto) or any firm commitments under governmental concessions or licenses (including under contracts with governmental entities or agencies for technical evaluation or exploration and development rights of oil and natural gas fields) of the Borrower or such Restricted Subsidiary that are expressly assumed by a party other than the Borrower or a Restricted Subsidiary in connection with such Asset Disposition; (ii) the amount of any securities received by the Borrower or such Restricted Subsidiary from such transferee that is converted by the Borrower or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Disposition; and (iii) assets of comparable Fair Market Value received in exchange for any disposed asset; **provided, however, that** any such assets are normally used or useful in a Related Business; and

(iii) Within 360 days of the later of the date of such Asset Disposition and the receipt of such Net Available Cash, the Borrower or a Restricted Subsidiary applies an amount equal to 100% of the Net Available Cash from such Asset Disposition:

(A) to reinvest in Additional Assets; or

(B) to make an offer to purchase Exit Notes pursuant to and subject to the conditions set forth in the Exit Notes Indenture as in effect on the date hereof (the "**Exit Notes Offer**").

Following the application, if any, of such Net Available Cash pursuant to clauses (a)(iii)(A) and (B) above, the amount of Net Available Cash shall be reset at zero and the Borrower or the relevant Restricted Subsidiary shall be entitled to use any remaining proceeds for any corporate purposes to the extent permitted under this Agreement.

Notwithstanding the foregoing provisions of this Section 7.04, the Borrower and the Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this covenant unless the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this covenant exceeds U.S. \$20,000,000 (in which case the Borrower and/or the relevant Restricted Subsidiary shall be required to apply in accordance with this covenant all Net Available Cash that has not previously been applied in accordance with this covenant).

**Section 7.05. Sale and Lease-Back Transactions.** The Borrower will not, and will not permit any Restricted Subsidiary to enter into any Sale and Lease-Back Transaction unless:

(a) the Borrower and the Restricted Subsidiaries would be entitled pursuant to Section 7.01 to Incur Indebtedness in a principal amount equal to or exceeding the Value of such Sale and Lease-Back Transaction;

(b) the net proceeds received by the Borrower or any Restricted Subsidiary in connection with such Sale and Lease-Back Transaction are at least equal to the Fair Market Value of such property; and

(c) the Sale and Lease-Back Transaction is treated as an Asset Disposition and all of the conditions of Section 7.04 (including the provisions concerning the application of Net Available Cash) are satisfied with respect to such Sale and Lease-Back Transaction, treating all of the consideration received in such Sale and Lease-Back Transaction as Net Available Cash for purposes of such covenant.

**Section 7.06. Transactions with Affiliates.** The Borrower will not, and will not permit any Restricted Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of their properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee, with, or for the benefit of, any Affiliate (each, an "**Affiliate Transaction**"), unless:

(a) the Affiliate Transaction is on terms that are no less favorable to the Borrower or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Borrower or such Restricted Subsidiary with a Person that is not an Affiliate;

(b) the Borrower delivers to the L/C Issuers with respect to any Affiliate Transaction or series of related Affiliate Transactions involving an aggregate consideration in excess of U.S. \$5,000,000, and up to U.S. \$20,000,000, an Officers' Certificate stating that such Affiliate Transaction complies with this Section 7.06;

(c) the Borrower delivers to the L/C Issuers with respect to any Affiliate Transaction or series of related Affiliate Transactions involving an aggregate consideration in excess of U.S. \$20,000,000, a resolution of the board of directors, set forth in an Officers' Certificate, stating that such Affiliate Transaction complies with this Section 7.06 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the board of directors; and

(d) the Borrower delivers to the L/C Issuers with respect to any Affiliate Transaction or series of related Affiliate Transactions involving an aggregate consideration in excess of U.S. \$40,000,000, an opinion as to the fairness to the Borrower or relevant Restricted Subsidiary of the Borrower of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing.

The foregoing provisions will not apply to the following:

(i) transactions between or among the Borrower and/or any of its Restricted Subsidiaries or between or among two or more Restricted Subsidiaries;

(ii) transactions among the L/C Parties or other Subsidiaries of the Borrower to the extent otherwise permitted under this Agreement;

(iii) the payment of compensation (including amounts paid pursuant to employee benefit plans), indemnification, reimbursement or advancement of out-of-pocket expenses and provisions of liability insurance to officers, directors and employees of the Borrower or any Restricted Subsidiary of the Borrower, so long as the board of directors of the Borrower or such Restricted Subsidiary, as the case may be, in good faith shall have approved the terms thereof;

(iv) payments or other actions taken under any agreement or guarantee in effect as of the Effective Date or any amendment, supplement, restatement, replacement, renewal, extension, refinancing thereof or thereto (so long as the renewed or replaced agreement, when taken as a whole, is not more disadvantageous to the Borrower or such Restricted Subsidiary than the original agreement in effect on the Effective Date) or any transaction contemplated thereby;

(v) the issuance or sale of Capital Stock (other than Disqualified Stock) of the Borrower;

(vi) any transaction of the Borrower or any Restricted Subsidiary with a Person that is not an Affiliate and that is merged, consolidated, amalgamated or combined with or into the Borrower, any Restricted Subsidiary or any Affiliate of the Borrower or any Restricted Subsidiary, and, in any such case, such transaction is not entered into as a result of or in connection with or in anticipation of such merger, consolidation, amalgamation, combination or other similar transaction or such Person becoming a Restricted Subsidiary of the Borrower, any Restricted Subsidiary or any Affiliate of the Borrower or any Restricted Subsidiary;

(vii) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Borrower or any of its Restricted Subsidiaries with officers and employees of the Borrower or any of its Restricted Subsidiaries and the payment of compensation to officers and employees of the Borrower or any of its Restricted Subsidiaries including amounts paid pursuant to employee benefit plans, employee stock option or similar plans, in each case in the ordinary course of business;

(viii) transactions with customers, clients, suppliers, distributors, generators, transporters or purchasers or sellers of goods or services, in each case in the ordinary course of business, on an arm's length basis and consistent with past practice;

(ix) the transactions contemplated by the Santos Basin Sale or the Northern Block Sale, including any transfers or payments made in respect thereof or Liens granted by Pacific Brazil in favor of the Borrower and/or any Restricted Subsidiary in connection therewith, in each case to the extent otherwise permitted under this Agreement; and

(x) loans or advances to employees or directors of the Borrower or any Restricted Subsidiary consistent with the Borrower's policy and past practice; **provided, however, that** in any such case, the Borrower or any such Restricted Subsidiary shall comply with the provisions in (ii) and (iii) above delivering an Officers' Certificate or a fairness opinion, as applicable.

**Section 7.07. Dividends and Other Payment Restrictions Affecting Subsidiaries.** The Borrower will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or

permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions permitted by Applicable Law on any Capital Stock of such Restricted Subsidiary owned by the Borrower or any other Restricted Subsidiary;

(b) pay any Indebtedness owed to the Borrower or any other Restricted Subsidiary;

(c) make loans or advances to the Borrower or any other Restricted Subsidiary;

(d) transfer any of its property or assets to the Borrower or any of the other Restricted Subsidiary, or

(e) with respect to the Borrower or any Guarantor, (a) Guaranty the Obligations or (b) create, incur or cause to exist or become effective Liens on property of such Person for the benefit of the L/C Issuers with respect to the Obligations under the L/C Documents to the extent such Lien is required to be given to the Secured Parties pursuant to the L/C Documents;

**provided, however, that** the foregoing prohibitions shall not apply to any encumbrances or restrictions:

(i) imposed by this Agreement, the Exit Notes Indenture, the Existing Letter of Credit Facility, the Collateral Documents and the Hedging Facility;

(ii) existing under or by reason of Applicable Law or governmental rule, regulation or order applicable other than solely on account of the action or inaction of the Borrower or a Restricted Subsidiary;

(iii) with respect to any property or assets acquired from a Person which is merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary, or by reason of any Liens on any property or assets, or relating to or arising under the Indebtedness, of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary, or any restriction or encumbrance relating to Indebtedness of any such Person and, in any such case, that is not created as a result of or in connection with or in anticipation of any such transaction, and any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any such encumbrance or restriction, so long as the terms are substantially identical to such encumbrance or restriction (other than with respect to the duration thereof); **provided, however that** any such Lien created to secure or provide for the payment of any part of the purchase price of such Person shall not be permitted by this Section 7.07; **provided further, that** such Liens may not extend to any other property owned by the Borrower or any Restricted Subsidiary;

(iv) with respect to any property or assets existing at the time of acquisition thereof and which are not created as a result of or in connection with or in anticipation of such acquisition and any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any such encumbrance or restriction, so long as the terms

are substantially identical to such encumbrance or restriction (other than with respect to the duration thereof); **provided, however that** any such encumbrance or restriction created to secure or provide for the payment of any part of the purchase price of such Person shall not be permitted by this Section 7.07; **provided further, that** such encumbrance or restriction may not extend to any other property owned by the Borrower or any Restricted Subsidiary;

(v) in the case of encumbrances or restrictions addressed under clause (c) or (d) above:

(A) that exist by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Restricted Subsidiary not otherwise prohibited by this Agreement;

(B) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract or contractual right;

(C) contained in mortgages, pledges or other security agreements permitted under this Agreement securing Indebtedness of the Borrower or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements;

(vi) arising or agreed to in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Borrower or any Restricted Subsidiary in any manner material to the Borrower and its Restricted Subsidiaries;

(vii) imposed by Purchase Money Obligations for property acquired in the ordinary course of business or by Capitalized Lease Obligations permitted under this Agreement on the property so acquired, but only to the extent that such encumbrances or restrictions restrict the transfer of the property;

(viii) by reason of Liens that secure Indebtedness otherwise permitted to be Incurred under Section 7.02 and that limit the right of the debtor to dispose of the assets subject to such Liens;

(ix) existing on the Effective Date and any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any such encumbrance or restriction, so long as the terms are substantially identical to such encumbrance or restriction (other than with respect to the duration thereof);

(x) imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of the Borrower or such Restricted Subsidiary pending the closing of such sale or disposition; **provided that** the sale or disposition is permitted under this Agreement; and

(xi) resulting from restrictions on cash or other deposits or other customary requirements imposed by customers or suppliers under contracts entered into in the ordinary course of business.

Section 7.08. **Line of Business.** The Borrower will not, and will not permit any Restricted Subsidiary, to engage in any business other than a Related Business.

Section 7.09. **Pacinfra Holding Ltd. and Pacific Midstream Holding Corp.** Notwithstanding any other provision of this Agreement, neither Joint Venture Holdco shall (i) own or acquire any assets other than their respective ownership interests in and Indebtedness owing by Pacific Infrastructure Ventures Inc. and Pacific Midstream Ltd., as applicable, or any proceeds thereof (ii) incur or permit to exist any Indebtedness or other liabilities other than those arising in respect of (A) such ownership interests, (B) the Guaranties of the L/C Obligations provided by each of them, (C) Guarantees provided in respect of the Indebtedness permitted to be incurred under Section 7.01(b)(i) and (iii) Incur or permit to exist any Liens over their respective property or assets (except pursuant to clauses (l) and (n) of Section 7.02) or, (iv) merge, consolidate, amalgamate or combine with or into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person **provided, however, that** nothing contained in this Section 7.09 shall prevent any Unrestricted Subsidiary of a Joint Venture Holdco from doing any of the foregoing; **provided that** the Net Available Cash thereof received by a Joint Venture Holdco, the Borrower or a Restricted Subsidiary are applied in accordance with this Agreement.

Section 7.10. **Ship-or-Pay Contracts.** The Borrower and the Restricted Subsidiaries shall not enter into or assume (including through investments or acquisitions of assets or shares) any new take-or-pay or ship-or-pay agreements nor materially modify or amend any material take-or-pay or ship-or-pay agreements except with the approval of the board of directors of the Borrower.

Section 7.11. **Mergers, Consolidations, Amalgamations and Combinations.**

(a) The Borrower shall not merge, consolidate, amalgamate or combine with or into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(i) the resulting, surviving or transferee Person (if not the Borrower) shall be a Person organized and existing under the laws of Canada or any province thereof;

(ii) the Borrower shall be obligated under this Agreement to cause the Person formed by such merger, consolidation, amalgamation, combination or other similar transaction, or into which the Borrower is merged, consolidated, amalgamated or combined or the Person which acquires by conveyance or transfer, or which leases, the Borrower's properties and assets substantially as an entirety to (determined on a consolidated basis, with its Restricted Subsidiaries) (the "**Successor**"), and the Successor shall, expressly assume, pursuant to a supplement to this Agreement and documentation, executed and delivered to the L/C Issuers and the Collateral Agent in form reasonably satisfactory to the L/C Issuers and the Collateral Agent, all of the L/C Obligations, this Agreement, the Intercreditor Agreement, the Second Lien Collateral Trust Agreement and the L/C Documents (as applicable) and cause such amendments, supplements

or other instruments (including, if required, additional Second Priority Collateral Documents) to be executed and delivered to the L/C Issuers and the Collateral Agent, filed and recorded in such jurisdictions as may be required by Applicable Law to create, preserve and protect the Second Priority Lien (subject only to Permitted Liens) on all property and assets owned by or transferred to the Successor, together with such financing statements or comparable documents as may be required to perfect any Second Priority Liens in such Collateral (subject only to Permitted Liens) therein;

(iii) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction) no Default or Event of Default would occur;

(iv) immediately after giving effect to such transaction, either (x) the Successor would be able to Incur U.S. \$1.00 of Indebtedness pursuant to Section 7.01(a) or (y) the Consolidated Fixed Charge Ratio would be no less than the Consolidated Fixed Charge Ratio immediately prior to such transaction, and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than the Consolidated Debt to Consolidated Adjusted EBITDA Ratio immediately prior to the transaction;

(v) all requisite governmental approvals therefor shall have been obtained;

(vi) the Borrower has delivered to the L/C Issuers and the Collateral Agent an Officers' Certificate and an Opinion of Counsel, each stating that such merger, consolidation, amalgamation, combination or other similar transaction, conveyance, transfer or lease complies with this Agreement, if a joinder to this Agreement or supplement to any Second Priority Collateral Document is required in connection with such transaction, such joinder to this Agreement or supplement to each such Second Priority Collateral Document complies with this Agreement and that all conditions precedent provided for in this Agreement relating to such transaction have been complied with;

(vii) each Guarantor (unless it is the other party to the transactions above, in which case clause (ii) shall apply) shall have by joinder to this Agreement confirmed that its Guaranty shall apply to such Person's obligations in respect of this Agreement and the Letters of Credit; and

(viii) the Borrower has delivered to the L/C Issuers and the Collateral Agent an Opinion of Counsel to the effect that the L/C Issuers and the Collateral Agent will not recognize income, gain or loss for U.S. federal income tax purposes solely as a result of such transaction and will be subject to Canadian income tax or U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred.

(b) Upon any merger, consolidation, amalgamation, combination or other similar transaction or any transfer of all or substantially all of the properties and assets of the Borrower's properties and assets substantially as an entirety (determined on a consolidated basis

with its Restricted Subsidiaries) in accordance with this Section 7.11, in which the Borrower is not the continuing corporation, the Successor formed by such merger, consolidation, amalgamation, combination or other similar transaction, or into which the Borrower is merged, consolidated, amalgamated or combined or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Borrower under this Agreement and the Letters of Credit with the same effect as if such Successor had been named as such, except in the case of a lease, and the Borrower shall be discharged from all covenants and obligations under this Agreement and the Letters of Credit.

(c) No Guarantor shall merge, consolidate, amalgamate or combine with or into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(i) the resulting, surviving or transferee Person (if not the Guarantor) shall be a Person organized and existing under the laws of Canada or any province thereof, Panama, Luxembourg, the British Virgin Islands, the United States of America or the jurisdiction of organization of the Guarantor that is being merged, consolidated, amalgamated or combined, or whose properties and assets are being conveyed, transferred or leased;

(ii) the Guarantor shall be obligated under this Agreement to cause the Person formed by such merger, consolidation, amalgamation, combination or other similar transaction, or into which the Guarantor is being merged, consolidated, amalgamated or combined or the Person which acquires by conveyance or transfer, or which leases, the Guarantor's properties and assets substantially as an entirety (determined on a consolidated basis, with its Subsidiaries) (the "**Guarantor Successor**"), to expressly assume, pursuant to a joinder to this Agreement and documentation, executed and delivered to the L/C Issuers and the Collateral Agent in form reasonably satisfactory to the L/C Issuers and the Collateral Agent, all of the obligations of a Guarantor under this Agreement, the Intercreditor Agreement, the Second Lien Collateral Trust Agreement and the Second Priority Collateral Documents (as applicable) and cause such amendments, supplements or other instruments (including, if required, additional Second Priority Collateral Documents) to be executed and delivered to the L/C Issuers and the Collateral Agent, filed and recorded in such jurisdictions as may be required by Applicable Law to create, preserve and protect the Second Priority Lien (subject only to Permitted Liens) on all property and assets owned by or transferred to the Guarantor Successor, together with such financing statements or comparable documents as may be required to perfect any Second Priority Liens in such Collateral (subject only to Permitted Liens) therein;

(iii) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction) no Default or Event of Default would occur;

(iv) immediately after giving effect to such transaction, either (x) the Successor would be able to Incur U.S. \$1.00 of Indebtedness pursuant to Section 7.01(a) or (y) the Consolidated Fixed Charge Ratio would be no less than the Consolidated Fixed Charge Ratio immediately prior to such transaction, and the Consolidated Debt to Consolidated Adjusted

EBITDA Ratio would be no greater than the Consolidated Debt to Consolidated Adjusted EBITDA Ratio immediately prior to the transaction;

(v) all requisite governmental approvals therefor shall have been obtained;

(vi) the Borrower has delivered to the L/C Issuers and the Collateral Agent an Officers' Certificate and an Opinion of Counsel, each stating that such merger, consolidation, amalgamation, combination, conveyance, transfer or lease complies with this Agreement and, if a joinder to this Agreement or supplement to any Second Priority Collateral Document is required in connection with such transaction, such joinder to this Agreement or supplement to each such Second Priority Collateral Document complies with this Agreement and that all conditions precedent provided for in this Agreement relating to such transaction have been complied with;

(vii) each other Guarantor shall have by supplement to this Agreement confirmed that its Guarantee shall continue to apply to the Borrower's obligations in respect of this Agreement, each Note and the Letters of Credit; and

(viii) the Borrower has delivered to the L/C Issuers and the Collateral Agent an Opinion of Counsel to the effect that the L/C Issuers and the Collateral Agent will not recognize income, gain or loss for U.S. federal income tax purposes solely as a result of such transaction and will be subject to Canadian income tax or U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred.

(d) Upon any merger, consolidation, amalgamation, combination or other similar transaction or any transfer of all or substantially all of the properties and assets of the Guarantor substantially as an entirety (determined on a consolidated basis with its Subsidiaries) in accordance with this Section 7.11, in which the Guarantor is not the continuing corporation, the Guarantor Successor formed by such merger, consolidation, amalgamation, combination or other similar transaction, or into which the Guarantor is merged, consolidated, amalgamated or combined or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under this Agreement, each Note and the Letters of Credit with the same effect as if such Guarantor Successor had been named as such, except in the case of a lease, and the Guarantor shall be discharged from all covenants and obligations under this Agreement, each Note and the Letters of Credit.

(e) For the purposes of this Section 7.11, the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Borrower, which properties and assets, if held by the Borrower instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Borrower on a consolidated basis, shall be deemed to be the disposition of all or substantially all of the properties and assets of the Borrower.

(f) Notwithstanding the foregoing clauses (a) and (c), a Restricted Subsidiary may merge, consolidate, amalgamate or combine with or into one or more Restricted Subsidiaries

or the Borrower or convey transfer or lease its property and assets substantially as an entirety to one or more Restricted Subsidiaries or the Borrower, in each case without having to comply with clauses (a) (iii), (a) (iv), (c) (iii) and (c) (iv); **provided, however, that** the resulting, surviving or transferee person shall not be a person organized and existing under the laws of Switzerland (unless the merger, consolidation, amalgamation, combination, transaction, conveyance, transfer or lease only involves Swiss Restricted Subsidiaries).

Section 7.12. **Financial Covenants.** As of the last Business Day of each fiscal quarter (commencing with the first full fiscal quarter following the Effective Date), Borrower shall not:

- (a) fail to maintain a Consolidated Fixed Charge Ratio of equal to or greater than 3.25:1.00;
- (b) fail to maintain a Consolidated Debt to Consolidated Adjusted EBITDA Ratio of equal to or less than 2.50:1.00; and
- (c) fail to maintain a minimum amount of Unrestricted Operating Cash of equal to or greater than U.S. \$25,000,000.

Notwithstanding the foregoing, during the Extension Term, this Article VII shall be replaced in its entirety with the Article VII set forth in Appendix B hereto; **provided that** the parties hereto agree to amend this Agreement to the extent necessary to conform the negative covenants set forth in this Article VII with the negative covenants set forth in the New Notes Indenture.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.01. **Events of Default.** "Event of Default" wherever used herein with respect to the L/C Obligations, means any one of the following events (which will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (i) failure to pay when due any principal on any L/C Obligation when it becomes due and payable; or the failure to pay any interest on any L/C Obligation or any fees under this Agreement within three (3) Business Days after any such interest or fees becomes due and payable in accordance with the terms hereof; or the failure to pay when due any other amount payable under this Agreement or under any other L/C Document within three (3) Business Days after such other amount became due; or
- (ii) failure to deliver any Cash Collateral as required under this Agreement, whether on the Maturity Date, upon optional prepayment, required prepayment or otherwise; or
- (iii) default in the observance or performance, or breach, of any covenant set forth in Section 7.12;

(iv) default in the observance or performance, or breach, of any other covenant, agreement or obligation of the Borrower or any Restricted Subsidiary contained in this Agreement (including any default under or breach in the performance of Section 7.03 irrespective of whether the Borrower or any Restricted Subsidiary has the power (corporate or otherwise) to cause compliance with such covenant), or any of the other L/C Documents, and continuance of such default or breach for a period of thirty (30) days after the earlier of (x) written notice from any L/C Issuer or the Collateral Agent of such default or breach and (y) and L/C Party has knowledge of such default or breach; or

(v) any representation or warranty made or deemed made by the Borrower herein or in any other L/C Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other L/C Document when made which shall be materially false or misleading when made; or

(vi) any final and non-appealable judgment or order for the payment of money in excess of U.S. \$25,000,000 or its equivalent in other currencies (to the extent not covered by insurance as acknowledged in writing by the insurer) is rendered against the Borrower or any Restricted Subsidiary and (i) such judgment or order remains undischarged as a result of a failure to make a payment required by such judgment or order under the terms of such judgment or order for a period of sixty (60) days, or (ii) such judgment or order remains unstayed for a period of sixty (60) days after such judgment becomes final and non-appealable; or

(vii) either:

(A) the Borrower or any Restricted Subsidiary shall default (as principal or guarantor or other surety) in the payment of principal (or, in the case of Hedging Obligations, net termination value) of any Indebtedness in the amount of at least U.S. \$25,000,000 in the aggregate (or its equivalent in any other currency) and such default shall have continued for more than any applicable period of grace and any time for payment of such amounts has not been expressly extended, or

(B) Indebtedness of the Borrower or any Restricted Subsidiary is accelerated by the holders thereof because of a default, and the total amount of such accelerated Indebtedness exceeds U.S. \$25,000,000; or

(viii) this Agreement (including the Guaranty of any of the Guarantors under this Agreement) or any other L/C Document shall fail to be in full force and effect or is declared null and void or any of the obligors thereunder denies in writing that it has any further liability under this Agreement, the Guaranty or any other L/C Document to which it is a party, or gives written notice to such effect (other than by reason of the termination of this Agreement or the release of the Guaranty in accordance with the terms of this Agreement); or

(ix) during the Initial Term, any Second Priority Lien on a material portion of the Collateral shall cease to be (or shall be asserted by the Borrower or any Guarantor not to be) valid, perfected (if applicable) and enforceable in all respects under Applicable Law or

to have the priority contemplated under this Agreement pursuant to applicable security documents in each relevant jurisdiction; or

(x) to the extent permitted by Applicable Law, the entry of a decree or order by a court having jurisdiction in the premises adjudging the Borrower bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, winding up, arrangement, adjustment or composition of or in respect of the Borrower under applicable Debtor Relief Laws, or appointing a receiver, interim receiver, receiver and manager, liquidator, assignee, trustee, sequestrator (or other similar official) of the Borrower or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(xi) to the extent permitted by Applicable Law, the institution by the Borrower of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization, dissolution, winding up, an arrangement of debt or relief under applicable Debtor Relief Laws, including for the avoidance of doubt, the filing of a notice of intention under the Bankruptcy and Insolvency Act (Canada), an application under the CCAA (Canada) or any proposal to compromise, arrange or reorganize any of its debts or obligations under Section 288 of the Business Corporations Act (British Columbia) (or any similar provision of Canadian federal or provincial corporate law), or the consent by it to the filing of any such petition or to the appointment of a receiver, interim receiver, receiver and manager liquidator, assignee, trustee, sequestrator (or other similar official) of the Borrower or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or

(xii) during the Initial Term, the occurrence of any of the following:

(A) any default in the payment of interest, fees, or principal of Indebtedness incurred under (1) the Exit Notes Indenture or (2) the Hedging Facility, in each case, after expiry of any applicable grace period;

(B) any default or failure to deliver any cash collateral as required pursuant to any Permitted Additional Letter of Credit Facility, in each case, after expiry of any applicable grace period;

(C) any declaration shall be made under any Permitted Additional Letter of Credit Facility that all obligations of any letter of credit issuer thereunder to make letter of credit advances have been terminated;

(D) any declaration by any issuer under any Permitted Additional Letter of Credit Facility that the unpaid principal amount of all outstanding letter of credit advances and all interest accrued and unpaid, pursuant to such Permitted Additional Letter of Credit Facility shall be immediately due and payable;

(E) the requirement that the Borrower or any L/C Party cash collateralize the obligations under any Permitted Additional Letter of Credit Facility following the occurrence and during the continuation of an event of default thereunder; or

(F) any event of default or termination event (including all additional termination events) in which the Borrower is the defaulting party or sole affected party, as applicable, pursuant to a Hedging Facility or Currency Agreement, which results in an early termination of any trade under the Hedging Facility or Currency Agreement in an aggregate amount of U.S. \$10,000,000; or

(xiii) failure by the Borrower or the applicable Restricted Subsidiary to make payment of the put price under the Put Option Agreement among Pacific Midstream Ltd., the Issuer, Pacific Midstream Holding Corp., International Finance Corporation, IFC Global Infrastructure Fund, LP and GIF Co Investment I, LP dated December 17, 2014 after the exercise by any Investor (as defined therein) of its put option and after expiry of any grace period; or

(xiv) failure by the Borrower or the applicable Restricted Subsidiary to make payment of the put price under the Put Option Agreement among Pacific Infrastructure Ventures, Inc., the Issuer, Blue Pacific Investments Group Ltd., International Finance Corporation, IFC African, Latin American and Caribbean Fund, LP and IFC Global Infrastructure Fund, LP dated November 7, 2013 after the exercise by any of the IFC Parties (as defined therein) of its put option and after expiry of any grace period; or

(xv) failure by the Borrower or the applicable Restricted Subsidiary to make payment of the put price under Section 3.09 of the Shareholders Agreement among Pacific Midstream Ltd., Pacific Midstream Holding Corp., Pacific Rubiales Energy Corp., International Finance Corporation, IFC Global Infrastructure Fund, LP and GIF Co-Investment I, LP dated December 17, 2014, after the exercise by Pacific Midstream Ltd. of its put option and after expiry of any grace period; or

(xvi) there shall have occurred a Change of Control; or

(xvii) the occurrence of any expropriation, restraint, restriction, prohibition, intervention, law, decree or other order of any Governmental Authority which wholly or in a material part prevents or hinders the performance of any L/C Document that has resulted in a Material Adverse Change.

**Section 8.02. Remedies Upon Event of Default.** If any Event of Default occurs and is continuing, any L/C Issuer may take any or all of the following actions:

(a) declare the commitment of such L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments shall be terminated;

(b) declare the unpaid principal amount of all outstanding drawings under Letters of Credit, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other L/C Document owing to such L/C Issuer to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) require that the Borrower Cash Collateralize the L/C Obligations owing to such L/C Issuer in an amount equal to 100% of such L/C Obligations; and

(d) during the Initial Term, and subject to the Intercreditor Agreement, direct that the Collateral Agent exercise on behalf of such L/C Issuer all rights and remedies available to the Collateral Agent and the L/C Issuers under the Second Priority Collateral Documents;

**provided, however, that** upon the commencement by the Borrower or any of its Subsidiaries of any proceeding under any Debtor Relief Law, the obligation of each L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding drawings under Letters of Credit and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Collateral Agent or any L/C Issuer.

In the event that one or more L/C Issuers gives any direction to the Collateral Agent pursuant to Section 8.02(d) hereof that is inconsistent or conflicts with the direction of one or more L/C Issuers given to the Collateral Agent pursuant to Section 8.02(d) hereof (collectively, "**Conflicting Directions**"), the Collateral Agent shall be entitled at any time to request that the Required L/C Issuers provide written directions specifying which actions the Collateral Agent should take to exercise the rights and remedies available to the Collateral Agent and the L/C Issuers under the Second Priority Collateral Documents; **provided, however that** the Collateral Agent shall have no obligation to act upon any Conflicting Directions until such time as the Collateral Agent has received written direction from the Required L/C Issuers in accordance with this paragraph.

In the event that any L/C Issuer elects to take any action set forth above in this Section 8.02, such L/C Issuer shall provide prompt notice of such election to (i) prior to the New Notes Issuance Date, the Exit Notes Trustee and the First Lien Collateral Trustee, (ii) on and after the New Notes Issuance Date, the New Notes Trustee, and (iii) each other L/C Issuer.

**Section 8.03. Application of Funds.** After the exercise of remedies provided for in Section 8.02 (or after all outstanding drawings under Letters of Credit have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized, as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.16 and 2.17 and, during the Initial Term, the Intercreditor Agreement, be applied in the following order:

*First*, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Collateral Agent and amounts payable under Article III) payable to the Collateral Agent in its capacity as such;

*Second*, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the L/C Issuers (including fees, charges and disbursements of counsel to the respective L/C Issuers and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

*Third*, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the drawings under Letters of Credit and other Obligations, ratably

among the L/C Issuers in proportion to the respective amounts described in this clause Third payable to them;

*Fourth*, to payment of that portion of the Obligations constituting unpaid principal of drawings under Letters of Credit, ratably among the L/C Issuers in proportion to the respective amounts described in this clause Fourth held by them;

*Fifth*, to the Collateral Agent for the account of the L/C Issuers, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Section 2.16; and

*Last*, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Section 2.16, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

## ARTICLE IX

### COLLATERAL AGENT

#### Section 9.01. **Appointment and Authority.**

(a) Each of the L/C Issuers hereby irrevocably appoints Wilmington Trust, National Association to act on its behalf as the Collateral Agent hereunder and under the other L/C Documents and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Collateral Agent, the L/C Issuers, and neither the Borrower nor any other L/C Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other L/C Documents (or any other similar term) with reference to the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) During the Initial Term, the Collateral Agent shall also act as the Second Lien Collateral Trustee under the L/C Documents, and each of the L/C Issuers hereby irrevocably appoints and authorizes the Collateral Agent to act as the collateral trustee of such L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the L/C Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Collateral Agent, as Second Lien Collateral Trustee and any sub-agent for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Second Priority Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Collateral Agent, shall be entitled to the

benefits of all provisions of this Article IX and Article X (including Section 10.04(c) as though such sub-agent were the Second Lien Collateral Trustee under the L/C Documents) as if set forth in full herein with respect thereto.

Section 9.02. **[Reserved]**.

Section 9.03. **Exculpatory Provisions.** The Collateral Agent shall not have any duties or obligations except those expressly set forth herein and in the other L/C Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Collateral Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other L/C Documents that the Collateral Agent is required to exercise as directed in writing by an L/C Issuer (or such other number or percentage of the L/C Issuers as shall be expressly provided for herein or in the other L/C Documents); **provided that** the Collateral Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Collateral Agent to liability or that is contrary to any L/C Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting L/C Issuer in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other L/C Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Collateral Agent or any of its Affiliates in any capacity.

The Collateral Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of any L/C Issuer to the extent this Agreement provides that an L/C Issuer may instruct the Collateral Agent or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Collateral Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Collateral Agent by the Borrower or an L/C Issuer.

The Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other L/C Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other L/C Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or sufficiency of any Collateral, or (vi) the satisfaction of any

condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Collateral Agent.

Notwithstanding anything to the contrary contained in this Agreement, the Collateral Agent shall not be required to take, or to omit to take, any action hereunder or under the L/C Documents unless, upon demand, the Collateral Agent receives security or indemnity satisfactory to it from the L/C Issuers against all liabilities, costs and expenses that, by reason of such action or omission, may be imposed on, incurred by or asserted against the Collateral Agent or any of its directors, officers, employees or agents.

**Section 9.04. Reliance by Collateral Agent.** The Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Collateral Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the issuance, extension, renewal or increase of a Letter of Credit that by its terms must be fulfilled to the satisfaction of an L/C Issuer, the Collateral Agent may presume that such condition is satisfactory to such L/C Issuer unless the Collateral Agent shall have received notice to the contrary from such L/C Issuer prior to the issuance, extension, renewal or increase of such Letter of Credit. The Collateral Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**Section 9.05. Delegation of Duties.** The Collateral Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other L/C Document by or through any one or more sub-agents appointed by the Collateral Agent. The Collateral Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Collateral Agent and any such sub-agent, and shall apply to their respective activities as Collateral Agent. The Collateral Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Collateral Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

**Section 9.06. Resignation of Collateral Agent.**

(a) The Collateral Agent may at any time give notice of its resignation to the L/C Issuers and the Borrower. Upon receipt of any such notice of resignation, the L/C Issuers shall have the right, subject to the prior consent of the Borrower, not to be unreasonably withheld, conditioned or delayed (which consent shall not be required if an Event of Default has occurred and is continuing) to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the L/C Issuers and shall have accepted such appointment within thirty (30) days after the retiring Collateral Agent gives notice of its resignation (or such earlier day as

shall be agreed by the L/C Issuers) (the "**Resignation Effective Date**"), then the retiring Collateral Agent may (but shall not be obligated to) on behalf of the L/C Issuers, appoint a successor Collateral Agent meeting the qualifications set forth above; **provided that** in no event shall any such successor Collateral Agent be a Defaulting L/C Issuer. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Collateral Agent is a Defaulting L/C Issuer pursuant to clause (d) of the definition thereof, the L/C Issuers may, to the extent permitted by applicable law, by notice in writing to the Borrower and such Person remove such Person as Collateral Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the L/C Issuers and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the L/C Issuers) (the "**Removal Effective Date**"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Collateral Agent shall be discharged from its duties and obligations hereunder and under the other L/C Documents and (2) except for any indemnity payments or other amounts then owed to the retiring or removed Collateral Agent, all payments, communications and determinations provided to be made by, to or through the Collateral Agent shall instead be made by or to each L/C Issuer directly, until such time, if any, as the L/C Issuers appoint a successor Collateral Agent as provided for above. Upon the acceptance of a successor's appointment as Collateral Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Collateral Agent (other than as provided in Section 3.07 and other than any rights to indemnity payments or other amounts owed to the retiring or removed Collateral Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Collateral Agent shall be discharged from all of its duties and obligations hereunder or under the other L/C Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Collateral Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Collateral Agent's resignation or removal hereunder and under the other L/C Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring or removed Collateral Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them (i) while the retiring or removed Collateral Agent was acting as Collateral Agent and (ii) after such resignation or removal for as long as any of them continues to act in any capacity hereunder or under the other L/C Documents, including (a) acting as Collateral Agent or otherwise holding any collateral security on behalf of any of the L/C Issuers and (b) in respect of any actions taken in connection with transferring the agency to any successor Collateral Agent.

**Section 9.07. Non-Reliance on Collateral Agent and Other L/C Issuers.** Each L/C Issuer acknowledges that it has, independently and without reliance upon the Collateral Agent or any other L/C Issuer or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each L/C Issuer also acknowledges that it will, independently and without reliance

upon the Collateral Agent or any other L/C Issuer or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other L/C Document or any related agreement or any document furnished hereunder or thereunder.

Section 9.08. **[Reserved]**.

Section 9.09. **[Reserved]**.

Section 9.10. **Collateral and Guaranty Matters.** The L/C Issuers irrevocably authorize the Collateral Agent, in its capacity as Second Lien Collateral Trustee, to do any of the following in accordance with the Second Lien Collateral Trust Agreement:

(a) to release any Lien on any property granted to or held by the Second Lien Collateral Trustee under any L/C Document (i) upon termination of the Aggregate Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit, (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other L/C Document, or (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required L/C Issuers;

(b) to subordinate any Lien on any property granted to or held by the Collateral Agent under any L/C Document to the holder of any Lien on such property that is permitted by Section 7.02; and

(c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted under the L/C Documents.

Notwithstanding anything to the contrary contained in this Agreement, to the extent any Collateral or Guarantees would be released pursuant to the terms of (i) during the Initial Term, the Exit Notes Indenture or the Second Lien Collateral Trust Agreement or (ii) during the Extension Term, the New Notes Indenture, such Collateral or Guarantees, as the case may be, shall be automatically and simultaneously released with respect to this Agreement.

The L/C Issuers authorize and direct the Collateral Agent to, in its capacity as Second Lien Collateral Trustee, release any Lien on any property granted to or held by the Second Lien Collateral Trustee under any L/C Document and evidence the release of any Guarantor from the Guaranty upon the satisfaction of the Extension Conditions pursuant to Section 2.20(b) (the "**Collateral Release Date**").

Upon request by the Collateral Agent at any time, the L/C Issuers will confirm in writing the Collateral Agent's authority to, in its capacity as Second Lien Collateral Trustee, release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.10.

The Collateral Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Collateral Agent's Lien thereon, or any certificate prepared

by any L/C Party in connection therewith, nor shall the Collateral Agent be responsible or liable to the L/C Issuers for any failure to monitor or maintain any portion of the Collateral.

## ARTICLE X

### MISCELLANEOUS

Section 10.01. **Amendments, Etc.** No amendment or waiver of any provision of this Agreement or any other L/C Document, and no consent to any departure by the Borrower or any other L/C Party therefrom, shall be effective unless in writing signed by the Required L/C Issuers and the Borrower or the applicable L/C Party, as the case may be, and acknowledged by the Collateral Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; **provided, however, that** no such amendment, waiver or consent shall:

(a) extend the stated Maturity Date without the written consent of each L/C Issuer;

(b) extend or increase the Commitment of any L/C Issuer (or reinstate any Commitment terminated pursuant to Section 7.01) without the written consent of such L/C Issuer;

(c) postpone any date fixed by this Agreement or any other L/C Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the L/C Issuers (or any of them) or any scheduled or mandatory reduction of the Aggregate Commitments hereunder or under any other L/C Document without the written consent of each L/C Issuer directly affected thereby;

(d) increase the face amount or principal of, or the rate of interest specified herein on, any Letter of Credit or any drawing under any Letter of Credit, or any fees or other amounts payable hereunder or under any other L/C Document, unless the face amount, principal, interest and fees or other amounts payable hereunder are so increased by an equivalent or ratable amount, as applicable, without the written consent of each L/C Issuer;

(e) (i) decrease the face amount or principal of, or the rate of interest specified herein on, any Letter of Credit or any drawing under any Letter of Credit, or any fees or other amounts payable hereunder or under any other L/C Document, (ii) change the time for payment of any L/C Obligation (including any interest and fees) or (iii) waive any payment of interest, fees or other amounts owing under the L/C Documents, in any case, without the written consent of each L/C Issuer directly affected thereby;

(f) change Section 8.03 in a manner that would alter the *pro rata* sharing of payments required thereby without the written consent of each L/C Issuer;

(g) change any provision of this Section or the definition of "Required L/C Issuers" or any other provision hereof specifying the number or percentage of L/C Issuers required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each L/C Issuer; or

(h) release all or substantially all of the value of the Guaranty or the Collateral without the written consent of each L/C Issuer, except to the extent the release of any Guarantor or any Collateral is permitted pursuant to Section 9.10 (in which case such release may be made by the Collateral Agent acting alone);

and **provided, further, that** (i) no amendment, waiver or consent shall, unless in writing and signed by the applicable L/C Issuer in addition to the other L/C Issuers as required above, affect the rights or duties of such L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued, renewed, extended or amended or to be issued, renewed, extended or amended by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Collateral Agent in addition to the L/C Issuers required above, affect the rights or duties of the Collateral Agent under this Agreement or any other L/C Document; and (iii) the Collateral Agent's Letter Agreement may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto. Notwithstanding anything to the contrary contained in this Agreement, no Defaulting L/C Issuer shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all L/C Issuers or each affected L/C Issuer may be effected with the consent of the applicable L/C Issuers other than Defaulting L/C Issuers), except that (x) the Commitment of any Defaulting L/C Issuer may not be increased or extended without the consent of such L/C Issuer and (y) any waiver, amendment or modification requiring the consent of all L/C Issuers or each affected L/C Issuer that by its terms affects any Defaulting L/C Issuer disproportionately adversely relative to other affected L/C Issuers shall require the consent of such Defaulting L/C Issuer.

#### Section 10.02. **Notices; Effectiveness; Electronic Communication.**

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) **Electronic Communications.** Unless otherwise notified to the other parties hereto in writing, each of the Collateral Agent, the L/C Issuers and the Borrower agree to accept notices and other communications to it hereunder by electronic communications.

Unless the L/C Issuers or the Collateral Agent otherwise prescribe, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of

an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; **provided that**, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) **Non-Public Information.** The Borrower hereby acknowledges that certain of the L/C Issuers (each, a "**Public L/C Issuer**") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market related activities with respect to such Persons' securities. The Borrower hereby agrees that all materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "**Borrower Materials**") that are to be made available to Public L/C Issuers shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof and by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the L/C Issuers to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (**provided, however, that** to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07). Furthermore, each Public L/C Issuer agrees to cause at least one individual at or on behalf of such Public L/C Issuer to at all times receive Borrower Materials which may contain material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws.

(d) **Change of Address, Etc.** Each of the Borrower, the Collateral Agent, and the L/C Issuers may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. In addition, each L/C Issuer agrees to notify the Collateral Agent from time to time to ensure that the Collateral Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such L/C Issuer.

(e) **Reliance by Collateral Agent and L/C Issuers.** The Collateral Agent and the L/C Issuers shall be entitled to rely and act upon any notices (including telephonic notices and Letter of Credit Applications) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The L/C Parties shall indemnify the Collateral Agent, each L/C Issuer and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Collateral Agent may be recorded by the Collateral Agent, and each of the parties hereto hereby consents to such recording.

**Section 10.03. No Waiver; Cumulative Remedies.** No failure by any L/C Issuer or the Collateral Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other L/C Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other L/C Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

**Section 10.04. Expenses; Indemnity; Damage Waiver.**

(a) **Costs and Expenses.** The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Collateral Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel in each relevant jurisdiction for the Collateral Agent and counsel in each relevant jurisdiction for the L/C Issuers as a group), in connection with the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other L/C Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by L/C Issuers in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder (including the reasonable fees, charges and disbursements of counsel in each relevant jurisdiction for the Collateral Agent and counsel in each relevant jurisdiction for the L/C Issuers as a group) and (iii) all documented out-of-pocket expenses incurred by the Collateral Agent and any L/C Issuer (including the reasonable fees, charges and disbursements of counsel in each relevant jurisdiction for the Collateral Agent and counsel in each relevant jurisdiction for the L/C Issuers as a group), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other L/C Documents, including its rights under this Section, (B) in connection with the Letters of Credit issued, renewed, amended or extended hereunder or any drawing under any Letter of Credit, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Letters of Credit or such drawings under such Letters of Credit, or (C) relating to or arising out of, in connection with or the result of the commencement, defense, conduct of, intervention, or the taking of any other action (including preparation for and/or response to any subpoena or document request) relating to this Agreement, the other L/C Documents, or the Letters of Credit in any action, litigation, investigation, or proceeding; **provided that** in the case of reimbursement of attorneys' fees of the L/C Issuers and the Collateral Agent under this Section 10.04(a), such reimbursement shall only apply to (i) one external counsel for each of the Collateral Agent and the L/C Issuers in the United States and one external counsel for the Collateral Agent and the L/C Issuers, collectively, in each relevant jurisdiction outside of the United States and (ii), in the case of an actual or perceived conflict of interest, where the Collateral Agent or L/C Issuer affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel, one additional counsel in each relevant jurisdiction for the Collateral Agent or L/C Issuer subject to such conflict.

(b) **Indemnification by the Borrower.** The Borrower shall indemnify the Collateral Agent (and any sub-agent thereof) and each L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each

Indemnitee harmless from, any and all losses, claims, damages or liabilities, costs and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower or any other L/C Party) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other L/C Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Collateral Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other L/C Documents (including in respect of any matters addressed in Section 3.01), (ii) any L/C Credit Extension or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit) or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other L/C Party, and regardless of whether any Indemnitee is a party thereto; **provided that** such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages or liabilities (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other L/C Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other L/C Document, if the Borrower or such L/C Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. Without limiting the provisions of Section 3.01(c), this Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) **Reimbursement by L/C Issuers.** To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Collateral Agent (or any sub-agent thereof) or any Related Party of the Collateral Agent, each L/C Issuer severally agrees to pay to the Collateral Agent (or any such sub-agent) or such Related Party, as the case may be, such L/C Issuer's *pro rata* share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each L/C Issuer's share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such L/C Issuer), such payment to be made severally among them based on such L/C Issuers' Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought); **provided, further that**, the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Collateral Agent (or any such sub-agent) in its capacity as such, or against any Related Party of the Collateral Agent acting for the Collateral Agent (or any such sub-agent) in connection with such capacity. The obligations of the L/C Issuers under this subsection (c) are subject to the provisions of Section 2.12(b).

(d) **Waiver of Consequential Damages, Etc.** To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other L/C Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any L/C Credit Extension or Letter of Credit or the use of the proceeds thereof. Notwithstanding the forgoing, the Borrower (or its Subsidiaries or Affiliates) shall not be liable for any indirect, special, punitive or consequential damages (other than in respect of any damages awarded to a third party not affiliated with such Indemnitee by a final, non-appealable judgment of a court of competent jurisdiction (but for the avoidance of doubt, such Indemnitee shall be indemnified pursuant to this paragraph for the costs and expenses incurred by such Indemnitee in connection with defending against any such unaffiliated third party's claim for such type of damage)). No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other L/C Documents or the transactions contemplated hereby or thereby.

(e) **Payments.** All amounts due under this Section shall be payable not later than fifteen (15) days after demand therefor.

(f) **Survival.** The agreements in this Section and the indemnity provisions of Section 10.02(e) shall survive the resignation of the Collateral Agent, the replacement of any L/C Issuer, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

**Section 10.05. Payments Set Aside.** To the extent that any payment by or on behalf of the Borrower is made to the Collateral Agent or any L/C Issuer, or the Collateral Agent or any L/C Issuer exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Collateral Agent or such L/C Issuer in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each L/C Issuer severally agrees to pay to the Collateral Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Collateral Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate *per annum* equal to the Federal Funds Rate from time to time in effect. The obligations of the L/C Issuers under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

#### **Section 10.06. Successors and Assigns.**

(a) **Successors and Assigns Generally.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors

and assigns permitted hereby, except that neither the Borrower nor any other L/C Party may assign or otherwise transfer any of its obligations hereunder without the prior written consent of each L/C Issuer and no L/C Issuer may assign or otherwise transfer any of its obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Collateral Agent and the L/C Issuers) any legal or equitable right, remedy or claim under or by reason of this Agreement.

For the avoidance of doubt, in the event that a transfer or an assignment by an L/C Issuer of its rights and/or obligations under this Agreement (and any relevant L/C Document) occurs or is deemed to occur by way of novation or otherwise, the L/C Issuer explicitly reserves the preservation of all securities and guarantees (if any) created under any L/C Document for the benefit of the new L/C Issuer and the other L/C Parties in accordance with any applicable law, including, in respect of Luxembourg law, the provisions of article 1278 of the Luxembourg Civil Code.

(b) **Assignments by L/C Issuers.** Any L/C Issuer may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the L/C Obligations at the time owing to it); **provided that** any such assignment shall be subject to the following conditions:

(i) **Minimum Amounts.**

(A) in the case of an assignment of the entire remaining amount of the assigning L/C Issuer's Commitment and/or the L/C Obligations at the time owing to it or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in paragraph 10.06(b)(i)(B) of this Section in the aggregate or in the case of an assignment to an L/C Issuer, an Affiliate of an L/C Issuer or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection 10.06(b)(i)(A) of this Section, the aggregate amount of the Commitment or the principal outstanding balance of the L/C Obligations of the assigning L/C Issuer subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Borrower or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than U.S. \$7,000,000 and increments of U.S. \$1,000,000 in excess thereof, unless, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (such consent not to be unreasonably withheld, delayed or conditioned).

(ii) **[Reserved].**

(iii) **Required Consents.** No consent shall be required for any assignment except to the extent required by subsection 10.06(b)(i)(B) of this Section and, in addition the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to an L/C Issuer, an Affiliate of an L/C Issuer, an Approved Fund or any other party that (x) complies with the requirements established by the Agencia Nacional de Hidrocarburos ("**ANH**") for Letters of Credit to guarantee the obligations under contracts entered into with such entity or (y) in the event that the Letter of Credit is provided to guarantee obligations under transportation contracts entered into with Oleoducto Bicentenario ("**OB**"), such other party complies with OB requirements to provide the respective Letter of Credit; **provided that** the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the assigning L/C Issuer within five (5) Business Days after having received notice thereof.

(iv) **Assignment and Assumption.** The parties to each assignment shall execute and deliver to the Borrower an Assignment and Assumption. The assignee, if it is not an L/C Issuer, shall deliver to the Borrower an Administrative Questionnaire.

(v) **No Assignment to Certain Persons.** No such assignment shall be made (A) to the Borrower or any of the Borrower's Affiliates or Subsidiaries, (B) to any Defaulting L/C Issuer or any of its Subsidiaries, or any Person who, upon becoming an L/C Issuer hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person).

(vi) **Certain Additional Payments.** In connection with any assignment of rights and obligations of any Defaulting L/C Issuer hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, to each of which the applicable assignee and assignor hereby irrevocably consent), to pay and satisfy in full all payment liabilities then owed by such Defaulting L/C Issuer to the Collateral Agent or any L/C Issuer hereunder (and interest accrued thereon). Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting L/C Issuer hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting L/C Issuer for all purposes of this Agreement until such compliance occurs.

Subject to the consent of the Borrower (to the extent required by subsection 10.06(b)(iii) of this Section), from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of an L/C Issuer under this Agreement, and the assigning L/C Issuer thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning L/C Issuer's rights and obligations under this Agreement, such L/C Issuer shall cease to be a party hereto) but shall

continue to be entitled to the benefits of Sections 3.01, 3.04, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; **provided, that** except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting L/C Issuer will constitute a waiver or release of any claim of any party hereunder arising from that L/C Issuer's having been a Defaulting L/C Issuer. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee L/C Issuer. Any assignment or transfer by an L/C Issuer of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such L/C Issuer of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) **[Reserved]**.

(d) **Participations.** Any L/C Issuer may at any time, without the consent of, or notice to, the Borrower or the Collateral Agent, sell participations to any Person (other than a natural Person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person, a Defaulting L/C Issuer or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such L/C Issuer's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the L/C Obligations owing to it); **provided that** (i) such L/C Issuer's obligations under this Agreement shall remain unchanged, (ii) such L/C Issuer shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Collateral Agent and the L/C Issuers shall continue to deal solely and directly with such L/C Issuer in connection with such L/C Issuer's rights and obligations under this Agreement. For the avoidance of doubt, each L/C Issuer shall be responsible for the indemnity under Section 10.04(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which an L/C Issuer sells such a participation shall provide that such L/C Issuer shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; **provided that** such agreement or instrument may provide that such L/C Issuer will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were an L/C Issuer and had acquired its interest by assignment pursuant to subsection (b) of this Section (it being understood that the documentation required under Section 3.01(e) shall be delivered to the L/C Issuer who sells the participation) to the same extent as if it were an L/C Issuer and had acquired its interest by assignment pursuant to paragraph (b) of this Section; **provided that** such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 10.13 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the L/C Issuer from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each L/C Issuer that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though

it were an L/C Issuer; **provided that** such Participant agrees to be subject to Section 2.13 as though it were an L/C Issuer.

(e) **Certain Pledges.** Any L/C Issuer may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such L/C Issuer, including any pledge or assignment to secure obligations to a Federal Reserve Bank; **provided that** no such pledge or assignment shall release such L/C Issuer from any of its obligations hereunder or substitute any such pledgee or assignee for such L/C Issuer as a party hereto.

**Section 10.07. Treatment of Certain Information; Confidentiality.** Each of the Collateral Agent and the L/C Issuers agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other L/C Document or any action or proceeding relating to this Agreement or any other L/C Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any Rating Agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Collateral Agent, any L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower. In addition, the Collateral Agent and the L/C Issuers may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Collateral Agent and the L/C Issuers in connection with the administration of this Agreement, the other L/C Documents, and the Commitments.

For purposes of this Section, "**Information**" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Collateral Agent or any L/C Issuer on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary; **provided that**, in the case of information received from the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to

maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Collateral Agent and the L/C Issuers acknowledges that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

**Section 10.08. Right of Setoff.** If an Event of Default shall have occurred and be continuing, each L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such L/C Issuer or any such Affiliate to or for the credit or the account of the Borrower or any other L/C Party against any and all of the obligations of the Borrower or such L/C Party now or hereafter existing under this Agreement or any other L/C Document to such L/C Issuer or its Affiliates, irrespective of whether or not such L/C Issuer or Affiliate shall have made any demand under this Agreement or any other L/C Document and although such obligations of the Borrower or such L/C Party may be contingent or unmatured or are owed to a branch, office or Affiliate of such L/C Issuer different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; **provided, that** in the event that any Defaulting L/C Issuer shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the L/C Issuers for further application in accordance with the provisions of Section 2.17 and, pending such payment, shall be segregated by such Defaulting L/C Issuer from its other funds and deemed held in trust for the benefit of the Collateral Agent and the other L/C Issuers, and (y) the Defaulting L/C Issuer shall provide promptly to the other L/C Issuers a statement describing in reasonable detail the Obligations owing to such Defaulting L/C Issuer as to which it exercised such right of setoff. The rights of each L/C Issuer and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such L/C Issuer or its Affiliates may have. Each L/C Issuer agrees to notify the Borrower and the Collateral Agent promptly after any such setoff and application; **provided that** the failure to give such notice shall not affect the validity of such setoff and application.

**Section 10.09. Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any L/C Document, the interest paid or agreed to be paid under the L/C Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "**Maximum Rate**"). If any L/C Issuer shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Drawn Amounts or Unreimbursed Amounts or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by any L/C Issuer exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**Section 10.10. Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other L/C Documents, and any separate letter agreements with respect to fees payable to the Collateral Agent or the L/C Issuer, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Collateral Agent and each L/C Issuer and when the Collateral Agent and each L/C Issuer shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (*e.g.* "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement.

**Section 10.11. Survival of Representations and Warranties.** All representations and warranties made hereunder and in any other L/C Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Collateral Agent and each L/C Issuer, regardless of any investigation made by the Collateral Agent or any L/C Issuer or on their behalf and notwithstanding that the Collateral Agent or any L/C Issuer may have had notice or knowledge of any Default at the time of any L/C Credit Extension, and shall continue in full force and effect as long as any Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

**Section 10.12. Severability.** If any provision of this Agreement or the other L/C Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other L/C Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting L/C Issuers shall be limited by Debtor Relief Laws, as determined in good faith by the L/C Issuers, then such provisions shall be deemed to be in effect only to the extent not so limited.

**Section 10.13. Replacement of L/C Issuer.** If the Borrower is entitled to replace an L/C Issuer pursuant to the provisions of Section 3.06, if any L/C Issuer is a Defaulting L/C Issuer or if any L/C Issuer is a Non-Consenting L/C Issuer, then the Borrower may, at its sole expense and effort, upon notice to such L/C Issuer, require such L/C Issuer to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights (other than its rights to payments pursuant to Sections 3.01 and 3.04 with respect to facts and circumstances occurring prior to the effective date of such assignment) and obligations under this Agreement and the related L/C Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another L/C Issuer, if an L/C Issuer accepts such assignment); **provided that:**

(a) [reserved];

(b) such L/C Issuer shall have received payment of an amount equal to the outstanding principal of its L/C Obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other L/C Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) in the case of any assignment resulting from an L/C Issuer becoming a Non-Consenting L/C Issuer, the applicable assignee shall have consented to the applicable amendment, waiver or consent; and

(e) such assignment does not conflict with applicable Laws.

An L/C Issuer shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such L/C Issuer or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

#### Section 10.14. **Governing Law; Jurisdiction; Etc.**

(a) **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER L/C DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER L/C DOCUMENT (EXCEPT, AS TO ANY OTHER L/C DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) **SUBMISSION TO JURISDICTION.** THE BORROWER AND EACH OTHER L/C PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE COLLATERAL AGENT, ANY L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER L/C DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT

PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER L/C DOCUMENT SHALL AFFECT ANY RIGHT THAT THE COLLATERAL AGENT OR ANY L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER L/C DOCUMENT AGAINST THE BORROWER OR ANY OTHER L/C PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) **WAIVER OF VENUE.** THE BORROWER AND EACH OTHER L/C PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER L/C DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW. EACH OF THE L/C PARTIES IRREVOCABLY APPOINTS CT CORPORATION SYSTEM, WITH ADDRESS AT 111 EIGHTH AVENUE, NEW YORK, NY 10011, UNITED STATES, AS ITS AUTHORIZED AGENT ON WHICH ANY AND ALL LEGAL PROCESS MAY BE SERVED IN ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR IN ANY NEW YORK STATE COURT (IN EITHER CASE, SITTING IN MANHATTAN, NEW YORK CITY) IN CONNECTION WITH THIS AGREEMENT.

Section 10.15. **WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER L/C DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER L/C DOCUMENTS BY,

AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**Section 10.16. No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other L/C Document), the Borrower and each other L/C Party acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Collateral Agent and the L/C Issuers are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Collateral Agent and the L/C Issuers, on the other hand, (B) the Borrower and the other L/C Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other L/C Documents; (ii) (A) the Collateral Agent and each L/C Issuer is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, any other L/C Issuer or any of its Affiliates, or any other Person and (B) neither the Collateral Agent nor any L/C Issuer has any obligation to the Borrower, any other L/C Issuer or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other L/C Documents; and (iii) the Collateral Agent and the L/C Issuers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the other L/C Issuers and their respective Affiliates, and neither the Collateral Agent nor any L/C Issuer has any obligation to disclose any of such interests to the Borrower, any other L/C Issuer and their respective Affiliates. To the fullest extent permitted by law, the Borrower and each other L/C Issuer hereby waives and releases any claims that it may have against the Collateral Agent or any L/C Issuer with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**Section 10.17. Electronic Execution of Assignments and Certain Other Documents.** The words "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignment and Assumptions, amendments or other modifications, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Collateral Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; **provided that** notwithstanding anything contained herein to the contrary, the Collateral Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Collateral Agent pursuant to procedures approved by it.

**Section 10.18. USA PATRIOT Act.** Each L/C Issuer that is subject to the Act (as hereinafter defined) and the Collateral Agent (for itself and not on behalf of any other L/C Issuer) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title

III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Act**"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such L/C Issuer or the Collateral Agent, as applicable, to identify the Borrower in accordance with the Act. The Borrower shall, promptly following a request by the Collateral Agent or any L/C Issuer, provide all documentation and other information that the Collateral Agent or such L/C Issuer requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.

Section 10.19. **ENTIRE AGREEMENT.** THIS AGREEMENT AND THE OTHER L/C DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 10.20. **Acknowledgement and Consent to Bail-In of EEA Financial Institutions.** Notwithstanding anything to the contrary in any L/C Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any L/C Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other L/C Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

Section 10.21. **Interest Act (Canada).** For purposes of the *Interest Act* (Canada), where in any L/C Document a rate of interest is to be calculated on the basis of a year of 360, 365 or 366 days, the yearly rate of interest to which the rate is equivalent is the rate multiplied by the number of days in the year for which the calculation is made and divided by 360, 365 or 366, as applicable. For purposes of the *Interest Act* (Canada), the principle of deemed reinvestment of interest shall not apply to any interest rate calculation under this Agreement, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields. Each of the L/C Parties confirms that it fully understands and is able to calculate the rate of interest applicable

to the credit facility under this Agreement based on the methodology for calculating per annum rates provided for in this Agreement. Each L/C Issuer agrees that if requested in writing by the Borrower it will calculate the nominal and effective per annum rate of interest on the Loans outstanding at the time of such request and provide such information to the Borrower promptly following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve the Borrower or any other L/C Party of any of its obligations under this Agreement or any other L/C Document, nor result in any liability to any L/C Issuer. Each L/C Party hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to the L/C Documents, that the interest payable under the L/C Documents and the calculation thereof has not been adequately disclosed to the L/C Parties, whether pursuant to section 4 of the *Interest Act* (Canada) or any other applicable law or legal principle.

**Section 10.22. Criminal Interest.** If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to any L/C Issuer in an amount or calculated at a rate which would be prohibited by applicable law or would result in a receipt by that L/C Issuer of “interest” at a “criminal rate” (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by that Lender of “interest” at a “criminal rate”.

**Section 10.23. Currency Indemnity.** If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other L/C Document, it becomes necessary to convert into a particular currency (the “**Judgment Currency**”) any amount due under this Agreement or under any other L/C Document in any currency other than the Judgment Currency (the “**Currency Due**”), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which a judgment against the Borrower or other L/C Party is given. For this purpose “rate of exchange” means the rate at which the applicable L/C Issuer is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its head office. In the event that there is a change in the rate of exchange prevailing between the Business Day immediately preceding the day on which the judgment is given and the date of receipt by the applicable L/C Issuer of the amount due, the Borrower shall, on the date of receipt by the applicable L/C Issuer, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the applicable L/C Issuer on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the applicable L/C Issuer is the amount then due under this Agreement or such other L/C Document in the Currency Due. If the amount of the Currency Due which the applicable L/C Issuer is so able to purchase is less than the amount of the Currency Due originally due to it from the L/C Party, the Borrower shall indemnify and save the applicable L/C Issuer harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other L/C Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the applicable L/C Issuer from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other L/C Document or under any judgment or order.

## Section 10.24. Santos Basin Sale Agreement and Northern Block Sale Agreement.

(a) Notwithstanding any provision of this Agreement, (i) to the extent that any provision of this Agreement could restrict, prevent or delay in any respect the transactions contemplated by the Santos Basin Sale Agreement, such provision shall not, and shall be deemed not to, apply to the Borrower and the Guarantors in respect of all matters pertaining to the transactions contemplated by the Santos Basin Sale Agreement; **provided that** such provisions shall otherwise remain in full force and effect, and (ii) the Borrower and Pacific Brazil are hereby entitled to obtain, promptly upon written request delivered to the Collateral Agent (and in any event prior to the completion of the transactions contemplated by the Santos Basin Sale Agreement) the release of any and all Liens over the property and assets constituting the subject matter of the Santos Basin Sale Agreement to the extent such property and assets comprise Collateral securing Obligations or have otherwise been granted by the Guarantors in respect of the property and assets constituting the subject matter of the Santos Basin Sale Agreement.

(b) Notwithstanding any provision of this Agreement, (i) to the extent that any provision of this Agreement could restrict, prevent or delay in any respect the transactions contemplated by the Northern Block Sale Agreement, such provision shall not, and shall be deemed not to, apply to the Borrower and the Guarantors in respect of all matters pertaining to the transactions contemplated by the Northern Block Sale Agreement; **provided that** such provisions shall otherwise remain in full force and effect, and (ii) the Borrower and Pacific Brazil are hereby entitled to obtain, promptly upon written request delivered to the Collateral Agent (and in any event prior to the completion of the transactions contemplated by the Northern Block Sale Agreement) the release of any and all Liens over the property and assets constituting the subject matter of the Northern Block Sale Agreement to the extent such property and assets comprise Collateral securing Obligations or have otherwise been granted by the Guarantors in respect of the property and assets constituting the subject matter of the Northern Block Sale Agreement.

## ARTICLE XI

### GUARANTY

Section 11.01. **Guaranty.** Subject to the provisions of this Article, the Guarantors hereby absolutely, irrevocably and unconditionally Guarantee, jointly and severally, to each L/C Issuer and to the Collateral Agent the full and punctual payment (whether at an installment date or the Maturity Date, upon redemption, purchase pursuant to an offer to purchase or acceleration or otherwise) of the principal, interest and all other amounts that may come due and payable under each applicable L/C Obligation and the full and punctual payment of all other amounts payable by the Borrower under this Agreement as they come due. Upon failure by the Borrower to pay punctually any such amount, each of the Guarantors shall, without duplication, forthwith pay the amount not so paid at the place and time and in the manner specified in this Agreement. This Guarantee constitutes a direct, joint and several, general, and unconditional primary obligation of each Guarantor which will at all times rank at least *pari passu* with all other present and future senior unsecured obligations of such Guarantor, except for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Section 11.02. **Guarantee Unconditional.** To the extent permitted by Applicable Law, the obligations of the Guarantors hereunder are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by (and each Guarantor hereby specifically waives):

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower under this Agreement or any Letter of Credit, by operation of law or otherwise;

(b) any modification or amendment of or supplement to this Agreement or any Letter of Credit;

(c) any change in the corporate existence, structure or ownership of the Borrower, or any insolvency, bankruptcy, reorganization, plan of arrangement or other similar proceeding affecting the Borrower or its assets or any resulting release or discharge of any obligation of the Borrower contained in this Agreement or any Letter of Credit;

(d) the existence of any claim, set-off or other rights which any of the Guarantors may have at any time against the Borrower, the Collateral Agent or any other Person, whether in connection with this Agreement or any unrelated transactions; **provided that** nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim;

(e) any invalidity or unenforceability relating to or against the Borrower for any reason of this Agreement or any Letter of Credit, or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower of the principal or interest on any Letter of Credit or any other amount payable by the Borrower under this Agreement;

(f) any other act or omission to act or delay of any kind by the Borrower, the Collateral Agent or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to any of the Guarantors' obligations hereunder; or

(g) any defenses (other than full and unconditional payment) or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of the Guarantee or this Agreement.

Section 11.03. **Waiver by the Guarantors.** To the extent permitted by Applicable Law, each of the Guarantors unconditionally and irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower or any other Person. The Guaranty constitutes a Guarantee of payment and not of collection.

To the extent permitted by Applicable Law, each of the Guarantors expressly waives irrevocably and unconditionally:

(i) Any right it may have to first require any L/C Issuer of the applicable L/C Obligation to proceed against, initiate any actions before a court of law or any other judge or

authority, or enforce any other rights or security or claim payment from the Borrower or any other Person (including any Guarantor or any other guarantor) before claiming it under this Agreement;

(ii) Any right to which it may be entitled to have the assets of the Borrower or any other Person (including any Guarantor or any other guarantor) first be used, applied or depleted as payment of the Borrower's or the Guarantors' obligations hereunder, prior to any amount being claimed from or paid by any of the Guarantors hereunder; and

(iii) Any right to which it may be entitled to have claims hereunder divided between the Guarantors.

**Section 11.04. Subrogation and Contribution.** Upon making any payment with respect to any obligation of the Borrower under this Article, each paying Guarantor will be subrogated to the rights of the payee against the Borrower with respect to such obligation; **provided, however, that** such Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until the principal of and interest on all L/C Obligations and any other amounts due under this Agreement shall have been paid in full.

**Section 11.05. Stay of Acceleration.** If acceleration of the time for payment of any amount payable by the Borrower under this Agreement or the Letters of Credit is stayed upon the insolvency, bankruptcy or reorganization of the Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement are nonetheless payable by the Guarantors forthwith on demand by the L/C Issuers.

**Section 11.06. Execution and Delivery of the Guarantee.** The execution by each of the Guarantors of this Agreement evidences the Guarantee of such Guarantor, whether or not the person signing as an officer of such Guarantor still holds that office at any other time. The delivery of this Agreement or any Note by the Collateral Agent and the L/C Issuers constitutes due delivery of the Guaranty on behalf of each Guarantor.

**Section 11.07. Purpose of the Guarantee.** The Borrower, the Collateral Agent and the L/C Issuers hereby acknowledge that the purpose and intent of each of the Guarantors in executing this Agreement and providing the Guaranty is to give effect to the agreement of such Guarantor to Guarantee the payment of any such amounts due by the Borrower under the Letters of Credit and this Agreement, whether such amounts are in respect of principal, interest or any other amounts. Therefore, each of the Guarantors agrees that if the Borrower shall fail to pay in full when due (whether at Stated Maturity, by acceleration or otherwise) any principal, interest or any other amounts with respect to this Agreement and the other L/C Documents, such Guarantor shall promptly pay the same, without any demand or notice whatsoever. Each L/C Issuer shall promptly deposit in the account designated by it to receive payments from the Borrower with respect to the Letters of Credit any funds it receives from any of the Guarantors under or pursuant to this Guarantee in respect of the Letters of Credit.

**Section 11.08. Future Guarantors.** If after the Effective Date, it is required that that any Subsidiary of the Borrower that is not a Guarantor become a Guarantor and/or grant a Lien in respect of the Letters of Credit or, during the Initial Term, enter into any Collateral Document so to comply with Section 6.06, the Borrower will cause such Subsidiary to promptly execute a

supplement to this Agreement and each applicable Collateral Document for that purpose and deliver it to the Collateral Agent and the L/C Issuers.

Section 11.09. **Information.** Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each other Guarantor's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the obligations incurred under this Agreement and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that neither the Collateral Agent nor any L/C Issuer will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

Section 11.10. **Limitation of Swiss Guarantors.** Notwithstanding anything to the contrary in this Agreement, the obligations of any Swiss Guarantor and the rights of the Collateral Agent and the L/C Issuers under this Agreement against a Swiss Guarantor are subject to the following limitations:

(a) If and to the extent a guarantee or security interest granted or any other obligations assumed by a Swiss Guarantor under this Agreement (including the guaranty provided under Section 11) guarantees or secures obligations of its (direct or indirect) parent company (upstream security) or its sister companies (cross-stream security) (the “**Upstream or Cross-Stream Secured Obligations**”) and if and to the extent using the proceeds from the enforcement of such guarantee, security interest or other obligation to discharge the Upstream or Cross-Stream Secured Obligations would constitute a repayment of capital (*Einlagerückgewähr/Kapitalrückzahlung*), a violation of the legally protected reserves (*gesetzlich geschützte Reserven*) or the payment of a (constructive) dividend (*Gewinnausschüttung*) under Swiss corporate law, the proceeds from the enforcement of such guarantee, security interest or other obligation to be used to discharge the Upstream or Cross-Stream Secured Obligations shall be limited to the maximum amount of that Swiss Guarantor's freely disposable shareholder or quotaholder equity at the time of enforcement (the “**Disposable Amount**”); provided that such limitation is required under the applicable law at that time; provided, further, that such limitation shall not free the Swiss Guarantor from its obligations in excess of the Disposable Amount, but merely postpone the performance date of those obligations until such time or times as performance is again permitted under then applicable law. This Disposable Amount shall be determined in accordance with Swiss law and applicable Swiss accounting principles, and, if and to the extent required by applicable Swiss law, shall be confirmed by the auditors of the Swiss Guarantor on the basis of an interim audited balance sheet as of that time.

(b) In respect of Upstream or Cross-Stream Secured Obligations, the Swiss Guarantor shall, as concerns the proceeds resulting from the enforcement of the guarantee or security interest granted or other obligations assumed under this Agreement or any other Loan Document, if and to the extent required by applicable law in force at the relevant time:

(i) procure that such enforcement proceeds can be used to discharge Upstream or Cross-Stream Secured Obligations without deduction of Swiss withholding tax by discharging the liability to such tax by notification pursuant to applicable law rather than payment of the tax;

(ii) if the notification procedure pursuant to sub-paragraph (i) above does not apply and subject to paragraph (c) below, deduct the Swiss withholding tax at such rate (currently thirty-five percent (35%) at the date of this Agreement) as is in force from time to time from any such enforcement proceeds used to discharge Upstream or Cross-Stream Secured Obligations, and pay, without delay, any such taxes deducted to the Swiss Federal Tax Administration;

(iii) notify the Collateral Agent that such notification or, as the case may be, deduction has been made, and provide the Collateral Agent with evidence that such a notification of the Swiss Federal Tax Administration has been made or, as the case may be, such taxes deducted have been paid to the Swiss Federal Tax Administration; and

(iv) in the case of a deduction of Swiss withholding tax, use its best efforts to ensure that any person, which is entitled to a full or partial refund of the Swiss withholding tax deducted from such enforcement proceeds, will, as soon as possible after such deduction,

(A) request a refund of the Swiss withholding tax under applicable law (including tax treaties), and

(B) pay to the Collateral Agent upon receipt any amount so refunded.

(c) If the Swiss Guarantor is required to deduct Swiss withholding tax pursuant to paragraph (b)(ii) above at the time the Collateral Agent is enforcing security interests granted by the Swiss Guarantor, the Collateral Agent shall deduct from the proceeds received from the enforcement of such security interests the Swiss withholding tax at such rate (35% at the date of this Agreement) as is in force from time to time and shall pay without delay, any such taxes deducted to, in its sole discretion, (i) either the Swiss Federal Tax Administration or (ii) the Swiss Guarantor (in order for the Swiss Guarantor to pay the taxes to the Swiss Federal Tax Administration itself).

(d) The Swiss Guarantor shall promptly take and promptly cause to be taken any action, including the following:

(i) the passing of any shareholders' or quotaholders' resolutions, as may be the case, to approve the use of the enforcement proceeds, which may be required as a matter of Swiss mandatory law in force at the time of the enforcement of the security interest in order to allow a prompt use of the enforcement proceeds;

(ii) preparation of up-to-date audited balance sheet of the Swiss Guarantor;

(iii) confirmation of the auditors of the Swiss Guarantor that the relevant amount represents the Disposable Amount;

(iv) conversion of restricted reserves into profits and reserves freely available for the distribution as dividends (to the extent permitted by mandatory Swiss law);

(v) to the extent permitted by applicable law, Swiss accounting standards, write-up or realize any of its assets that are shown in its balance sheet with a book value that is significantly lower than the market value of the assets, in case of realization, however, only if such assets are not necessary for the Swiss Guarantor's business (*nicht betriebsnotwendig*); and

(vi) all such other measures necessary to allow the Swiss Guarantor to use enforcement proceeds as agreed hereunder with a minimum of limitations.

**Section 11.11. Limitation of Guarantee – Luxembourg Guarantors.** Notwithstanding anything herein to the contrary, the guarantee, indemnity and other obligations of each Guarantor that is incorporated under the laws of the Grand Duchy of Luxembourg (a "**Luxembourg Guarantor**"):

(a) shall not apply to any payment which, if made, would constitute prohibited financial assistance as provided in article 49-6 of the Luxembourg Act of August 10, 1915 on commercial companies, as amended; and

(b) shall be limited in respect of obligations and liabilities of companies that are not such Luxembourg Guarantor's direct or indirect Subsidiaries at any time, to an aggregate amount not exceeding ninety-five per cent (95%) of the greater of:

(i) (A) the relevant Luxembourg Guarantor's own funds (*capitaux propres*; as referred to in article 34 of the Luxembourg Act dated December 19, 2002 concerning the trade and companies register as well as the accounting and annual accounts of companies, as amended or, as the case may be, referred to in any law, act, regulation or accounting standard, to which Article 34 refers) and (B) the debt owed by such Luxembourg Guarantor to any Affiliate as reflected in its last filed annual accounts on the date the Guarantee is called under this Agreement; and

(ii) (A) the relevant Luxembourg Guarantor's own funds (*capitaux propres*; as referred to in article 34 of the Luxembourg Act dated December 19, 2002 concerning the trade and companies register as well as the accounting and annual accounts of companies, as amended or, as the case may be, referred to in any law, act, regulation or accounting standard, to which Article 34 refers) and (B) the debt owed by such Luxembourg Guarantor to any Affiliate as reflected in its last filed annual accounts as at the date of this Agreement.

Should no annual accounts of the Luxembourg Guarantor be available on the date of this Agreement and/or on the date the Guarantee is called (as the case may be), the Luxembourg Guarantor's own funds (*capitaux propres*) and the debt owed by such Luxembourg Guarantor to any Affiliate will be determined at the reasonable discretion of the L/C Issuers or a professional adviser appointed by the L/C Issuers to make those determinations on their behalf, in accordance with the accounting principles applicable to the Luxembourg Guarantor.

(c) For the avoidance of any doubt, the above limitation shall not apply to any amounts made available, in any form whatsoever, to such Luxembourg Guarantor or to any of such Luxembourg Guarantor's direct or indirect Subsidiaries at any time, in accordance with Section 6.10 of this Agreement and which amounts shall form part of, and be covered by, the Guarantee in their entirety.

## ARTICLE XII

### INTERCREDITOR AGREEMENT

Notwithstanding anything to the contrary contained in this Agreement, during the Initial Term, the Liens and security interests granted to the Second Lien Collateral Trustee pursuant to the Second Priority Collateral Documents in any Collateral and the exercise of any right or remedy by the Second Lien Collateral Trustee with respect to any Collateral hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control.

*[Remainder intentionally left blank. Signature pages follow.]*

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

FRONTERA ENERGY CORPORATION, as  
Borrower

By: (signed) "David Dyck"  
Name: David Dyck  
Title: Authorized Signatory

FRONTERA ENERGY COLOMBIA AG, as a  
Guarantor

By: (signed) "Anne Walters"  
Name: Anne Walters  
Title: Authorized Signatory

PACIFIC STRATUS ENERGY S.A., as a  
Guarantor

By: (signed) "Anne Walters"  
Name: Anne Walters  
Title: Authorized Signatory

PACIFIC OFFSHORE PERU S.R.L., as a  
Guarantor

By: (signed) "Anne Walters"  
Name: Anne Walters  
Title: Authorized Signatory

PRE-PSIE COÖPERATIEF U.A., as a Guarantor

By: (signed) "Anne Walters"  
Name: Anne Walters  
Title: Authorized Signatory

PACIFIC E&P INTERNATIONAL HOLDINGS,  
S.A.R.L., as a Guarantor

By: (signed) "Anne Walters"

Name: Anne Walters

Title: Authorized Signatory

PACIFIC MARKETING INTERNATIONAL  
CORP., as a Guarantor

By: (signed) "Anne Walters"

Name: Anne Walters

Title: Authorized Signatory

PACIFIC STRATUS ENERGY DEL PERU S.A.,  
as a Guarantor

By: (signed) "Anne Walters"

Name: Anne Walters

Title: Authorized Signatory

PETROMINERALES PERU LTD., as a Guarantor

By: (signed) "Anne Walters"

Name: Anne Walters

Title: Authorized Signatory

PETRO INTERNATIONAL LTD., as a Guarantor

By: (signed) "Anne Walters"

Name: Anne Walters

Title: Authorized Signatory

PETROMINERALES BERMUDA LTD., as a  
Guarantor

By: *(signed) "Anne Walters"* \_\_\_\_\_

Name: Anne Walters

Title: Authorized Signatory

PACIFIC GUATEMALA ENERGY CORP., as a  
Guarantor

By: *(signed) "Anne Walters"* \_\_\_\_\_

Name: Anne Walters

Title: Authorized Signatory

PRE CORPORATE SERVICES CORP., as a  
Guarantor

By: *(signed) "Anne Walters"* \_\_\_\_\_

Name: Anne Walters

Title: Authorized Signatory

PACIFIC MIDSTREAM HOLDING CORP., as a  
Guarantor

By: *(signed) "Anne Walters"* \_\_\_\_\_

Name: Anne Walters

Title: Authorized Signatory

PACINFRA HOLDING LTD., as a Guarantor

By: *(signed) "Anne Walters"* \_\_\_\_\_

Name: Anne Walters

Title: Authorized Signatory

MAJOR INTERNATIONAL OIL S.A., as a  
Guarantor

By: *(signed) "Anne Walters"* \_\_\_\_\_

Name: Anne Walters

Title: Authorized Signatory

AGRO CASCADA S.A.S., as a Guarantor

By: *(signed) "Anne Walters"* \_\_\_\_\_

Name: Anne Walters

Title: Authorized Signatory

FRONTERA PETROLEUM INTERNATIONAL  
HOLDINGS B.V., as a Guarantor

By: *(signed) "Anne Walters"* \_\_\_\_\_

Name: Anne Walters

Title: Authorized Signatory

WILMINGTON TRUST, NATIONAL  
ASSOCIATION,  
as Collateral Agent

By: *(signed) "Renee Kuhl"* \_\_\_\_\_

Name: Renee Kuhl

Title: Administrative Vice President

CITIBANK, N.A.  
as an L/C Issuer

By: *(signed) "Guillermo Hudtwalcker"* \_\_\_\_\_

Name: Guillermo Hudtwalcker

Title: Vice President

HSBC MÉXICO, S.A. INSTITUCIÓN DE  
BANCA MÚLTIPLE, GRUPO FINANCIERO  
HSBC, as an L/C Issuer

By: (signed) "Mauricio Alazraki Pfeffer"

Name: Mauricio Alazraki Pfeffer

Title: Attorney in fact

By: (signed) "Adrian Morales Cabrera"

Name: Adrian Morales Cabrera

Title: Attorney in fact

ITAÚ CORPBANCA COLOMBIA S.A., as an L/C  
Issuer

By: (signed) "Jorge Alberto Vitta"

Name: Jorge Alberto Vitta

Title: Legal Representative

JPMORGAN CHASE BANK, N.A., as an L/C  
Issuer

By: (signed) "Phillip Garabedian"

Name: Phillip Garabedian

Title: Vice President

BANK OF AMERICA, N.A., as an L/C Issuer

By: (signed) "Maxim Volkov"

Name: Maxim Volkov

Title: Managing Director

**EXHIBIT A**  
**FORM OF NOTE**

FOR VALUE RECEIVED, the undersigned (the "**Borrower**"), hereby promises to pay to \_\_\_\_\_ or registered assigns (the "**L/C Issuer**"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each L/C Extension from time to time made by the L/C Issuer to the Borrower under that certain Letter of Credit and Reimbursement Agreement, dated as of May 17, 2018 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "**Agreement**;" the terms defined therein being used herein as therein defined), among the Borrower, the Guarantors party thereto, the L/C Issuers from time to time party thereto, and Wilmington Trust, National Association, as Collateral Agent.

The Borrower promises to pay interest on the unpaid principal amount of each L/C Extension from the date of such L/C Extension until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the L/C Issuer in Dollars in immediately available funds at the L/C Issuer's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the *per annum* rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of the Guaranty and secured by the Collateral. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. L/C Extensions made by the L/C Issuer shall be evidenced by one or more loan accounts or records maintained by the L/C Issuer in the ordinary course of business. The L/C Issuer may also attach schedules to this Note and endorse thereon the date, amount and maturity of its L/C Extensions and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF \_\_\_\_\_.

[BORROWER]

By: \_\_\_\_\_  
Name:  
Title:



## EXHIBIT B-1

### ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "**Assignment and Assumption**") is dated as of the Effective Date set forth below and is entered into by and between [the][each]<sup>1</sup> Assignor identified in item 1 below ([the][each, an] "**Assignor**") and [the][each]<sup>2</sup> Assignee identified in item 2 below ([the][each, an] "**Assignee**"). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees]<sup>3</sup> hereunder are several and not joint.]<sup>4</sup> Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "**Credit Agreement**"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Borrower as contemplated below (i) all of [the Assignor's][the respective Assignors'] [rights] [and] [obligations in] [its capacity as an L/C Issuer][their respective capacities as L/C Issuer] under the Credit Agreement and any other documents or instruments delivered pursuant thereto in the amount[s] and equal to the percentage interest[s] identified below of all the outstanding [rights] [and] [obligations] under the Letters of Credit identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a L/C Issuer)][the respective Assignors (in their respective capacities as L/C Issuers)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the [rights] [and] [obligations] sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "**Assigned Interest**"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

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<sup>1</sup> For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

<sup>2</sup> For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

<sup>3</sup> Select as appropriate.

<sup>4</sup> Include bracketed language if there are either multiple Assignors or multiple Assignees.

1. **Assignor[s]:** \_\_\_\_\_  
 \_\_\_\_\_

[Assignor [is] [is not] a Defaulting L/C Issuer]

2. **Assignee[s]:** \_\_\_\_\_  
 \_\_\_\_\_

[for each Assignee, indicate [Affiliate][Approved Fund] of [*identify L/C Issuer*]]

3. **Borrower:** Frontera Energy Corporation

4. **Collateral Agent:** Wilmington Trust, National Association, as the collateral agent under the Credit Agreement

5. **Credit Agreement:** Letter of Credit and Reimbursement Agreement, dated as of May 17, 2018, among the Borrower, the Guarantors party thereto, the L/C Issuers from time to time party thereto, and Wilmington Trust, National Association, as Collateral Agent.

6. **Assigned Interest[s]:**

Assignor[s] <sup>5</sup>	Assignee[s] <sup>6</sup>	Aggregate Amount of Commitment for all L/C Issuers <sup>7</sup>	Amount of Commitment Assigned	Percentage Assigned of L/C Extension <sup>8</sup>	Applicable Letter of Credit
		\$ _____ _____	\$ _____ _____	_____ _ %	
		\$ _____ _____	\$ _____ _____	_____ _ %	
		\$ _____ _____	\$ _____ _____	_____ _ %	

[7. **Trade Date:** \_\_\_\_\_]<sup>9</sup>

<sup>5</sup> List each Assignor, as appropriate.

<sup>6</sup> List each Assignee and, if available, its market entity identifier, as appropriate.

<sup>7</sup> Amounts in this column and in the column immediately to the right to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>8</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all L/C Issuers thereunder.

<sup>9</sup> To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: \_\_\_\_\_, 20\_\_ [TO BE INSERTED BY BORROWER]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S]<sup>10</sup>  
[NAME OF ASSIGNOR]

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

[NAME OF ASSIGNOR]

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

ASSIGNEE[S]<sup>11</sup>  
[NAME OF ASSIGNEE]

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

[Consented to:

FRONTERA ENERGY CORPORATION,  
as Borrower

By: \_\_\_\_\_  
Title:]<sup>12</sup>

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<sup>10</sup> Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

<sup>11</sup> Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

<sup>12</sup> To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

[Consented to:]<sup>13</sup>

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

---

<sup>13</sup> To be added only if the consent of the Borrower and/or other parties (e.g. L/C Issuer) is required by the terms of the Credit Agreement.

## ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

[\_\_\_\_\_]<sup>14</sup>

### STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

#### 1. Representations and Warranties.

1.1. **Assignor.** [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is **[not]** a Defaulting L/C Issuer; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other L/C Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the L/C Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any L/C Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any L/C Document.

1.2. **Assignee.** [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become an L/C Issuer under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 10.06(b)(iii) and (v) of the Credit Agreement (subject to such consents, if any, as may be required under Section 10.06(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as an L/C Issuer thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of an L/C Issuer thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by [the][such] Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire [the][such] Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.04 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Collateral Agent or any other L/C Issuer and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) if it is a Foreign L/C Issuer, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Collateral Agent, [the][any]

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<sup>14</sup> Describe Credit Agreement.

Assignor or any other L/C Issuer, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the L/C Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the L/C Documents are required to be performed by it as a L/C Issuer.

2. **Payments.** From and after the Effective Date, the Borrower and the Collateral Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date. Notwithstanding the foregoing, the Borrower and the Collateral Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the][the relevant] Assignee.

3. **General Provisions.** This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

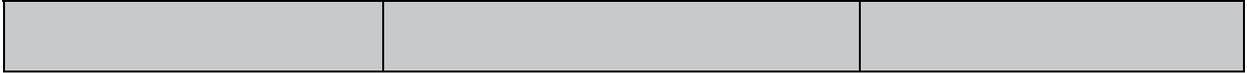
**EXHIBIT B-2**

**FORM OF ADMINISTRATIVE QUESTIONNAIRE**

<LENDER NAME>

<FUND MANAGER>

Wire Instructions	<i>Full Legal Name, Signature Block and Address:</i>	
	Buyer or Seller/Full Legal Name:	
	Signature Block:	
	By: _____	
	Name:	
	Title:	
	<b>Mailing Address:</b>	
	<b>CREDIT CONTACT</b>	
<b>Primary Contact:</b>	Name(s):	Telephone Number(s):
<b>Secondary Contact:</b>	Address:	Fax Number(s):
	Email:	
	<b>OPERATIONS CONTACT</b>	
<b>Primary Contact:</b>	Name(s):	Telephone Number(s):
	Address:	Fax Number(s):
	Email:	
<b>Secondary Contact:</b>		



**EXHIBIT C-1**

**FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign L/C Issuers That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Letter of Credit and Reimbursement Agreement dated as of May 17, 2018 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Frontera Energy Corporation, the Guarantors party thereto, the L/C Issuers from time to time party thereto and Wilmington Trust, National Association, as Collateral Agent.

Pursuant to the provisions of Section 3.01(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the L/C Extension(s) (as well as any Note(s) evidencing such L/C Extension(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Collateral Agent, the other L/C Issuers and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN-E (or W-8BEN, as applicable). By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower, the Collateral Agent and the other L/C Issuers, and (2) the undersigned shall have at all times furnished the Borrower, the Collateral Agent and the L/C Issuers with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF L/C Issuer]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_, 20[ ]

**EXHIBIT C-2**

**FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Letter of Credit and Reimbursement Agreement dated as of May 17, 2018 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Frontera Energy Corporation, the Guarantors party thereto, the L/C Issuers from time to time party thereto and Wilmington Trust, National Association, as Collateral Agent.

Pursuant to the provisions of Section 3.01(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating L/C Issuer with a certificate of its non-U.S. Person status on IRS Form W-8BEN-E (or W-8BEN, as applicable). By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such L/C Issuer in writing, and (2) the undersigned shall have at all times furnished such L/C Issuer with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

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

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

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

Date: \_\_\_\_\_, 20[ ]

**EXHIBIT C-3**

**FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Letter of Credit and Reimbursement Agreement dated as of May 17, 2018 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Frontera Energy Corporation, the Guarantors party thereto, the L/C Issuers from time to time party thereto and Wilmington Trust, National Association, as Collateral Agent.

Pursuant to the provisions of Section 3.01(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating L/C Issuer with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN-E (or W-8BEN, as applicable) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN-E (or W-8BEN, as applicable) from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such L/C Issuer and (2) the undersigned shall have at all times furnished such L/C Issuer with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_, 20[ ]

## EXHIBIT C-4

### FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign L/C Issuers That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Letter of Credit and Reimbursement Agreement dated as of May 17, 2018 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Frontera Energy Corporation, the Guarantors party thereto, the L/C Issuers from time to time party thereto and Wilmington Trust, National Association, as Collateral Agent.

Pursuant to the provisions of Section 3.01(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the L/C Extension(s) (as well as any Note(s) evidencing such L/C Extension(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such L/C Extension(s) (as well as any Note(s) evidencing such L/C Extension(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other L/C Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Collateral Agent, the L/C Issuers and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN-E (or W-8BEN, as applicable) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN-E (or W-8BEN, as applicable) from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower, the Collateral Agent and the L/C Issuers, and (2) the undersigned shall have at all times furnished the Borrower, the Collateral Agent and the L/C Issuers with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF L/C Issuer]

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

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

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

Date: \_\_\_\_\_, 20[ ]

## EXHIBIT D

### FORM OF COMPLIANCE CERTIFICATE

[\_\_\_\_\_] [ ], 20[ ]

Financial Statement Date: [\_\_\_\_\_] [ ], 20[ ]

Ladies and Gentlemen:

Reference is made to the Letter of Credit and Reimbursement Agreement dated as of May 17, 2018 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Frontera Energy Corporation, the Guarantors party thereto, the L/C Issuers from time to time party thereto and Wilmington Trust, National Association, as Collateral Agent. Terms defined in the Credit Agreement are used herein as defined therein.

This Compliance Certificate is delivered to you pursuant to Section 6.04(b) of the Credit Agreement. Pursuant to Section 6.04(b) of the Credit Agreement, the undersigned, an Authorized Officer of the Borrower, hereby certifies as of the date hereof that:

*[Use the following paragraph 1 for fiscal year-end financial statements]*

1. The Borrower has delivered the year-end audited financial statements and other information required by Section 6.04(a) of the Credit Agreement for the fiscal year of the Borrower ended as of the above date, as well as a report by the Borrower's certified independent public accountants.

*[Use the following paragraph 1 for fiscal quarter-end financial statements]*

1. The Borrower has delivered the unaudited financial statements and other information required by Section 6.04(a) of the Credit Agreement for the fiscal quarter of the Borrower ended as of the above date. Such financial statements fairly present in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries in accordance with IFRS as at such date and for such period.

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrower and its Subsidiaries during the accounting period covered by such financial statements.

3. The Borrowers are in compliance with all financial covenants set forth in Section 7.12 of the Credit Agreement and the financial covenant analyses and information set forth on Annex A attached hereto are true and accurate on and as of the date hereof.<sup>15</sup>

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<sup>15</sup> Borrower to attach analyses demonstrating compliance with each financial covenant.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of  
[\_\_\_\_\_ ] [ ], 20[ ].

FRONTERA ENERGY CORPORATION, as  
Borrower

By: \_\_\_\_\_  
Name:  
Title:

**ANNEX A**

*[Attached]*

## SCHEDULES

1.01(a)	Initial Collateral
2.01	Commitments and Applicable Percentages
5.03	Government Authorizations
5.06	Litigation
5.06(c)	Audits
5.11	Indebtedness
5.12	Taxes
5.15	Intellectual Property
5.16	Joint Ventures
5.17	Jurisdiction of Organization; Chief Executive Office
5.24	Existing Letters of Credit
10.02	Certain Addresses for Notices

**SCHEDULE 1.01(A)**  
**INITIAL COLLATERAL**

**INITIAL COLLATERAL**

**CANADIAN DOCUMENTS**

1. General security agreement among Borrower, Meta Petroleum Corp., Pacific Stratus Energy Colombia Corp., Pacific Stratus International Energy Ltd., Pacific Stratus Energy S.A., Petrominerales Colombia Corp., Grupo C&C Energia (Barbados) Ltd., Pacific Off Shore Peru s.r.l., Major International Oil S.A., Pacific E&P Holdings Corp., Pacific Guatemala Energy Corp. and Collateral Trustee.
2. Deposit account control agreements (springing) with respect to the CIBC collection accounts among CIBC, Borrower, Meta Petroleum Corp., Pacific Stratus Energy S.A., Pacific Off Shore Peru S.R.L., Pacific Guatemala Energy Corp. and Collateral Trustee.
3. Deposit account control agreements (non-springing) with respect to the Cash Collateral Accounts among CIBC, Borrower, Meta Petroleum Corp. and Collateral Trustee.
4. Securities Account Control Agreement in respect of uncertificated securities of CGX Energy Inc. held with Richardson GMP, as intermediary among CGX Energy Inc., Collateral Trustee and Richardson GMP.
5. Securities Account Control Agreement in respect of uncertificated securities of CGX Energy Inc. held with GMP Securities, as intermediary among CGX Energy Inc., Collateral Trustee and GMP Securities.

**BAHAMAS DOCUMENTS**

6. Debenture (containing fixed and floating charge) among Petrominerales Peru Ltd. and Collateral Trustee.
7. Share Charge by Petrominerales Bermuda Ltd.

**BERMUDA DOCUMENTS**

8. Equitable share charge in respect of the shares of Petro International Ltd., Petrominerales Bermuda Ltd. and Pacific Reinsurance Limited among Borrower, Petro International Ltd. and Collateral Trustee.
9. Fixed and floating charge among Petro International Ltd. and Collateral Trustee.
10. Fixed and floating charge among Petrominerales Bermuda Ltd. and Collateral Trustee.

**COLOMBIAN DOCUMENTS**

11. Guarantee Trust Agreement among Alianza Fiduciaria S.A., Meta Petroleum Corp., Wilmington Trust National Association and Collateral Trustee.

12. Guarantee Trust Agreement among Alianza Fiduciaria S.A., Agro Cascada S.A.S., Wilmington Trust National Association and Collateral Trustee.
13. Commercial Establishment Pledge Agreement of Meta Petroleum Corp. (Colombian branch) among Meta Petroleum Corp. and Collateral Trustee.
14. Conditional Assignment of Contracts among Meta Petroleum Corp. and Collateral Trustee.
15. Share pledge agreement over the shares of Agro Cascada S.A.S. among Major International Oil S.A., Agro Cascada S.A.S. and Collateral Trustee.

#### **LUXEMBOURG DOCUMENTS**

16. First ranking share pledge agreement governed by Luxembourg law over the shares in Pacific E&P International Holdings, S.a.r.l. among Borrower, Collateral Trustee and Pacific E&P International Holdings, S.a.r.l.
17. First ranking claim pledge agreement governed by Luxembourg law over intercompany loan receivables among Borrower, Collateral Trustee and Pacific E&P International Holdings, S.a.r.l.

#### **NETHERLANDS DOCUMENTS**

18. First ranking Netherlands Pledge Agreement (in relation to receivables (including bank, insurance, hedging, intercompany and trade receivables), movables, IP rights) among the Collateral Trustee and PRE-PSIE Cooperatief U.A. dated July 22, 2016.
19. Deed of Disclosed Pledge over the membership (first ranking) among the Collateral Trustee, the Company, PRE Corporate Services Corp. and PRE-PSIE Cooperatief U.A. dated July 22, 2016.
20. First ranking Netherlands Pledge Agreement (in relation to receivables (including bank, insurance, hedging, intercompany and trade receivables), movables, IP rights) among the Collateral Trustee and Frontera Petroleum International Holdings B.V. dated July 25, 2017.
21. Deed of Pledge over the shares among the Collateral Trustee, Pacific E&P International Holdings, S.a.r.l. and Frontera Petroleum International Holdings B.V. dated July 25, 2017.

#### **PANAMANIAN DOCUMENTS**

22. Shares of PRE Corporate Services Corp., Pacific Marketing International Corp., Pacific Stratus Energy S.A., Major International Oil S.A. and Pacific Guatemala Energy Corp. to be pledged pursuant to the Canadian law general security agreement among Pacific Stratus Energy Colombia Corp., Borrower and Collateral Trustee.
23. General Pledge of Assets among PRE Corporate Services Corp. and Collateral Trustee,

24. General Pledge of Assets among Pacific Marketing International Corp. and Collateral Trustee,
25. General Pledge of Assets among Pacific Stratus Energy S.A., and Collateral Trustee ,
26. General Pledge of Assets among Major International Oil S.A. and Collateral Trustee,
27. General Pledge of Assets among Pacific Guatemala Energy Corp. and Collateral Trustee.

#### **PERUVIAN DOCUMENTS**

28. Peru General Security Agreement among Pacific Off Shore Peru S.R.L and Pacific Stratus Energy S.A., in favour of the Collateral Trustee.
29. Share Pledge Agreement over Pacific Off Shore Peru S.R.L. shares among Borrower and Pacific Stratus Energy S.A, in favour of the Collateral Trustee.
30. Share Pledge Agreement over Pacific Stratus Energy del Peru S.A. shares among Borrower, Pacific Stratus Energy S.A., Petrominerales Bermuda Ltd. and Petrominerales Peru Ltd., in favour of the Collateral Trustee.
31. Assets and Accounts Pledge Agreement including vessel by Pacific Off Shore Peru S.R.L. and Pacific Stratus Energy S.A., in favour of the Collateral Trustee.

#### **SWISS DOCUMENTS**

32. Share Pledge Agreement over all shares in Meta Petroleum Corp. among Pacific E&P Holdings Corp., Frontera Petroleum International Holdings B.V. and Collateral Trustee.
33. Share Pledge agreement governed by Swiss law over all shares in: Pacific E&P Trading Corp., Semasio Inc. and Oil Aviation Services Corp. among Meta Petroleum Corp. and Collateral Trustee.
34. Security Assignment Agreement among Meta Petroleum Corp., and Collateral Trustee regarding all trade receivables, all intercompany receivables, all insurance receivables, all bank account receivables and all other relevant receivables.

### SCHEDULE 2.03

#### COMMITMENTS AND APPLICABLE PERCENTAGES

<b>L/C Issuer</b>	<b>Commitment</b>	<b>Applicable Percentage</b>
Bank of America, N.A.	<i>[Redacted: Commitment]</i>	<i>[Redacted: Applicable Percentage]</i>
Citibank, N.A.	<i>[Redacted: Commitment]</i>	<i>[Redacted: Applicable Percentage]</i>
HSBC México, S.A. Institución de Banca Múltiple, Grupo Financiero HSBC	<i>[Redacted: Commitment]</i>	<i>[Redacted: Applicable Percentage]</i>
Itaú Corpbanca Colombia S.A.	<i>[Redacted: Commitment]</i>	<i>[Redacted: Applicable Percentage]</i>
JPMorgan Chase Bank, N.A.	<i>[Redacted: Commitment]</i>	<i>[Redacted: Applicable Percentage]</i>
<b>Total</b>	<i>[Redacted: Commitment]</i>	<i>[Redacted: Applicable Percentage]</i>

**SCHEDULE 5.03**  
**GOVERNMENT AUTHORIZATION**

**Government Authorization**

*Except as specifically disclosed in Schedule 5.03, no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against any Note Party of this Agreement or any other Transaction Document to which such Note Party is a party (or the Amended Indenture and the Exit Notes to the extent such Note Party becomes a party thereto) except (1) for recordings and filings in connection with the Liens granted to the Collateral Trustee securing Obligations, (2) those obtained or made on or prior to the Closing Date and (3) those which, if not obtained or made, would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.*

**SCHEDULE 5.06**

**LITIGATION**

## Litigation

<b>LITIGATION MATTERS</b>	
<b>i. Rubiales and Quifa Blocks - Water Disposal Issue</b>	
Parties	Héctor Sánchez Gómez; Agencia Nacional de Licencias Ambientales; Ministerio de Minas y Energia; Frontera Energy Colombia Corp. Sucursal Colombia; and Ecopetrol, S.A. (“Ecopetrol”)
Date	May 5, 2016
Summary of the Dispute	Plaintiff argues water disposal (by injection) from the production of oil causes seismic activity which affects the areas around the Rubiales and Quifa Blocks.
Estimated Liability	Undetermined
Jurisdiction / Governing Law Provision	Colombia
<b>ii. Colombian Tax Authority – Objections to Tax Returns for the taxation years 2008 – 2018</b>	
Parties	Frontera Energy Colombia Corp. Sucursal Colombia and Dirección de Impuestos y Aduanas Nacionales de Colombia “DIAN”
Date of Initial Complaint	June 2, 2011; July 6, 2012; May 23, 2013
Summary of the Dispute	The federal tax authority in Colombia (DIAN made objections concerning certain deductions related to depreciation on qualifying petroleum assets; and exploration expenditures. For the period ending March 31, 2018, the amounts reassessed, including interest and penalties, is estimated to be \$90 million.
Jurisdiction / Governing Law	Colombia
Comments	This matter has been publicly disclosed in Section 7 of the Borrower’s Management Discussion & Analysis for the year-ending December 31, 2017, dated March 27, 2018.
<b>iii. PAP Dispute – Ecopetrol</b>	
Parties	Ecopetrol S.A. (Plaintiff) Frontera Energy Colombia Corp. Sucursal Colombia. (Respondent)
Date	September 20, 2016.
Terms in Dispute	Ecopetrol seek compensation for damages allegedly suffered from the late delivery of crude oil that was supposed to be delivered pursuant to a judgement made by an arbitral tribunal that resolved a dispute in relation to the interpretation of the high-price participation clause (the “PAP Clause”) included in the exploration and production contract governing the Quifa block.
Estimated Liability	US\$ 8.5 million.

Jurisdiction/Governing Law Provision	Colombia.
Comments	This matter has been publicly disclosed in the Borrower's annual information form for the year ended December 31, 2017, dated March 27, 2018 (the "AIF").
<b>iv. Dindal &amp; Rio Seco Rejection of administrative expenses and others – Ecopetrol</b>	
Parties	Ecopetrol S.A. (Plaintiff) Frontera Energy Colombia Corp. Sucursal Colombia. (Respondent)
Date	February 14, 2017.
Terms in Dispute	The Guaduas field was explored under "sole-risk" modality. This field is immersed in the Dindal and Río Seco contracts. In 2013, Ecopetrol argued that the entire refund referred to in clause 9.5 of the association contract had been made. Under this understanding, Ecopetrol decided to activate the joint account. Due to interpretative differences between the parties, Ecopetrol considers that there were reimbursements paid in excess of \$ 13.6 MM corresponding to administrative costs, overhead and other non-reimbursable costs concepts
Estimated Liability	US\$ \$12.3 million.
Jurisdiction/Governing Law Provision	Colombia.

<b>POTENTIAL LITIGATION MATTERS</b>	
<b>i. PAP Dispute – Agencia Nacional de Hidrocarburos (“ANH”)</b>	
Parties	ANH The Borrower
Date	Not applicable.
Terms in Dispute	The Borrower is in discussions with the ANH with respect to the Cravoviejo, Cubiro Guatiquia and Arrendajo E&P contracts which have a similar PAP clauses to the one in Corcel E&P Contract; However, no arbitration proceeding has been filed.  ANH has noted in correspondence that in the event that the exploitation areas of Arrendajo, Cravoviejo, Guatiquia and Cubiro Blocks are determined to be part of one commercial exploitation area, it expects to receive the share of the high price production that it would have been entitled to if the areas had been treated as one field (the PAP clause would have been triggered sooner).
Estimated Liability	Cravoviejo: Approximately US\$99 million plus estimated default interests of \$16.5 million. Cubiro: Approximately US\$110 million plus estimated default interests of \$13.7 million. Guatiquía: Approximately US\$2 million.
Jurisdiction/Governing Law Provision	Colombia
Comments	No mention of litigation or arbitration has been made yet. Taking into account the results of the Corcel arbitration, probabilities of loss to Frontera under this case are considered remote. Further information on the Corcel arbitration can be found in the AIF.

<b>ii. Quifa Block – Indigenous Claims</b>	
Parties	Ecopetrol; and Fontera Energy Colombia Corp.
Date of E&P Agreement	March 25, 2004
Terms in Dispute	Potential partial shutdown of operations in sections of the Quifa Block may occur as a result of a claim made in the name of nomadic indigenous groups which are currently dwelling near the Quifa Block. The claim revolves around the lack of previous consultation to the indigenous community.
Estimated Liability	Undetermined
Jurisdiction / Governing Law Provision	Colombia
Comments	This matter has been publicly disclosed under the heading entitled “Controls and regulations of the countries in which the Company operates” of the AIF.
<b>iii. Public funds management investigations.</b>	
Parties	Comptroller General’s Office (Contraloría General de la Nación)   Frontera Energy Colombia Corp. Sucursal Colombia et al.
Date (filing of charges)	January 29, 2018 (Water disposal facilities investigation). January 24, 2018 (Agro Cascada Investigation) January 23, 2018 (PTA-9 Investigation)
Terms in dispute	<p>The Comptroller General’s Office (CGR) initiated three investigations for alleged damages caused to Ecopetrol S.A. under the operation of the Rubiales Block by the Borrower, as a consequence of the following circumstances:</p> <ul style="list-style-type: none"> <li>• <i>WATER DISPOSAL FACILITIES</i>: The construction of infrastructure related to water disposal in the Rubiales Field, which allegedly did not benefit Ecopetrol. As a result the CGR has alleged Ecopetrol had suffered damages in the amount of approximately US\$ 12.7 million. The CGR filed charges against FEC, some of the former and current FEC employees and two of Ecopetrol’s employees. The initial hearing continue on July 26, 2018.</li> <li>• <i>AGRO CASCADA</i>: The reimbursement to Agrocascada of the construction, installation and commissioning of equipment and facilities associated to the Agrocascada project. The CGR considers that such investments did not benefit Ecopetrol and therefore the CGR alleged Ecopetrol has suffered damages in the amount of approximately US\$ 11.9 million.</li> <li>• <i>PTA-9</i>: Acquisition of a Package Water Treatment Plant in the Rubiales Field. The CGR considers that such investment did not benefit Ecopetrol and therefore the CGR alleged Ecopetrol has suffered damages in the amount of approximately US\$ 2.6 Million.</li> </ul> <p>Furthermore, the CGR initiated two preliminary investigations for alleged damages caused to Ecopetrol under the operation of the Rubiales Block by the Borrower, as a consequence of the following circumstances:</p>

	<p><i>WATER INJECTION BOMBS' LEASE:</i> The execution of a lease agreement for water injection bombs with Oil Business Services S.A.S. for the transfer of water between PAD-7 and PAD-8 in the Rubiales Field, which was supposedly unnecessary. Alleged damages to Ecopetrol of approximately US\$ 2.9 million. The CGR is still evaluating evidence in order to decide whether to file charges against Frontera.</p> <p><i>MICROBUBBLES WASTEWATER TREATMENT SYSTEM:</i> The acquisition of equipment for the installation of a microbubbles wastewater treatment system in the Quifa Block, which is not in use and supposedly did not represented any benefit to Ecopetrol. Alleged damages to Ecopetrol of approximately US\$ 517 thousand. The CGR is still evaluating evidence in order to decide whether to file charges against Frontera.</p>	
Estimated Liability	Aggregated value for the three actual (3) investigations: US\$ 27.2 million.	
Jurisdiction / Governing Law Provision	Colombia	
<b>iv. Caño Limón – Coveñas Agreements</b>		
Parties	Frontera Energy Colombia Corp., Sucursal Colombia Ecopetrol	
Date of Agreements	December 21, 2011	
Summary of the Dispute	<ul style="list-style-type: none"> <li>- Effective December 1, 2016 the Ministry of Mines and Energy raised the transportation tariff of the Caño Limon Coveñas pipeline. Although the take of pay agreement signed with Cenit Transporte y Logística de Hidrocarburos S.A. ("Cenit"), provide that the applicable tariff would be the one set forth in a resolution issued by the Ministry of Mines and Energy resolution on 2010, Cenit is charging the tariff as modified by the 2016 resolution.</li> <li>- Shippers consider that applying the 2016 resolution to calculate the tariffs is clearly a contradiction to the take or pay agreements. Negotiations with Cenit are ongoing however Parties have agreed to begin a local arbitration procedure.</li> <li>- On October 2017, the parties agreed to constitute a trust where the Borrower deposits the difference between the tariff that Cenit is invoicing and the tariff that the Borrower is effectively paying. The arbitration tribunal will have to decide which party will be entitled to the funds deposited in the trust. As long as the Borrower continues to deposit the differential in the trust, no default interests will accrue in respect of such amount.</li> </ul>	
Jurisdiction / Governing Law Provision	Colombia	
<b>v. P-135 OCENSA (Tariff Dispute)</b>		
Parties	Frontera Energy Colombia Corp., Sucursal Colombia;	Frontera Energy Colombia Corp., Sucursal Colombia;

	The Borrower, as guarantor; and Oleoducto Central S.A. (“OCENSA”)	The Borrower, as guarantor; and OCENSA
Date of Agreements	July 29, 2014	
Summary of the Dispute	<p>Frontera Energy Colombia Corp. is a party to several crude oil transport agreements with OCENSA for future transport capacity. Ocensa intends to charge a \$8.55 tariff per barrel and the shippers disagree.</p> <p>On April 25, 2017 Frontera Energy Colombia Corp. filed a local arbitration claim against OCENSA, the arbitration is ongoing.</p>	
Jurisdiction / Governing Law Provision	Colombia	

**SCHEDULE 5.06(C)**

**AUDITS**

## Audits

Entity <sup>1</sup>	Governmental Authority	Reason for the Audit
Frontera Energy Corporation	Canada Revenue Agency	Payroll Audit: 2016-01-01 to 2017-11-14
Pacific Stratus Energy Colombia Corp (Sucursal Colombia)	DIAN	VAT Audit: 2009 - 2012
Pacific Stratus Energy Colombia Corp (Sucursal Colombia)	DIAN	Income Tax Audit: 2008 - 2011
Pacific Stratus Energy Colombia Corp. Sucursal Colombia	Palmitos Municipality	Municipal Lighting Tax Audit: 2013 - 2017
Meta Petroleum Corp. Sucursal Colombia	DIAN	Income Tax Audit: 2009
Petrominerales Colombia Corp (Sucursal Colombia)	DIAN	VAT Audit: 2009
Petrominerales Colombia Corp (Sucursal Colombia)	DIAN	Income Tax Audit: 2008 - 2010
Petrominerales Colombia Corp (Sucursal Colombia)	Cabuyaro Municipality	Industry and Commerce Tax Audit: 2014
Pacific Offshore Peru S.R.L.	SUNAT	Income Tax Audit: 2014, 2016

<sup>1</sup> (1) On December 15, 2017, Pacific Stratus Energy Colombia Corp. (Sucursal Colombia) merged with Frontera Energy Colombia Corp., Sucursal Colombia; (2) On March 8, 2018, Meta Petroleum Corp., Sucursal Colombia changed its corporate name to "Frontera Energy Colombia Corp., Sucursal Colombia"; and (3) (3) On November 29, 2017, Petrominerales Colombia Corp. (Sucursal Colombia) merged with Frontera Energy Colombia Corp., Sucursal Colombia

**SCHEDULE 5.11**  
**INDEBTEDNESS**

Schedule 5.11

Indebtedness

Senior secured Notes:

	NAME	DATE	MATURITY DATE	OUTSTANDING AMOUNT (U.S.\$)	INTEREST	INTEREST PAYMENT DATES	GUARANTORS	INITIAL PURCHASERS	PAYING AGENT
1.	U.S.\$250,000,000 10.0% SENIOR SECURED NOTES DUE 2021	October, 2016	October, 2021	U.S.\$250,000,000	10%	Last Business Day of each calendar month and the Maturity Date	<p>Frontera Energy Colombia AG (formerly Meta Petroleum Corp.)</p> <p>Frontera Petroleum International Holdings B.V. Pacific E&amp;P International Holdings, S.à.r.l.</p> <p>Pacific Stratus Energy S.A. Pacific Marketing International Corp.</p> <p>Pacific Guatemala Energy Corp. Pacific Off Shore Peru S.R.L. Pacific Stratus Energy del Peru S.A. Petrominerales Peru Ltd. Petro International Ltd. Petrominerales Bermuda Ltd.</p> <p>PRE Corporate Services Corp. PRE-PSIE Coöperatief U.A. Pacific Midstream Holding Corp. Pacinfra Holding Ltd. Major International Oil S.A. Agro Cascada S.A.S. Pacific Rubiales PNG Limited</p>		<p>COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION</p> <p>as Trustee, Security Registrar and Paying Agent</p> <p>and</p> <p>THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.</p> <p>as Luxembourg Paying Agent and Luxembourg Transfer Agent</p>

**Standby Letters of Credit:****Existing Letters of Credit:****Defined Terms:**

ANH : Agencia Nacional de Hidrocarburos  
 FEC Colombia : Frontera Sucursal Colombia  
 PSE PERU : Pacific Stratus Energy del Peru S.A.  
 P OFF : Pacific Off Shore Peru S.R.L.  
 PRE PSIE : PRE PSIE Coöperatief U.A.

**Notations:**

(\*) Letter of Credit under Exit Agreement  
 (\*\*) Cash-collateralized  
 (\*\*\*) Term Deposits  
 (\*\*\*\*) Letter of Credit under New L/C Credit Agreement  
 (\*\*\*\*\*) Drawn

	NOTATION	REF.	PROJECT	END DATE	CATEGORIA	US\$	ACCOUNT PARTY	BENEFICIARY	STARTING DATE	BANK
1.	(***)	100010176	CASANARE ESTE	05/21/2018	Exploration Phase	330,000	FEC Colombia	ANH	02/19/2018	GNB Sudameris
2. (1)	(****)	001IMSB153310003 (1)	OB	05/24/2018	Transport	41,826,096	FEC Colombia	P.A. Bicentenario I	11/27/2015	Bladex
3.	(*)	001IMSB153310002	OB	05/24/2018	Transport	748,440	FEC Colombia	P.A. Bicentenario I	11/27/2015	Bladex
4.	(*)	001IMSB160080001	OB	05/24/2018	Transport	14,445,872	FEC Colombia	P.A. Bicentenario I	01/08/2016	Bladex
5.	(*)	3120572	OB	05/24/2018	Transport	7,390,472	FEC Colombia	P.A. Bicentenario I	06/12/2015	BofA

	NOTATION	REF.	PROJECT	END DATE	CATEGORIA	US\$	ACCOUNT PARTY	BENEFICIARY	STARTING DATE	BANK
6.	(***)	100010203	GUAMA	05/28/2018	Exploration Phase	18,538	FEC Colombia	ANH	02/26/2018	GNB Sudameris
7.	(*)	186-07-14-80395-0	MAPACHE	05/30/2018	Exploration Phase	300,000	FEC Colombia	ANH	08/01/2014	Davivienda
8.	(****)	T000210000	MAPACHE	06/03/2018	Abandonment Fund	744,272	FEC Colombia	ANH	11/18/2011	Itau
9.	(*)	186-07-14-80396-8	GUATIQUIA	06/03/2018	Abandonment Fund	2,174,467	FEC Colombia	ANH	08/01/2014	Davivienda
10.	(***)	4377611	GUAMA	06/03/2018	Exploration Phase	638,000	FEC Colombia	ANH	03/03/2018	BBVA
11.	(****)	T000235000	CASIMENA	06/03/2018	Abandonment Fund	723,496	FEC Colombia	ANH	05/07/2012	Itau
12.	(****)	T000293000	CASIMENA	06/03/2018	Abandonment Fund	61,939	FEC Colombia	ANH	04/26/2013	Itau
13.	(***)	100010237	LLANOS 25	06/05/2018	Exploration Phase	2,091,375	FEC Colombia	ANH	03/06/2018	GNB Sudameris
14.	(***)	100010238	CORCEL	06/05/2018	Production	110,000	FEC Colombia	ANH	03/06/2018	GNB Sudameris
15.	(*)	186-07-14-80433-9	CORCEL	06/07/2018	Abandonment Fund	123,687	FEC Colombia	ANH	11/07/2014	Davivienda
16.	(*)	186-07-14-80434-7	CARDENAL	06/07/2018	Abandonment Fund	123,687	FEC Colombia	ANH	11/07/2014	Davivienda
17.	(****)	5432600702	PORTOFINO	06/12/2018	Exploration Phase	240,320	FEC Colombia	ANH	03/11/2013	Citibank
18.	(***)	100010288	CPE-6	06/12/2018	Exploration Phase	660,000	FEC Colombia	ANH	03/13/2018	GNB Sudameris
19.	(***)	100010274	MAPACHE	06/12/2018	Exploration Phase	526,378	FEC Colombia	ANH	03/12/2018	GNB Sudameris
20.	(***)	100010271	GUAMA	06/12/2018	Exploration Phase	1,204,500	FEC Colombia	ANH	03/12/2018	GNB Sudameris
21.	(**)	40000309	CR-1	06/12/2018	Exploration Phase	1,434,000	FEC Colombia	ANH	05/10/2017	Davivienda
22.	(***)	100010275	CPE-6	06/12/2018	Exploration Phase	352,000	FEC Colombia	ANH	03/12/2018	GNB Sudameris
23.	(***)	100010272	CASANARE ESTE	06/12/2018	Exploration Phase	548,375	FEC Colombia	ANH	03/12/2018	GNB Sudameris
24.	(****)	T000309000	PORTOFINO	06/14/2018	Exploration Phase	116,000	FEC Colombia	ANH	06/20/2013	Itau

	NOTATION	REF.	PROJECT	END DATE	CATEGORIA	US\$	ACCOUNT PARTY	BENEFICIARY	STARTING DATE	BANK
25.	(*)	186-07-12-00153-2	CAGUAN 5	06/15/2018	Exploration Phase	307,707	FEC Colombia	ANH	09/27/2012	Davivienda
26.	(*)	186-07-12-00155-7	CAGUAN 5	06/15/2018	Exploration Phase	3,755,000	FEC Colombia	ANH	09/27/2012	Davivienda
27.	(****)	5432600993	LLANOS 83	06/16/2018	Exploration Phase	2,200,000	FEC Colombia	ANH	02/03/2014	Citibank
28.	(****)	5439600172	LLANOS 55	06/20/2018	Exploration Phase	300,000	FEC Colombia	ANH	05/27/2011	Citibank
29.	(*)	858-07-11-00091-2	LLANO 7	06/20/2018	Exploration Phase	2,320,000	FEC Colombia	ANH	05/26/2011	Davivienda
30.	(****)	5438600172	LLANO 7	06/20/2018	Exploration Phase	300,000	FEC Colombia	ANH	05/27/2011	Citibank
31.	(*)	186-07-14-80410-7	CPE-6	06/20/2018	Exploration Phase	320,000	FEC Colombia	ANH	09/26/2014	Davivienda
32.	(****)	5431601521	LLANOS 25	06/21/2018	Exploration Phase	600,000	FEC Colombia	ANH	05/04/2018	Citibank
33.	(****)	T000297000	CASTOR	06/28/2018	Abandonment Fund	778,712	FEC Colombia	ANH	05/16/2013	Itau
34.	(****)	T000289000	MAPACHE	06/30/2018	Abandonment Fund	216,657	FEC Colombia	ANH	04/26/2013	Itau
35.	(****)	T000232000	CORCEL	06/30/2018	Abandonment Fund	544,206	FEC Colombia	ANH	05/02/2012	Itau
36.	(****)	T000288000	CORCEL	06/30/2018	Abandonment Fund	720,143	FEC Colombia	ANH	04/26/2013	Itau
37.	(****)	T000291000	CORCEL	06/30/2018	Abandonment Fund	517,817	FEC Colombia	ANH	04/26/2013	Itau
38.	(****)	5430601513	GUATIQUEIA	07/01/2018	Exploration Phase	2,170,000	FEC Colombia	ANH	03/27/2018	Citibank
39.	(**)	D193-01737349	Z1	07/02/2018	Exploration Phase	687,164	P OFF	Peru Petro S. A.	11/18/2014	BCP
40.	(**)	W000773	MUISCA	07/16/2018	Exploration Phase	1,044,000	PRE PSIE	ANH	08/16/2017	Occidente
41.	(***)	100010469	PORTOFINO	07/23/2018	Exploration Phase	54,101	FEC Colombia	ANH	04/24/2018	GNB Sudameris
42.	(****)	5431601514	COR-24	09/17/2018	Exploration Phase	1,909,251	FEC Colombia	ANH	03/28/2018	Citibank
43.	(****)	40000305	LLANOS 55	09/26/2018	Exploration Phase	2,320,000	FEC Colombia	ANH	03/26/2018	Citibank

	NOTATION	REF.	PROJECT	END DATE	CATEGORIA	US\$	ACCOUNT PARTY	BENEFICIARY	STARTING DATE	BANK
44.	(****)	5431601513	TINIGUA	09/27/2018	Exploration Phase	225,000	FEC Colombia	ANH	03/27/2018	Citibank
45.	(****)	5430601517	RIO ARIARI	10/15/2018	Exploration Phase	200,000	FEC Colombia	ANH	04/16/2018	Citibank
46.	(**)	W002446	COR-15	10/18/2018	Exploration Phase	1,200,000	PRE PSIE	ANH	10/17/2017	Occidente
47.	(**)	D-193-01549890	BLOCK 192	04/11/2019	Operation	600,000	PSE PERU	Peru Petro S. A.	08/28/2015	BCP
					<b>Total</b>	<b>100,221,672</b>				
					<b>Total Within Exit LC Facility*</b>	<b>32,009,332</b>				
					<b>Total Cash Collateralized**</b>	<b>4,965,164</b>				
					<b>Total Term Deposits***</b>	<b>6,533,267</b>				
					<b>Letter of Credit under New L/C Credit Agreement ****</b>	<b>56,713,909</b>				
					<b>Total Drawn*****</b>	<b>0,00</b>				

(1) *This LC will be reduced to U.S.\$ 20,000,000 to fit the criteria of this Agreement and extended.*

### Guarantee Obligations:

See Note 19. Financial Instruments - c. Risks Associated with Financial Assets and Liabilities- ii) Liquidity Risk of the Borrower's Unaudited Interim Condensed Consolidated Financial Statements for the period ended March 31, 2018 ("Q1 Financial Statements").

### Capitalized Lease Obligations:

Detail (Unaudited; in thousands of U.S.\$)	March 31, 2018
Obligations under finance lease Current portion	4,440
Obligations under finance lease Non-current portion	13,797
<b>Total obligations under finance lease</b>	<b>18,237</b>

See Note 19. Financial Instruments - a. Fair Value of Financial Instruments of the Borrower's Q1 Financial Statements.

### Hedging Positions

Our hedging portfolio consists of zero-cost collars and call spread instruments. See Note 19. Financial Instruments - c b. Risk Management Contracts of the Borrower's Q1 Financial Statements.

Counterparty	Type of Instrument	Term	Open Position	Strike	Benchmark	MtM as of April 30, 2018 Net Liability
BP 29%/ GS 46%/ MS 25%	Plain Vanilla ZCC	May '18	1,200,000	51.10 / 55.86	Brent	(22,521,936)
BP 46%/ GS 13%/ MS 41%	Plain Vanilla ZCC	Jun '18	1,200,000	51.23 / 55.91	Brent	(21,811,535)
BP 33%/ GS 67%	Plain Vanilla ZCC	Jul '18	1,200,000	52.00 / 59.31	Brent	(17,235,271)
BP 33%/ GS 42%/ MS 25%	Plain Vanilla ZCC	Aug '18	1,200,000	52.42 / 60.05	Brent	(15,875,204)
BP 42%/ GS 58%	Plain Vanilla ZCC	Sep '18	1,200,000	53.42 / 61.63	Brent	(13,803,873)
BP 17%/ GS 83%	Plain Vanilla ZCC/Call Spreads	Oct '18	1,200,000	52.92 / 59.22	Brent	(15,865,220)
		Total	<u>7,200,000</u>		Total	<u>(107,113,139)</u>

(1) ZCC means zero cost collar

**SCHEDULE 5.12**

**TAXES**

**SCHEDULE 5.15**  
**INTELLECTUAL PROPERTY**

## Intellectual Property

## Patents

	Reference	Owner	Application Date	File No.	Title	Country
1.		Pacific Exploration & Production Corp.	8/19/2010	2,771,469	Emerging Technologies for Optimising Recovery from Heavy Crude Deposits	CANADA
2.		Pacific Exploration & Production Corp.	8/31/2010	10-107350	Sistema Sincronizado de producción de crudo por combustión in-situ (Synchronised system for production of crude oil by means of in-situ combustion)	COLOMBIA
3.		Pacific Exploration & Production Corp.	5/7/2011	2,809,204	Synchronised system for the production of crude oil by means of in-situ combustion	CANADA
4.		Pacific Exploration & Production Corp.	4/1/2011	11-040651	Sistema emergente de control de desplazamiento de crudo mediante aplicación de combustión in situ (Emerging system for the control of crude oil movement by means of in-situ combustion)	COLOMBIA
5.		Pacific Rubiales E&P Mexico SAPI de CV			Sistema térmico para identificar, controlar y predecir la posición de los frentes térmico y fluidos en procesos de recuperación mejorada utilizando pozos pensadores	MEXICO

	Reference	Owner	Application Date	File No.	Title	Country
6.		Pacific Exploration & Production Corp.				COLOMBIA

### Trademarks and Trade Names

	Owner	Trademark / Trade name/ Patent	File Number	Registry	Jurisdiction	Term	Status	Class
1.	Meta Petroleum Corp.	CRUDO RUBIALES  (DESIGN)	04 043709	292045	Colombia	29/11/2014	Granted	04
2.	Meta Petroleum Corp.	META PETROLEUM (DESIGN) 	11 127206	20621	Colombia	Does not expire	Granted	Trade Name
3.	Meta Petroleum Corp.	Meta Petroleum 	08 037215	18715	Colombia	29/07/2018	Granted	Trade Name
4.	Pacific Stratus Energy Colombia Corp.	PACIFIC STRATUS ENERGY COLOMBIA	11 127212	20622	Colombia	Does not expire	Granted	Trade Name

	Owner	Trademark / Trade name/ Patent	File Number	Registry	Jurisdiction	Term	Status	Class
		(DESIGN) 						
5.	Pacific Stratus Energy Colombia Corp.	PACIFIC STRATUS ENERGY COLOMBIA LTD (DESIGN) 	08 037209	18714	Colombia	Does not expire	Granted	Trade Name
6.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	08 037218	18675	Colombia	Does not expire	Granted	Trade Name
7.	Pacific Exploration & Production Corp.	META PETROLEUM (DESIGN) 	08 037225	375138	Colombia	12/03/2019	Granted	40
8.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (NEW DESIGN) 	11 009814	427894	Colombia	24/06/2021	Granted	40
9.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	08 037222	367794	Colombia	09/12/2018	Granted	40
10.	Pacific Exploration & Production Corp.	PACIFIC STRATUS ENERGY COLOMBIA	08 037263	379163	Colombia	28/04/2019	Granted	40

	Owner	Trademark / Trade name/ Patent	File Number	Registry	Jurisdiction	Term	Status	Class
		LTD. (DESIGN) 						
11.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	465977	69755	Peru	28/12/2021	Granted	37
12.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	465978	71517	Peru	04/05/2022	Granted	42
13.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	2011-004941	184987	Guatemala	28/08/2022	Granted	40
14.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	457596	75644	Peru	07/12/2022	Granted	40
15.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	1500253	N/A	Mexico	Pending	Applied for	42
16.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	1500256	N/A	Mexico	Pending	Applied for	40

	Owner	Trademark / Trade name/ Patent	File Number	Registry	Jurisdiction	Term	Status	Class
17.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES ENERGY (DESIGN) 	1500261	N/A	Mexico	Pending	Applied for	37
18.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES (Nominative)	1500254	N/A	Mexico	Pending	Applied for	42
19.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES (Nominative)	1500258	N/A	Mexico	Pending	Applied for	40
20.	Pacific Exploration & Production Corp.	PACIFIC RUBIALES (Nominative)	1500260	N/A	Mexico	Pending	Applied for	37
21.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Nominative)	15 189906	N/A	Colombia	Pending	Applied for	4,37,40, 42
22.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Mixed)	15 189940	N/A	Colombia	Pending	Applied for	4,37,40, 42
23.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Design)	15 190948	N/A	Colombia	Pending	Applied for	4,37,40, 42
24.	Pacific Exploration & Production Corp.	Inspiring Energy (Commercial Motto)	15 196508		Colombia	Colombia	Pending	4,37,40, 42
25.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Nominative)	15 189906	N/A	Perú	Pending	Applied for	4,37,40, 42
26.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Mixed)	15 189940	N/A	Perú	Pending	Applied for	4,37,40, 42
27.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Design)	15 190948	N/A	Perú	Pending	Applied for	4,37,40, 42

	Owner	Trademark / Trade name/ Patent	File Number	Registry	Jurisdiction	Term	Status	Class
28.	Pacific Exploration & Production Corp.	Inspiring Energy (Commercial Motto)	15 196508		Perú	Colombia	Pending	4,37,40,42
29.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Nominative)	15 189906	N/A	Mexico	Pending	Applied for	4,37,40,42
30.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Mixed)	15 189940	N/A	Mexico	Pending	Applied for	4,37,40,42
31.	Pacific Exploration & Production Corp.	Pacific Exploration & Production (Design)	15 190948	N/A	Mexico	Pending	Applied for	4,37,40,42
32.	Pacific Exploration & Production Corp.	STAR (Mixed)	08 090516	376199	Colombia	25/03/2019	Granted	42
33.	Petrominerales Colombia Ltd. Sucursal Colombia		07/097670	350760	Colombia	10/04/2018	Granted	1
34.	Petrominerales Colombia Ltd. Sucursal Colombia		07/097714	350767	Colombia	10/04/2018	Granted	4
35.	Petrominerales Colombia Ltd. Sucursal Colombia		07/097672	350761	Colombia	10/04/2018	Granted	37
36.	Petrominerales Colombia Ltd. Sucursal Colombia		07/097713	350766	Colombia	10/04/2018	Granted	40
37.	Petrominerales Colombia Ltd. Sucursal Colombia		07/097675	350763	Colombia	10/04/2018	Granted	42

	<b>Owner</b>	<b>Trademark / Trade name/ Patent</b>	<b>File Number</b>	<b>Registry</b>	<b>Jurisdiction</b>	<b>Term</b>	<b>Status</b>	<b>Class</b>
38.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales Colombia	06/12714	335134	Colombia	29/06/17	Granted	40
39.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales Colombia	06/128072	335117	Colombia	29/06/17	Granted	42
40.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales Colombia	06/127141	335132	Colombia	29/06/17	Granted	37
41.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales Colombia	06/127140	335131	Colombia	29/06/17	Granted	4
42.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales Colombia	06/129168	335147	Colombia	06/7/17	Granted	1
43.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales	06/127144	335135	Colombia	29/06/17	Granted	42
44.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales	06/127142	335133	Colombia	29/06/17	Granted	40
45.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales	06/127146	335137	Colombia	29/06/17	Granted	37
46.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales	06/127145	335136	Colombia	29/06/17	Granted	4
47.	Petrominerales Colombia Ltd. Sucursal Colombia	Petrominerales	06/128070	335116	Colombia	29/06/17	Granted	1
48.	Pacific Exploration & Production Corp.	Inspiring Energy	1,740,971	N/A	Canada	N/A	Application filed August 10, 2015. Anyone wishing to oppose the application has	

	Owner	Trademark / Trade name/ Patent	File Number	Registry	Jurisdiction	Term	Status	Class
							until June 6, 2016 to file a Statement of Opposition or request an extension of time for doing so.	
49.	Pacific Exploration & Production Corp.	Pacific Exploration & Production	1,740,969	N/A	Canada		Application filed on August 10, 2015.	
50.	Pacific Exploration & Production Corp.		1,740,970	N/A	Canada		Application filed on August 10, 2015.	
51.	Pacific Exploration & Production Corp.	Pacific E&P Canada & DESIGN 	1,744,316	N/A	Canada		Application filed on September 1, 2015.	
52.	Pacific Exploration & Production Corp.	Pacific Exploration & Production NOMINATIVE	15189906	Granted	Colombia	10 years	24-06-2016	4, 37, 40, 42
53.	Pacific Exploration & Production Corp.	Pacific Exploration & Production MIXED 	15189940	Granted	Colombia	10 years	09-02-2017	4, 37, 40, 42
54.	Pacific Exploration & Production Corp.	PE&P (DESIGN)	15190948	Granted	Colombia	10 years	09-02-2017	4, 37, 40, 42

	Owner	Trademark / Trade name/ Patent	File Number	Registry	Jurisdiction	Term	Status	Class
								
55.	Frontera Energy Corp.	Frontera (Logo) 	SD2017/00 43945	Granted	Colombia	10 years	01-02-2018	4, 37, 40, 42
56.	Frontera Energy Corp.	Frontera Energy (Mixed) 	SD2017/00 44614	Granted	Colombia	10 years	01-02-2018	4, 37, 40, 42
57.	Frontera Energy Corp.	Frontera Energy (Nominative)	SD2017/00 44621	Granted	Colombia	10 years	01-02-2018	4, 37, 40, 42
58.	Frontera Energy Corp.		1841498	Formalized	Canada	15 years	13-12-2017	40, 42
59.	Frontera Energy Corp.	Frontera Energy (Word Mark – Trade Mark)	1841496	Formalized	Canada	15 years	07-06-2017	40, 42

## Domain Names

	Domain	Country
1.	cmptechnical.com	MEXICO
2.	midstreamservices.co	COLOMBIA
3.	pacificmidstream.com	COLOMBIA
4.	pacificrubiales.com.co	COLOMBIA
5.	contratistasfrontera.com	COLOMBIA
6.	fronteraenergy.ca	CANADA
7.	fundacionfrontera.com	COLOMBIA
8.	fundacionfrontera.com.co	COLOMBIA
9.	pacific.energy	COLOMBIA
10.	pacificcorp.energy	CANADA
11.	pacificrubiales.com	COLOMBIA
12.	petrominerales.com	CANADA

**SCHEDULE 5.16**  
**JOINT VENTURES**

Schedule 5.16

**Joint Ventures Blocks**

<b>Date</b>	<b>Parties</b>	<b>Description of Agreement</b>
<b>Colombia</b>		
<b><i>Canaguaro Block</i></b>		
June 12, 2006	Agencia Nacional de Hidrocarburos and Consorcio Canaguaro	Exploration and Production of Hydrocarbons Contract
June 13, 2006	Agencia Nacional de Hidrocarburos and Consorcio Canaguaro	Addendum #1 to the Exploration and Production of Hydrocarbons Contract
November 20, 2007	Agencia Nacional de Hidrocarburos and Consorcio Canaguaro	Addendum #2 to the Exploration and Production of Hydrocarbons Contract
October 1, 2008	Agencia Nacional de Hidrocarburos and Consorcio Canaguaro	Addendum #3 to the Exploration and Production of Hydrocarbons Contract
August 8, 2014	Agencia Nacional de Hidrocarburos and Consorcio Canaguaro and Unión Temporal Petrominerales Condor	Addendum #3 to the Exploration and Production of Hydrocarbons Contract
May 7, 2013	Petrominerales Colombia Corp., Sucursal Colombia and Condor Exploration Inc.	Joint Operation Agreement – Operating Agreement covering Block Canaguaro
<b><i>Neiva Block</i></b>		
April 20, 2001	Ecopetrol S.A. and AEC Colombia Ltd., Sucursal Colombiana	Neiva Incremental Production Contract
April 20, 2001	Ecopetrol S.A. and AEC Colombia Ltd., Sucursal Colombiana	Annex B – Operational Agreement of the Neiva Incremental Production Contract
<b><i>Orito Block</i></b>		
April 20, 2001	Ecopetrol S.A. and AEC Colombia Ltd., Sucursal Colombiana	Orito Incremental Production Contract
April 20, 2001	Ecopetrol S.A. and AEC Colombia Ltd., Sucursal Colombiana	Annex B – Operational Agreement of the Orito Incremental Production Contract
<b><i>Quifa Block</i></b>		
December 22, 2003	Ecopetrol S.A.; and Meta Petroleum Ltd	Quifa Association Contract
May 25, 2005	Ecopetrol S.A.; and Meta Petroleum Ltd.	Addendum #1 to Quifa Association Contract
<b><i>Río Seco / Dindal</i></b>		
August 1, 1994	Frontera Energy Colombia Corp. (formerly Pacific Stratus Energy Colombia)	Joint Operating Agreement – Operating Agreement covering Dindal and Rio Seco Block, also applies for the OGD in respect of the participation of the Parties.

	Cimarrona LLC	
<b>CR-1</b>		
December 24, 2008	Frontera Energy Colombia Corp. (formerly Pacific Stratus Energy Colombia) Petrobras Colombia Limited	Joint Operating Agreement – Operating Agreement Covering Block CR-1
<b>CAG-6</b>		
April 27, 2009	Frontera Energy Colombia Corp. (formerly Meta Petroleum Corp.) Repsol Energy Resources	Joint Operating Agreement – Operating Agreement Covering Block CAG-6
<b>Tinigua</b>		
February 27, 2014	Frontera Energy Colombia Corp. (formerly Meta Petroleum Corp.) Gran Tierra Colombia Inc.	Joint Operating Agreement – Operating Agreement Covering Block Tinigua
<b>CAG-5</b>		
September 16, 2008	Frontera Energy Colombia Corp. (formerly Meta Petroleum Corp.) Talisman (Colombia) Oil & Gas Ltd.	Joint Operating Agreement – Operating Agreement Covering Block CAG-5
<b>Portofino</b>		
June 20, 2012	Frontera Energy Colombia Corp. (formerly Meta Petroleum Corp.) Carrao Energy Sucursal Colombia Canacol Energy Colombia S.A. Green Power Sucursal Colombia Petrolera Monterrico S.A. Sucursal Colombia	Joint Operating Agreement – Operating Agreement Covering Block Portofino
<b>Peru</b>		
<b>Block Z-1</b>		
January 3, 2013	Pacific Off Shore Perú S.R.L.; BPZ Exploración & Producción S.R.L.	Joint Operating Agreement for the Exploration - Exploitation License Block Z-1 Offshore, Peru
April 27, 2012	Pacific Off Shore Perú S.R.L.; BPZ Exploración & Producción S.R.L.	Operating Services Agreement for the Exploration and Exploitation License Contract for Block Z-1 Offshore, Peru

## Pipelines

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<b><i>ODL Pipeline</i></b>		
December 17, 2013	Pacific Midstream Holding Corp; and Cenit Transporte y Logística de Hidrocarburos S.A.S.	Amended and Restated Shareholders Agreement
July 30, 2014	Pacific Midstream Holding Corp; Cenit Transporte y Logística de Hidrocarburos S.A.S., and ODL S.A.	Amendment No. 1 to the Amended and Restated Shareholders Agreement
<b><i>Bicentenario (OBC) Pipeline</i></b>		
December 17, 2010	Ecopetrol S.A., Pacific OBC Corp, Petrominerales Colombia Ltd., Pacific OBC 1, Corp., Pacific OBC 2, Corp., Pacific OBC 3, Corp., Hocol S.A., Rancho Hermoso S.A., Vetra Exploración y Producción Colombia S.A.S., and Grupo C&C Energía (Barbados) Ltd.	Shareholders Agreement
June 20, 2012	Ecopetrol S.A., Pacific OBC Corp, Petrominerales Colombia Ltd., Pacific OBC 1, Corp., Pacific OBC 2, Corp., Pacific OBC 3, Corp., Hocol S.A., Meta Petroleum Corp, Canacol Energy Colombia S.A., Vetra Exploración y Producción Colombia S.A.S., and Grupo C&C Energía (Barbados) Ltd.	Amendment No. 1 to the Shareholders Agreement
March 28, 2014	Cenit Transporte y Logística de Hidrocarburos S.A.S., Pacific OBC Corp, Petrominerales Colombia Ltd., Pacific OBC 1, Corp., Pacific OBC 2, Corp., Pacific OBC 3, Corp., Hocol S.A., Meta Petroleum Corp, Canacol Energy Colombia S.A., Vetra Exploración y Producción Colombia S.A.S., and Grupo C&C Energía (Barbados) Ltd.	Amendment No. 2 to the Shareholders Agreement
December 17, 2014	Cenit Transporte y Logística de Hidrocarburos S.A.S., Pacific OBC Corp, Petrominerales Colombia Ltd., Pacific OBC 1, Corp., Pacific OBC 2, Corp., Pacific OBC 3, Corp., Hocol S.A., Meta Petroleum Corp, Canacol Energy Colombia S.A., Vetra Exploración y Producción Colombia S.A.S., and Grupo C&C Energía (Barbados) Ltd.	Amendment No. 3 to the Shareholders Agreement

**IFC**

November 7, 2013	Pacific Infrastructure Ventures, Inc.; Pacific Rubiales Energy Corp.; Pacinfra Holding Ltd.; Blue Pacific Investments Group Ltd.; Kiber, Ltd; International Finance Corporation; IFC African, Latin American and Caribbean Fund, LP; and IFC Global Infrastructure Fund, LP	Pacific Infrastructure Shareholders Agreement
December 17, 2014	Pacific Midstream Ltd.; Pacific Midstream Holding Corp.; Pacific Rubiales Energy Corp.; International Finance Corporation; IFC Global Infrastructure Fund, LP; and GIF Co-Investment I, LP	Pacific Midstream Shareholders Agreement

**MAUREL & PROM**

November 3, 2011	Les Etablissement Maurel & Prom S.A. PRE-PSIE Coöperatief U.A. Maurel & Prom Colombia B.V.	Maurel & Prom Colombia B.V. Shareholders Agreement
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### **Pre-Emptive or Other Rights**

1. Frontera Energy Corporation's Security Based Compensation Plan effective as of November 2, 2016, as amended on March 14, 2017.
2. Shareholders Agreement between Pacific Infrastructure Ventures, Inc., Pacific Rubiales Energy Corp., Pacinfra Holding Ltd., Blue Pacific Investment Group Ltd., Kiber, Ltd., International Finance Corporation, IFC African Latin American and Caribbean Fund, LP, IFC Global Infrastructure Fund, LP, dated November 7, 2013.
3. Put Option Agreement between Pacific Infrastructure Ventures, Inc., Pacific Rubiales Energy Corp., Blue Pacific Investments Group Ltd., International Finance Corporation, and IFC African, Latin American and Caribbean Fund, LP and IFC Global Infrastructure Fund, LP dated November 7, 2013.
4. Warrant agreement between Pacific Infrastructure Ventures, Inc. and IFC African, Latin American and Caribbean Fund, LP dated November 7, 2013.
5. Warrant agreement between Pacific Infrastructure Ventures, Inc. and IFC Global Infrastructure Fund, LP dated November 7, 2013.
6. Warrant agreement Pacific Infrastructure Ventures, Inc. and International Finance Corporation dated November 7, 2013.
7. Equity Call Agreement between Pacinfra Holding Ltd. and Pacific Rubiales Energy Corp. dated October 4, 2013.
8. Equity Contribution Agreement between Pacinfra Holding Ltd., Pacific Infrastructure Ventures, Inc., Sociedad Portuaria Puerto Bahia S.A. and Wilmington Trust, National Association dated October 4, 2013.
9. Shareholders Agreement between Pacific Midstream Ltd., Pacific Midstream Holding Corp., Pacific Rubiales Energy Corp., International Finance Corporation, IFC Global Infrastructure Fund, LP and GIF Co-Investment I, LP, dated December 17, 2014.

10. Put Option Agreement between Pacific Midstream Ltd., Pacific Rubiales Energy Corp., Pacific Midstream Holding Corp., International Finance Corporation, IFC Global Infrastructure Fund, LP and GIF Co-Investment I, LP, dated December 17, 2014.
11. Amended and Restated Shareholders Rights Plan Agreement between Frontera Energy Corporation and Computershare Investor Services Inc. dated November 20, 2017.
12. Shareholders Agreement between PRE-PSIE Cooperatief U.A., Les Etablissements Maurel & Prom S.A. and Maurel & Prom Colombia B.V. dated November 3, 2011.
13. Joint Operating Agreements for the Exploration and Production contracts contain pre-emptive rights for the parties thereto.
14. Transporte Incorporado has a unilateral put right exercisable from April 2019 to March 2020.

**SCHEDULE 5.17**

**JURISDICTION OF ORGANIZATION; CHIEF EXECUTIVE OFFICE**

**Schedule 5.17**

**Jurisdiction of Organization; Chief Executive Office**

	<b>ENTITY NAME</b>	<b>JURISDICTION</b>	<b>ORGANIZATIONAL IDENTIFICATION NUMBER</b>	<b>ADDRESS (principal place of business or chief executive office)</b>
1.	Frontera Energy Corporation	British Columbia	BC0989606	333 Bay Street, Suite 1100, Toronto, Ontario M5H 2R2
2.	Pacific Midstream Holding Corp.	Bahamas	171,392 B	Bayside Executive Park No 3, West Bay Street, Nassau, Bahamas
3.	Petrominerales Peru Ltd.	Bahamas	155176	4 George Street, Mareva House, Nassau, Bahamas
4.	Petro International Ltd.	Bermuda		Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda
5.	Petrominerales Bermuda Ltd.	Bermuda	44773	2 Church Street, Clarendon House, Hamilton, Bermuda, HM 11
6.	Pacific Brasil Exploracao et Producao de Oleo e Gas Ltda.	Brazil	3309085409	Avenida President Vargas 509, Andar 10, Rio de Janeiro, Brazil
7.	Pacinfra Holding Ltd.	BVI	1771420	197 Main Street, Palm Chambers, P.O. Box 4493, Road Town, BVI
8.	Pacific Infrastructure Ventures Inc.	BVI	1765217	197 Main Street, Palm Chambers, P.O. Box 4493, Road Town, BVI
9.	Agro Cascada S.A.S.	Colombia	900497392-1	Calle 95 No. 13-35, Bogota Colombia
10.	Pacific Rubiales Guatemala, S.A.*	Guatemala	447472	Diagonal 6 10-01 Zona 10, Centro Gerencial Las Margaritas, Torre II Nivel 7, Guatemala, Guatemala, 01010
11.	Pacific E&P International Holdings, S.a.r.l.	Luxembourg	31 378	19 Rue de Bitbourg, L-1273, Luxembourg, Luxembourg
12.	PRE-PSIE Cooperatief U.A.	Netherlands	850491101	Teleportboulevard 140, Amsterdam, Netherlands, 1043EJ
13.	PRE Corporate Services Corp.	Panama	787107	Avenida Nicanor A. de Obarrio, Calle 50, Edificio Plaza Credicorp Bank, Piso 26, Panama City, Panama
14.	Pacific Marketing International Corp.	Panama	836182	Avenida Nicanor A. de Obbario, Calle 50, Edificio Plaza Credicorp Bank, Piso 26, Panama City, Panama
15.	Pacific Stratus Energy S.A.	Panama	577342	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
16.	Major International Oil S.A.	Panama	544961	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
17.	Pacific Guatemala Energy Corp.	Panama	717640	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
18.	Pacific Rubiales PNG Limited	Papua New Guinea	1-83978	Allens Arthur Robinson, Level 6, Mogoru Moto Building, Champion Parade, Port Moresby, National Capital District, Papua New Guinea
19.	Pacific Off Shore Peru s.r.l.	Peru	12771109	Av. Jorge Chavez No. 154 Piso 8, Miraflores, Lima, Peru
20.	Pacific Stratus Energy Del Peru S.A	Peru	13420344	Av. Jorge Chavez No. 154 Piso 8, Miraflores, Lima, Peru
21.	Frontera Energy Colombia AG	Switzerland	CHE-443.692.454	Spitalstrasse 5, 8200 Schaffhausen, Switzerland
22.	BCH International Inc.	BVI	1011798	Road Town, Tortola, PO Box 3175, British Virgin Island

	ENTITY NAME	JURISDICTION	ORGANIZATIONAL IDENTIFICATION NUMBER	ADDRESS (principal place of business or chief executive office)
23.	Centro Multinacional Pacific S.R.L.	Spain	B66107632	37 Paseo de Racoletos, Quinta Planta, Madrid, Spain, 28004
24.	Centro Multinacional Pacific, S.R.L.	Panama Branch	2278	Calle 50 Edificio Plaza Credicorp Bank, Piso 26 Panama City, Panama
25.	CMP Technical Services S.A.P.I. de C.V.	Mexico	43,506	Paseo de la Reforma 342, piso 26. Torre New York Life Colonia Juárez. Delegación Cuauhtémoc. CP 06600. Mexico DF.
26.	CMP Administration Services S.A.P.I. de C.V.	Mexico	43,507	Paseo de la Reforma 342, piso 26. Torre New York Life Colonia Juárez. Delegación Cuauhtémoc. CP 06600. Mexico DF.
27.	Energy Business Operations & Support S.A.S*	Colombia	900781621-9	7-22 Calle 113, Bogota, Colombia
28.	Inversiones Sol del Sur SAS (Colombia)*	Colombia	900118343-4	Calle 116 7-15 INT 2 piso 6, Edificio Cusezar, Bogotá, Colombia
29.	Major International Oil S.A.	Colombian Branch	900185094-0	Calle 110 No. 9-25, Bogota, Colombia
30.	Frontera Energy Colombia Corp., Sucursal Colombia	Colombian Branch	830126302-2	Calle 110 No. 9-25, Bogota, Colombia
31.	Midstream Services S.A.S.	Colombia	900773903-7	11-A 61 Calle 115, Bogota, Colombia
32.	Oil Aviation Services	Panama	584033	Piso 26, Calle 50, Avenida Nicanor A de Obarrio, Panamá, República de Panamá
33.	Pacific E&P Energy Trading Corp.	Panama	581493	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
34.	Pacific Belize Energy Corp.	Panama	731867	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
35.	Pacific Infrastructure Ventures Inc.	Colombian Branch	900248668-1	94-45 Carrera 11ª, Oficina 703, Bogota, Colombia
36.	Pacific Midstream Ltd.	Bermuda	49511	2 Church Street, Clarendon House, Hamilton HM, Bermuda, 11
37.	Pacific OBC Corp.	Panama	716553	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
38.	Pacific OBC 1 Corp.	Panama	716574	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
39.	Pacific OBC 4 Corp.	Panama	837684	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
40.	Pacific Procurement Services S.A.	Panama	2250	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
41.	Pacific Reinsurance Limited	Bermuda	48180	222 Victoria Street, Canon's Court, Hamilton, Bermuda, HM 12
42.	Pacific Rubiales E&P Mexico, S.A.P.I. de C.V.	Mexico	42,872	632 Montes Urales Piso 3 Lomas de Chapultepec, Mexico City, Mexico, 11000
43.	Pacific E&P USA, Inc.	USA	801679177	5555 San Felipe St. Suite 1250, Houston, TX 77056
44.	Pacific Ventures C.A. (Venezuela)*	Venezuela	506285	Avenida Fco. De Miranda con 4ta Avenida de Campo Alegre, Torre Kyra PH-1, Caracas, Venezuela
45.	Pan Andean Resources Limited	UK	2231725	125 Old Broad Street, London, United Kingdom, EC2N 1AR
46.	Pan Andean Resources Limited	Colombian Branch	9001579540	Calle 116 No. 7-15 INT 2 P 7, Bogota, Colombia
47.	Petro Rubiales Corp. Sucursal Colombia*	Colombian Branch	9001741619	Calle 110 No. 9-25, Bogota, Colombia
48.	Petrolia Energy Corp.	Panama	619749	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
49.	Petrominerales Marketing Ltd.	Bahamas	160899	4 George Street, Nassau, Bahamas

	<b>ENTITY NAME</b>	<b>JURISDICTION</b>	<b>ORGANIZATIONAL IDENTIFICATION NUMBER</b>	<b>ADDRESS (principal place of business or chief executive office)</b>
50.	PRE Corporate Services Corp.	Colombian Branch	900623661-7	Calle 110 No. 9-25 Piso 14, Bogota, Colombia
51.	PRE LNG Port Corp.	BVI	1788837	P.O. Box 4493, 2 <sup>nd</sup> floor, Road Town, Tortola, British Virgin Islands
52.	Promotora Agricola de los Llanos S.A.	Panama	748531	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, Panama City, Panama
53.	Promotora Agricola de los Llanos Sucursal Colombia	Colombian Branch	900477898-9	Calle 95 No. 13-35, Bogota, Colombia
54.	Semasio Inc.	Panama	698184	Piso 26, Calle 50, Avenida Nicanor A. de Obarrio, City of Panama, Panama
55.	Solaris Corporation A.V.V.	Aruba	9692/A.V.V.	7 Watapanastraat, Ponton, Oranjestad, Aruba

\* In liquidation

**SCHEDULE 5.24**  
**EXISTING LETTERS OF CREDIT**

## Existing Letters of Credit:

## Defined Terms:

ANH : Agencia Nacional de Hidrocarburos  
 FEC Colombia : Frontera Sucursal Colombia  
 PSE PERU : Pacific Stratus Energy del Peru S.A.  
 P OFF : Pacific Off Shore Peru S.R.L.  
 PRE PSIE : PRE PSIE Coöperatief U.A.

## Notations:

(\*) Letter of Credit under Exit Agreement  
 (\*\*) Cash-collateralized  
 (\*\*\*) Term Deposits  
 (\*\*\*\*) Letter of Credit under this Agreement  
 (\*\*\*\*\*) Drawn

	NOTATION	REF.	PROJECT	END DATE	CATEGORIA	US\$	ACCOUNT PARTY	BENEFICIARY	STARTING DATE	BANK
1.	(***)	100010176	CASANARE ESTE	05/21/2018	Exploration Phase	330,000	FEC Colombia	ANH	02/19/2018	GNB Sudameris
2. (1)	(****)	001IMSB153310003 (1)	OB	05/24/2018	Transport	41,826,096	FEC Colombia	P.A. Bicentenario I	11/27/2015	Bladex
3.	(*)	001IMSB153310002	OB	05/24/2018	Transport	748,440	FEC Colombia	P.A. Bicentenario I	11/27/2015	Bladex
4.	(*)	001IMSB160080001	OB	05/24/2018	Transport	14,445,872	FEC Colombia	P.A. Bicentenario I	01/08/2016	Bladex
5.	(*)	3120572	OB	05/24/2018	Transport	7,390,472	FEC Colombia	P.A. Bicentenario I	06/12/2015	BofA

	NOTATION	REF.	PROJECT	END DATE	CATEGORIA	US\$	ACCOUNT PARTY	BENEFICIARY	STARTING DATE	BANK
6.	(***)	100010203	GUAMA	05/28/2018	Exploration Phase	18,538	FEC Colombia	ANH	02/26/2018	GNB Sudameris
7.	(*)	186-07-14-80395-0	MAPACHE	05/30/2018	Exploration Phase	300,000	FEC Colombia	ANH	08/01/2014	Davivienda
8.	(****)	T000210000	MAPACHE	06/03/2018	Abandonment Fund	744,272	FEC Colombia	ANH	11/18/2011	Itau
9.	(*)	186-07-14-80396-8	GUATIQUIA	06/03/2018	Abandonment Fund	2,174,467	FEC Colombia	ANH	08/01/2014	Davivienda
10.	(***)	4377611	GUAMA	06/03/2018	Exploration Phase	638,000	FEC Colombia	ANH	03/03/2018	BBVA
11.	(****)	T000235000	CASIMENA	06/03/2018	Abandonment Fund	723,496	FEC Colombia	ANH	05/07/2012	Itau
12.	(****)	T000293000	CASIMENA	06/03/2018	Abandonment Fund	61,939	FEC Colombia	ANH	04/26/2013	Itau
13.	(***)	100010237	LLANOS 25	06/05/2018	Exploration Phase	2,091,375	FEC Colombia	ANH	03/06/2018	GNB Sudameris
14.	(***)	100010238	CORCEL	06/05/2018	Production	110,000	FEC Colombia	ANH	03/06/2018	GNB Sudameris
15.	(*)	186-07-14-80433-9	CORCEL	06/07/2018	Abandonment Fund	123,687	FEC Colombia	ANH	11/07/2014	Davivienda
16.	(*)	186-07-14-80434-7	CARDENAL	06/07/2018	Abandonment Fund	123,687	FEC Colombia	ANH	11/07/2014	Davivienda
17.	(****)	5432600702	PORTOFINO	06/12/2018	Exploration Phase	240,320	FEC Colombia	ANH	03/11/2013	Citibank
18.	(***)	100010288	CPE-6	06/12/2018	Exploration Phase	660,000	FEC Colombia	ANH	03/13/2018	GNB Sudameris
19.	(***)	100010274	MAPACHE	06/12/2018	Exploration Phase	526,378	FEC Colombia	ANH	03/12/2018	GNB Sudameris
20.	(***)	100010271	GUAMA	06/12/2018	Exploration Phase	1,204,500	FEC Colombia	ANH	03/12/2018	GNB Sudameris
21.	(**)	40000309	CR-1	06/12/2018	Exploration Phase	1,434,000	FEC Colombia	ANH	05/10/2017	Davivienda
22.	(***)	100010275	CPE-6	06/12/2018	Exploration Phase	352,000	FEC Colombia	ANH	03/12/2018	GNB Sudameris
23.	(***)	100010272	CASANARE ESTE	06/12/2018	Exploration Phase	548,375	FEC Colombia	ANH	03/12/2018	GNB Sudameris
24.	(****)	T000309000	PORTOFINO	06/14/2018	Exploration Phase	116,000	FEC Colombia	ANH	06/20/2013	Itau

	NOTATION	REF.	PROJECT	END DATE	CATEGORIA	US\$	ACCOUNT PARTY	BENEFICIARY	STARTING DATE	BANK
25.	(*)	186-07-12-00153-2	CAGUAN 5	06/15/2018	Exploration Phase	307,707	FEC Colombia	ANH	09/27/2012	Davivienda
26.	(*)	186-07-12-00155-7	CAGUAN 5	06/15/2018	Exploration Phase	3,755,000	FEC Colombia	ANH	09/27/2012	Davivienda
27.	(****)	5432600993	LLANOS 83	06/16/2018	Exploration Phase	2,200,000	FEC Colombia	ANH	02/03/2014	Citibank
28.	(****)	5439600172	LLANOS 55	06/20/2018	Exploration Phase	300,000	FEC Colombia	ANH	05/27/2011	Citibank
29.	(*)	858-07-11-00091-2	LLANO 7	06/20/2018	Exploration Phase	2,320,000	FEC Colombia	ANH	05/26/2011	Davivienda
30.	(****)	5438600172	LLANO 7	06/20/2018	Exploration Phase	300,000	FEC Colombia	ANH	05/27/2011	Citibank
31.	(*)	186-07-14-80410-7	CPE-6	06/20/2018	Exploration Phase	320,000	FEC Colombia	ANH	09/26/2014	Davivienda
32.	(****)	5431601521	LLANOS 25	06/21/2018	Exploration Phase	600,000	FEC Colombia	ANH	05/04/2018	Citibank
33.	(****)	T000297000	CASTOR	06/28/2018	Abandonment Fund	778,712	FEC Colombia	ANH	05/16/2013	Itau
34.	(****)	T000289000	MAPACHE	06/30/2018	Abandonment Fund	216,657	FEC Colombia	ANH	04/26/2013	Itau
35.	(****)	T000232000	CORCEL	06/30/2018	Abandonment Fund	544,206	FEC Colombia	ANH	05/02/2012	Itau
36.	(****)	T000288000	CORCEL	06/30/2018	Abandonment Fund	720,143	FEC Colombia	ANH	04/26/2013	Itau
37.	(****)	T000291000	CORCEL	06/30/2018	Abandonment Fund	517,817	FEC Colombia	ANH	04/26/2013	Itau
38.	(****)	5430601513	GUATIQUEIA	07/01/2018	Exploration Phase	2,170,000	FEC Colombia	ANH	03/27/2018	Citibank
39.	(**)	D193-01737349	Z1	07/02/2018	Exploration Phase	687,164	P OFF	Peru Petro S. A.	11/18/2014	BCP
40.	(**)	W000773	MUISCA	07/16/2018	Exploration Phase	1,044,000	PRE PSIE	ANH	08/16/2017	Occidente
41.	(***)	100010469	PORTOFINO	07/23/2018	Exploration Phase	54,101	FEC Colombia	ANH	04/24/2018	GNB Sudameris
42.	(****)	5431601514	COR-24	09/17/2018	Exploration Phase	1,909,251	FEC Colombia	ANH	03/28/2018	Citibank
43.	(****)	40000305	LLANOS 55	09/26/2018	Exploration Phase	2,320,000	FEC Colombia	ANH	03/26/2018	Citibank

	NOTATION	REF.	PROJECT	END DATE	CATEGORIA	US\$	ACCOUNT PARTY	BENEFICIARY	STARTING DATE	BANK
44.	(****)	5431601513	TINIGUA	09/27/2018	Exploration Phase	225,000	FEC Colombia	ANH	03/27/2018	Citibank
45.	(****)	5430601517	RIO ARIARI	10/15/2018	Exploration Phase	200,000	FEC Colombia	ANH	04/16/2018	Citibank
46.	(**)	W002446	COR-15	10/18/2018	Exploration Phase	1,200,000	PRE PSIE	ANH	10/17/2017	Occidente
47.	(**)	D-193-01549890	BLOCK 192	04/11/2019	Operation	600,000	PSE PERU	Peru Petro S. A.	08/28/2015	BCP
					<b>Total</b>	<b>100,221,672</b>				
					<b>Total Within Exit LC Facility*</b>	<b>32,009,332</b>				
					<b>Total Cash Collateralized**</b>	<b>4,965,164</b>				
					<b>Total Term Deposits***</b>	<b>6,533,267</b>				
					<b>Letter of Credit under New L/C Credit Agreement ****</b>	<b>56,713,909</b>				
					<b>Total Drawn*****</b>	<b>0,00</b>				

(2) *This LC will be reduced to U.S.\$ 20,000,000 to fit the criteria of the New L/C Credit Agreement*

## SCHEDULE 10.02

### ADDRESSES FOR NOTICES

#### **Wilmington Trust, National Association**

50 South Sixth Street, Suite 1290  
Minneapolis, MN 55402  
Facsimile: (612) 217-5651  
Email: *[redacted]*

#### **L/C Issuers**

#### **Citibank, N.A.**

c/o Citibank Colombia  
Cra 9A no. 99-02 Piso 3  
Bogota, Colombia  
Facsimile: +57 1 4877405  
Email: *[redacted]*  
Attention: *[redacted]*

#### **HSBC México, S.A. Institución de Banca Múltiple, Grupo Financiero HSBC**

Paseo de la Reforma # 347  
Piso 18, Col. Cuauhtémoc  
06500 Cuauhtémoc Ciudad de México, México  
Email: *[redacted]*  
Attention: *[redacted]*

#### **Itaú Corpbanca Colombia S.A.**

Carrera 7 # 27 – 18, Piso 4  
Bogotá, Colombia  
Email: *[redacted]*  
Attention: *[redacted]*

#### **JPMorgan Chase Bank, N.A.**

4 New York Plaza, 15<sup>th</sup> Floor  
Mail Code: NY1-E054  
New York, NY 10004  
Facsimile: (866) 201-6026  
Email: *[redacted]*  
Attention: *[redacted]*

#### **Bank of America, N.A.**

Cra 7 No 113 – 43, Oficina 1506  
Bogota D.C., Colombia  
Facsimile: +57 1 4871581  
Email: *[redacted]*  
Attention: *[redacted]*

**Borrower**

333 Bay Street, Suite 1100  
Toronto, Ontario M5H 2R2 Canada  
Facsimile: 416-360-7783  
Email: *[redacted]*  
Attention: *[redacted]*

**Guarantors**

Calle 110 #9 – 25, Piso 14  
Bogota, Colombia  
Facsimile: 416-360-7783  
Email: *[redacted]*  
Attention: *[redacted]*

**ANNEX A**  
**ARTICLE VI**  
**AFFIRMATIVE COVENANTS**

[See attached]

## ANNEX A

### AFFIRMATIVE COVENANTS

So long as any L/C Issuer shall have any Commitment hereunder or any Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

Section 6.01. **Notice of Default.** The Borrower will furnish to the L/C Issuers and the Collateral Agent, not later than ten (10) Business Days after the Borrower obtains Actual Knowledge thereof, written notice of any Default or Event of Default, signed by an Authorized Officer of the Borrower, describing such Default or Event of Default and the steps that the Borrower proposes to take in connection therewith.

Section 6.02. **Maintenance of Books and Records; IFRS.** The Borrower will, and will cause each of its Subsidiaries to, maintain books, accounts and other records in accordance, in all material respects, with IFRS and the Borrower will cause its Subsidiaries organized under laws of any other jurisdiction to maintain their books and records in accordance, in all material respects, with the generally accepted accounting principles of the applicable jurisdiction. The Borrower shall not change or permit any change in accounting treatment or reporting practices except as may be required or permitted pursuant to IFRS.

Section 6.03. **Further Assurances.** The Borrower and the Subsidiaries will, at their own cost and expense, from time to time, do, execute and deliver or cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as may be reasonably necessary for the purpose of giving effect to this Agreement and the other L/C Document or as the L/C Issuers or the Collateral Agent may reasonably request from time to time.

#### Section 6.04. **Reporting; Access to Information.**

(a) The Borrower shall provide to the L/C Issuers (i) within forty five (45) days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, unaudited financial statements for the interim period as at, and for the period ending on, the end of such fiscal quarter (along with comparative results for the corresponding interim period in the prior year) and (ii) within ninety (90) days after the end of each fiscal year of the Borrower, audited financial statements for such fiscal year (along with customary comparative results), a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a report on the annual financial statements by the Borrower's certified independent accountants (all of the foregoing information to be prepared on a basis substantially consistent with the requirements for a "reporting issuer" under the securities laws of Canada); **provided, however, that** financial statements required to be delivered by this clause (a) shall be deemed to have been provided to the L/C Issuers once filed on the SEDAR website at [www.sedar.com](http://www.sedar.com); **provided** that the L/C Issuers shall have no responsibility to determine whether such filings have occurred.

(b) The Borrower shall, concurrently with the financial information provided pursuant to clause (a) above, provide to the L/C Issuers (with a copy to the Collateral Agent) a Compliance Certificate of an Authorized Officer of the Borrower certifying compliance with the financial covenants set forth in Section 7.12.

(c) If the total assets of the Unrestricted Subsidiaries (aggregated together on a combined basis in accordance with IFRS) represent more than 15% of the Borrower's consolidated total assets, then the Borrower shall provide to the L/C Issuers (with copies to the Collateral Agent), the additional following quarterly and annual financial information of the Borrower and its Restricted Subsidiaries on a combined basis in accordance with IFRS: (i) as of the end of the relevant period, Consolidated Total Indebtedness and Consolidated Net Tangible Assets, and (ii) for the relevant period, Consolidated Adjusted EBITDA.

(d) Any such reports delivered or filed by the Borrower with the Collateral Agent or the L/C Issuers shall be considered for informational purposes and the Collateral Agent's or the L/C Issuers' receipt of such reports shall not constitute notice or actual knowledge of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants in this Agreement (as to which the Collateral Agent and the L/C Issuers are entitled to rely exclusively on an Officer's Certificate).

(e) Unless the financial information referred to in clause (a) above is available on SEDAR or any successor system thereto, the Borrower will also maintain a website to which the Collateral Agent and the L/C Issuers are given free access and on which, not later than the date by which such financial information is required to be provided to the L/C Issuers pursuant to such clause, such information is made available; **provided, however, that** the L/C Issuers shall have no responsibility to determine whether such filings have occurred. Making such financial information so available shall be deemed to satisfy the requirements of clause (a) above.

**Section 6.05. Maintenance of Existence and Properties.** Subject to Section 7.11, the Borrower will, and will cause each of its Restricted Subsidiaries to (i) maintain in effect its corporate existence and all registrations necessary therefor; (ii) take all reasonable actions to maintain all rights, privileges, title to property and assets, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations; and (iii) keep all its material property used or useful for the operation of its business in good working order or condition (subject to ordinary wear and tear); **provided, that** the foregoing clauses (i) and (ii) shall not require the Borrower to preserve the corporate existence of any Restricted Subsidiary or maintain any such right, privilege, title to property or assets, license or franchise or property if the board of directors of the Borrower shall determine in good faith that (i) the maintenance or preservation thereof is no longer necessary or desirable in the conduct of the business of the Borrower and its Restricted Subsidiaries and (ii) the non-maintenance or non-preservation thereof would not be reasonably expected to have a Material Adverse Effect.

**Section 6.06. Guarantors.**

(a) Each Subsidiary of the Borrower that is a guarantor of the New Notes shall become a Guarantor under this Agreement either (x) on the New Notes Issuance Date or (y) after the New Notes Issuance Date, on the date any Person becomes a Subsidiary of the Borrower and is required pursuant to the terms of the New Notes Indenture to be a guarantor of the New Notes, in either case, by delivering to the Collateral Agent and the L/C Issuers a joinder or supplement to this Agreement pursuant to which such Subsidiary will provide a Guarantee in respect of the L/C Obligations and all other obligations under this Agreement and the L/C Documents.

(b) The Borrower and the Guarantors will, at their sole cost and expense, execute and deliver all such agreements and instruments as may be reasonably necessary or desirable in order to give full effect to this Section 6.06.

Section 6.07. **Insurance.** Except to the extent failure to do so would not be reasonably expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, maintain insurance with financially sound, responsible and reputable insurance companies, in accordance with its past practices and covering such risks as the Borrower reasonably believes to be consistent with the practices of other companies of substantially similar size and scope of operations in the same or substantially similar businesses.

Section 6.08. **Payment of Taxes and Claims.** (1) Except to the extent failure to do so would not be reasonably expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, pay all material Taxes, assessments and other governmental charges imposed upon it or any of its property and assets in respect of any of its franchises, businesses, income or profits within the time period provided by Applicable Law before any penalty or interest accrues thereon, and (2) pay all claims (including claims for labor, services, materials and supplies) for amounts which have become due and payable and which by law have or might become a Lien upon its property or assets, except if such charge or claim is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and such reserves or other appropriate provision, if any, as shall be required by IFRS shall have been made therefor.

Section 6.09. **Compliance with Laws.** Except to the extent failure to do so would not be reasonably expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, comply with all Applicable Laws (including, without limitation, Debtor Relief Laws) except where the necessity of compliance therewith is contested in good faith by appropriate proceedings promptly initiated and diligently conducted and if such reserves or other appropriate provision, if any, as shall be required by IFRS shall have been made therefor. The Borrower and each of its Subsidiaries will maintain in effect and enforce policies and procedures reasonably designed to promote and achieve compliance by the Borrower, its Subsidiaries and their Related Parties with the laws referred to in Section 5.21(a)(iii), Money Laundering Laws and applicable Sanctions.

Section 6.10. **Use of Proceeds.** The Borrower will use the L/C Credit Extensions solely for exploratory and transportation commitments in Colombia and Peru and, solely with respect to Existing Letters of Credit that are Letters of Credit, for abandonment obligations owing to ANH (as defined in Section 10.06(b)(iii)).

Section 6.11. **[Reserved].**

Section 6.12. **Listings.** The Borrower shall maintain a listing of its common shares on the Toronto Stock Exchange or, if such listing is not available as a consequence of listing requirements, on the TSX Venture Exchange; **provided that** if neither such listing is available to the Borrower as a consequence of the listing requirements of such exchanges, it will use its commercially reasonable best efforts to promptly obtain and maintain a listing of its common shares on the most senior stock exchange available in Canada and, in any case shall remain a reporting issuer in Ontario and/or British Columbia or in the United States under equivalent applicable securities laws. At any time following a Change of Control, the foregoing covenant with respect to listing may be satisfied by a new parent company of the Borrower maintaining

a listing of its Capital Stock (including any Capital Stock received by shareholders of the Borrower pursuant to the Change of Control) on any Recognized Stock Exchange.

**Section 6.13. Release of Liens Relating to Exit Notes, Existing Letter of Credit Facility and Existing Hedging Facilities.**

(a) The Borrower will (i) as soon as practicable but not later than forty-five (45) days following the New Notes Issuance Date, take all necessary action on its part to be taken and/or cause its Restricted Subsidiaries to take all necessary actions on their part to be taken (including, but not limited to, submitting all relevant documentation to and making any required filings with governmental agencies, registries or authorities under Applicable Law) to terminate and release in full all Liens over assets or property of the Borrower or any of its Restricted Subsidiaries to the extent they secure the Exit Notes and the Existing Letter of Credit Facility and (ii) use its commercially reasonable efforts to terminate and release in full all Liens over assets or property of the Borrower or any of its Restricted Subsidiaries to the extent they secure the Exit Notes and the Existing Letter of Credit Facility promptly after the New Notes Issuance Date.

(b) The Borrower will (i) as soon as practicable but not later than forty-five (45) days following the closing out of the hedges outstanding on the New Notes Issuance Date under the Existing Hedging Facilities, take all necessary actions on its part to be taken and/or cause its Restricted Subsidiaries to take all necessary actions on their part to be taken (including, but not limited to, submitting all relevant documentation to and making any required filings with governmental agencies, registries or authorities under Applicable Law) to terminate and release in full all Liens over assets or property of the Borrower or any of its Restricted Subsidiaries to the extent they secure obligations under hedges outstanding on the New Notes Issuance Date under the Existing Hedging Facilities and (ii) use its commercially reasonable efforts to terminate and release in full all Liens over assets or property of the Issuer or any of its Restricted Subsidiaries to the extent they secure obligations under hedges outstanding on the New Notes Issuance Date under the Existing Hedging Facilities promptly after the closing out of such hedges.

**ANNEX B**  
**ARTICLE VII**  
**NEGATIVE COVENANTS**

[See attached]

## ANNEX B

### NEGATIVE COVENANTS

So long as any L/C Issuer shall have any Commitment hereunder or any Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

#### Section 7.01. **Indebtedness.**

(a) The Borrower will not, and will not permit any Restricted Subsidiary of the Borrower to, Incur, directly or indirectly, any Indebtedness; **provided, however, that** the Borrower or any Restricted Subsidiary of the Borrower may Incur Indebtedness if (i) on the date of such Incurrence and after giving effect thereto and the application of proceeds therefrom, the Consolidated Fixed Charge Ratio would be no less than 2.50:1.00 and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than 3.00:1.00, and (ii) no Default or Event of Default shall have occurred and be continuing;

(b) Notwithstanding the foregoing clause (a), the Borrower and its Restricted Subsidiaries may Incur the following Indebtedness:

(i) Indebtedness of the Borrower owed to and held by any Restricted Subsidiary of the Borrower or Indebtedness of a Restricted Subsidiary owed to and held by the Borrower or any other Restricted Subsidiary; **provided, however, that:**

(A) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Borrower or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof; and

(B) if the Borrower is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all Obligations, unless the Restricted Subsidiary is a Guarantor;

(ii) Indebtedness:

(A) of the Borrower and any Restricted Subsidiary outstanding on the New Notes Issuance Date; **provided, however, that** Indebtedness under the Existing Notes, the Existing Letter of Credit Facility and this Agreement shall not be considered outstanding on the New Notes Issuance Date for purposes of this subclause (b)(ii)(A) and clause (b)(ix) below; or

(B) consisting of Guarantees of any Indebtedness otherwise permitted by and made in accordance with this Section 7.01;

(iii) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Borrower or a Restricted Subsidiary or otherwise became a Restricted Subsidiary (other than Indebtedness Incurred as consideration of, or to provide all or any portion of the funds or credit support utilized to consummate, or otherwise in contemplation of, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Subsidiary of, or was otherwise acquired by, the Borrower or a Restricted Subsidiary); **provided, however, that**

on the date that such Restricted Subsidiary is acquired by the Borrower or a Restricted Subsidiary, either (x) the Borrower and its Restricted Subsidiaries would have been able to Incur U.S.\$1.00 of additional Indebtedness pursuant to the foregoing clause (a) (disregarding the time limitation set forth therein), after giving *pro forma* effect to the Incurrence of such Indebtedness pursuant to this subclause (iii) and the acquisition of such Restricted Subsidiary, or (y) the Consolidated Fixed Charge Ratio would be no less than the Consolidated Fixed Charge Ratio immediately prior to such transactions, and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than the Consolidated Debt to Consolidated Adjusted EBITDA Ratio immediately prior to the transactions;

(iv) Indebtedness of another Person Incurred and outstanding on or prior to the date on which such Person merges, consolidates, amalgamates or combines with or into the Borrower or a Restricted Subsidiary (other than Indebtedness Incurred as consideration of, or to provide all or any portion of the funds or credit support utilized to consummate, or otherwise in contemplation of, the transaction or series of related transactions pursuant to which such Person merges, consolidates, amalgamates or with or into the Borrower or a Restricted Subsidiary); **provided, however, that** on the date that such transaction is consummated, either (x) the Borrower and its Restricted Subsidiaries would have been able to Incur U.S. \$1.00 of additional Indebtedness pursuant to the foregoing clause (a) (disregarding the time limitation set forth therein), after giving *pro forma* effect to the Incurrence of such Indebtedness pursuant to this subclause (iv) and such merger, consolidation, amalgamation, combination or other similar transaction, or (y) the Consolidated Fixed Charge Ratio would be no less than the Consolidated Fixed Charge Ratio immediately prior to such transactions, and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than the Consolidated Debt to Consolidated Adjusted EBITDA Ratio immediately prior to the transactions;

(v) Indebtedness in respect of bankers' acceptances, deposits, promissory notes, workers' compensation claims, self-insurance obligations and performance, surety, appeal or similar bonds and Guarantees provided by the Borrower or any Restricted Subsidiary in the ordinary course of business;

(vi) Indebtedness arising under agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case Incurred or assumed in connection with the acquisition or disposition of a business, assets or Capital Stock of a Restricted Subsidiary; **provided, however, that**, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness will at no time exceed the gross proceeds actually received by the Borrower or such Restricted Subsidiary in connection with such disposition;

(vii) Hedging Obligations Incurred in the ordinary course of business and not for speculative purposes; **provided, that**, other than the Existing Hedging Facilities, such Hedging Obligations are (x) unsecured or (y) secured by customary collateral;

(viii) Refinancing Indebtedness, including Refinancing Indebtedness Incurred to Cash Collateralize the Letters of Credit to the extent the proceeds therefrom are applied concurrently to Cash Collateralize the Obligations;

(ix) Indebtedness of the Borrower or any of its Restricted Subsidiaries under Letters of Credit or the Guaranty;

(x) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; **provided, however, that** such Indebtedness is extinguished within five (5) Business Days of its Incurrence;

(xi) (A) Indebtedness under this Agreement (or any replacement thereof) and the other L/C Documents and (B) Indebtedness consisting of bonds, surety obligations, restricted accounts, letters of credit (other than this Agreement), trusts or similar obligations required by governmental entities in connection with the operation of the Borrower's and the Restricted Subsidiaries' oil and gas properties or by off-take agreements related to hydrocarbons infrastructure, from time to time, which Indebtedness Incurred pursuant to this subclause (xi)(A) and (B) shall not exceed the greater of U.S. \$100,000,000 and 10% of Consolidated Net Tangible Assets at any one time outstanding.

(xii) Indebtedness of the Borrower or any of its Restricted Subsidiaries in an aggregate principal amount which, when taken together with all other Indebtedness of the Issuer and its Restricted Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by subclauses (i) through (xi) above or clause (a)) does not exceed the greater of (i) U.S. \$100,000,000 and (ii) 10% of Consolidated Net Tangible Assets.

For purposes of determining the compliance with this Section 7.01:

(x) Indebtedness permitted by this covenant (including clause (a) above), need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness, as determined by the Borrower in its sole discretion; and

(y) In the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this covenant (including clause (a) above), the Borrower, in its sole discretion, shall classify (and from time to time may reclassify) such item of Indebtedness, in any manner that complies with this covenant.

(c) Notwithstanding the foregoing, the Borrower may not Incur any Indebtedness pursuant to clause (b) above if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations, unless such Indebtedness will be subordinated to any obligations owed under the New Notes and the New Indenture to at least the same extent as such Subordinated Obligations.

For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred; **provided, however, that** if such Indebtedness is Incurred to Refinance other Indebtedness denominated in a foreign currency, and such Refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such Refinancing, such U.S. dollar denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed

the principal amount of such Indebtedness being Refinanced. Notwithstanding any other provision of this Section 7.01, the maximum amount of Indebtedness that the Borrower or any Restricted Subsidiary may Incur pursuant to this covenant shall be deemed not to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness, if Incurred in a different currency from the Indebtedness being Refinanced, shall be calculated based on currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such Refinancing.

Accrual of interest, accrual of dividends, payment of interest in the form of additional Indebtedness, payment of dividends in the form of shares of Preferred Stock, accretion or amortization of original issue discount will be deemed not to be an Incurrence of Indebtedness for purposes of this covenant.

Section 7.02. **Liens.** The Borrower will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien on any property, assets, income or profits of the Borrower or any Restricted Subsidiary without effectively providing that the Obligations (together with, if the Borrower so determines, any other Indebtedness or obligation then existing or thereafter created ranking equally with the Obligations) shall be secured equally and ratably with (or prior to) the Indebtedness secured by such Lien so long as such Indebtedness shall be so secured, except that the foregoing provisions shall not apply to:

- (a) Liens in existence on the Effective Date;
- (b) Liens that secure Indebtedness owing by a Restricted Subsidiary to the Borrower and/or one or more other Restricted Subsidiaries or by the Borrower to one or more Restricted Subsidiaries;
- (c) Liens on any property or assets acquired from a Person that is merged with or into the Borrower or any Restricted Subsidiary, or any Liens on the property, Capital Stock, assets, income or profits of any Person, existing at the time such Person becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such Person); **provided, however, that** such Liens may not extend to any other property, assets, income or profits of the Borrower or any Restricted Subsidiary;
- (d) any Lien on any property or assets existing at the time of acquisition thereof, including any acquisition by means of a merger or consolidation, and that is not created as a result of or in connection with or in anticipation of such acquisition (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such property or assets); **provided, however, that** such Liens may not extend to any other property, assets, income or profits of the Borrower or any Restricted Subsidiary;
- (e) any Lien on the Capital Stock of an Unrestricted Subsidiary;
- (f) Liens (including extensions and renewals) with respect to Indebtedness Incurred to finance the acquisition of real or personal property including Capital Stock acquired after the Effective Date; **provided, however, that** (a) such Lien is created solely for the purpose of securing the payment of Indebtedness Incurred pursuant to Section 7.01 to finance the cost (including the cost, other than internal costs of the Borrower or any of its Subsidiaries,

of design, development, acquisition, construction, installation, improvement, transportation or integration) of acquiring the item of property subject thereto and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition, the completion of construction or the commencement of the full operation of such property; (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost (including the cost, other than internal costs of the Borrower or any of its Restricted Subsidiaries, of design, development, acquisition, construction, installation, improvement, transportation or integration) of such property or assets; and (c) such Lien shall not extend to cover any property, assets, income or profits other than such items of property and any improvements on such items;

(g) Liens imposed by law, including carriers', warehousemen's and mechanics' Liens and other similar Liens, on the property or assets of the Borrower or any Restricted Subsidiary arising in the ordinary course of business and securing payment of obligations that are not more than sixty (60) days past due or are being contested in good faith by appropriate proceedings;

(h) Liens on the property or assets of the Borrower or any Restricted Subsidiary Incurred in the ordinary course of business to secure the performance of tenders, bids, statutory obligations, abandonment obligations, surety and appeal bonds and deposits (including, without limitation, as security for contested taxes or import or customs duties or for the payment of rent), government concessions or licenses (including under contracts with governmental entities or agencies for technical evaluation or exploration, development rights and in connection with oil and gas transportation, energy generation and transmission and related activities), workers compensation, unemployment insurance and social security claims, performance and return-of-money bonds, or other obligation of a like nature and Incurred in a manner consistent with industry practice (including Liens required by issuers of letters of credit issued to secure the aforementioned obligations), in each case which are not Incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property or assets in the operation of the business of the Borrower and its Restricted Subsidiaries;

(i) any interest or title of a lessor under any Capitalized Lease Obligation; **provided, however, that** the Indebtedness is related to a Capitalized Lease Obligation that is permitted under Section 7.01;

(j) easements, rights of way, restrictions, or defects or irregularities in title and other similar charges or encumbrances which do not interfere in any material respect with the business of the Borrower or any Restricted Subsidiary;

(k) Liens on Indebtedness Incurred to Cash Collateralize all of the Obligations to the extent the proceeds therefrom are applied concurrently to Cash Collateralize all of the outstanding Obligations;

(l) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights or remedies as to deposit accounts or other funds maintained with a creditor depository institution; **provided, however, that** (A) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Borrower or any Restricted Subsidiary in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve System of the United States or analogous governmental authorities in the jurisdiction of incorporation of any

Restricted Subsidiary or any other country where the Borrower or any Subsidiary of the Borrower has oil and gas operations or investments and (B) such deposit account is not intended by the Borrower or any Subsidiary of the Borrower to provide collateral to such depository institution;

(m) Liens arising out of judgments or awards against the Borrower or a Restricted Subsidiary which do not give rise to an Event of Default;

(n) Liens imposed by law for Taxes, assessments or governmental charges that are not yet due and payable or, if due and payable and delinquent, that are being contested in good faith by appropriate proceedings; **provided that** any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;

(o) Liens to secure the Obligations or the Guaranty;

(p) Liens securing the Hedging Obligations permitted to be Incurred under Section 7.01(b)(vii);

(q) Leases and subleases of real property by the Borrower or any Restricted Subsidiary as lessor which do not materially interfere with the ordinary conduct of the business of the Borrower or any of its Restricted Subsidiaries;

(r) pledge of shares of capital stock of Pacific Midstream Ltd. to secure the deferred portion of the purchase price of such shares under the PML Share Sale Agreement;

(s) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (a) through (q) or of any Indebtedness secured thereby; **provided that** the principal amount of Indebtedness so secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement (plus accrued and unpaid interest and reasonable fees and expenses Incurred in connection therewith), and that such extension, renewal or replacement Lien shall be limited to all or part of the property that secured the Lien extended, renewed or replaced (plus improvements on or additions to such property). For the avoidance of doubt, any Liens securing Indebtedness under the Existing Letter of Credit Facility or this Agreement shall not be deemed in existence on the New Notes Issuance Date for purposes of this subclause (s).

For the avoidance of doubt, any obligations relating to earnouts, overriding royalties or similar payouts payable in connection with the acquisition of oil and gas properties, interests or assets shall not constitute Liens.

### Section 7.03. **Restricted Payments.**

(a) The Borrower will not, and will not permit any Restricted Subsidiary of the Borrower to, directly or indirectly, (the actions described in subclauses (i) through (iv) below being herein referred to as "**Restricted Payments**"):

(i) declare or pay any dividend or make any distribution, return of capital or other payment on or in respect of their Capital Stock (including any such payment in connection with any merger, consolidation, amalgamation, combination or other similar transaction involving the Borrower or any Restricted Subsidiary) or similar payment to the direct or indirect holders of their Capital Stock, except for dividends, distributions, returns of

capital or other payments payable solely in the form of issuance of additional Capital Stock (other than Disqualified Stock of the Borrower or a Restricted Subsidiary or Preferred Stock of a Restricted Subsidiary) and except dividends, distributions, returns of capital or other payments payable to the Borrower or a Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Borrower or other Restricted Subsidiaries, to its other shareholders on a *pro rata* basis);

(ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Borrower held by Persons other than the Borrower or a Restricted Subsidiary;

(iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Obligations) (x) purchased, repurchased, redeemed, defeased or otherwise acquired in anticipation of satisfying a sinking fund obligation, principal installment or a final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or (y) owing to or held by the Borrower or a Restricted Subsidiary; or

(iv) make any Investment (other than a Permitted Investment) in any other Person.

The restrictions above will apply if at the time the Borrower or such Restricted Subsidiary makes such Restricted Payment:

(A) a Default or an Event of Default has occurred and is continuing or would occur as a result thereof;

(B) the Borrower could not Incur at least U.S. \$1.00 of additional Indebtedness under clause (a) of Section 7.01; or

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made since the New Notes Issuance Date would exceed the sum of, without duplication:

(1) 50% of Consolidated Net Income accrued during the period (treated as one accounting period) from January 1, 2019 to the end of the most recent fiscal quarter for which financial statements have been delivered to the L/C Issuers under this Agreement prior to the date of such Restricted Payment (or, in case such Consolidated Net Income will be a deficit for any such period, minus 100% of such deficit); plus

(2) the aggregate Net Cash Proceeds and Fair Market Value of any property received by the Borrower from the issue or sale of its Capital Stock (other than Disqualified Stock) or other capital contributions subsequent to the New Notes Issuance Date (other than Net Cash Proceeds (i) received from an issuance or sale of such Capital Stock to a Restricted Subsidiary of the Borrower and (ii) used to make Permitted Investments); plus

(3) (i) the amount of a Guarantee of a Borrower or any Restricted Subsidiary upon the unconditional release in full of the Borrower or such

Restricted Subsidiary form such Guarantee if such Guarantee was previously treated as a Restricted Payment; and (ii) in the event that the Borrower or any Restricted Subsidiary makes an Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Issuer's or such Restricted Subsidiary's existing Investment in such Person; **provided that** any amount added pursuant to clauses (i) and (ii) of this clause (3) shall not exceed the amount of such Guarantee or Investment previously made and treated as a Restricted Payment and not previously added pursuant to this clause (C); **provided, however, that** no amount will be included under this clause (3) to the extent it is already included under clause (1) above; plus

(4) the amount by which Indebtedness of the Borrower or any Restricted Subsidiary is reduced on the balance sheet of the Borrower or any Restricted Subsidiary upon the conversion or exchange subsequent to the New Notes Issuance Date of any such Indebtedness for Capital Stock (other than Disqualified Stock) of the Borrower (less the amount of any cash or the Fair Market Value of other property distributed by the Borrower or any Restricted Subsidiary upon such conversion or exchange); plus

(5) the amount equal to the net reduction of Investments (other than Permitted Investments) made by the Borrower or any Restricted Subsidiary in any Person resulting from repurchases or redemptions of such Investment by such Person, proceeds realized upon the sale of such Investment, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to the Borrower or any Restricted Subsidiary or the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the consolidation, merger, amalgamation or combination of an Unrestricted Subsidiary into any of the Borrower or a Restricted Subsidiary; **provided that** any amount added pursuant to this clause (5) shall not exceed the amount of such Investment previously made and treated as a Restricted Payment; **provided, however, that** no amount will be included under this clause (5) to the extent it is already included under clause (1) above.

(b) The provisions of this Section 7.03 shall not prohibit:

(i) any purchase, repurchase, retirement, defeasance or other acquisition or retirement for value of Capital Stock of the Borrower or Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Borrower (other than Disqualified Stock or other than Capital Stock issued or sold to a Subsidiary of the Borrower);

(ii) (A) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of Subordinated Obligations; and (B) any purchase, repurchase, redemption or other acquisition or retirement for value of Disqualified Stock made by exchange for, or out of the proceeds of the substantially concurrent sale of Disqualified Stock;

(iii) dividends paid in accordance with Applicable Law after the date of declaration thereof if at such date of declaration such dividend would have complied with this Section 7.03; **provided, however, that** the payment or declaration, but not both the payment and the declaration, of such dividend will be included in the calculation of the amount of Restricted Payments pursuant to clause (a)(iii) above;

- (iv) the payment of Minimum Legally Required Dividends;
- (v) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities to the extent such Capital Stock represents a portion of the exercise price thereof;
- (vi) any cash discount with respect to the contractual exercise price made to holders of the Borrower's warrants in connection with the exercise of such warrants by the holders thereof;
- (vii) loans or advances to employees or directors of the Borrower or any Restricted Subsidiary consistent with the Borrower's policy and past practice, in an aggregate amount not to exceed U.S. \$7,000,000 at any one time outstanding; **provided, however, that** the amount of such loans and advances will be included in the calculation of the amount of Restricted Payments pursuant to clause (a)(iii) above; and
- (viii) Restricted Payments in an amount which, when taken together with all Restricted Payments made pursuant to this clause (viii) shall not exceed U.S. \$10,000,000; **provided, however, that** (i) the Borrower could Incur at least U.S. \$1.00 of additional Indebtedness under clause (a) of Section 7.01 after giving effect to any such payment and (ii) no Default or Event of Default shall have occurred and be continuing or would occur as a result thereof.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value (provided, no Officer's Certificate shall be required) on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred, issued, purchased, repurchased, redeemed, retired, defeased or otherwise acquired by the Borrower or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount.

#### Section 7.04. **Sales of Assets.**

(a) The Borrower will not, and will not permit any Restricted Subsidiary to make any Asset Disposition unless:

(i) the Borrower or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and/or assets subject to such Asset Disposition (for purposes of this subclause (i), all determinations of Fair Market Value shall be made in good faith by the board of directors of the Borrower or the relevant Restricted Subsidiary as certified by an Officers' Certificate delivered to the L/C Issuers);

(ii) at least 75% of the consideration thereof received by the Borrower or such Restricted Subsidiary is in the form of cash or Temporary Cash Investments; **provided, however, that** the following shall be deemed to be cash for the purposes of this subclause (ii): (i) the amount (without duplication) of any consolidated liabilities (as shown on the Borrower's, or such Restricted Subsidiary's, most recent consolidated balance sheet or in the notes thereto) of the Borrower or such Restricted Subsidiary (other than Subordinated Obligations) that is expressly assumed by a party other than the Borrower or a Restricted Subsidiary in connection with such Asset Disposition or any firm commitments under governmental concessions or licenses (including under contracts with governmental entities or

agencies for technical evaluation or exploration and development rights of oil and natural gas fields) of the Borrower or such Restricted Subsidiary that are expressly assumed by a party other than the Borrower or a Restricted Subsidiary in connection with such Asset Disposition; (ii) the amount of any securities received by the Borrower or such Restricted Subsidiary from such transferee that is converted by the Borrower or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Disposition; and (iii) assets of comparable Fair Market Value received in exchange for any disposed asset; **provided, however, that** any such assets are normally used or useful in a Related Business; and

(iii) Within 360 days of the later of the date of such Asset Disposition and the receipt of such Net Available Cash, the Borrower or a Restricted Subsidiary apply an amount equal to 100% of the Net Available Cash from such Asset Disposition:

(A) to repay and permanently reduce any Indebtedness which is secured by a Lien or any Senior Indebtedness;

(B) to reinvest in Additional Assets; or

(C) to make a New Notes Offer (as defined below) to purchase New Notes pursuant to and subject to the conditions set forth in clause (b) below.

Following the application of such Net Available Cash pursuant to clauses (A), (B) or (C) above, the amount of Net Available Cash shall be reset at zero and the Borrower and/or the Restricted Subsidiary shall be entitled to use any remaining proceeds for any corporate purposes to the extent permitted under this Agreement.

Notwithstanding the foregoing provisions of this Section 7.04, the Borrower and the Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this covenant unless the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this covenant exceeds U.S. \$30,000,000 (in which case the Borrower and/or the Restricted Subsidiary shall be required to apply in accordance with this covenant all Net Available Cash that has not previously been applied in accordance with this covenant).

(b) In the event of an Asset Disposition that requires a New Notes Offer pursuant to clause (a)(iii)(C) above, the Borrower will be required to offer to purchase New Notes tendered pursuant to an offer by the Borrower for the Notes (the "**New Notes Offer**") at a purchase price of 100% of their principal amount plus accrued and unpaid interest (including premium and Additional Amounts, if any) thereon, to the date of purchase.

(c) Notwithstanding the status of Pacinfra Holding Ltd. as an Unrestricted Subsidiary, in the event of a disposition of assets or shares of Capital Stock of Pacific Infrastructure Ventures, Inc. or Sociedad Portuaria Puerto Bahía S.A., (i) the Borrower will cause Pacinfra Holding Ltd. to (a) use its commercially reasonable efforts to receive its pro rata portion of the consideration resulting from any such disposition, and (b) transfer any consideration actually received by Pacinfra Holding Ltd. resulting from any such disposition to the Borrower or any Restricted Subsidiary (which transfer shall be made in compliance with applicable laws), and (ii) the Borrower will, or will cause any Restricted Subsidiary to, apply any cash consideration received by the Borrower or any such Restricted Subsidiary resulting from any such transfer as if it were Net Available Cash arising from an Asset Disposition in

compliance with clauses (a)(iii) and (b) above, including the reset and minimum dollar threshold provisions set forth in the paragraphs following clause (a)(iii).

The Borrower will comply, to the extent applicable, with the requirements of Section 14(e) of the Securities Exchange Act of 1934 and any other applicable securities laws or regulations in connection with the repurchase of New Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, the Borrower will comply with the applicable securities laws and regulations and will be deemed not to have breached its obligations under this covenant by virtue thereof.

**Section 7.05. Sale and Lease-Back Transactions.** The Borrower will not, and will not permit any Restricted Subsidiary to enter into any Sale and Lease-Back Transaction unless:

(a) the Borrower and the Restricted Subsidiaries would be entitled pursuant to Section 7.01 to Incur Indebtedness in a principal amount equal to or exceeding the Value of such Capitalized Lease Obligation;

(b) the net proceeds received by the Borrower or any Restricted Subsidiary in connection with such Sale and Lease-Back Transaction are at least equal to the Fair Market Value of such property; and

(c) the Sale and Lease-Back Transaction is treated as an Asset Disposition and all of the conditions of Section 7.04 (including the provisions concerning the application of Net Available Cash) are satisfied with respect to such Sale and Lease-Back Transaction, treating all of the consideration received in such Sale and Lease-Back Transaction as Net Available Cash for purposes of such covenant.

**Section 7.06. Transactions with Affiliates.** The Borrower will not, and will not permit any Restricted Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of their properties, assets or undertaking to, or purchase any property, assets or undertaking from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee, with, or for the benefit of, any Affiliate (each, an "**Affiliate Transaction**"), unless:

(a) the Affiliate Transaction is on terms that are no less favorable to the Borrower or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Borrower or such Restricted Subsidiary with a Person that is not an Affiliate;

(b) the Borrower delivers to the L/C Issuers with respect to any Affiliate Transaction or series of related Affiliate Transactions involving an aggregate consideration in excess of U.S. \$10,000,000, and up to U.S. \$20,000,000, an Officers' Certificate stating that such Affiliate Transaction complies with this Section 7.06;

(c) the Borrower delivers to the L/C Issuers with respect to any Affiliate Transaction or series of related Affiliate Transactions involving an aggregate consideration in excess of U.S. \$20,000,000 and up to U.S. \$40,000,000, a resolution of the board of directors, set forth in an Officers' Certificate, stating that such Affiliate Transaction complies with this Section 7.06 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the board of directors; and

(d) the Borrower delivers to the L/C Issuers with respect to any Affiliate Transaction or series of related Affiliate Transactions involving an aggregate consideration in excess of U.S. \$60,000,000, an opinion as to the fairness to the Borrower or relevant Restricted Subsidiary of the Borrower of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing; **provided** that such fairness opinion will not be required if the transactions is entered into in the ordinary course of business between or among the Borrower and/or any of its Restricted Subsidiaries and an Affiliate that is an Affiliate solely by reason of the Borrower's direct or indirect minority equity or similar ownership interest in such Affiliate.

The foregoing provisions will not apply to the following:

(i) transactions between or among the Borrower and/or any of its Restricted Subsidiaries or between or among two or more Restricted Subsidiaries;

(ii) transactions among the L/C Parties or other Subsidiaries of the Borrower to the extent otherwise permitted under this Agreement;

(iii) the payment of compensation (including amounts paid pursuant to employee benefit plans), indemnification, reimbursement or advancement of out-of-pocket expenses and provisions of liability insurance to officers, directors and employees of the Borrower or any Restricted Subsidiary of the Borrower, so long as the board of directors of the Borrower or such Restricted Subsidiary, as the case may be, in good faith shall have approved the terms thereof;

(iv) payments or other actions taken under any agreement or guarantee in effect as of the New Notes Issuance Date or any amendment, supplement, restatement, replacement, renewal, extension, Refinancing thereof or thereto (so long as the renewed or replaced agreement, when taken as a whole, is not more disadvantageous to the Borrower or such Restricted Subsidiary than the original agreement in effect on the New Notes Issuance Date) or any transaction contemplated thereby;

(v) the issuance or sale of Capital Stock (other than Disqualified Stock) of the Borrower;

(vi) any transaction of the Borrower or any Restricted Subsidiary with a Person that is not an Affiliate and that is merged with or into the Borrower, any Restricted Subsidiary or any Affiliate of the Borrower or any Restricted Subsidiary, and, in any such case, such transaction is not entered into as a result of or in connection with or in anticipation of such merger or such Person becoming a Restricted Subsidiary of the Borrower, any Restricted Subsidiary or any Affiliate of the Borrower or any Restricted Subsidiary;

(vii) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Borrower or any of its Restricted Subsidiaries with officers and employees of the Borrower or any of its Restricted Subsidiaries and the payment of compensation to officers and employees of the Borrower or any of its Restricted Subsidiaries including amounts paid pursuant to employee benefit plans, employee stock option or similar plans, in each case in the ordinary course of business;

(viii) transactions with customers, clients, suppliers, distributors, generators, transporters or purchasers or sellers of goods or services, in each case in the ordinary course of business, on an arm's length basis and consistent with past practice;

(ix) loans or advances to employees or directors of the Borrower or any Restricted Subsidiary consistent with the Borrower's policy and past practice; **provided, however, that** in any such case, the Borrower or any such Restricted Subsidiary shall comply with the provisions in (b), (c) and (d) above delivering an Officers' Certificate or a fairness opinion, as applicable.

**Section 7.07. Dividends and Other Payment Restrictions Affecting Subsidiaries.** The Borrower will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions permitted by Applicable Law on any Capital Stock of such Restricted Subsidiary owned by the Borrower or any other Restricted Subsidiary;

(b) pay any Indebtedness owed to the Borrower or any other Restricted Subsidiary;

(c) make loans or advances to the Borrower or any other Restricted Subsidiary;

(d) transfer any of its property or assets to the Borrower or any of the other Restricted Subsidiary, or

(e) with respect to the Borrower or any Guarantor, (a) Guaranty the Obligations or (b) create, incur or cause to exist or become effective Liens on property of such Person for the benefit of the L/C Issuers with respect to the Obligations under the L/C Documents to the extent such Lien is required to be given to the Secured Parties pursuant to the L/C Documents;

**provided, however, that** this prohibition shall not apply to any encumbrances or restrictions:

(i) imposed by this Agreement, the Existing Letter of Credit Facility and the New Notes Indenture;

(ii) existing under or by reason of Applicable Law or governmental rule, regulation or order applicable other than solely on account of the action or inaction of the Borrower or a Restricted Subsidiary;

(iii) with respect to any property or assets acquired from a Person which is merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary, or by reason of any Liens on any property or assets, or relating to or arising under the Indebtedness, of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary, or any restriction or encumbrance relating to Indebtedness of any such Person and, in any such case, that is not created as a result of or in connection with or in anticipation of any such transaction, and any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any such encumbrance or restriction, so long as the terms are substantially identical to such

encumbrance or restriction (other than with respect to the duration thereof); **provided, however that** any such Lien created to secure or provide for the payment of any part of the purchase price of such Person shall not be permitted by this Section 7.07; **provided further, that** such Liens may not extend to any other property owned by the Borrower or any Restricted Subsidiary;

(iv) with respect to any property or assets existing at the time of acquisition thereof and which are not created as a result of or in connection with or in anticipation of such acquisition and any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any such encumbrance or restriction, so long as the terms are substantially identical to such encumbrance or restriction (other than with respect to the duration thereof); **provided, however that** any such encumbrance or restriction created to secure or provide for the payment of any part of the purchase price of such Person shall not be permitted by this Section 7.07; **provided further, that** such encumbrance or restriction may not extend to any other property owned by the Borrower or any Restricted Subsidiary;

(v) in the case of encumbrances or restrictions addressed under clause (c) or (d) above:

(A) that exist by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Restricted Subsidiary not otherwise prohibited by this Agreement;

(B) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract or contractual right;

(C) contained in mortgages, pledges or other security agreements permitted under this Agreement securing Indebtedness of the Borrower or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements;

(vi) arising or agreed to in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Borrower or any Restricted Subsidiary in any manner material to the Borrower and its Restricted Subsidiaries;

(vii) imposed by Purchase Money Obligations for property acquired in the ordinary course of business or by Capitalized Lease Obligations permitted under this Agreement on the property so acquired, but only to the extent that such encumbrances or restrictions restrict the transfer of the property;

(viii) by reason of Liens that secure Indebtedness otherwise permitted to be Incurred under Section 7.02 and that limit the right of the debtor to dispose of the assets subject to such Liens;

(ix) existing on the New Notes Issuance Date and any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any such encumbrance or restriction, so long as the terms and conditions of such

encumbrance or restriction are not materially more restrictive, taken as a whole, to such encumbrance or restriction (other than with respect to the duration thereof);

(x) imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of the Borrower or such Restricted Subsidiary pending the closing of such sale or disposition; **provided that** the sale or disposition is permitted under this Agreement; and

(xi) resulting from restrictions on cash or other deposits or other customary requirements imposed by customers or suppliers under contracts entered into in the ordinary course of business.

Section 7.08. **Line of Business.** The Borrower will not, and will not permit any Restricted Subsidiary, to engage in any business other than a Related Business.

Section 7.09. **[Reserved].**

Section 7.10. **Existing Hedging Facilities.** The Borrower will not, and will not permit any Restricted Subsidiary to, extend the termination date of any Existing Hedging Facility to which it is a party, enter into any new transaction under any such facility or amend or extend any transaction under any such facility, in each case, to the extent that the obligations arising under such facility are secured by the First Priority Collateral Documents.

Section 7.11. **Mergers, Consolidations, Amalgamations and Combinations.**

(a) The Borrower shall not merge, consolidate, amalgamate or combine with or into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(i) the resulting, surviving or transferee Person (if not the Borrower) shall be a Person organized and existing under the laws of Canada and of any member country of the Organization for Economic Co-operation and Development (OECD), or any state, province or territory thereof;

(ii) the Borrower causes the Person formed by such merger, consolidation, amalgamation, combination or other similar transaction, or into which the Borrower is merged, consolidated, amalgamated or combined or the Person which acquires by conveyance or transfer, or which leases, the Borrower's properties and assets substantially as an entirety to (determined on a consolidated basis, with its Restricted Subsidiaries) (the "**Successor**"), and the Successor expressly assumes, pursuant to a supplement to this Agreement and documentation, executed and delivered to the L/C Issuers and the Collateral Agent in form reasonably satisfactory to the L/C Issuers and the Collateral Agent, all of the L/C Obligations, this Agreement and the L/C Documents (as applicable);

(iii) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction) no Default or Event of Default would occur;

(iv) immediately after giving effect to such transaction, either (x) the Successor would be able to Incur US. \$1.00 of Indebtedness pursuant to clause (a) of Section 7.01 or (y) the Consolidated Fixed Charge Ratio would be no less than the Consolidated Fixed

Charge Ratio immediately prior to such transaction, and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than the Consolidated Debt to Consolidated Adjusted EBITDA Ratio immediately prior to the transaction;

(v) all requisite governmental approvals therefor have been obtained;

(vi) the Borrower has delivered to the L/C Issuers and the Collateral Agent an Officers' Certificate and an Opinion of Counsel, each stating that such merger, consolidation, amalgamation, combination or other similar transaction, conveyance, transfer or lease complies with this Agreement, if a joinder to this Agreement is required in connection with such transaction, such joinder to this Agreement complies with this Agreement and that all conditions precedent provided for in this Agreement relating to such transaction have been complied with;

(vii) each Guarantor (unless it is the other party to the transactions above, in which case clause (ii) shall apply) has by joinder to this Agreement confirmed that its Guaranty shall apply to such Person's obligations in respect of this Agreement and the Letters of Credit; and

(viii) the Borrower has delivered to the L/C Issuers and the Collateral Agent one or more Opinions of Counsel to the effect that the L/C Issuers and the Collateral Agent will not recognize income, gain or loss for U.S. or Canadian federal income tax purposes solely as a result of such transaction and will be subject to Canadian income tax and U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred.

(b) Upon any merger, consolidation, amalgamation, combination or other similar transaction or any transfer of all or substantially all of the properties and assets of the Borrower's properties and assets substantially as an entirety (determined on a consolidated basis with its Restricted Subsidiaries) in accordance with this Section 7.11, in which the Borrower is not the continuing corporation, the Successor formed by such merger, consolidation, amalgamation, combination or other similar transaction, or into which the Borrower is merged, consolidated amalgamated or combined or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Borrower under this Agreement and the Letters of Credit with the same effect as if such Successor had been named as such, except in the case of a lease, and the Borrower shall be discharged from all covenants and obligations under this Agreement and the Letters of Credit.

(c) No Guarantor shall merge consolidate, amalgamate or combine with or into another Person (other than another Guarantor) or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(i) the resulting, surviving or transferee Person (if not the Guarantor) shall be a Person organized and existing under the laws of Canada or any province thereof, the Bahamas, Bermuda, the British Virgin Islands, Colombia, Panama, Peru, any member country of the Organization for Economic Co-operation and Development (OECD) or the jurisdiction of organization of the Guarantor that is being merged, consolidated, amalgamated or combined, or whose properties and assets are being conveyed, transferred or leased;

(ii) the Guarantor causes the Person formed by such merger, consolidation, amalgamation, combination or other similar transaction, or into which the Guarantor is being merged, consolidated, amalgamated or combined or the Person which acquires by conveyance or transfer, or which leases, the Guarantor's properties and assets substantially as an entirety (determined on a consolidated basis, with its Subsidiaries) (the "**Guarantor Successor**"), to expressly assume, pursuant to a joinder to this Agreement and documentation, executed and delivered to the L/C Issuers and the Collateral Agent in form reasonably satisfactory to the L/C Issuers and the Collateral Agent, all of the obligations of a Guarantor under this Agreement;

(iii) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction) no Default or Event of Default would occur;

(iv) immediately after giving effect to such transaction, either (x) the Borrower would be able to Incur U.S. \$1.00 of Indebtedness pursuant to clause (a) of Section 7.01 or (y) the Consolidated Fixed Charge Ratio would be no less than the Consolidated Fixed Charge Ratio immediately prior to such transaction, and the Consolidated Debt to Consolidated Adjusted EBITDA Ratio would be no greater than the Consolidated Debt to Consolidated Adjusted EBITDA Ratio immediately prior to the transaction;

(v) all requisite governmental approvals therefor have been obtained;

(vi) the Borrower has delivered to the L/C Issuers and the Collateral Agent an Officers' Certificate and an Opinion of Counsel, each stating that such merger, consolidation, amalgamation, combination, conveyance, transfer or lease complies with this Agreement and, if a joinder to this Agreement is required in connection with such transaction, such joinder to this Agreement complies with this Agreement and that all conditions precedent provided for in this Agreement relating to such transaction have been complied with;

(vii) each other Guarantor has by supplement to this Agreement confirmed that its Guarantee shall continue to apply to the Borrower's obligations in respect of this Agreement, each Note and the Letters of Credit; and

(viii) the Borrower has delivered to the L/C Issuers and the Collateral Agent an Opinion of Counsel to the effect that the L/C Issuers and the Collateral Agent will not recognize income, gain or loss for U.S. federal income tax purposes solely as a result of such transaction and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred.

(d) Upon any merger, consolidation, amalgamation, combination or other similar transaction or any transfer of all or substantially all of the properties and assets of the Guarantor substantially as an entirety (determined on a consolidated basis with its Subsidiaries) in accordance with this Section 7.11, in which the Guarantor is not the continuing corporation, the Guarantor Successor formed by such merger, consolidation, amalgamation, combination or other similar transaction, or into which the Guarantor is merged, consolidated, amalgamated or combined or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under this

Agreement, each Note and the Letters of Credit with the same effect as if such Guarantor Successor had been named as such, except in the case of a lease, and the Guarantor shall be discharged from all covenants and obligations under this Agreement, each Note and the Letters of Credit.

Section 7.12. **Financial Covenants.** As of the last Business Day of each fiscal quarter (commencing with the first full fiscal quarter following the Collateral Release Date), the Borrower shall not:

(a) fail to maintain a Consolidated Fixed Charge Ratio of equal to or greater than 2.50:1.00;

(b) fail to maintain a Consolidated Debt to Consolidated Adjusted EBITDA Ratio of equal to or less than 3.00:1.00; and

(c) fail to maintain a minimum amount of Unrestricted Operating Cash of equal to or greater than U.S. \$25,000,000.

**ANNEX C**  
**DEFINED TERMS**

[See attached]

## ANNEX C

### DEFINED TERMS

Section 1.01. **Defined Terms.** As used in this Agreement, the following terms have the meanings set forth below:

"**Actual Knowledge**" means, with respect to any Person, actual knowledge of any senior officer (or similar agent) of such Person responsible for the administration of the transactions effected by this Agreement or such senior officer (or similar agent) as shall have been designated by such Person in this Agreement to receive written communications in connection therewith.

"**Additional Assets**" means (1) any property or assets (other than Indebtedness and Capital Stock) used or useful in a Related Business, (2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Borrower or another Restricted Subsidiary, or (3) Capital Stock of a Restricted Subsidiary acquired from a Person other than the Borrower, the Restricted Subsidiary or another Restricted Subsidiary.

"**Administrative Questionnaire**" means an Administrative Questionnaire in substantially the form of Exhibit B-2 or any other form approved by the Borrower and the Required L/C Issuers.

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

"**Affiliate Transaction**" shall have the meaning specified in Section 7.06.

"**Aggregate Commitments**" means the Commitments of all the L/C Issuers.

"**Agreement**" has the meaning specified in the introductory paragraph hereto.

"**Applicable Law**" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Applicable Percentage**" means with respect to any L/C Issuer at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such L/C Issuer's Commitment at such time, subject to adjustment as provided in Section 2.17. If the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each L/C Issuer shall be determined based on the Applicable Percentage of such L/C Issuer most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each L/C Issuer is set forth opposite the name of such L/C Issuer on Schedule 2.03 or in the Assignment and Assumption or joinder agreement pursuant to which such L/C Issuer becomes a party hereto, as applicable.

"**Applicable Rate**" means (1) prior to the New Notes Issuance Date, 5.00% *per annum* and (2) on and after the New Notes Issuance Date, 3.00% *per annum*.

"**Approved Fund**" means any Fund that is administered or managed by (a) an L/C Issuer, (b) an Affiliate of an L/C Issuer or (c) an entity or an Affiliate of an entity that administers or manages an L/C Issuer.

"**Asset Disposition**" means (1) any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Borrower or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, amalgamation, combination or other similar transaction (each referred to for the purposes of this definition as a "**disposition**") of:

(a) any shares of Capital Stock of a Restricted Subsidiary of the Borrower (other than directors' qualifying shares or shares required by Applicable Law to be held by a Person other than the Borrower or a Restricted Subsidiary);

(b) all or substantially all the assets of any division or line of business of the Borrower or any Restricted Subsidiary; or

(c) any other assets of the Borrower or any of its Restricted Subsidiaries outside of the ordinary course of business of the Borrower or such Restricted Subsidiary;

**provided, however, that** none of the following shall constitute Asset Dispositions:

(a) a sale, lease, transfer or other disposition to the Borrower or a Restricted Subsidiary;

(b) a Permitted Investment or Restricted Payment not then prohibited by Section 7.03;

(c) a sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) of assets with a Fair Market Value of less than U.S. \$5,000,000;

(d) a sale, lease, transfer or other disposition of Temporary Cash Investments or goods held for sale in the ordinary course of business;

(e) the merger, consolidation, amalgamation or consolidation by any L/C Party with or into any person or the conveyance, transfer or lease of the property or substantially all of the assets of any L/C Party to any person not prohibited by Section 7.11;

(f) the lease, assignment or sublease of any real or personal property in the ordinary course of business;

(g) the sale, lease, transfer or other disposition of assets in a Sale and Lease-Back Transaction, if otherwise permitted pursuant to Section 7.05;

(h) the Incurrence of any Permitted Lien and the sale, lease, transfer or other disposition of the asset or property subject to such Lien; or

(i) a sale, lease, transfer or other disposition of obsolete, surplus or worn-out equipment or other obsolete assets or other property which is uneconomical and no longer useful for the Borrower or any Restricted Subsidiary in the ordinary course of business.

**"Assignment and Assumption"** means an assignment and assumption entered into by an L/C Issuer and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), in substantially the form of Exhibit B-1 or any other form approved by the assigning L/C Issuer.

**"Authorized Officer"** means, (1) in the case of the Borrower, the individual(s) (who may include directors or senior officers of the Borrower) whose signatures and incumbency shall have been certified by the Borrower in an Officers' Certificate delivered to the L/C Issuers and the Collateral Agent which are legally entitled to represent the Borrower or (2) in the case of any other Person, the chairman of the board of directors, chief executive officer, chief financial officer, any vice president or any senior officer of such Person responsible for the administration of the transactions effected by this Agreement; **provided that** the secretary or assistant secretary of such Person shall have delivered an incumbency certificate to the L/C Issuers as to the authority of such Authorized Officer. Any document delivered hereunder that is signed by an Authorized Officer of an L/C Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such L/C Party and such Authorized Officer shall be conclusively presumed to have acted on behalf of such L/C Party.

**"Average Life"** means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (2) the sum of all such payments.

**"Bail-In Action"** means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

**"Bail-In Legislation"** means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

**"Bankruptcy Code"** means title 11 of the United States Code.

**"Blocked Account"** means each deposit account or other bank account of the Borrower and the other L/C Parties other than any Colombian Trust Account or Excluded Account.

**"Blocked Account Agreement"** means a springing-dominion account control agreement (or equivalent under Applicable Law in any jurisdiction), in form and substance satisfactory to the Second Lien Collateral Trustee (or prior to the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement), the First Lien Collateral Trustee pursuant to the Intercreditor Agreement), in respect of each Blocked Account.

**"Borrower"** has the meaning specified in the introductory paragraph hereto.

**"Borrower Materials"** has the meaning specified in Section 10.02(c).

**"Business Day"** means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state of New York or the countries of Colombia or Peru.

**"Canadian Defined Benefit Pension Plan"** means each Canadian Pension Plan which contains a "defined benefit provision" as defined in subsection 147.1(1) of the *Income Tax Act* (Canada).

**"Canadian Pension Plan"** means each pension plan required to be registered under Canadian federal or provincial law that is maintained or contributed to, or to which there is or may be an obligation to contribute by an L/C Party or a Subsidiary thereof, for its employees or former employees, but does not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively, including any Canadian Defined Benefit Pension Plan.

**"Capital Stock"** of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

**"Capitalized Lease Obligation"** means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with IFRS; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

**"Catalyst Group"** shall mean The Catalyst Capital Group Inc., any funds managed or administered by it, or any Affiliates of any of the foregoing, together with their respective successors and permitted assigns.

**"Cash Collateral Account"** means each deposit account or other bank account located in Canada held in the name of the Borrower or any other L/C Party which shall at all times during the Initial Term be subject to the sole dominion and control of the Second Lien Collateral Trustee (or prior to the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement), the First Lien Collateral Trustee pursuant to the Intercreditor Agreement).

**"Cash Collateralize"** means to pledge and deposit with or deliver to the Collateral Agent, as collateral for L/C Obligations, cash or deposit account balances or, if the Collateral Agent and the L/C Issuers shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Collateral Agent and the L/C Issuers. "Cash Collateral" has a meaning correlative to the foregoing and includes the proceeds of such cash collateral and other credit support.

**"CCAA"** means the Companies' Creditors Arrangement Act (Canada) and any successor statute thereto.

**"Change in Law"** means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; **provided that** notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

**"Change of Control"** means the occurrence of any of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Borrower and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to the Borrower or one of its Subsidiaries;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than the Catalyst Group, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 31.22% of the outstanding Voting Stock of the Borrower, measured by voting power rather than number of shares;

(3) the Borrower consolidates or amalgamates with, or merges with or into, any Person, or any Person consolidates or amalgamates with, or merges with or into, the Borrower, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Borrower or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Borrower outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Borrower.

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

**"Collateral"** means any and all property and assets of the L/C Parties (subject to certain exceptions agreed in the Collateral Documents) that secure the Obligations pursuant to the Collateral Documents from time to time.

**"Collateral Documents"** means the First Priority Collateral Documents and the Second Priority Collateral Documents.

**"Colombian Trust Account"** means a bank account held by a trust (*fiducia*) in favor of the Second Lien Collateral Trustee into which local Colombian Receivables owing to any

Guarantor formed under the laws of Colombia, or the Colombian branch of any Guarantor, are to be paid.

**"Collateral Agent"** means Wilmington Trust, National Association in its capacity as collateral agent under any of the L/C Documents, or any successor collateral agent.

**"Collateral Agent's Letter Agreement"** means the fee letter, dated May 17, 2018, by and between the Borrower and the Collateral Agent.

**"Collateral Agent's Office"** means the Collateral Agent's address and, as appropriate, account as set forth on Schedule 10.02 or such other address or account as the Collateral Agent may from time to time notify to the Borrower and the L/C Issuers.

**"Collateral Release Date"** has the meaning specified in Section 9.10.

**"Commitment"** means, as to each L/C Issuer, its obligation pursuant to Section 2.03 to issue, renew, amend or extend Letters of Credit in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such L/C Issuer's name on Schedule 2.03 or in the Assignment and Assumption or joinder agreement pursuant to which such L/C Issuer becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

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

**"Connection Income Taxes"** means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

**"consolidated,"** when used in relation to the financial accounts or financial statements of a Person means the consolidation of accounts of such Person and its Subsidiaries in accordance with IFRS consistently applied; **provided, however, that** "consolidated" when specified as being in relation to the financial accounts or financial statements of the Borrower and its Restricted Subsidiaries will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Borrower or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment.

**"Consolidated Adjusted EBITDA"** means, for any period, without duplication, the Consolidated Net Income for such period, plus the following, without duplication and to the extent deducted (and not added back) in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) consolidated income tax expense and equity tax expense of the Borrower and its Restricted Subsidiaries;
- (3) consolidated depletion and depreciation expense of the Borrower and its Restricted Subsidiaries;
- (4) consolidated amortization expense of the Borrower and its Restricted Subsidiaries; and

(5) consolidated impairment charge, exploration expense and abandonment costs of the Borrower and its Restricted Subsidiaries.

Notwithstanding the preceding sentence, clauses (1) through (5) relating to amounts of a Restricted Subsidiary of the referent Person will be added to Consolidated Net Income to compute Consolidated Adjusted EBITDA of such Person only in the same proportion that the net income of such Restricted Subsidiary was included in calculating the Consolidated Net Income of such Person.

**"Consolidated Debt to Consolidated Adjusted EBITDA Ratio"** means at any date (1) Consolidated Total Indebtedness as of such date divided by (2) Consolidated Adjusted EBITDA for the most recently ended period of four consecutive fiscal quarters for which financial statements of the Borrower have been provided to the L/C Issuers pursuant to Section 6.04 (the **"trailing four quarters"**); **provided that:**

(1) if the Borrower or any Restricted Subsidiary has

(a) Incurred any Indebtedness since the beginning of the trailing four quarters that remains outstanding on the date of the transaction giving rise to the need to calculate the Consolidated Debt to Consolidated Adjusted EBITDA Ratio or if the transaction giving rise to the need to calculate the Consolidated Debt to Consolidated Adjusted EBITDA Ratio is an Incurrence of Indebtedness, Indebtedness at the end of such period, Consolidated Adjusted EBITDA and Consolidated Total Indebtedness for such trailing four quarters shall be calculated on a *pro forma* basis as if such Indebtedness had been Incurred on the first day of such trailing four quarters (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the day of such calculation will be deemed to be

(i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding; or

(ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation); or

(b) repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA for such period shall be calculated on a *pro forma* basis as if such discharge had occurred on the first day of such period and as if the Borrower or such Restricted Subsidiary had not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(2) if since the beginning of such period the Borrower or any Restricted Subsidiary shall have made any Asset Disposition, then giving *pro forma* effect to such disposition during such period on the Consolidated Adjusted EBITDA;

(3) if since the beginning of such period, the Borrower or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that is merged with or into the Borrower or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, then giving *pro forma* effect to such Investment or acquisition on the Consolidated Adjusted EBITDA for such period, any such *pro forma* calculation may include adjustments appropriate to reflect, without duplication, any such acquisition to the extent such adjustments may be reflected in the preparation of *pro forma* financial information in accordance with the requirements of Article 11 of Regulation S-X under the Exchange Act, as amended; **provided, however, that** in each case such adjustments are set forth in an Officers' Certificate that states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the officers executing such Officers' Certificate at the time of such execution and (iii) that any related Incurrence of Indebtedness is permitted pursuant to this Agreement; and

(4) if since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Borrower or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clauses (2) or (3) above if made by the Borrower or a Restricted Subsidiary during such period, Consolidated Adjusted EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to an acquisition of assets and the amount of income or earnings relating thereto, the *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Borrower. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of twelve months).

**"Consolidated Fixed Charge Ratio"** means at any date, (i) the Consolidated Adjusted EBITDA for the most recently ended trailing four quarters, divided by (ii) the Consolidated Interest Expense for such period; **provided that**

(1) if the Borrower or any Restricted Subsidiary has

(a) Incurred any Indebtedness since the beginning of the trailing four quarters that remains outstanding on the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Ratio or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Ratio is an Incurrence of Indebtedness, Consolidated Adjusted EBITDA and Consolidated Interest Expense for such trailing four quarters shall be calculated on a *pro forma* basis as if such Indebtedness had been Incurred on the first day of such trailing four quarters (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the day of such calculation will be deemed to be

(i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding; or

(ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation); or

(b) repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Ratio, Consolidated Adjusted EBITDA and Consolidated Interest Expense for such period shall be calculated on a *pro forma* basis as if such discharge had occurred on the first day of such period and as if the Borrower or such Restricted Subsidiary has not earned the interest income, if any, actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(2) if since the beginning of such period the Borrower or any Restricted Subsidiary shall have made any Asset Disposition, then giving *pro forma* effect to such disposition during such period on Consolidated Adjusted EBITDA and Consolidated Interest Expense for such period;

(3) if since the beginning of such period, the Borrower or any Restricted Subsidiary (by merger, consolidation, amalgamation, combination or other similar transaction or otherwise) shall have made an Investment in any Person that is merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, then giving *pro forma* effect to such Investment or acquisition on the Consolidated Adjusted EBITDA and Consolidated Interest Expense for such period, any such *pro forma* calculation may include adjustments appropriate to reflect, without duplication, any such acquisition to the extent such adjustments may be reflected in the preparation of *pro forma* financial information in accordance with the requirements of Article 11 of Regulation S X under the Exchange Act, as amended; **provided, that** such adjustments are set forth in an Officers' Certificate that states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the officers executing such Officers' Certificate at the time of such execution, and (iii) that any related Incurrence of Indebtedness is permitted pursuant to this Agreement; and

(4) if since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged, consolidated, amalgamated or combined with or into the Borrower or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (2) or (3) above if made by the Borrower or a Restricted Subsidiary during such period, Consolidated Adjusted EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to an acquisition of assets and the amount of income or earnings relating thereto, the *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Borrower. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of twelve months).

**"Consolidated Interest Expense"** means, for any period, the total consolidated finance cost of the Borrower and its Restricted Subsidiaries, whether paid or accrued, plus, to the extent not included in such interest expense and without duplication:

- (1) interest expense attributable to Capitalized Lease Obligations;
- (2) amortization of debt discount and debt issuance cost (**provided that** any amortization of bond premium will be credited to reduce Consolidated Interest Expense unless, pursuant to IFRS, such amortization of bond premium has otherwise reduced Consolidated Interest Expense);
- (3) non-cash interest expense (to the extent deducted in the calculation of Consolidated Net Income);
- (4) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;
- (5) the interest expense on Indebtedness of another Person that is guaranteed by the Borrower or one of its Restricted Subsidiaries or secured by a Lien on assets of the Borrower or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon;
- (6) cash costs associated with Hedging Obligations (including amortization of fees); **provided, however, that** if Hedging Obligations result in net cash benefits rather than costs, such benefits shall be credited to reduce Consolidated Interest Expense unless, pursuant to IFRS, such net benefits are otherwise reflected in Consolidated Net Income;
- (7) the interest expense that was capitalized during such period; and
- (8) all dividends paid or payable in cash, cash equivalents or Indebtedness or accrued during such period on any series of Disqualified Stock of the Borrower or on Preferred Stock of its Restricted Subsidiaries (including any applicable taxes) payable to a party other than the Borrower or a Wholly-Owned Subsidiary thereof.

**"Consolidated Net Income"** means, for any period, the aggregate net income (loss) of the Borrower and its Restricted Subsidiaries determined in accordance with IFRS; **provided, however, that** there will not be included (to the extent otherwise included therein) in such Consolidated Net Income:

- (1) any net income (loss) of any Person (other than the Borrower) that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except that:
  - (a) subject to the limitations contained in clauses (3) and (4) below, the Borrower's equity in the net income of any such Person will be included only to the extent of

the amount of cash dividends or distributions actually distributed by such Person during the relevant period to the Borrower or a Restricted Subsidiary; and

(b) the Borrower's equity in the net loss of any such Person for such period will be included to the extent such loss has been funded with cash from the Borrower or a Restricted Subsidiary during such period;

(2) any gain or loss realized upon the sale or other disposition of any property, plant or equipment of the Borrower or its consolidated Subsidiaries (including pursuant to any Sale and Lease-Back Transaction) which is not sold or otherwise disposed of in the ordinary course of business and any gain or loss realized upon the sale or other disposition of any Capital Stock of any Person;

(3) Extraordinary or Nonrecurring Gains or Losses;

(4) the cumulative effect of a change in accounting principles;

(5) any unrealized non-cash gains or losses or charges in respect of Hedging Obligations;

(6) income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued);

(7) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards; and

(8) any foreign exchange gains or losses.

**"Consolidated Net Tangible Assets"** means as of any date of determination, the total assets shown on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries as of the most recent date for which such a balance sheet is available, determined on a consolidated basis in accordance with IFRS (and, in the case of any determination relating to any Incurrence of Indebtedness or any Investment, on a *pro forma* basis including any property or assets being acquired in connection therewith) less (i) all current liabilities (other than current maturities of long-term debt) and (ii) all intangibles, in each case as shown on the consolidated balance sheet.

**"Consolidated Total Indebtedness"** means, as of any date and with respect to the Borrower, the consolidated Indebtedness as of such date of the Borrower and its Restricted Subsidiaries, other than Subordinated Obligations.

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

**"Currency Agreement"** means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangement to which such Person is a party or of which it is a beneficiary.

**"Currency Due"** has the meaning specified in Section 10.23.

"**Debtor Relief Laws**" means the Bankruptcy Code of the United States, the CCAA, the *Bankruptcy and Insolvency Act* (Canada), Law 1116 and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Default Rate**" means an interest rate equal to the Applicable Rate *plus 2% per annum*.

"**Defaulting L/C Issuer**" means, subject to Section 2.17(b), any L/C Issuer that (a) has failed to (i) to issue, renew, amend or extend any Letter of Credit within two (2) Business Days of the date such Letters of Credit were required hereunder to be issued renewed, amended or extended by such L/C Issuer, as the case may be, unless such L/C Issuer notifies the Borrower in writing that such failure is the result of such L/C Issuer's determination that one or more conditions precedent to such issuance, renewal, amendment or extension, as the case may be (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to any other L/C Issuer any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, (b) has notified the Borrower in writing that it does not intend to comply with its obligations hereunder to issue, renew, amend or extend Letters of Credit, or has made a public statement to that effect (unless such writing or public statement relates to such L/C Issuer's obligation hereunder to issue, renew, amend or extend Letters of Credit and states that such position is based on such L/C Issuer's determination that a condition precedent to such issuance, renewal, amendment or extension, as the case may be, (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Borrower, to confirm in writing to the Borrower that it will comply with its prospective issuance, renewal, amendment and extension obligations hereunder (**provided that** such L/C Issuer shall cease to be a Defaulting L/C Issuer pursuant to this clause (c) upon receipt of such written confirmation by the Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; **provided that** an L/C Issuer shall not be a Defaulting L/C Issuer solely by virtue of the ownership or acquisition of any equity interest in that L/C Issuer or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such L/C Issuer with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such L/C Issuer (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such L/C Issuer. Any determination by the other L/C Issuers that an L/C Issuer is a Defaulting L/C Issuer under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such L/C Issuer shall be deemed to be a Defaulting L/C Issuer (subject to Section 2.17(b)) as of the date established therefor by the other L/C Issuers in a written notice of such determination, which shall be delivered by the other L/C Issuers to the Borrower (with a copy to the Collateral Agent) promptly following such determination.

**"Disqualified Stock"** means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event: (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise; (2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or (3) is redeemable at the option of the holder thereof, in whole or in part; in each case on or prior to the 91st day after the Maturity Date; **provided, however, that** any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the 91st day after the Maturity Date shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions of Section 7.04 or Section 8.01(xiv), as the case may be.

**"Dollar"** and **"U.S.\$"** mean the lawful currency for the time being in the United States.

**"Drawn Amounts"** has the meaning specified in Section 2.03(c).

**"EEA Financial Institution"** means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

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

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

**"Effective Date"** means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

**"Eligible Assignee"** means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

**"Employee Plan"** means any "employee benefit plan" within the meaning of Section 3(3) of ERISA to which any L/C Party has an obligation to make a contribution, including as the result of being an ERISA Affiliate, other than a Canadian Pension Plan.

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

**"ERISA Affiliate"** means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of the Borrower or its Subsidiaries under Code Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of Borrower or its Subsidiaries under Code Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412

of the Code, any organization subject to ERISA that is a member of an affiliated service group of which Borrower or any of its Subsidiaries is a member under Code Section 414(m) or (d) solely for purposes of Section 302 of ERISA and Section 412 of the Code, any Person subject to ERISA that is a party to an arrangement with Borrower or any of its Subsidiaries and whose employees are aggregated with the employees of the Borrower or any of its Subsidiaries under Code Section 414(o).

**"Equity Call Agreement"** means the equity call agreement entered into and effective as of October 4, 2013, among Pacinfra Holding Corp. and the Borrower, whereby the Borrower agrees to guarantee Pacinfra Holding Ltd.'s obligations to contribute, directly or indirectly, to Puerto Bahia pursuant to the Equity Contribution Agreement, as in existence on the New Notes Issuance Date.

**"Equity Contribution Agreement"** means the Equity Contribution Agreement among Pacific Holding Ltd., Pacific Infrastructure Ventures Inc., Sociedad Portuaria Puerto Bahia S.A. and Wilmington Trust, National Association dated as of October 4, 2013, pursuant to which Pacinfra Holding Ltd. and Pacific Infrastructure Ventures Inc. may be required to contribute (in the form of equity or loans) to Puerto Bahia to cover operating and maintenance deficiencies of Puerto Bahia and any debt service deficiency up to an amount of U.S. \$130,000,000, as in existence on the New Notes Issuance Date.

**"Equivalent in Dollars"** means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in Colombian pesos or Peruvian soles, the equivalent amount thereof in Dollars as determined by the applicable L/C Issuer at such time on the basis of the Spot Rate for the purchase of Dollars with Colombian pesos or Peruvian soles.

**"EU Bail-In Legislation Schedule"** means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

**"Event of Default"** has the meaning specified in Section 8.01.

**"Exchange Act"** means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

**"Excluded Subsidiary"** means a Subsidiary of the Borrower that is not a guarantor of the New Notes.

**"Excluded Taxes"** means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any L/C Issuer, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or dealing otherwise than at arm's length (for purposes of the *Income Tax Act* (Canada)) with the payor of such payments or (ii) that are Other Connection Taxes, (b) in the case of an L/C Issuer, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such L/C Issuer with respect to an applicable interest in a L/C Credit Extension or Commitment pursuant to a law in effect on the date on which (i) such L/C Issuer acquires such interest in the L/C Credit Extension or Commitment (other than pursuant to an assignment request by the Borrower under

Section 10.13 and assignments under Section 3.06) or (ii) such L/C Issuer changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01, amounts with respect to such Taxes were payable either to such L/C Issuer's assignor immediately before such L/C Issuer became a party hereto or to such L/C Issuer immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.01(e), (d) any U.S. federal withholding Taxes imposed pursuant to FATCA and (e) any Tax assessed or imposed by reason of the recipient or beneficial owner of such payment being a "specified shareholder" as defined in subsection 18(5) of the *Income Tax Act* (Canada) of the payer of such payment or not dealing at arm's length (for purposes of the *Income Tax Act* (Canada)) with a "specified shareholder" of the payer of such payment.

**"Existing Hedging Facilities"** means, collectively, the 2002 ISDA Master Agreements between (i) Morgan Stanley Capital Group and Pacific Rubiales Energy Corp., dated June 24, 2009, (ii) BP Energy Company and Pacific Rubiales Energy Corp., dated April 22, 2013, (iii) J. Aron & Company and Pacific Exploration & Production Corporation, dated April 18, 2017 and (iv) Cargill, Incorporated, acting through its Cargill Risk Management Business Unit and Frontera Energy Corporation, dated September 29, 2017, in each case, including the schedule and any confirmations related thereto for hedges outstanding thereunder on the New Notes Issuance Date.

**"Existing Letter of Credit Facility"** means that certain Amended and Restated Credit Agreement, dated as of November 2, 2016, among the Borrower, as borrower, the guarantors party thereto, Wilmington Trust, National Association, as administrative agent, and the letter of credit issuers party thereto.

**"Exit Notes"** means the notes issued under the Exit Notes Indenture.

**"Exit Notes Indenture"** means that certain Indenture, dated as of June 22, 2016, among the Borrower, as issuer, the Guarantors party thereto, Computershare Trust Company, National Association, as trustee, security registrar and paying agent, as amended and restated pursuant to the Amended and Restated Indenture, dated as of November 2, 2016, and as amended, modified, supplemented or replaced from time to time.

**"Existing Letters of Credit"** means the letters of credit for the benefit of the Borrower issued by the L/C Issuers prior to the Effective Date and in effect on the Effective Date and listed on Schedule 5.24.

**"Exit Notes Trustee"** means Computershare Trust Company, National Association, as trustee under the Exit Notes Indenture.

**"Extension Conditions"** has the meaning specified in Section 2.20.

**"Extension Term"** means, subject to the satisfaction of the Extension Conditions and the extension of the Maturity Date pursuant to Section 2.20, the period from and including the Collateral Release Date to the date that is two (2) years from the Effective Date.

**"Extraordinary or Nonrecurring Gains or Losses"** means asset retirement obligations settlements, one-time extraordinary or nonrecurring expenses not related to the ongoing operations, such as restructuring and severance costs, and loss (gain) from disposition of assets determined on a consolidated basis in accordance with IFRS.

**"Fair Market Value"** means, with respect to any asset, the price which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing buyer, neither of which is under compulsion to complete the transaction, and, unless otherwise specified herein (except for assets consisting of publicly traded securities),

- (1) if such asset has a price of at least U.S. \$5,000,000 and less than U.S. \$10,000,000, as such price is determined in good faith by the board of directors of the Borrower or a Restricted Subsidiary, as applicable, as evidenced by a resolution of such board of directors; or
- (2) if such asset has a price of at least U.S. \$10,000,000, as such price is determined in good faith by the board of directors of the Borrower or a Restricted Subsidiary, as applicable, as evidenced by a resolution of such board of directors, set forth in an Officers' Certificate delivered to the L/C Issuers and the Collateral Agent.

**"FATCA"** means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any applicable intergovernmental agreements with respect thereto and laws implementing such intergovernmental agreements.

**"Federal Funds Rate"** means, for any day, the rate *per annum* equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; **provided that** (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to major financial institutions reasonably acceptable to the L/C Issuers on such day on such transactions as determined by the L/C Issuers.

**"First Lien Collateral Trust Agreement"** means the collateral trust agreement dated as of June 22, 2016 among, among others, the Borrower, the First Lien Collateral Trustee and the Exit Notes Trustee, as amended, restated, supplemented or otherwise modified pursuant to the terms thereof from time to time.

**"First Lien Collateral Trustee"** has the meaning specified in the Intercreditor Agreement.

**"First Priority Collateral Documents"** means the collateral documents entered into by the Exit Notes Trustee or an authorized sub-agent on its behalf and the Borrower or relevant Guarantor that are designated as "First Lien Collateral Documents" under the Intercreditor Agreement.

**"Fitch"** means Fitch, Inc. or any successor thereto.

**"Foreign L/C Issuer"** means (a) if the Borrower is a U.S. Person, an L/C Issuer that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, an L/C Issuer that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for

tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

**"Fund"** means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

**"Governmental Authority"** means any nation or government, any state, province or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

**"Guarantee"** means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of any Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); **provided, however, that** the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning.

**"Guarantors"** means, collectively, (i) during the Initial Term, Frontera Energy Colombia AG, Pacific Stratus Energy S.A., Pacific Offshore Peru S.R.L., Pre-PSIE Coöperatief U.A., Pacific E&P International Holdings, S.a.r.L., Pacific Marketing International Corp., Pacific Stratus Energy Del Peru S.A., Petrominerales Peru Ltd., Petro International Ltd., Petrominerales Bermuda Ltd., Pacific Guatemala Energy Corp., Pre Corporate Services Corp., Pacific Midstream Holding Corp., Pacinfra Holding Ltd., Major International Oil S.A., Agro Cascada S.A.S., Frontera Petroleum International Holdings B.V. and all other guarantors of the Exit Notes and (ii) during the Extension Term, all guarantors of the New Notes, in each case from time to time.

**"Guaranty"** means the guaranty made by the Guarantors in favor of the Collateral Agent and the L/C Issuers in Article XI of this Agreement.

**"Hedging Agreement"** (a) any and all Interest Rate Agreements, Currency Agreements, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, spot contracts or any other similar transactions or any combination of the foregoing (including any option to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, traded at the over the counter or standardized markets and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or are governed by any form of master agreement published by the International Swaps and Derivative Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement (including such master agreement, together with any

related schedules, a “**Master Agreement**”) including any such obligations or liabilities under any Master Agreement.

**"Hedging Obligations"** of any Person means the obligations of such Person pursuant to one or more Hedging Agreements.

**"Honor Date"** has the meaning assigned to such term in Section 2.03(c)(i).

**"IFRS"** means International Financial Reporting Standards as issued and interpreted by the International Accounting Standards Board (IASB).

**"Incur"** means issue, assume, Guarantee, incur or otherwise become liable for; **provided, however, that** any Indebtedness of a Person existing at the time such Person is merged, consolidated, amalgamated or combined with or into the Borrower or becomes a Restricted Subsidiary of the Borrower (whether by merger, consolidation, amalgamation, combination or other similar transaction) shall be deemed to be Incurred by such Person at the effective time of such merger, consolidation, amalgamation, combination or other similar transaction or at the time it becomes a Restricted Subsidiary of the Borrower. The term **"Incurrence"** when used as a noun shall have a correlative meaning. Neither the accretion of principal of a non-interest bearing or other discount security nor the capitalization accruing of interest on Indebtedness shall be deemed the Incurrence of Indebtedness.

**"Indebtedness"** means, with respect to any Person on any date of determination (without duplication):

- (1) the principal in respect of indebtedness of such Person for borrowed money;
- (2) the principal in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments (except to the extent such reimbursement obligations relate to a trade payable and such obligations are satisfied within thirty (30) days of Incurrence);
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except trade payables and contingent obligations to pay earn-outs), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto (excluding any deferred purchase price obligations, regardless of timing, under the PML Share Sale Agreement) or the completion of such services and all obligations to deliver hydrocarbons pursuant to prepaid forward sale arrangements that would be characterized as deferred revenue in the Borrower's financial statements;
- (5) all Capitalized Lease Obligations of such Person;
- (6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock;
- (7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; **provided, however, that**

the amount of Indebtedness of such Person shall be the lesser of: (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons;

- (8) to the extent not otherwise included in this definition, the aggregate net termination value of all Hedging Obligations of such Person; and
- (9) all obligations of the type referred to in clauses (1) through (8) above of other Persons Guaranteed by such Person or for which such Person is otherwise liable as obligor, guarantor or otherwise.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

The following obligations shall be deemed not to be Indebtedness for any purpose:

- (1) any revolving credit facility to the extent any commitment under such revolving credit facility is undrawn (other than letters of credit, including if undrawn); or
- (2) customer deposits and advance payments received from customers in the ordinary course of business.

**"Indemnified Taxes"** means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any L/C Party under any L/C Document and (b) to the extent not otherwise described in (a), Other Taxes.

**"Indemnitee"** has the meaning specified in Section 10.04(b).

**"Information"** has the meaning specified in Section 10.07.

**"Initial Collateral"** means all Collateral of the L/C Parties in which a security interest has been granted pursuant to the documents set forth in Schedule 1.01(a).

**"Initial Term"** means the period from and including the Effective Date to the date that is the first to occur of (i) eight (8) months after the Effective Date and (ii) the Collateral Release Date.

**"Intellectual Property"** means all (a) trademarks; (b) patents and other discoveries, whether patentable or not; (c) trade secrets; (d) copyrights and (e) any other similar intellectual property or proprietary rights.

**"Intercompany Loan"** means any Indebtedness owed by (i) the Borrower to any of its Subsidiaries, (ii) a Subsidiary of the Borrower to the Borrower, or (iii) by a Subsidiary of the Borrower to another Subsidiary of the Borrower.

**"Intercreditor Agreement"** means that certain Intercreditor Agreement, dated as of June 22, 2016, among, *inter alios*, Computershare Trust Company of Canada, as First Lien Collateral Trustee and Exit Notes Trustee, Wilmington Trust, National Association, as Second Lien Collateral Trustee and Second Lien Agent, the Borrower and the Subsidiaries of the Borrower from time to time party thereto.

**"Interest Rate Agreement"** means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is a party or a beneficiary.

**"Investment"** in any Person means any direct or indirect advance, loan (other than advances to customers or suppliers in the ordinary course of business that are recorded as accounts receivable, pre-paid expenses or deposits on the balance sheet) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. For purposes of the definition of "Unrestricted Subsidiary" and Section 7.03, Investment shall include the portion (proportionate to the Borrower's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Borrower at the time that such Subsidiary is designated an Unrestricted Subsidiary; **provided, however, that**, upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Borrower shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to: (1) the Borrower's Investment in such Subsidiary at the time of such redesignation less (2) the portion (proportionate to the Borrower's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation. Any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case, as determined in good faith by the board of directors of the Borrower.

**"IRS"** means the United States Internal Revenue Service.

**"ISP"** means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

**"Issuer Documents"** means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the applicable L/C Issuer and the Borrower (or any Subsidiary) or in favor of such L/C Issuer and relating to such Letter of Credit.

**"Joinder to Intercreditor Agreement"** means that certain joinder to the Intercreditor Agreement, dated as of the date hereof, among the Collateral Agent, as new representative, the Borrower (f/k/a Pacific Exploration & Production Corporation), Computershare Trust Company of Canada, as first lien agent and Wilmington Trust, National Association, as second lien agent.

**"Joinder to Second Lien Collateral Trust Agreement"** means that certain joinder to the Second Lien Collateral Trust Agreement, dated as of the date hereof, among the Collateral Agent, as new representative, the Borrower (f/k/a Pacific Exploration & Production Corporation), as trustor, the other trustors party thereto and Wilmington Trust, National Association, as collateral trustee.

**"Judgment Currency"** has the meaning specified in Section 10.23.

**"Laws"** means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

**"Law 1116"** means Ley 1116 of 2006 of Colombia, as amended, and any successor statute thereto.

**"L/C Credit Extension"** means, with respect to any Letter of Credit, the issuance, renewal, amendment or extension thereof.

**"L/C Documents"** means this Agreement, each Note, each Issuer Document, the Collateral Agent's Letter Agreement, each of the Second Priority Collateral Documents, the Joinder to Second Lien Collateral Trust Agreement, the New Facility Designation, the Reaffirmation Agreement, the Intercreditor Agreement, the Joinder to Intercreditor Agreement, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.16 of this Agreement and the Guaranty.

**"L/C Issuer"** has the meaning specified in the introductory paragraph hereto.

**"L/C Issuers' Advisors"** means the legal and financial advisors to the L/C Issuers.

**"L/C Obligations"** means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit *plus* the aggregate of all Drawn Amounts and Unreimbursed Amounts. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

**"L/C Parties"** means, collectively, the Borrower and each Guarantor.

**"Lending Office"** means, as to any L/C Issuer, the office or offices of such L/C Issuer as it may from time to time notify the Borrower and the Collateral Agent, which office may include any Affiliate of such L/C Issuer or any domestic or foreign branch of such L/C Issuer or such Affiliate. Unless the context otherwise requires each reference to an L/C Issuer shall include its applicable Lending Office.

**"Letter of Credit"** means any letter of credit issued, renewed, extended or amended hereunder providing for the payment of cash upon the honoring of a presentation thereunder and shall include the Existing Letters of Credit that are designated Letters of Credit. A Letter of Credit may be a standby letter of credit.

**"Letter of Credit Application"** means an application for the, issuance, renewal, extension or amendment of a Letter of Credit in the form from time to time in use by the applicable L/C Issuer.

**"Letter of Credit Expiration Date"** means the day that is ten (10) Business Days prior to the Maturity Date.

**"Letter of Credit Fee"** has the meaning specified in Section 2.03(h).

**"Lien"** means any mortgage, deed of trust, lien, security interest, pledge, hypothecation, assignment, deposit arrangement or other charge or encumbrance of any kind, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property, any right of set off or any similar arrangement under or with respect to any insurance policy or anything analogous to any of the foregoing under the laws of any jurisdiction. For the avoidance of doubt any preference of one creditor in the ordinary course over another arising by operation of law shall not be considered as a Lien.

**"Luxembourg Guarantor"** means any Guarantor incorporated under the laws of the Grand Duchy of Luxembourg.

**"Margin Stock"** means "margin stock" as such term is defined in Regulation T, U or X of the Federal Reserve Board.

**"Material Adverse Change"** means, since December 31, 2017, any change, development, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, developments, effects, events, circumstances, facts or occurrences, (a) is or would reasonably be expected to be material and adverse to the business, financial condition, properties, assets (tangible or intangible), liabilities (including any contingent liabilities), or results of operations of the L/C Parties or (b) prevents or materially adversely affects the ability of the L/C Parties to timely perform their obligations under the L/C Documents, in each case other than any change, development, effect, event, circumstance, fact or occurrence resulting from (i) the effect of any change in the United States or foreign economies or securities, commodities or financial markets, (ii) the effect of any action taken by L/C Issuers or their Affiliates with respect to the L/C Documents or with respect to the L/C Parties, or (iii) developments in the oil and gas exploration, development and/or production industry or industries (including actual or expected industry wide changes in oil, gas or other commodity prices); **provided, however, that** with respect to clauses (i), (ii) or (iv), such changes, developments, effects, events, circumstances, facts or occurrences shall be taken into account to the extent they disproportionately and adversely affect Borrower and its Subsidiaries, taken as a whole, compared to other companies operating in the industries and regions in which Borrower and its Subsidiaries operate.

**"Material Adverse Effect"** means a material adverse effect on the business, properties, management, financial position or results of operations of the Borrower, the Guarantors, and any Subsidiaries taken as a whole.

**"Material Contracts"** means each agreement of the Borrower or any of its Subsidiaries non-compliance with which, or default or termination under, if terminated other than at scheduled maturity, would have, or could reasonably be expected to result in, a Material Adverse Effect.

**"Maturity Date"** means (i) January 17, 2019 or (ii) if automatically extended pursuant to Section 2.20, two (2) years after the Effective Date.

**"Minimum Collateral Amount"** means, at any time, with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with this Agreement, an amount equal to 100% of the Outstanding Amount of all L/C Obligations.

**"Minimum Legally Required Dividends"** means, for any Person and any period, an amount equal to the minimum dividend required to be distributed annually under Applicable Law by such Person to holders of its Capital Stock during such period.

**"Moody's"** means Moody's Investors Service, Inc. or any successor thereto.

**"Net Available Cash"** from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal fees and expenses, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local Taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Disposition;
- (2) all payments, including any prepayment premiums or penalties, made on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or that must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by Applicable Law be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Borrower or any of Restricted Subsidiary after such Asset Disposition.

**"Net Cash Proceeds"** with respect to any issuance or sale of Capital Stock of the Borrower means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees and expenses actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result thereof.

**"New Facility Designation"** means that certain New Facility Designation, dated as of the date hereof, between the Borrower (f/k/a Pacific Exploration & Production Corporation) and Wilmington Trust, National Association, as collateral trustee.

**"New Notes"** means the notes issued under the New Notes Indenture.

**"New Notes Indenture"** means that certain indenture dated as of the New Notes Issuance Date, among the Borrower, as issuer, the Guarantors party thereto and the New Notes Trustee, as trustee, registrar and paying agent, as amended, modified, supplemented or replaced from time to time.

**"New Notes Issuance Date"** means the closing date of the New Notes Indenture.

**"New Notes Offer"** has the meaning specified in Section 7.04(b).

**"New Notes Trustee"** means the trustee under the New Notes Indenture.

**"Non-Consenting L/C Issuer"** any L/C Issuer who does not agree to a departure or waiver of any provision of the L/C Documents or to any amendment thereto, in the event that (i) the Borrower has requested the L/C Issuers to consent to such departure, waiver or amendment, (ii) in accordance with the terms of Section 10.01, the consent, waiver or amendment in question requires the agreement of all affected L/C Issuers or all the L/C Issuers and (iii) the Required L/C Issuers have agreed to such consent, waiver or amendment.

**"Non-Defaulting L/C Issuer"** means, at any time, each L/C Issuer that is not a Defaulting L/C Issuer at such time.

**"Note"** means a promissory note made by the Borrower in favor of an L/C Issuer evidencing L/C Credit Extensions made by such L/C Issuer, substantially in the form of Exhibit A.

**"Obligations"** means all advances to, and debts, liabilities, obligations, covenants and duties of, any L/C Party arising under any L/C Document or otherwise with respect to any Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any L/C Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

**"Officers' Certificate"** means a certificate signed by two Authorized Officers or by an Authorized Officer and the Chief Financial Officer of the Borrower, any of the Guarantors or any Restricted Subsidiary, as the case may be, and delivered to the L/C Issuers and the Collateral Agent, as applicable.

**"Opinion of Counsel"** means an opinion in writing (subject to customary assumptions, qualifications and exclusions) signed by legal counsel, which counsel may be an employee of the Borrower, who is reasonably acceptable to the L/C Issuers and the Collateral Agent, as applicable.

**"Organization Documents"** means, (a) for any corporation, company, company branch or cooperative (coöperatief), the certificate of existence, the certificate or articles of incorporation or continuation, the certificate of articles of organization, the memorandum and articles of association, the bylaws, the resolution of incorporation, any certificate of determination or instrument relating to the rights of shareholders or members of such corporation, company, company branch or cooperative (coöperatief), and any shareholder or member rights agreement or other shareholders' or members' agreement (as applicable), (b) for

any partnership, the partnership agreement and, if applicable, certificate of limited partnership, (c) for any limited liability company, the operating agreement and articles or certificate of formation or (d) any other document setting forth the manner of election or duties of the officers, directors, managers or other similar persons, or the designation, amount or relative rights, limitations and preference of the Capital Stock of a Person.

"**Other Connection Taxes**" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any L/C Document, or sold or assigned an interest in any L/C Obligation or L/C Document).

"**Other Taxes**" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any L/C Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06 or Section 10.03).

"**Outstanding Amount**" means, on any date of determination, the amount of L/C Obligations outstanding on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrower of Unreimbursed Amounts.

"**Participant**" has the meaning specified in Section 10.06(d).

"**Pension Plan**" means a Canadian Pension Plan, a U.S. Pension Plan and any similar pension or employee benefit plans established in any other jurisdiction, excluding in all cases any governmentally mandated pension plans or contributions to the extent required by Applicable Law.

"**Permits**" means, with respect to any Person, any permit, approval, authorization, license, registration, certificate, concession, grant, franchise, variance or permission from, and any other contractual obligations with, any Governmental Authority, in each case whether or not having the force of law and applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Permitted Investment**" means:

- (1) an Investment by the Borrower or any Restricted Subsidiary in the Borrower, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; **provided, however, that** the primary business of such Person is a Related Business;
- (2) an Investment by the Borrower or any Restricted Subsidiary in another Person if as a result of such Investment such other Person is merged, consolidated, amalgamated or combined with or into, or transfers or conveys all or substantially all its assets to, the Borrower or a Restricted Subsidiary; **provided, however, that** such Person's primary business is a Related Business;

- (3) (i) Investments made to comply with the Equity Contribution Agreement and the Equity Call Agreement, (ii) Investments consisting of repurchases of shares of common stock to comply with put obligations (A) under the put option agreement among Pacific Midstream Ltd., the Borrower, Pacific Midstream, International Finance Corporation, IFC Global Infrastructure Fund, LP and GIF Co Investment I, LP dated December 17, 2014, as in effect on the New Notes Issuance Date, (B) under the put option agreement among Pacific Infrastructure Ventures, Inc., the Borrower, Blue Pacific Investments Group Ltd., International Finance Corporation, IFC African, Latin American and Caribbean Fund, LP and IFC Global Infrastructure Fund, LP dated November 7, 2013, as in effect on the New Notes Issuance Date, and (C) under Section 3.09 of the Shareholders Agreement among Pacific Midstream Ltd., Pacific Midstream, Pacific Rubiales Energy Corp., International Finance Corporation, IFC Global Infrastructure Fund, LP and GIF Co-Investment I, LP dated December 17, 2014, as in effect on the New Notes Issuance Date and (iii) in the event an agreement described in clause (i) or clause (ii) above is amended or replaced in the future, Investments made to comply with each such amended or replaced agreement, but only up to an aggregate amount that does not exceed the Investment obligations (including the contingent monetary obligations relating to any equity contribution or repurchase of shares) existing on the New Notes Issuance Date under each such agreement;
- (4) Investments in *Oleoducto Bicentenario de Colombia S.A.S.*, or “OB,” for the prepayment of certain obligations of OB as part of the renegotiation of take-or-pay tariffs and volumes that results in a reduction of the tariffs and/or volumes payable by the Borrower and Restricted Subsidiaries;
- (5) Temporary Cash Investments;
- (6) Receivables owing to the Borrower or any Restricted Subsidiary if created or acquired in the ordinary course of business;
- (7) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (8) stock, obligations or securities received in settlement or resolution of (or foreclosure with respect to) debts created in the ordinary course of business and owing to the Borrower or any Restricted Subsidiary or in satisfaction of judgments including as a result of the bankruptcy or reorganization of any Person;
- (9) an Investment by the Borrower or any Restricted Subsidiary in any Person to the extent such Investment represents the non cash or deemed cash portion of the consideration received for an Asset Disposition that was made pursuant to and in compliance with Section 4.1(i);
- (10) any Investment existing on the New Notes Issuance Date and any extension, modification or renewal of any such Investments (but not any such extension, modification or renewal to the extent it involves additional advances, contributions or other investments of cash or property, other than reasonable expenses incidental to the structuring, negotiation and consummation of such extension, modification or renewal);

- (11) Hedging Obligations permitted under Section 7.01;
- (12) Guarantees of Indebtedness permitted under Section 7.01;
- (13) Investments that are made exclusively with (i) Capital Stock of the Borrower (other than Disqualified Stock), or (ii) net cash proceeds of an issuance of Capital Stock of the Borrower (other than Disqualified Stock) occurring not earlier than 270 days before the date of the related Investments;
- (14) Investments in the New Notes; and
- (15) additional Investments having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (15) not to exceed U.S. \$125,000,000 at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); **provided that** (i) during 2018, Investments made pursuant to this clause (15) may not exceed U.S. \$50,000,000, (ii) during 2019, Investments made pursuant to this clause (15) may not exceed U.S. \$100,000,000 minus the amount of any Investments made during 2018 pursuant to this clause (15), and (iii) beginning on January 1, 2020, Investments made pursuant to this clause (15) may not exceed U.S. \$125,000,000 minus the amount of all prior Investments made pursuant to this clause (15).

**"Permitted Liens"** means the Liens permitted to be incurred in accordance with Section 7.02.

**"Person"** means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, other entity or Governmental Authority.

**"PML Share Sale Agreement"** shall mean the Share Sale Agreement dated October 15, 2017 among Pacific Midstream Holding Corp., Pacific Midstream Ltd., International Finance Corporation, IFC Global Infrastructure Fund, LP, GIF Co-Investment I, LP and the Borrower relating to the acquisition by Pacific Midstream Holding Corp. of the participation of the International Finance Corporation related parties in Pacific Midstream Ltd., as in effect on the New Notes Issuance Date.

**"Preferred Stock"** means, with respect to the Capital Stock of any Person, any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

**"Property"** means any property or asset, whether real, personal or mixed, and whether tangible or intangible, including any interest therein.

**"Public L/C Issuer"** has the meaning specified in Section 10.02(c).

**"Purchase Money Obligation"** means:

- (1) mortgage financings, purchase money obligations or other Indebtedness (including Guarantees provided by the Borrower or any Restricted Subsidiary to Colombian regulatory authorities) incurred or assumed for the purpose of financing or Refinancing

all or any part of the purchase price, lease, expense or cost of any property or asset (including capital assets), tangible or intangible used in any Related Business (including the documented cost of exploration, design, development, acquisition, construction (including capitalized interests), installation, improvement, transportation, integration and prepaid maintenance and all reasonable and documented related fees or expenses), or

(2) a Capitalized Lease Obligation.

**"Rating Agencies"** means Fitch, Moody's and S&P or, if any of Fitch, Moody's or S&P shall not make a rating of the credit facilities publicly available, such other "nationally recognized statistical rating organization" (within the meaning of Rule 15c3 1(c)(2)(vi)(F) under the Exchange Act) as the Borrower may select (as certified by a resolution of the board of directors of the Borrower) as a replacement agency for Fitch, Moody's or S&P or each of them, as the case may be.

**"Reaffirmation Agreement"** means that certain Reaffirmation Agreement, dated as of the date hereof, by the Borrower (f/k/a Pacific Exploration & Production Corporation) and the other trustor parties thereto.

**"Real Estate"** means any real property owned, leased, subleased, licensed or sublicensed by any L/C Party or any Subsidiary of any L/C Party.

**"Receivables"** means all rights of the Borrower or any Restricted Subsidiaries to payments (whether constituting accounts, chattel paper, instruments, general intangibles or otherwise, and including the right to payment of any interest or finance charges), which rights are identified in the accounting records of the Borrower or such Restricted Subsidiary as accounts receivable.

**"Recipient"** means the Collateral Agent, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any L/C Party hereunder.

**"Recognized Stock Exchange"** means the Hong Kong Stock Exchange, the New York Stock Exchange, NASDAQ, London Stock Exchange, the Alternative Investment Market or the Toronto Stock Exchange.

**"Refinance"** means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, replace, prepay, redeem, defease or retire, in whole or in part, or to issue other Indebtedness in exchange or replacement for, in whole or in part, such Indebtedness. **"Refinanced"** and **"Refinancing"** shall have correlative meanings.

**"Refinancing Indebtedness"** means Indebtedness that is Incurred to Refinance any Indebtedness of the Borrower or any Restricted Subsidiary existing on the New Notes Issuance Date or Incurred in compliance with this Agreement (including Indebtedness that Refinances Refinancing Indebtedness); **provided, however, that:**

(1) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the then Average Life of the Indebtedness being Refinanced;

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or, if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced plus the amount of accrued and unpaid interest thereon, any premium paid to the holders of the Indebtedness being Refinanced and reasonable expenses Incurred in connection therewith;

(4) if the Indebtedness being Refinanced is subordinated in right of payment to the L/C Obligations, such Refinancing Indebtedness is subordinated in right of payment to the L/C Obligations at least to the same extent as the Indebtedness being Refinanced; **provided, further, that** Refinancing Indebtedness shall not include Indebtedness of the Borrower or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary; and

(5) to the extent the Indebtedness being Refinanced is secured or guaranteed, the Refinancing Indebtedness should not have any security or Guarantee beyond the security or Guarantee of the Indebtedness being Refinanced.

**"Related Business"** means any business related, ancillary or complementary to the businesses of the Borrower and its Restricted Subsidiaries on the New Notes Issuance Date.

**"Related Parties"** means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

**"Required L/C Issuers"** means, at any time, L/C Issuers holding more than 50% of the Aggregate Commitments then in effect or, if the Commitments have terminated, the Total Credit Exposure. The Total Credit Exposure of any Defaulting L/C Issuer shall be disregarded in determining Required L/C Issuers.

**"Requirement of Law"** means, with respect to any Person, the common law and any federal, state, provincial, municipal, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, guidelines, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements or requests of, any Governmental Authority, in each case whether or not having the force of law and that are applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

**"Restricted Cash"** means cash or cash equivalents that would appear as "restricted" on the consolidated balance sheet of the Borrower.

**"Restricted Subsidiaries"** means all Subsidiaries of the Borrower other than Unrestricted Subsidiaries.

**"S&P"** means S&P Global Ratings or any successor thereto.

**"Sale and Lease-Back Transaction"** means any arrangement with any Person (other than the Borrower or a Restricted Subsidiary), or to which any such Person is a party, providing

for the leasing to the Borrower or a Restricted Subsidiary for a period of more than three years of any property or assets that have been or are to be sold or transferred by the Borrower or such Restricted Subsidiary to such Person or to any other Person (other than the Borrower or a Restricted Subsidiary) to which funds have been or are to be advanced by such Person on the security of the leased property or assets.

"**Second Lien Collateral Trust Agreement**" means the collateral trust agreement dated as of June 22, 2016 among, among others, the Borrower, Wilmington Trust, National Association, as collateral trustee and the Collateral Agent.

"**Second Lien Collateral Trustee**" means Wilmington Trust, National Association, or any successor in such capacity, as collateral trustee for and on behalf of the L/C Issuers.

"**Second Priority Collateral Documents**" means any guarantee and security documents or instruments granted from time to time by the Borrower or any Guarantor in favor of the Second Lien Collateral Trustee or an authorized sub-agent on its behalf in order to guarantee or secure the Obligations, including, for greater certainty, any Blocked Account Agreements, securities account control agreements, and other collateral or ancillary documents relating thereto.

"**Second Priority Liens**" means the Liens created by the Second Priority Collateral Documents.

"**Secured Party**" has the meaning given to such term in the Second Lien Collateral Trust Agreement.

"**Senior Indebtedness**" means all unsubordinated Indebtedness of the Borrower, the Guarantors or of any Restricted Subsidiary, whether outstanding on the New Notes Issuance Date or Incurred thereafter.

"**SFC**" means the Superintendencia Financiera de Colombia.

"**Software**" means (a) all computer programs, including source code and object code versions, (b) all data, databases and compilations of data, whether machine readable or otherwise, and (c) all documentation, training materials and configurations related to any of the foregoing.

"**Spot Rate**" for a currency means the rate determined by the applicable L/C Issuer to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. (New York City time) on the date that is two (2) Business Days prior to the date as of which the foreign exchange computation is made; **provided** that the applicable L/C Issuer may obtain such spot rate from another financial institution designated by such L/C Issuer if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; **provided, further** that the applicable L/C Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in Colombian pesos or Peruvian soles.

"**Stated Maturity**" means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final payment of principal of such Indebtedness is

due and payable, including, with respect to any principal amount that is then due and payable pursuant to any mandatory redemption or prepayment provision, the date specified for the payment thereof (but excluding any provision providing for the repurchase or prepayment of such Indebtedness at the option of the holder thereof upon the happening of any contingency beyond the control of the obligor thereunder unless such contingency has occurred).

**"Stock"** means all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

**"Stock Equivalents"** means all securities convertible into or exchangeable for Stock or any other Stock Equivalent and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any Stock or any other Stock Equivalent, whether or not presently convertible, exchangeable or exercisable.

**"Subordinated Obligation"** means Indebtedness of the Borrower or any Restricted Subsidiary (whether outstanding on the New Notes Issuance Date or thereafter Incurred) (i) the terms of which provide that, (a) no principal amount in respect of such obligation will become due and payable until after all principal, interest and any other amounts owing with respect to the L/C Obligations have been paid in full, and (b) in the event that (A) an installment of interest with respect to such obligation is not paid on the applicable interest payment date or (B) the principal of (or premium, if any, on) any such obligations is not paid on the maturity date or other date set for redemption, then the failure to make such payment on such interest payment date, maturity date or other redemption date shall not be a default under such obligation until after all principal, interest and any other amounts owing with respect to the L/C Obligations have been paid in full and (ii) which the law of the jurisdiction of the debtor recognizes (whether in any reorganization or administrative takeover proceeding or otherwise) as being subordinated or junior in right of payment to the L/C Obligations.

**"Subsidiary"** means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with IFRS as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (1) of which securities or other ownership interests representing more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (2) that is, as of such date, otherwise controlled, by the parent or one or more Subsidiaries of the parent; **provided, that,** notwithstanding the foregoing, neither Oleoducto Bicentenario de Colombia S.A.S. nor Oleoducto de los Llanos Orientales S.A. shall be deemed to be a Subsidiary unless the Issuer holds, directly or indirectly, securities or other ownership interests representing more than 50% of the ordinary voting power of such entity.

**"Swiss Guarantor"** means any Guarantor incorporated in Switzerland and/or having its registered office in Switzerland and/or qualifying as a Swiss resident pursuant to article 9 of the Swiss Federal Act on the Withholding Tax of 13 October 1965 (*Bundesgesetz über die Verrechnungssteuer*), together with the related ordinances, regulations and guidelines, all as amended and applicable from time to time.

**"Taxes"** means any and all present or future taxes, duties, levies, imposts, charges, fees, deductions or withholdings, including any interest, additions to tax or penalties applicable thereto, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority of Canada, the Bahamas, Peru, Switzerland, the jurisdiction in which the relevant obligor is resident, organized, or carrying on business for tax purposes, or any jurisdiction from or through which payments are made in respect of this Agreement or, in each case, any political subdivision thereof.

**"Temporary Cash Investments"** means any of the following:

(1) Investments in direct obligations of the United States or any agency thereof or obligations Guaranteed by the United States or any agency thereof, or obligations of or Guaranteed by any foreign country (other than Colombia) recognized by the United States whose long-term debt rating is rated "A-" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the U.S. Securities Act);

(2) Investments in time deposit accounts, certificates of deposit and money market deposits maturing within 365 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States, any state thereof or any foreign country recognized by the United States having capital, surplus and undivided profits aggregating in excess of U.S. \$50,000,000 (or the foreign currency equivalent thereof) and long-term debt rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the U.S. Securities Act);

(3) Investments in repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 365 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States or any foreign country recognized by the United States, in all events not excluding Colombia, with a rating at the time as of which any Investment therein is made of "P1" (or higher) according to Moody's; "A1" (or higher) according to S&P; F1 (or higher) according to Fitch; or, in the case of Investments made in Colombia, rated at least "A" by Duff and Phelps de Colombia;

(5) Investments in securities with maturities of 365 days or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's, or F3 (or higher) according to Fitch, in the case of Investments made in Colombia, rated at least "A" by Duff and Phelps de Colombia and "A" by BRC Investor Services; and

(6) (a) Investments in marketable direct obligations issued or unconditionally Guaranteed by Colombia, any agency or political subdivision thereof, or rated "BB+" or higher by a Colombian rating organization licensed by the SFC,

(b) Investments in time deposits or certificates of deposit of a Colombian bank or financial institution, the commercial paper or other short-term unsecured debt obligations of which (or in the case of a bank or financial institution that is the principal

subsidiary of a holding company, the holding company) are rated "A" or higher by a Colombian rating organization licensed by SFC, and maturing within one year from the date of acquisition thereof by the Borrower or a Restricted Subsidiary,

(c) Investments in repurchase obligations with a term of not more than sixty (60) days for underlying securities of the types described in subclause (a) above entered into with a bank meeting the qualifications described in subclause (b) above,

(d) Investments in securities issued by (or representing shares of) Colombian companies rated "A" or higher by a Colombian rating organization licensed by the SFC, or

(e) Investments in certificates of deposit, time deposit accounts and money market accounts maturing not more than one year after the deposit of cash or acquisition thereof issued by (i) any of the largest ten banks (based on assets of the last December 31) organized under the laws of Colombia or (ii) so long as the outstanding amount of such Investments in any such bank does not exceed at any one time U.S. \$5,000,000 (or the foreign currency equivalent thereof), any other bank organized under the laws of Colombia.

**"Total Credit Exposure"** means, as to any L/C Issuer at any time, the aggregate principal amount at such time of its outstanding L/C Obligations.

**"UCC"** means the Uniform Commercial Code as in effect from time to time in the State of New York.

**"UCP"** means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce ("**ICC**") Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

**"United States"** and **"U.S."** mean the United States of America, its fifty states and the District of Columbia.

**"Unreimbursed Amount"** means the amount of an unreimbursed drawing owing to an L/C Issuer pursuant to Section 2.03(c).

**"Unrestricted Operating Cash"** means an amount equal to the amount of (i) all cash and cash equivalents of the Borrower and its Restricted Subsidiaries, (ii) less the amount of cash or cash equivalents deposited in the Cash Collateral Accounts and (iii) less, to the extent included in clause (i) above, any Restricted Cash up to a maximum amount of such Restricted Cash of U.S. \$70,000,000.

**"Unrestricted Subsidiary"** means (1) Pacific Midstream Ltd., (2) Pacinfra Holding Ltd., (3) CGX Energy, Inc., (4) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Issuer, and (5) any Subsidiary of an Unrestricted Subsidiary.

Notwithstanding the foregoing, the board of directors of the Borrower may designate any Subsidiary of the Borrower (including any newly acquired or newly formed Subsidiary) as an "Unrestricted Subsidiary" under this Agreement (a "**Designation**") only if:

(1) no creditor of any such Unrestricted Subsidiary shall have recourse to the Borrower or any Restricted Subsidiary thereof;

(2) no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to such Designation;

(3) such Subsidiary and its Subsidiaries own no Capital Stock or Indebtedness of, and hold no Lien on any property of, the Borrower or any other Restricted Subsidiary of the Borrower that is not a Subsidiary of the Subsidiary so Designated; and

(4) the Subsidiary to be so Designated (i) has total consolidated assets of U.S. \$1,000 or less or (ii) the Borrower would be permitted under this Agreement to make an Investment under all applicable provisions of Section 7.03 at the time of Designation (assuming the effectiveness of such Designation) in an amount equal to the Fair Market Value of such Subsidiary on such date.

In addition, the Borrower may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "**Revocation**") if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of this Agreement.

Notwithstanding the foregoing, upon closing of the purchase by Pacific Midstream Holding of certain capital stock of Pacific Midstream Ltd. pursuant to the PML Share Purchase Agreement, Pacific Midstream Ltd. shall (i) be designated a Restricted Subsidiary without regard to the conditions set forth in the paragraph immediately above, and (ii) become a Guarantor in accordance with, and subject to the terms set forth in this Agreement.

Any such Designation or Revocation shall be evidenced by prompt delivery to the L/C Issuers and the Collateral Agent of a copy of the resolution of the board of directors of the Borrower giving effect thereto accompanied by an Officers' Certificate as to compliance with the foregoing provisions.

"**U.S. Pension Plan**" means each Employee Plan which is subject to the provisions of Title IV or Section 302 of ERISA or Sections 412 or 430 of the Code sponsored, maintained, or contributed to by any L/C Party or ERISA Affiliate or to which any L/C Party or ERISA Affiliate has any direct or indirect liability, contingent or otherwise.

"**U.S. Person**" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"**U.S. Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"**U.S. Tax Compliance Certificate**" has the meaning specified in Section 3.01(e)(ii)(B)(III).

"**Value**" means, with respect to a Sale and Lease-Back Transaction, as of any particular time, the amount equal to the greater of (1) the net proceeds from the sale or transfer of the property leased pursuant to such Sale and Lease-Back Transaction and (2) the fair value in the opinion of the board of directors of the Borrower or the relevant Restricted Subsidiary of such

property at the time of entering into such Sale and Lease-Back Transaction, in either case divided first by the number of full years of the original term of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

**"Voting Stock"** of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

**"Wholly-Owned Subsidiary"** means any entity of which 100% of the outstanding Capital Stock or other ownership interests (other than directors' qualifying shares) of such entity shall at the time be owned, directly or indirectly, by another Person.

**"Write-Down and Conversion Powers"** means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.