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**HEMISPHERE ENERGY CORPORATION**

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**\$35,000,000 SENIOR SECURED TERM LOAN FACILITY**

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**CREDIT AGREEMENT**

**DATED AS OF SEPTEMBER 15, 2017**

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**HEMISPHERE ENERGY CORPORATION**

*Suite 2000, 1055 West Hastings St.  
Vancouver, British Columbia V6E 2E9*

This **CREDIT AGREEMENT**, dated as of September 15, 2017 (together with any amendments, restatements, supplements or other modifications, the “**Agreement**”), is entered into by and among **HEMISPHERE ENERGY CORPORATION**, a corporation organized under the laws of British Columbia (the “**Borrower**”) and its Subsidiaries from time to time party hereto, as guarantors; the Lenders from time to time party hereto; and Cibolo Energy Partners LLC, as the administrative agent and collateral agent for the Lenders (in such capacity, the “**Administrative Agent**”).

**W I T N E S S E T H:**

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

**SECTION 1.  
DEFINITIONS AND INTERPRETATION**

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

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

“**Additional Term Loans**” as defined in Section 2.1(b).

“**Administrative Agent**” as defined in the preamble hereto.

“**Administrative Agent’s Account**” means an account designated by the Administrative Agent from time to time as the account into which Credit Parties shall make all payments to the Administrative Agent for the benefit of the Administrative Agent and the Lenders under this Agreement and the other Loan Documents.

“**Administrative Agent’s Office**” means, the “Administrative Agent’s Office” as set forth on Appendix B, or such other office as it may from time to time designate in writing to the Borrower and each Lender.

“**Adverse Proceeding**” means any action, suit, proceeding (whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of the Borrower or any of its Subsidiaries) at law or in equity, or before or by any Governmental Authority, domestic or foreign (including any Environmental Claims) or other regulatory body or any arbitrator whether pending or threatened against or affecting any of the Borrower or any of its Subsidiaries or any property of the Borrower or any of its Subsidiaries.

“**Affiliate**” means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power (a) to

vote twenty percent (20%) or more of the Capital Stock (on a fully diluted basis) or (b) to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise. Notwithstanding anything to the contrary herein, in no event shall the Administrative Agent, any Lender or any of their respective Affiliates be considered an “Affiliate” of any Credit Party and in no event shall any Portfolio Company be considered an “Affiliate” of the Administrative Agent or any Lender, respectively. Each officer or director (or Person holding an equivalent position) of a Credit Party shall be considered an Affiliate of such Credit Party and of each other Credit Party.

“**Aggregate Amounts Due**” as defined in Section 2.14.

“**Agreement**” as defined in the preamble.

“**Anti-Corruption Laws**” means all laws concerning or relating to bribery or public corruption, including the Corruption of Foreign Public Officials Act (Canada) and the FCPA and any similar laws currently in force or hereafter enacted (and including any regulations, rules, guidelines or orders thereunder) and, in any case, which are applicable to any Credit Party.

“**Anti-Terrorism Laws**” means any law, judgment, order, executive order, decree, ordinance, rule or regulation related to terrorism financing or money laundering including Part II.1 of the Criminal Code, R.S.C. 1985, c.C-46, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, S.C. 2000, c. 17, and regulations promulgated pursuant to the Special Economic Measures Act, S.C. 1992, c. 17 and the United Nations Act, R.S.C. 1985, c. U-2, and any similar laws currently in force or hereafter enacted (and including any regulations, rules, guidelines or orders thereunder) and, in any case, which are applicable to the Credit Parties.

“**APOD**” means the Approved Plan of Development attached as Schedule 5.13(a), as the same may be updated and approved from time to time in accordance with the terms of this Agreement.

“**APOD Certificate**” means a certificate substantially in the form of Exhibit H, to be delivered to the Administrative Agent concurrent with the delivery by the Borrower of each APOD required to be delivered hereunder.

“**Applicable Law**” means any applicable international, foreign, U.S. or Canadian Federal, state, provincial, local, municipal or foreign jurisdiction statute, treaty, convention, law, regulation, ordinance, rule, judgment, code, rule of common law, order (including consent order), decree, approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of, or determination by (or any interpretation or administration of any of the foregoing by) any Governmental Authority, in each case, whether or not having the force of law and as amended or otherwise modified from time to time.

“**Applicable Office**” means the office through which a Lender’s investment in any Loan is made.

“**Approval Letter**” means a letter given by the Administrative Agent on behalf of the Lead Lender in the form of Exhibit B.

“**Approved Petroleum Engineers**” means (a) McDaniel & Associates Consultants Ltd. and (b) any other petroleum engineers that are “independent” of the Credit Parties, the Administrative Agent and the Lenders for the purposes of NI 51-101 and reasonably acceptable to the Administrative Agent and the Lead Lender.

“**Asset Sale**” means a sale, lease or sublease (as lessor or sublessor), sale and leaseback, assignment, conveyance, license, transfer, farm-out or other disposition to, or any exchange of property with, any Person, in one transaction or a series of transactions, of all or any part of any Person’s businesses, assets or properties of any kind, whether real, personal, or mixed and whether tangible or intangible, whether now owned or hereafter acquired, including the Capital Stock owned by such Person.

“**Assignment Agreement**” means an Assignment and Assumption Agreement substantially in form of Exhibit J.

“**Attributable Debt**” means as of the date of determination thereof, without duplication, (a) in connection with a sale and leaseback transaction, the net present value (discounted according to GAAP at the cost of debt implied in the lease) of the obligations of the lessee for rental payments during the then-remaining term of any applicable lease, and (b) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet notes or similar off-balance sheet financing product to which such Person is a party, where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP.

“**Authorized Officer**” means, as applied to any Person, any individual holding the position of chairman of the board (if an officer), chief executive officer, chief operating officer, president, vice president, chief financial officer, executive vice president, secretary or treasurer, in each case, whose signatures and incumbency have been certified in a certificate delivered to the Administrative Agent.

“**BOE/d**” means barrels of oil equivalent per day, calculated based on a conversion ratio of six million cubic feet of natural gas per one (1) barrel of oil.

“**Borrower**” as defined in the preamble hereto.

“**Borrowing**” means Loans made on the same date.

“**Borrowing Request**” means a written request by the Borrower for a Borrowing in accordance with Section 2.4, which shall be substantially in the form of Exhibit A.

“**Business Day**” means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or Texas, the Province of Alberta or the Province of British Columbia or is a day on which banking institutions located in either of such states or in such province are authorized or required by law or other governmental action to close; provided, however, that when used in connection with LIBOR, the term “Business Day” shall include any day on which banks are open for dealing in dollar deposits with the London interbank market.

“**Canadian Dollars**” and “**C\$**” means lawful currency of Canada.

“**Capital Lease**” means, as applied to any Person, any lease of (or other arrangement conveying the right to use) any property (whether real, personal or mixed) by that Person as lessee (or the equivalent) that, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

“**Capital Stock**” means any stock, shares, partnership interests, membership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, or in general any instruments commonly known as “equity securities” or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

“**Cash**” means money, currency or a credit balance in any demand or Deposit Account.

“**Cash Equivalents**” means, as at any date of determination, (a) marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the government of Canada or any province or the United States Government, or (ii) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one (1) year after such date; (b) marketable direct obligations issued by the government of Canada or any province or any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one (1) year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s; (c) commercial paper maturing no more than one (1) year from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s; (d) bank deposit products, certificates of deposit or bankers’ acceptances maturing within one (1) year after such date and issued or accepted by any Lender or by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia that (i) is at least “adequately capitalized” (as defined in the regulations of its primary Federal banking regulator), and (ii) has Tier 1 capital (as defined in such regulations) of not less than \$100,000,000; (e) shares of any money market mutual fund that has at least ninety-five percent (95%) of its assets invested continuously in the types of investments referred to in clauses (a) and (b), above, has net assets of not less than \$500,000,000, and has the highest rating obtainable from either S&P or Moody’s; and (f) term deposits, certificates of deposit or overnight bank deposits having maturities of not more than six months from the date of acquisition issued by a Lender or any commercial bank organized under the laws of Canada or the United States or any state thereof having combined capital and surplus of not less than \$500,000,000.

“**Cash Receipts**” means all revenue generated by or on behalf of the Borrower or any Credit Party with respect to the following: (a) sales of Hydrocarbons from Oil and Gas Properties, (b) operating revenue earned or to be earned, (c) any proceeds from Swap Agreements, (d) royalty payments, and (e) any other Cash or Cash Equivalents received by or on behalf of the Borrower or its Subsidiaries other than Extraordinary Receipts; provided that (x) Loans or the proceeds of Loans or (y) Cash or Cash Equivalents belonging to or received for the credit of third parties, such as royalty, working interest or other interest owners, that are received for transfer or payment to such third parties shall not constitute “Cash Receipts”.

“**Change in Law**” means (a) the adoption making, issuance or taking effect of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation, administration, implementation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.15, by any lending office of such Lender or by such Lender’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement (other than any such request, guideline or directive to comply with any law, rule or regulation that was in effect on the date of this Agreement). For purposes of this definition and Section 2.15, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof and (ii) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the Canadian, United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case described in clauses (i) and (ii) above, be deemed to be a Change in Law, regardless of the date enacted, adopted, issued or implemented.

“**Change of Control**” means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person (or Persons acting jointly or in concert (within the meaning of the *Securities*

Act (Alberta))), of Capital Stock representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) nominated by the board of directors of the Borrower, nor (ii) appointed by directors so nominated; (c) the termination of employment, death, or permanent incapacitation or substantial removal of two or more of the Key Men from the daily operation of the Borrower; or (d) an Asset Sale by the Borrower or a Subsidiary pursuant to which the Borrower or any Subsidiary sells, leases, licenses, transfers, assigns or by other consensual disposition, in one or a series of related transactions, more than 50% of the properties or assets of the Borrower and its Subsidiaries as determined by reference to the Borrower's and its Subsidiaries' financial statements on the last day of the most recently ended fiscal quarter, determined on a consolidated basis in accordance with GAAP.

“**Cibolo**” means any of Cibolo Energy Partners LP, Cibolo Energy Partners LLC and, in each case, their Affiliates and Related Funds.

“**Cibolo Lenders**” means funds and accounts managed, advised or sub-advised by Cibolo.

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

“**Closing Date Certificate**” means a Closing Date Certificate substantially in the form of Exhibit E.

“**Closing Date Commitment**” as defined in the definition of “Commitments”.

“**Closing Date Commitment Fee**” as defined in Section 2.8(d).

“**COGE Handbook**” means the Canadian Oil and Gas Evaluation Handbook prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society) as amended or superseded from time to time.

“**Collateral**” means, collectively, all of the real, personal and mixed property (including Capital Stock) in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

“**Collateral Documents**” means each Control Agreement, the Guaranty Agreement, the Mortgages, each Swap Intercreditor Agreement, any other intercreditor agreement, and all other instruments, documents and agreements delivered by any Credit Party pursuant to this Agreement or any of the other Loan Documents in order to (a) grant to the Administrative Agent, for the benefit of the Secured Parties, a Lien on any Collateral or (b) set forth the relative priorities of any Lien on any Collateral.

“**Commitment Fees**” as defined in Section 2.8(d).

“**Commitment Increase Effective Date**” as defined in Section 2.2(d).

“**Commitments**” means as to any Lender, the commitment of such Lender to purchase Loans in the manner set forth in Section 2.1. “Commitments” means such commitments of all Lenders in the aggregate. The amount of each Lender's Commitment is set forth on Appendix A, as the same may be increased pursuant to Section 2.2. The amount of the Commitments as of the Closing Date is \$15,000,000 (the “**Closing Date Commitment**”).

“**Communications**” as defined in Section 9.9(a).

“**Compliance Certificate**” means a Compliance Certificate substantially in the form of Exhibit D-1.

“**Confidential Information**” as defined in Section 10.16.

“**Consolidated Adjusted EBITDAX**” means, for any period, an amount determined for the Credit Parties on a consolidated basis equal to:

the amounts for such period of Consolidated Net Income,

plus

the sum, without duplication, of the amounts for such period of the following expenses (or charges) to the extent deducted from Consolidated Net Income during such period:

- (i) Consolidated Interest Expense, plus
- (ii) provisions for taxes based on income (including margin or gross receipts taxes), plus
- (iii) total depreciation and amortization expense, plus
- (iv) impairment or asset write-down expense, plus
- (v) accretion of asset retirement obligation and debt issuance costs, plus
- (vi) share-based compensation expense, plus
- (vii) non-cash losses resulting from the mark-to-market exposure of outstanding swaps and unrealized foreign exchange exposure, plus
- (viii) other non-Cash items reducing Consolidated Net Income (excluding any such non-Cash item to the extent that it represents an accrual or reserve for potential Cash items in any future period or amortization of a prepaid Cash item that was paid in a prior period),

minus

the sum, without duplication of the amounts for such period of the following items to the extent increasing Consolidated Net Income during such period:

- (i) other non-Cash items increasing Consolidated Net Income for such period (excluding any such non-Cash item to the extent it represents the reversal of an accrual or reserve for potential Cash item in any prior period), plus
- (ii) interest income, plus
- (iii) non-cash gains resulting from the mark-to-market exposure of outstanding swaps and unrealized foreign exchange exposure.

**“Consolidated Capital Expenditures”** means, for any period, the aggregate of all expenditures of the Credit Parties and their Subsidiaries during such period on a consolidated basis for the acquisition, construction, replacement, repair, substitution or improvement of fixed or capital assets or additions to equipment, in each case required to be capitalized under GAAP (including the portion of liabilities under any Capital Lease that is or should be capitalized in accordance with GAAP) or similar items reflected in the consolidated balance sheet or statement of cash flows of the Credit Parties.

**“Consolidated Interest Expense”** means, for any period, total cash interest expense (excluding accretion of asset retirement obligation and debt issuance costs and including that portion attributable to Capital Leases in accordance with GAAP and capitalized interest) of the Credit Parties and their Subsidiaries on a consolidated basis with respect to all outstanding Consolidated Total Debt.

**“Consolidated Net Funds Flow”** means the difference, without duplication, of the following (and substantially in the form of Exhibit D-2):

- (a) all Cash or Cash Equivalents reflected on the balance sheet of the Borrower on the first day of any Fiscal Quarter; plus
- (b) all Cash Receipts of the Credit Parties during any Fiscal Quarter, less
- (c) actual consolidated expenditures incurred by the Credit Parties during such Fiscal Quarter for the following, without duplication:
  - (i) LOE;
  - (ii) existing royalties and net profits interests and other burdens on the Oil and Gas Properties of the Credit Parties payable to any non-Affiliate of a Credit Party, if any (to the extent and only to the extent production receipts relating to the same are included in gross Cash Receipts in clause (a) above);
  - (iii) Direct Taxes in respect of the Oil and Gas Properties;
  - (iv) interest paid in Cash on the Loans and payments under Swap Agreements to the extent such Swap Agreements are permitted hereby;
  - (v) General and the Administrative Costs not to exceed the General and the Administrative Costs Cap in the aggregate on an annual basis;
  - (vi) Consolidated Capital Expenditures for such period made by the Credit Parties during any Fiscal Quarter made pursuant to the APOD or otherwise approved by the Administrative Agent in an Approval Letter;
  - (vii) Unexpended balance of approved APOD(s); provided that any amounts that are not expended within 180 days of such APOD(s) being approved shall not be deducted under this clause (c)(vii) for purposes of calculating Consolidated Net Funds Flow; and
  - (viii) so long as no Event of Default exists, a working capital adjustment in an amount not to exceed \$750,000 in the aggregate; provided that such amount shall be permanently reduced to \$500,000 to the extent that General and the

Administrative Costs of the Credit Parties exceed the General and the Administrative Costs Cap.

**“Consolidated Net Income”** means, for any period:

(a) the net income (or loss) of the Credit Parties on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP,

minus

(b) the sum of:

- (i) the income (or loss) of any Person (other than a Subsidiary of the Borrower) in which any other Person (other than the Borrower or any of its Subsidiaries) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of its Subsidiaries by such Person during such period, plus
- (ii) the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries or that Person’s assets are acquired by the Borrower or any of its Subsidiaries, plus
- (iii) the income of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary, plus
- (iv) any after tax gains or losses attributable to Asset Sales or returned surplus assets of any Pension Plan, plus
- (v) the net income (or loss) of any Person acquired in a pooling-of-interests transaction for any period prior to the date of such transaction.

**“Consolidated Total Debt”** means, as at any date of determination: (a) the aggregate amount of all Indebtedness of the Credit Parties and their Subsidiaries determined on a consolidated basis in accordance with GAAP plus (b) the aggregate outstanding amount, without duplication, of Attributable Debt of the Credit Parties and their Subsidiaries determined on a consolidated basis.

**“Contractual Obligation”** means, as applied to any Person, any provision of any Capital Stock issued by that Person or of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its Properties is subject.

**“Control Agreement”** means a control agreement, in form and substance reasonably satisfactory to the Administrative Agent and the Borrower, entered into with the bank or securities intermediary at which any Deposit Account (including the Operating Account) or Securities Account is maintained by any Credit Party in accordance with Section 6.15.

**“Credit Parties”** means the Borrower and the Guarantors.

“**Declining Lender**” as defined in Section 2.11(f).

“**Default**” means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

“**Default Rate**” means any interest payable pursuant to Section 2.8(c).

“**Defined Benefit Pension Plan**” means a Pension Plan with a “defined benefit provision” as such term is defined in the *Income Tax Act* (Canada).

“**Demand Debenture**” means the Demand Debenture to be executed and delivered by the Borrower and each Guarantor, substantially in the form of Exhibit G.

“**Deposit Account**” means a demand, time, savings, passbook or like account with a bank, savings and loan association, credit union or like organization, other than an account evidenced by a negotiable certificate of deposit.

“**Direct Taxes**” means any severance, ad valorem, or other direct taxes on Oil and Gas Properties owned by any Credit Party or the production therefrom or the proceeds of such production; provided that federal, state, provincial or local income or franchise taxes shall in no event be considered Direct Taxes.

“**Dollars**” and the sign “\$” mean the lawful money of the United States of America.

“**Environment**” means all components of the earth, including all layers of the atmosphere, air, land (including all underground spaces and cavities and all lands submerged under water), soil, water (including surface and underground water), organic and inorganic matter and living organisms, and the interacting natural systems that include the components referred to in this definition.

“**Environmental Claim**” means any investigation, notice, notice of violation, claim, action, lien, suit, proceeding, demand, notice of non-compliance or violation, investigation, inspection, inquiry or abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, under Environmental Laws or with respect to any Hazardous Materials, including any arising pursuant to or in connection with any actual or alleged violation of or liability under any Environmental Law; (a) in connection with any Hazardous Material or any actual or alleged Hazardous Materials Activity; (b) in connection with any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment; or (c) in connection with any enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws.

“**Environmental Laws**” means any and all Governmental Requirements pertaining or relating, in whole or in part, in any way to health or safety, pollution or the protection or enhancement of the Environment or the preservation or reclamation of natural resources, in effect at any time in any and all jurisdictions in which the Borrower is conducting or at any time has conducted business, or where any Property of the Borrower is located, including without limitation, Governmental Requirements pertaining to occupational safety, product liability, public health, public safety and transportation or handling of dangerous goods.

“**Environmental Permit**” means any permit, certificate, registration, permit-by-rule, registration, license, approval, consent, exemption, variance, or other authorization or instrument required under or issued pursuant to applicable Environmental Laws.

“**Event of Default**” means each of the conditions or events set forth in Section 8.1.

**“Existing ATB Credit Facility”** means that certain Operating Loan Facility (Revolving) dated as of May 4, 2017 by and between the Borrower and Alberta Treasury Branches, as lender (as the same may have been amended, amended and restated, and modified from time to time).

**“Exposure”** means, with respect to any Lender, as of any date of determination, the outstanding principal amount of the Loans of such Lender.

**“Extraordinary Receipts”** means any Cash or Cash Equivalents in excess of \$100,000 in the aggregate received by or paid to or for the account of any Credit Party not in the ordinary course of business, including any pension plan reversions, judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, condemnation awards (and payments in lieu thereof), indemnity payments, any proceeds of the settlement, termination, unwinding or liquidation of any Swap Agreement, proceeds of insurance and proceeds of any tax refunds (but, in the case of tax refunds, to the extent exceeding \$50,000 in the aggregate per Fiscal Year) (but excluding any Cash or Cash Equivalents received by any Credit Party on account of an issuance of Capital Stock or a contribution to the Capital Stock of Borrower).

**“FATCA”** means Sections 1471 through 1474 of the Internal Revenue 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 effective regulations published thereunder or official interpretations thereof issued by any Governmental Authority charged with the administration thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code, any applicable intergovernmental agreements with respect thereto, and any treaty, law, regulations, or other official guidance enacted in any other jurisdiction relating to such intergovernmental agreement.

**“FCPA”** means Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, to the extent they apply to the relevant party.

**“FDIC”** means the Federal Deposit Insurance Corporation.

**“Financial Officer”** means, for any Person, the Chief Financial Officer, Treasurer or officer holding an equivalent title. Unless otherwise specified, all references herein to a Financial Officer means a Financial Officer of the Borrower.

**“Financial Officer Certification”** means, with respect to the financial statements for which such certification is required, the certification of a Financial Officer of the Borrower, substantially in the form of Exhibit K, that such financial statements fairly present, in all material respects, the financial condition of the Credit Parties as at the dates indicated and the results of their operations and their cash flows for the periods indicated, in each case in conformity with GAAP applied on a consistent basis, subject, in the case of interim financial statements, to changes resulting from normal audit and year-end adjustments.

**“Financial Plan”** as defined in Section 5.1(h).

**“First Priority”** means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that such Lien is senior in priority to any other Lien to which such Collateral is subject.

**“Fiscal Quarter”** means a fiscal quarter of any Fiscal Year.

**“Fiscal Year”** means the fiscal year of the Credit Parties ending on December 31 of each calendar year.

**“Funded Loan Amount”** means the aggregate face amount of all Loans made by the Lenders under this Agreement since the Closing Date.

**“GAAP”** means generally accepted accounting principles which are in effect from time to time in Canada, and which effective January 1, 2011 encompass International Financial Reporting Standards adopted by the Canadian Accounting Standards Board.

**“General and the Administrative Costs”** means normal and customary expenses and costs incurred in connection with the Oil and Gas Properties of the Credit Parties and their Subsidiaries that are classified as general and the administrative costs, including consulting fees, salary, rent, supplies, travel, insurance, accounting, legal, engineering and broker related fees required to manage the affairs of the Credit Parties and their Subsidiaries but excluding Transaction Costs.

**“General and the Administrative Costs Cap”** means C\$2,000,000 per annum of General and the Administrative Costs, escalating to C\$2,500,000 per annum in January 2018 based upon completion of the first drilling program and preparation of the 2018 program, with general and administrative costs growth beyond such amounts subject to the approval of the Lead Lender; provided that any unspent portion of the previous basket in any calendar year may be carried forward to the succeeding calendar year in an amount not to exceed C\$100,000; provided, further, that the maximum amount that may be carried forward to any succeeding calendar years in respect of all preceding years is C\$250,000. The lesser of (x) C\$62,500 or (y) the Borrower’s actual incurred legal expense associated with New York law governing law for this Agreement per annum will not be included in the General and the Administrative Costs Cap.

**“Governmental Authority”** means the government of Canada, the United States of America, or any other nation, any federal, state, provincial, municipal, national or other government, governmental department, commission, board, regulatory body, bureau, court, agency, authority, central bank or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, taxing, regulatory or the administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, a province of Canada, Canada, or a foreign entity or government.

**“Governmental Authorization”** means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

**“Governmental Requirement”** means, at any time, any law, common law, treaty, statute, code, ordinance, order, determination, rule, regulation, judgment, writ, decree, injunction, determination, decision, ruling, award, franchise, license, qualification, authorization, consent, exemption, waiver, right, approval permit, by-law, certificate, license, authorization or other directive, requirement, policy, practice or guideline (whether or not having the force of law), whether now or hereafter in effect, including, without limitation, Environmental Laws, energy regulations and occupational, safety and health standards or controls, of any Governmental Authority.

**“Guarantee”** means, with respect to any Person, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, that is (a) an obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof; or (b) a liability of such Person for an obligation of another through any agreement (contingent or otherwise) (i) to purchase, repurchase or

otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) or (ii) to maintain the solvency or any balance sheet item, level of income or financial condition of another if, in the case of any agreement described under subclauses (i) or (ii) of this clause (b), the primary purpose or intent thereof is as described in clause (a) above.

“**Guarantor**” means each existing or hereafter created Subsidiary of the Borrower and any other Person that is required to guarantee the Obligations pursuant to Sections 5.9, 5.10 or 5.12.

“**Guaranty**” means the guaranty of each Guarantor set forth in the Guaranty Agreement.

“**Guaranty Agreement**” means each Guaranty Agreement to be executed by each Guarantor substantially in the form of Exhibit L, as it may be amended, supplemented or otherwise modified from time to time.

“**Hazardous Material**” means any substance regulated by or as to which liability might arise under any applicable Environmental Law and including, without limitation: (a) any chemical, compound, material, product, byproduct, effluent, emission, substance or waste defined as or included in the definition or meaning of “hazardous substance,” “hazardous material,” “hazardous waste,” “hazardous chemical,” “solid waste,” “toxic waste,” “waste,” “hazardous substance,” “toxic substance,” “contaminant,” “pollutant,” “dangerous good,” or words of similar meaning or import found in any applicable Environmental Law; (b) petroleum hydrocarbons, petroleum products, petroleum substances, natural gas, oil, oil and gas waste, crude oil, and any components, fractions, or derivatives thereof; (c) explosives, radioactive materials, asbestos containing materials, polychlorinated biphenyls, radon, mold, silica or any silicates; (d) any material which shall be removed from any Property pursuant to any Environmental Law or Environmental Permit or in order to place any Property in a condition that is suitable for ordinary use; and (e) any substance or mixture of substances which, if released into the environment, would likely cause, immediately or at some future time, harm or degradation to the environment or to human health or safety.

“**Hazardous Materials Activity**” means any past, current, proposed or threatened activity, event or occurrence involving any Hazardous Materials, including the use, manufacture, distribution, possession, storage, holding, presence, existence, location, Release, threatened Release, discharge, placement, generation, transportation, processing, construction, treatment, abatement, removal, remediation, disposal, arrangement for disposal, exposure of Persons to, disposition or handling of any Hazardous Materials, and any corrective action or response action with respect to any of the foregoing.

“**Highest Lawful Rate**” means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to any Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

“**Hydrocarbon Interests**” means all rights, options, titles, interests and estates now or hereafter acquired in and to oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases, mineral fee interests, overriding royalty and royalty interests, net profit interests and production payment interests, including any reserved or residual interests of whatever nature.

“**Hydrocarbons**” means crude oil, bitumen, synthetic crude oil, petroleum, gas, casinghead gas, drip gasoline, natural gasoline, natural gas liquids, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined or separated therefrom, and all related hydrocarbons and any and

all other substances whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur.

**“Increased Commitment Amount”** as defined in Section 2.2(a).

**“Increased Commitment Fee”** as defined in Section 2.8(d).

**“Indebtedness,”** as applied to any Person, means, without duplication, (a) all indebtedness for borrowed money; (b) that portion of obligations with respect to Capital Leases that is properly classified as a liability on a balance sheet in conformity with GAAP; (c) all obligations of such Person evidenced by notes, bonds or similar instruments or upon which interest payments are customarily paid and all obligations in respect of drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (d) any obligation owed for all or any part of the deferred purchase price of property or services (with respect to services, excluding trade payables not constituting Indebtedness under clause (e) below); (e) trade payables that are overdue by more than sixty (60) days except for any such trade payables which are being contested in good faith by appropriate action; (f) all obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person; (g) all Indebtedness (as defined in other clauses of this definition) secured by any Lien on any property or asset owned or held by that Person regardless of whether the Indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person; (h) the face amount of any letter of credit or letter of guaranty issued, bankers’ acceptances facilities, surety bond and similar credit transactions for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or drafts; (i) any earn-out obligations or purchase price adjustments under purchase agreements; (j) all Guarantees by such Person of Indebtedness (as otherwise defined herein) of any other Person; (k) all obligations of such Person in respect of any Swap Agreement, whether entered into for hedging or speculative purposes that are due and owing; (l) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Capital Stock of such Person; (m) all Attributable Debt of such Person; and (n) Indebtedness (as defined in other clauses of this definition) of any partnership or Joint Venture in which such Person is a general partner or joint venturer, unless such Indebtedness is expressly non-recourse to such Person.

**“Indemnified Liabilities”** means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, claims (including Environmental Claims), costs (including the costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation, monitoring, or other response action necessary to remove, remediate, clean up, abate or otherwise address any Hazardous Materials or Hazardous Materials Activity), Taxes, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened by any Person, whether or not any such Indemnitee shall be designated as a party or a potential party thereto, and any fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct, indirect or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and Environmental Laws), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in any manner relating to or arising out of this Agreement or the other Loan Documents, the performance of any Indemnitee’s duties or the transactions contemplated hereby or by the Loan Documents (including the Lenders’ agreement to make Loans or the use or intended use of the proceeds thereof, any granting of a Lien to secure the Obligations, or any enforcement of any of the Loan Documents (including any sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty)).

**“Indemnitee”** as defined in Section 10.3(a).

“**Indemnitee Agent Party**” as defined in Section 9.6.

“**Initial Term Loan Commitments**” with respect to each Lender at any time, its obligation to make Initial Term Loans to the Borrower on the Closing Date pursuant to Section 2.1(a) in a principal amount at any one time outstanding not to exceed the dollar amount set forth opposite such Lender’s name on Appendix A under the heading “Initial Term Loan Commitment”. The aggregate Initial Term Loan Commitments of all Lenders shall equal \$15,000,000.

“**Initial Term Loans**” means the Loans borrowed on the Closing Date.

“**Insolvency Event**” means (a) any case, action or proceeding relating to bankruptcy, reorganization, insolvency, arrangement, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, undertaken under Governmental Requirements, including Insolvency Legislation, including, without limitation, any proceeding, judgment, workout, resolution or other circumstance described in Section 8.1(f).

“**Insolvency Legislation**” means legislation in any applicable jurisdiction primarily relating to, or the central purpose of which is the, reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), the *Canada Deposit Insurance Corporations Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and the United States Bankruptcy Code.

“**Interest Coverage Ratio**” means the ratio as of the last day of any Fiscal Quarter of (a) Consolidated Adjusted EBITDAX for the applicable Fiscal Quarter to (b) Consolidated Interest Expense for such Fiscal Quarter.

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

“**Investment**” means (a) any direct or indirect redemption, retirement purchase or other acquisition by any Person of, or of a beneficial interest in, any of the Capital Stock or other Property of any other Person (including, without limitation, any “short sale” or any sale of any securities at a time when such securities are not owned by the Person entering into such short sale); (b) any direct or indirect loan, advance, acquisition, capital contribution or other transfer of funds or Property by any Person to any other Person, including all Indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business; and (c) any direct or indirect Guarantee of any obligations of any other Person. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions (whether in Cash or Property) thereto.

“**Joint Venture**” means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form.

“**Key Man**” means each of Don Simmons and Ian Duncan.

“**Lead Lender**” means (i) on the Closing Date and at any time thereafter so long as the Cibolo Lenders hold in the aggregate 50% or more of the sum of (A) the aggregate amount of Commitments of all Lenders as of such date and (B) the then aggregate outstanding principal balance of the Loans, the

Cibolo Lenders, and (ii) on any date after the Closing Date on which the Cibolo Lenders hold in the aggregate less than 50% of the sum of (A) the aggregate amount of Commitments of all Lenders as of such date and (B) the then aggregate outstanding principal balance of the Loans, the Requisite Lenders.

“**Lender Warrants**” means warrants to acquire 13,750,000 common shares of the Borrower, substantially in the form of Exhibit I and issued to the Lenders on the Closing Date in their respective Warrant Shares.

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

“**LIBOR**” means the greater of (a) the rate appearing on Reuters Screen LIBOR01 which displays an average ICE Benchmark Administration Interest Settlement Rate (or such other comparable page as may, in the opinion of the Administrative Agent, replace such page for the purpose of displaying such rates) providing rate quotations comparable to those currently provided on such page, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such three (3) month period, as the rate for dollar deposits with a maturity of three (3) months, and (b) one percent (1.0%). In the event that such rate is not available at such time for any reason, then the “LIBOR” shall be the rate at which dollar deposits of \$1,000,000 and with a maturity of three (3) months are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such three (3) month period.

“**Lien**” means (a) any lien (statutory or otherwise), mortgage, deed of trust, deemed trust, pledge, assignment, hypothecation, security interest, charge, production payment, deposit arrangement, royalty interest, claim, right of detention or seizure, right of distraint, easement, or right of set off or encumbrance of any kind (including any agreement to give any of the foregoing, any conditional sale, consignment or other title retention agreement, and any lease in the nature thereof) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing or which in substance secures payment or performance of an obligation, and (b) in the case of Capital Stock, any purchase option, call or similar right of a third party with respect to such Capital Stock.

“**Loan Documents**” means any of this Agreement, the Term Loan Notes, if any, the Collateral Documents, each Lender Warrant, subordination and intercreditor agreements relating to the Obligations (including, without limitation, the Swap Intercreditor Agreement) and all other certificates, documents, instruments or agreements executed and delivered by any Credit Party or other Person for the benefit of the Administrative Agent or any Lender in connection herewith or pursuant to any of the foregoing.

“**Loans**” means the Initial Term Loans and any Additional Term Loans.

“**LOE**” means (a) leasehold operating expenses in the ordinary course of business and consistent with past practices, industry standards and applicable law and (b) other field level or lease level charges for operations in each case with respect to the Oil and Gas Properties of the Credit Parties (excluding Consolidated Capital Expenditures and General and the Administrative Costs).

“**Margin Stock**” as defined in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

**“Material Adverse Effect”** means a material adverse effect on and/or material adverse developments with respect to (a) the business operations, properties, assets, condition (financial or otherwise) of the Credit Parties; (b) the ability of any Credit Party to fully and timely perform its Obligations; (c) the legality, validity, binding effect, or enforceability against a Credit Party of a Loan Document; (d) the Administrative Agent’s Liens (on behalf of itself and the Secured Parties) on the Collateral or the priority of such Liens; or (e) the rights, remedies and benefits available to, or conferred upon, Administrative Agent and any Lender under any Loan Document.

**“Material Contract”** means, collectively, (a) any contract or agreement listed in Schedule 4.16, (b) any contract or agreement requiring payments to be made or providing for payments to be received, in each case in excess of \$250,000 individually or, if involving a series of related contracts or agreements, in the aggregate, (c) any other contract or other arrangement to which any Credit Party is a party (other than the Loan Documents) for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect, and (d) any agreement or instrument evidencing or governing Indebtedness (including, for the avoidance of doubt, any Swap Agreement).

**“Maturity Date”** means the earlier of (a) the sixty (60) month anniversary of the Closing Date and (b) the date that all Loans shall become due and payable in full hereunder, whether by acceleration or otherwise, or are otherwise paid in full.

**“MOIC”** as defined in the definition of “MOIC Amount”.

**“MOIC Amount”** means, on any applicable date, an amount sufficient to achieve a [MOIC Amount redacted] multiple on each Lender's Pro Rata Share of Funded Loan Amount (“MOIC”). MOIC shall be calculated based on (i) the sum of all cash interest, principal and the Commitment Fees, in each case, received in cash by the Lenders in respect of the Funded Loan Amount (excluding, for the avoidance of doubt, any reimbursement of out of pocket costs or expenses and any indemnification payments made to the Lenders), as the numerator and (ii) the Funded Loan Amount as the denominator.

**“Moody’s”** means Moody’s Investor Services, Inc.

**“Mortgaged Properties”** means any Oil and Gas Properties, unproven reserves and acreage subject to a Mortgage.

**“Mortgages”** means the mortgages, charges, debentures, deeds of trusts and similar instruments established by a Credit Party from time to time in favor of the Administrative Agent covering any Oil and Gas Properties as required by the terms of this Agreement and the other Loan Documents.

**“Net Asset Sale Proceeds”** means, with respect to any Asset Sale, an amount equal to: (a) the sum of Cash payments and Cash Equivalents received by (or on behalf of) any Credit Party or Subsidiary from such Asset Sale (including any Cash or Cash Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received), minus (b) any bona fide direct costs incurred in connection with such Asset Sale, including income or gains taxes paid or payable by the seller as a result of any gain recognized in connection with such Asset Sale during the tax period the sale occurs (after taking into account any available tax credits or deductions and any tax-sharing arrangements), (c) a reasonable reserve for any indemnification payments (fixed or contingent) attributable to seller’s indemnities and representations and warranties to purchaser in respect of such Asset Sale undertaken by the applicable Credit Party or Subsidiary in connection with such Asset Sale; provided that upon release of any such reserve, the amount released shall be considered Net Asset Sale Proceeds for all purposes hereunder, and (d) reasonable fees, costs and expenses payable by the Credit Parties or Subsidiaries to bona fide third party advisors in connection with such Asset Sale.

**“Net Insurance/Condemnation Proceeds”** means an amount equal to: (a) any Cash or Cash Equivalent payments or proceeds received by (or on behalf of) any Credit Party or Subsidiary (i) under any casualty, business interruption or “key man” insurance policies in respect of any covered loss thereunder, or (ii) as a result of the taking of any assets of any Credit Party or Subsidiary by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, minus (b) (i) any actual and reasonable costs incurred by any Credit Party or Subsidiary in connection with the adjustment or settlement of any claims of any Credit Party or Subsidiary in respect thereof, and (ii) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (a)(ii) of this definition, including income taxes paid or payable as a result of any gain recognized in connection therewith (after taking into account any available tax credits or deductions and any tax-sharing arrangements).

**“Net Mark-to-Market Exposure”** of a Person means, as determined by the applicable swap provider with respect to any Swap Agreement, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Swap Agreements (after giving effect to the excess (if any) of all unrealized profits over all unrealized losses of such Person arising from Swap Agreements). As used in this definition, “unrealized losses” means the fair market value of the cost to such Person of replacing such Swap Agreement as of the date of determination (assuming such Swap Agreement were to be terminated as of that date), and “unrealized profits” means the fair market value of the gain to such Person of replacing such Swap Agreement as of the date of determination (assuming such Swap Agreement were to be terminated as of that date).

**“NI 51-101”** means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*, of the Canadian Securities Administrators, as the same may be amended or superseded from time to time.

**“NYMEX Pricing”** shall mean, as of any date of determination with respect to any month (a) for crude oil, the closing settlement price for the Light, Sweet Crude Oil futures contract for each month, and (b) for natural gas, the closing settlement price for the Henry Hub Natural Gas futures contract for such month, in each case as published by New York Mercantile Exchange (NYMEX) on its website currently located at [www.nymex.com](http://www.nymex.com) or any successor thereto (as such pricing may be corrected or revised from time to time by the NYMEX in accordance with its rules and regulations).

**“Obligations”** means all liabilities and obligations of each Credit Party and its Subsidiaries from time to time owed to the Administrative Agent (including any former Administrative Agent), CIBOLO, the Lenders, any Indemnitee or any of them under any Loan Document (excluding the Lender Warrants) for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to such Credit Party, would have accrued on any Obligation, whether or not a claim is allowed against such Credit Party for such interest in the related bankruptcy proceeding), premiums (including any repayment or prepayment premiums (including, without limitation, the MOIC Amount)), fees, expenses, penalties, reimbursements, indemnification or otherwise and whether primary, secondary, direct, indirect, contingent, fixed or otherwise (including obligations of performance).

**“OFAC”** means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

**“Oil and Gas Properties”** means (a) Hydrocarbon Interests; (b) the Properties now or hereafter pooled or unitized with Hydrocarbon Interests; (c) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby (including without limitation all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests; (d) all operating agreements, contracts and other agreements, including production sharing contracts and agreements, which relate to any of the Hydrocarbon Interests

or the production, sale, purchase, exchange or processing of Hydrocarbons from or attributable to such Hydrocarbon Interests; (e) all Hydrocarbons in and under and which may be produced and saved or attributable to the Hydrocarbon Interests, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests; (f) all tenements, hereditaments, appurtenances and Properties in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests; and (g) all Properties, rights, titles, interests and estates described or referred to above, including any and all Property, real or personal, now owned or hereafter acquired and situated upon, used, held for use or useful in connection with the operating, working or development of any of such Hydrocarbon Interests or Property (excluding drilling rigs, automotive equipment, rental equipment or other personal Property which may be on such premises for the purpose of drilling a well or for other similar temporary uses) and including any and all oil wells, gas wells, injection wells or other wells, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing. Unless the context otherwise requires, the term Oil and Gas Properties refers to Oil and Gas Properties of the Credit Parties.

**“Operated Oil and Gas Properties”** means those Oil and Gas Properties of the Credit Parties that are operated by a Credit Party or an Affiliate of a Credit Party.

**“Operating Account”** as defined in Section 7.1.

**“Operating Account Bank”** as defined in Section 7.1.

**“Organizational Documents”** means (a) with respect to any corporation, its certificate, notice of articles, articles or articles of incorporation, amalgamation, formation or organization, as amended, and its bylaws, as amended, and any shareholder agreement relating to such corporation, (b) with respect to any limited partnership, its certificate of limited partnership or certificate of formation, as amended, and its partnership agreement, as amended, (c) with respect to any general partnership, its partnership agreement, as amended, and (d) with respect to any limited liability company, its articles of organization or certificate of formation, as amended, and its operating agreement, as amended. In the event any term or condition of this Agreement or any other Loan Document requires any Organizational Document to be certified by a secretary of state or similar governmental official, the reference to any such “Organizational Document” shall only be to a document of a type customarily certified by such governmental official.

**“Other Sources”** as defined in Section 10.3(c).

**“Other Taxes”** means any and all present or future stamp, registration, recording, filing, transfer, court or documentary, intangible, excise or property or similar Taxes, fees, charges or similar levies arising from any payment made hereunder or from the execution, delivery, performance, or enforcement or registration of, or otherwise with respect to or in connection with, any Loan Document.

**“P&NG Leases”** means, collectively, any and all documents of title including leases, reservations, permits, licenses, unit agreements, assignments, trust declarations, participation, exploration, farm-out, farm-in, royalty, purchase or other agreements by virtue of which the Borrower or any Credit Party is entitled to explore for, drill for, recover, take or produce Hydrocarbons of any kind whatsoever, or to share in the production or proceeds of production or any part thereof or proceeds of royalty, production, profits or other interests out of, referable to or payable in respect of Hydrocarbons of any kind whatsoever, and the rights of the Borrower or Credit Party (as applicable) thereunder.

“**Participant**” as defined in Section 10.6(f).

“**Participant Register**” as defined in Section 10.6(f).

“**Patriot Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001).

“**PDP Coverage Ratio**” means, as of any date of determination, the ratio of (a) PV10 of Proved Developed Producing Reserves to (b) the sum of (i) Consolidated Total Debt and (ii) without duplication of clause (a) above, all obligations (after giving effect to any netting requirements) under any Swap Agreement that such Person would be required to pay if the Swap Agreement were terminated at such time, in each case, as of such date. Notwithstanding anything to the contrary contained herein, after giving effect to the netting contemplated by clause (ii) above, in no event shall amounts owing to any Credit Party under any Swap Agreement result in a reduction of the obligations referred to in clause (b).

“**Pension Plan**” means a plan or arrangement maintained, sponsored or funded by the Borrower or any Subsidiary or in respect of which the Borrower or any Subsidiary has any liability, contingent or otherwise, in each case, that is or is intended to be a “registered pension plan” as such term is defined in the *Income Tax Act* (Canada).

“**Performance and Financial Covenants**” as defined in Section 6.7.

“**Permitted Encumbrances**” means:

(a) statutory Liens of landlords, operators’, banks (and rights of set off), carriers, warehousemen, mechanics, repairmen, workmen, materialmen, vendors and other similar Liens arising in the ordinary course of business, in each case incurred in the ordinary course of business consistent with past practice (i) for amounts not yet overdue or for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of thirty (30) days) are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts and (ii) in connection with transactions not prohibited by this Agreement;

(b) Liens for taxes, assessments, or other governmental charges or levies and other Liens imposed by law, in each case incurred in the ordinary course of business consistent with past practice for amounts not yet overdue or for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of thirty (30) days) are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts;

(c) easements, rights of way, restrictions, encroachments, and other minor defects or irregularities in title, in each case which do not and will not (i) operate to reduce any net revenue interest of the applicable Credit Party or Subsidiary in the affected Oil and Gas Properties, (ii) increase any working interest of the applicable Credit Party or Subsidiary in the affected Oil and Gas Properties without a proportionate increase in the corresponding net revenue interest of such Credit Party or Subsidiary or (iii) otherwise interfere in any material respect with the value or use of the property to which such Lien is attached or with the ordinary conduct of the business of the Credit Parties or Subsidiary;

(d) Liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of oil and gas properties or related production or

processing facilities as security in favour of any other Person conducting the development or operation of the property to which such Liens relate for the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent or if due or delinquent, any Liens which are being contested in good faith by appropriate proceedings, if such reserve as may be required by GAAP shall have been made therefor;

(e) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by any Credit Party or Subsidiary in the ordinary course of business, consistent with the past practices of such Credit Party or Subsidiary and as customary in the oil and gas industry, but only to the extent otherwise permitted hereunder;

(f) Liens arising under operating agreements, unitization and pooling agreements and orders, in each case that are (i) customary in the oil, gas and mineral production business, (ii) entered into in the ordinary course of business and that are taken into account in computing the net revenue interests and working interests of any Credit Party or Subsidiary warranted in the Collateral Documents, to the extent that such Liens do not materially impair the use of the Property covered by such Lien for the purposes for which such Property is held by such Credit Party or Subsidiary; and (iii) Liens permitted by this Agreement;

(g) judgment and attachment Liens not giving rise to an Event of Default, provided that any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired and no action to enforce such Lien has been commenced;

(h) undetermined or inchoate Liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law or in respect of which no steps or proceedings to enforce such Lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, any Liens which are being contested in good faith by appropriate proceedings, if such reserve as may be required by GAAP shall have been made therefor;

(i) any Lien or trust arising in connection with worker's compensation, employment insurance, pension and employment law;

(j) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

(k) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title; and

(l) Liens granted to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of the Credit Parties, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of the Credit Parties, taken as a whole;

provided that the Liens described in clauses (a), (b) and (d) shall remain "Permitted Encumbrances" only for so long as no action to enforce such Lien has been commenced, and provided further that no intention to subordinate the First Priority Lien granted in favor of the Administrative Agent and the Lenders is to be hereby implied or expressed by the permitted existence of any Permitted Encumbrance.

“**Permitted Liens**” means each of the Liens permitted pursuant to Section 6.2.

“**Permitted Recipients**” as defined in Section 10.16.

“**Person**” means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, Joint Ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Authorities.

“**Portfolio Company**” means any entity engaged in oil and/or natural gas exploration and development in which the Administrative Agent, any Lender or any of their respective Affiliates has made an investment.

“**PPSA**” means the *Personal Property Security Act* (Alberta) (or any similar or equivalent legislation as in effect in any applicable jurisdiction).

“**Prepayment Offer**” as defined in Section 2.11(f).

“**Pro Forma Balance Sheet**” as defined in Section 4.7.

“**Pro Rata Share**” means with respect to all payments, computations and other matters relating to the Loans of any Lender, the percentage obtained by dividing (a) the Exposure of that Lender, by (b) the aggregate Exposure of all Lenders.

“**Probable Reserves**” has the meaning assigned such term in the COGE Handbook.

“**Projections**” as defined in Section 4.8.

“**Property**” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, Cash, securities, accounts and contract rights.

“**Proposed Borrowing Date**” as defined in Section 2.4(b).

“**Proved Developed Non-Producing Reserves**” has the meaning assigned such term in the COGE Handbook.

“**Proved Developed Producing Reserves**” has the meaning assigned such term in the COGE Handbook.

“**Proved Reserves**” has the meaning assigned such term in the COGE Handbook.

“**Proved Undeveloped Reserves**” has the meaning assigned such term in the COGE Handbook.

“**PV10**” means, in respect of either of the Proved Developed Producing Reserves or the Proved Reserves, respectively, of any Credit Party’s Oil and Gas Properties, the net present value of future cash flows (discounted at ten percent (10%) per annum) as calculated and set forth in a Reserve Report prepared by an Approved Petroleum Engineer, and where applicable, as adjusted by management in accordance with NI 51-101 for additions to reserves and depletion or sale of reserves since the date of such reserve report.

“**Purchase Money Security Interest**” has the meaning as set forth in the PPSA.

**“Quarterly Date”** means the last day of each Fiscal Quarter and if such day is not a Business Day, then the immediately preceding Business Day before the last day of such Fiscal Quarter.

**“Real Property Facility”** means any real property (including all buildings, fixtures or other improvements located thereon but excluding the Oil and Gas Properties) now, hereafter or heretofore owned, leased, operated or used by the Borrower or any of its Subsidiaries.

**“Recipient”** as defined in Section 10.16.

**“Register”** as defined in Section 2.7(b).

**“Related Fund”** means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans or similar instruments and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor. With respect to Cibolo, Related Fund shall also include any swap, special purpose vehicles purchasing or acquiring security interests in collateralized loan obligations or any other vehicle through which Cibolo may leverage its investments from time to time.

**“Related Parties”** means, with respect to any Person, such Person’s Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

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

**“Requisite Lenders”** means, at any time, Lenders holding in the aggregate greater than fifty percent (50%) of the sum of (A) the aggregate amount of Commitments of all Lenders as of such date and (B) the then aggregate outstanding principal balance of the Loans.

**“Reserve Report”** means each report setting forth the estimates of Proved Reserves, Probable Reserves and projected production profiles and overall economics of the Credit Parties’ Oil and Gas Properties, together with a projection of the rate of production and future cash flows, prepared by an Approved Petroleum Engineer in accordance with the requirements of NI 51-101 and the COGE Handbook in the case of each annual Reserve Report with an effective date of December 31, and prepared using similar means and methodologies in the case of any internally prepared Reserve Report, provided that such reports shall, in all cases, utilize the Strip Price for the purposes of determining future cash flows associated with the Credit Parties’ Oil and Gas Properties.

**“Responsible Officer”** means any officer within the department of the Administrative Agent administering this matter, including any vice president, assistant vice president, senior associate, assistant secretary, assistant treasurer, trust officer or any other officer of the Administrative Agent who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any such matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Agreement.

**“Restricted Junior Payment”** means (a) any dividend or other distribution, direct or indirect, on account of any Capital Stock of any Credit Party now or hereafter outstanding, except a dividend payable solely in additional shares of that class of Capital Stock to the holders of that class; (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Capital Stock of any Credit Party now or hereafter outstanding; (c) any payment made to retire, or to

obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any Capital Stock of any Credit Party now or hereafter outstanding; (d) any payment of management or similar fees; and (e) any payment or prepayment of principal of, premium, if any, or interest on, or redemption, purchase, retirement, defeasance (including in-substance or legal defeasance), sinking fund or similar payment with respect to, any Indebtedness other than the Obligations.

“**S&P**” means Standard & Poor’s Ratings Group, a division of The McGraw Hill Corporation.

“**Sanctions**” means any economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by the Canadian government (including Global Affairs Canada and Public Safety Canada) or other relevant sanctions authority based upon the obligations or authorities set forth in Anti-Terrorism Laws and the sanctions administered or enforced by OFAC, the U.S. Department of State, the European Union or any other relevant sanctions authority, to the extent such sanctions apply to the relevant Credit Party.

“**Secured Parties**” means the “Secured Creditors” as defined in the Demand Debenture.

“**Securities Account**” means any “securities account” as defined in the *Securities Transfer Act* (Alberta).

“**Shares**” means Capital Stock in the Credit Parties.

“**Solvency Certificate**” means a Solvency Certificate of a Financial Officer substantially in the form of Exhibit F.

“**Solvent**” means, with respect to any Person, that as of the date of determination, both (a) (i) the sum of such Person’s and its consolidated Subsidiaries’ debt and liabilities (including contingent liabilities) does not exceed the fair saleable value of such Person’s and its consolidated Subsidiaries’ present assets; (ii) such Person’s capital is not unreasonably small in relation to its business as contemplated on the Closing Date and reflected in the Projections or with respect to any transaction contemplated or undertaken after the Closing Date; and (iii) such Person has not incurred and does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (b) such Person is “solvent” within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances or under any Insolvency Legislation. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that could reasonably be expected to become an actual or matured liability.

“**Strip Price**” shall mean, at any time, (a) for the remainder of the current calendar year, the average NYMEX Pricing for the remaining contracts in the current calendar year, (b) for each of the succeeding four complete calendar years, the average NYMEX Pricing for the twelve months in each such calendar year, and (c) for the succeeding fifth complete calendar year, and for each calendar year thereafter, the average NYMEX Pricing for the twelve months in such fifth calendar year, in each case, discounted by 5%.

“**Subsidiary**” means, with respect to any Person, any corporation, partnership, limited liability company, association, Joint Venture or other business entity the accounts of which would be consolidated with those of such Person in such Person’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, limited liability company, association, Joint Venture or other business entity of which more than fifty

percent (50%) of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided, in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a “qualifying share” of the former Person shall be deemed to be outstanding.

“**Swap Agreement**” means any transaction (including an agreement with respect thereto) now existing or hereafter entered by any Person which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or other financial measures and whether exchange traded, “over-the-counter” or otherwise.

“**Swap Intercreditor Agreement**” means the intercreditor agreement entered into among the Administrative Agent, the Borrower and each counterparty to a Swap Agreement approved by the Lead Lender.

“**Sweep Payment Date**” as defined in Section 2.9(a).

“**Tax**” means any present or future tax, levy, impost, duty, assessment, charge, fee, deduction or withholding of any nature and whatever called, imposed, levied, collected, withheld or assessed by any Governmental Authority, including any interest, penalties or additional amounts thereon.

“**Tax on the Overall Net Income**” of a Person means any net income, franchise or branch profits Tax imposed on a Person by the jurisdiction in which a Person is organized or in which that Person’s applicable principal office (and/or, in the case of a Lender, its Applicable Office) is located or in which that Person (and/or, in the case of a Lender, its Applicable Office) is deemed to be doing business (other than a jurisdiction in which such Person is treated as doing business as a result of its entering into any Loan Document or its participation in the transactions governed thereby).

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

“**Term Loan Note**” means the promissory notes of the Borrower described in Section 2.3 and being substantially in the form of Exhibit C, together with all amendments, modifications, replacements, extensions and rearrangements thereof.

“**Total Leverage Ratio**” means the ratio as of the last day of any Fiscal Quarter of (a) Consolidated Total Debt as of such date to (b) Consolidated Adjusted EBITDAX for the Fiscal Quarter ending on such date calculated on an annualized basis.

“**Total Proved PV10 Value**” means an amount, based on the Reserve Report most recently delivered hereunder, as of the applicable determination date, equal to the sum of the PV10 value of 100%

of each of (i) the Proved Developed Producing Reserves, (ii) Proved Developed Non-Producing Reserves and (iii) Proved Undeveloped Reserves.

“**Total Proved Reserves Coverage Ratio**” means as of any date of determination, the ratio of (a) the Total Proved PV10 Value to (b) the sum of (i) Consolidated Total Debt and (ii) without duplication of clause (a) above, all obligations (after giving effect to any netting requirements) under any Swap Agreement that such Person would be required to pay if the Swap Agreement were terminated at such time, in each case, as of such date. Notwithstanding anything to the contrary contained herein, after giving effect to the netting contemplated by clause (ii) above, in no event shall amounts owing to any Credit Party under any Swap Agreement result in a reduction of the obligations referred to in clause (b).

“**Transaction Costs**” means the fees, costs and expenses payable by the Credit Parties in connection with the Transactions.

“**Transactions**” means the transactions contemplated by the Loan Documents to occur on the Closing Date.

“**United States Person**” has the meaning in Section 7701(a)(30) of the Internal Revenue Code.

“**U.S.**” means the United States of America.

“**Warrant Share**” means an amount, calculated for each Lender as of the Closing Date, equal to the value ascribed to the Lender Warrants conveyed on the Closing Date multiplied by the ratio of (i) the amount of such Lender’s Exposure as of the Closing Date, to (ii) the aggregate amount of all Loans made on the Closing Date.

**Section 1.3 Accounting Terms.** Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and the Borrower or the Lead Lender shall so request, the Lead Lender and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and the Borrower shall provide to the Administrative Agent and Lenders reconciliation statements requested by the Administrative Agent (acting at the written direction of the Lead Lender) in connection therewith, which reconcile the computations of such financial ratios and requirements from then-current GAAP computations to the computations under GAAP prior to such change. Financial statements and other information required to be delivered by the Borrower to Lenders pursuant to Sections 5.1(a) and 5.1(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation (with the understanding that all monthly and quarterly financial statements shall be subject to the absence of footnotes and to year-end audit adjustments). Subject to the foregoing, calculations in connection with the definitions, covenants and other provisions hereof shall utilize accounting principles and policies in conformity with those used to prepare the historical financial statements of the Borrower and the Pro Forma Balance Sheet.

**Section 1.4 Interpretation, etc.** Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. References herein to a Schedule shall be considered a reference to such Schedule as of the Closing Date. The use herein of the word “include” or “including,” when following any general statement, term or matter, shall not be

construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not no limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. Unless otherwise indicated, any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein).

## **SECTION 2. THE CREDITS**

### **Section 2.1 Loans.**

(a) Subject to the terms and conditions hereof, on the Closing Date, each Lender shall make to the Borrower (so long as all conditions precedent required hereby shall have then been satisfied or waived), Loans in an aggregate principal amount equal to \$10,000,000.

(b) Subject to the terms and conditions hereof, after the Closing Date, each Lender may make additional Loans (in each case, so long as all conditions set forth in Section 3.2 shall have been satisfied) in accordance with their respective Pro Rata Shares from time to time (the “**Additional Term Loans**”); provided that the aggregate amount of all outstanding Initial Term Loans and Additional Term Loans made by any Lender shall not exceed the Commitment of that Lender. The aggregate amount of Additional Term Loans issued pursuant to any Borrowing Request must be greater than or equal to \$1,000,000 or any higher integral multiple of \$100,000 or must equal the amount of the remaining aggregate Commitments.

(c) Amounts borrowed under this Section 2.1 and repaid and prepaid may not be reborrowed.

### **Section 2.2 Commitment Increase.**

(a) Provided no Default or Event of Default exists, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Borrower may request an increase in the Commitments by an amount (the “**Increased Commitment Amount**”) not to exceed \$20,000,000 in the aggregate for all such requests.

(b) Each Lender shall notify the Administrative Agent within such time period whether or not it agrees (in its sole discretion) to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than such Lender’s Pro Rata Share of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment.

(c) The Administrative Agent shall notify the Borrower and each Lender of the Lenders’ responses to each request made hereunder.

(d) If the Commitments are increased in accordance with this Section, the Administrative Agent and the Borrower shall determine the effective date (the “**Commitment Increase Effective Date**”) and the final allocation of such increase. The Administrative Agent shall promptly notify the Borrower and the Lenders of the final allocation of such increase and the Commitment Increase Effective Date.

(e) As a condition precedent to such increase, each Credit Party shall deliver to the Administrative Agent a certificate dated as of the Commitment Increase Effective Date (i) certifying and attaching the resolutions adopted by such Credit Party approving or consenting to such increase, and (ii) in the case of the Borrower, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Section 4 and the other Loan Documents are true and correct in all material respects on and as of the Commitment Increase Effective Date, except to the extent any representation or warranty set forth in this Agreement contains qualifiers such as “material”, “in all material respects,” “except as could not reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect” or similar qualifying language or similar qualifiers, then such representation or warranty shall be true and correct as of the Commitment Increase Effective Date and except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and (B) no Default or Event of Default exists.

**Section 2.3 The Loans.** At the request of a Lender, the Loans made by such Lender shall be evidenced by a Term Loan Note of the Borrower in substantially the form of Exhibit C, dated, in the case of (i) any Lender party hereto as of the date of this Agreement, as of the date of this Agreement or (ii) any Lender that becomes a party hereto pursuant to an Assignment Agreement, as of the effective date of the Assignment Agreement, payable to such Lender in a principal amount equal to its Commitment as in effect on such date, and otherwise duly completed. In the event that such Lender’s Commitment increases or decreases for any reason (whether pursuant to Section 10.6 or otherwise), the Borrower shall deliver or cause to be delivered on the effective date of such increase or decrease, a new Term Loan Note payable to such Lender in a principal amount equal to its Commitment after giving effect to such increase or decrease, and otherwise duly completed. The date, amount, type, interest rate and, if applicable, interest period of each Loan made by such Lender, and all payments made on account of the principal thereof, shall be recorded by such Lender on its books for its Term Loan Note, and, prior to any transfer, may be endorsed by such Lender on a schedule attached to such Term Loan Note or any continuation thereof or on any separate record maintained by such Lender. Failure to make any such notation or to attach a schedule shall not affect any Lender’s or the Borrower’s rights or obligations in respect of such Loans or affect the validity of such transfer by any Lender of its Term Loan Note provided such transfer is otherwise made in accordance with this Agreement.

**Section 2.4 Requests for Borrowings.** To request a Borrowing, other than in connection with Borrowings made available to the Borrower pursuant to Section 2.1, the Borrower shall notify the Administrative Agent of such request in writing twelve (12) Business Days before the Proposed Borrowing Date by hand delivery, telecopy or electronic mail to the Administrative Agent of a duly completed Borrowing Request and signed by the Borrower. Each such written Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.3:

- (a) the aggregate amount of the requested Borrowing;
- (b) the date of such Borrowing, which shall be a Business Day (the "**Proposed Borrowing Date**");
- (c) whether such Borrowing Request is for Initial Term Loans or Additional Term Loans; and
- (d) the location and number of the Borrower’s account to which funds are to be disbursed, which shall comply with the requirements of Section 2.6.

Promptly following receipt of a Borrowing Request in accordance with this Section 2.4, and in any event, within three (3) Business Days, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

**Section 2.5 Funding of Borrowings.** If all conditions precedent to the applicable Borrowing have been met, each Lender shall make each Loan to be made by it hereunder on the Proposed Borrowing Date specified in the applicable Borrowing Request by wire transfer of immediately available funds by 2:00 p.m., Calgary time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. Upon receipt of all funds requested, the Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower and designated by the Borrower in the applicable Borrowing Request in accordance with Section 2.4. The failure of any Lender to make any Loan hereunder shall not relieve any other Lender of its obligation hereunder, if any, to make its respective Loans, but no Lender shall be responsible for the failure of any other Lender to make any Loan hereunder.

**Section 2.6 Use of Proceeds.** The proceeds of the Initial Term Loans may only be used (i) in an amount up to approximately \$11,000,136.42 Canadian Dollars for the repayment in full on the Closing Date of amounts outstanding under the Existing ATB Credit Facility, (ii) to provide working capital, (iii) to fund capital expenditures that are directly tied to projects set forth in the APOD and (iv) to pay financing fees, Transaction Costs and legal costs related to closing of this Agreement and the other Loan Documents since the commencement of negotiations with the Lenders.

**Section 2.7 Evidence of Debt; Register; Lenders' Books and Records; Loans.**

(a) Lenders' Evidence of Debt. Each Lender shall maintain in its internal records an account or accounts evidencing the Obligations of the Borrower to such Lender, including the amounts of the Loans held by such Lender and each repayment and prepayment in respect thereof. The failure to make any such recordation, or any error in such recordation, shall not affect any Obligations in respect of any applicable Loans; and provided, in the event of any inconsistency between the Register and any Lender's records, the recordations in the Register shall govern.

(b) Register. Administrative Agent shall maintain at Administrative Agent's Office a register for the recordation of the names and addresses of Lenders and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The Register shall be available for inspection by the Borrower, and a redacted version of the Register showing the entries with respect to any Lender shall be available for inspection by such Lender, at any reasonable time and from time to time upon reasonable prior notice. Administrative Agent shall record in the Register the Loans, the original principal amount of the Loans, and each repayment or prepayment in respect of the principal amount (and stated interest) of the Loans, and any such recordation shall be conclusive and binding on the Credit Parties, the Administrative Agent and each Lender, absent manifest error; provided, failure to make any such recordation, or any error in such recordation, shall not affect the Credit Parties' Obligations in respect of any Loan. The Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name any Loan shall be registered as the owner and the Lender thereof for all purposes hereof. The Borrower hereby designates the entity serving as the Administrative Agent to serve as the Borrower's non-fiduciary agent solely for purposes of maintaining the Register as provided in this Section 2.7, and the Borrower hereby agrees that, to the extent such entity serves in such capacity, the entity serving as the Administrative Agent and its officers, directors, employees, agents and affiliates shall constitute "**Indemnitees**."

## Section 2.8 Interest; Administrative Agent Fee.

(a) Interest. The principal amount of each Loan shall at all times bear interest at a rate equal to LIBOR plus seven and one-half percent (7.50%) per annum (as such amount may be increased from time to time pursuant to Section 2.8(c)), which such amount shall be due and payable in cash in arrears on each Quarterly Date.

(b) Interest Rate Calculations. All interest hereunder shall be computed on the basis of a year of 360 days (and actual days elapsed), unless such computation would exceed the Highest Lawful Rate, in which case interest shall be computed on the basis of a year of 365 days (or 366 days in a leap year). Interest shall accrue on each Loan from and include the date of funding of such Loan pursuant to Section 2.5, but shall exclude the date of payment.

(c) Default Interest. Upon the occurrence and during the continuance of an Event of Default, all amounts owing hereunder shall thereafter and until the first day thereafter upon which there shall be no Event of Default continuing bear interest (including post-petition interest in any proceeding under Insolvency Legislation or other applicable bankruptcy laws, whether or not allowed in such a proceeding) payable in Cash on demand at a rate that is two percent (2.0%) per annum in excess of the interest otherwise payable hereunder with respect to the Loans (the “**Default Rate**”). Payment or acceptance of the Default Rate provided for in this Section 2.8(c) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent or any Lender.

(d) Commitment Fee. On the Closing Date, the Borrower will pay a commitment fee equal to [Closing Date Commitment Fee amount redacted] of the Closing Date Commitments (the “**Closing Date Commitment Fee**”) to the Administrative Agent for the account of each Lender in proportion to its Pro Rata Share of the Closing Date Commitments. In connection with any increase in the Commitments pursuant to Section 2.2, the Borrower will pay an additional commitment fee equal to [Increased Commitment Fee amount redacted] of the Increased Commitment Amount (the “**Increased Commitment Fee**” and, together with the Closing Date Commitment Fee, the “**Commitment Fees**”) to the Administrative Agent for the account of each Lender in proportion to its Pro Rata Share of the Increased Commitment Amount.

(e) Administrative Agent Fee. On each anniversary of the Closing Date on which any amount under any Loan Document remains unpaid, the Borrower will pay to the Administrative Agent for its own account, a fee of [Administrative Agent fee amount redacted].

(f) For purposes of the *Interest Act* (Canada), (i) whenever any interest or fee under this Agreement or any other Loan Document is calculated using a rate based on a year of 360 days or 365 days, as the case may be, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 360 days or 365 days, as the case may be, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 360 or 365, as the case may be, (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement or any other Loan Document, and (iii) the rates of interest stipulated in this Agreement and any other Loan Document are intended to be nominal rates and not effective rates or yields.

(g) To the extent permitted by applicable law, the provisions of the *Judgment Interest Act* (Alberta) will not apply to the Loan Documents and each Credit Party expressly

waives such provisions and the application thereof to any proceeding, action or judgment in respect of or relating to the Loan Documents.

### **Section 2.9 Repayment of Loans.**

(a) Excess Cash Sweep. With respect to each Fiscal Quarter ending after December 31, 2017, then on the date that is sixty (60) days after the end of each such Fiscal Quarter (or, in any case, if such date is not a Business Day, the next succeeding Business Day) following such Quarterly Date (each, a “**Sweep Payment Date**”), the Borrower will prepay the Loans in the order set forth in Section 2.12 (together with any amounts due pursuant to Section 2.8 on the principal amount so repaid), by an amount equal to the positive Consolidated Net Funds Flow for the Fiscal Quarter most recently ended. Together with each repayment under this Section 2.9(a), the Borrower shall deliver a certificate from an Authorized Officer setting forth in reasonable detail the calculation of Consolidated Net Funds Flow for the applicable period, substantially in the form of Schedule II on Exhibit D-1. On each Sweep Payment Date, each Lender may waive payment of its Pro Rata Share of the amount required to be prepaid by the Borrower in accordance with the procedures set forth in Section 2.11(f).

(b) Repayment on the Maturity Date. If any principal, interest or other Obligations remain outstanding on the Maturity Date, such amounts will be paid in full by Borrower to the Administrative Agent for the account of the Lenders in immediately available funds on the Maturity Date, together with any amounts required to be paid hereunder (including any applicable MOIC Amount owing due to prior payments) (to be calculated by the Borrower in a Certificate of an Authorized Officer delivered to the Administrative Agent).

**Section 2.10 Voluntary Prepayments.** The Borrower may prepay the Loans on any Business Day in whole or in part (together with any amounts due pursuant to Section 2.8 and Section 2.13(g)) in an aggregate minimum amount equal to (i) if being paid in whole, the Obligations and (ii) if being paid in part, \$1,000,000 and integral multiples of \$100,000 in excess of that amount. All such prepayments shall be made upon not less than two (2) Business Days’ prior written, telephonic, or electronic mail notice, in each case given to the Administrative Agent by 12:00 p.m. (Houston, Texas time) on the date required and, if given by telephone, promptly confirmed in writing to the Administrative Agent. Upon the giving of any such notice, the principal amount of the Loans specified in such notice, together with interest then accrued and unpaid on such principal amount and any MOIC Amount with respect thereto, shall become due and payable on the prepayment date specified therein. Any principal or interest prepaid and MOIC Amount paid pursuant to this Section 2.10(a) shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment. Notwithstanding anything to the contrary contained in this Agreement, the Borrower may rescind any notice of prepayment under Section 2.10 in its sole discretion.

### **Section 2.11 Mandatory Prepayments.**

(a) Asset Sales. On the date of receipt by any Credit Party (or any Affiliate on behalf of such Credit Party) of any Net Asset Sale Proceeds, the Borrower shall prepay the Loans in an aggregate amount equal to such Net Asset Sale Proceeds; provided that Borrower shall have no obligation to prepay the Loans to the extent that such Net Asset Sale Proceeds are attributable to an Asset Sale permitted by Section 6.8. Notwithstanding the foregoing, prepayment of the Loans provided for in this Section 2.11(a) is not a permitted alternative to complying with Section 6.8 herein and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent or any Lender.

(b) Insurance/Condemnation Proceeds. On the date of receipt by any Credit Party (or any Affiliate on behalf of such Credit Party), or the Administrative Agent as loss payee or lender loss payee, or promptly thereafter of any Net Insurance/Condemnation Proceeds, the Borrower shall prepay the Loans in an aggregate amount equal to such Net Insurance/Condemnation Proceeds; provided that (i) so long as no Default or Event of Default shall have occurred and be continuing and (ii) to the extent that the aggregate Net Insurance/Condemnation Proceeds in any Fiscal Year do not exceed \$100,000 and aggregate Net Insurance/Condemnation Proceeds from the Closing Date through the applicable date of determination do not exceed \$250,000, the Borrower shall have the option to invest Net Insurance/Condemnation Proceeds within one hundred eighty (180) days of receipt thereof in long term productive assets of the general type used in the business of the Borrower and shall have given written notice thereof to the Administrative Agent within five (5) Business Days of the date it has received the Net Insurance/Condemnation Proceeds; provided, however, in the event any such Net Insurance/Condemnation Proceeds fail to be so applied within such period or in the event the Borrower determines in good faith that it no longer intends to so apply such Net Insurance/Condemnation Proceeds within such period, the Borrower shall prepay the Loans with all such Net Insurance/Condemnation Proceeds not so applied within one (1) Business Day thereof.

(c) Issuance of Indebtedness. On the date of receipt by any Credit Party (or any Affiliate on behalf of such Credit Party) of any Cash proceeds from the incurrence of any Indebtedness (other than Indebtedness that is permitted hereunder) of such Credit Party, the Borrower shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of such proceeds, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses. Notwithstanding the foregoing, prepayment of the Loans provided for in this Section 2.11(c) is not a permitted alternative to complying with Section 6.1 herein and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent or any Lender.

(d) Extraordinary Receipts. On the date of receipt by any Credit Party (or any Affiliate on behalf of such Credit Party), of any Extraordinary Receipts, the Borrower shall prepay the Loans in an aggregate amount equal to such Extraordinary Receipts; provided that (i) so long as no Default or Event of Default shall have occurred and be continuing and (ii) to the extent that the aggregate Extraordinary Receipts in any Fiscal Year do not exceed \$100,000 and aggregate Extraordinary Receipts from the Closing Date through the applicable date of determination do not exceed \$250,000, the Borrower shall have the option to invest Extraordinary Receipts within one hundred eighty (180) days of receipt thereof in long term productive assets of the general type used in the business of the Borrower and shall have given written notice thereof to the Administrative Agent within five (5) Business Days of the date it has received the Extraordinary Receipts; provided, however, in the event any such Extraordinary Receipts fail to be so applied within such period or in the event the Borrower determines in good faith that it no longer intends to so apply such Extraordinary Receipts within such period, the Borrower shall prepay the Loans with all such Extraordinary Receipts not so applied within one (1) Business Day thereof.

(e) Prepayment Certificate. Concurrently with any prepayment of (or on the date required for prepayment of) the Loans pursuant to Sections 2.11(a)-(d) (determined without giving effect to any extension under Section 2.11(f)) the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer demonstrating the calculation of the amount of the applicable proceeds giving rise to the prepayment, the amount of the applicable

prepayment and the MOIC Amount in respect thereof. In the event that the Borrower shall subsequently determine that the actual amount received exceeded the amount set forth in such certificate, the Borrower shall promptly make an additional prepayment of the Loans in an amount equal to such excess, and the Borrower shall concurrently therewith deliver to the Administrative Agent a certificate of a Financial Officer demonstrating the calculation of such excess.

(f) Lender Right to Waive. Notwithstanding anything in this Agreement to the contrary, each applicable Lender, in its sole discretion, may, but is not obligated to, waive the Borrower's requirements to make any prepayments pursuant to Section 2.9(a) and Sections 2.11(a) - (d) inclusive with respect to such Lender's Pro Rata Share of such prepayment. Upon the dates set forth in Section 2.11(a) - (d), as applicable, for any such prepayment, the Borrower shall notify the Administrative Agent of the amount that is available to prepay the applicable Loans. Promptly after the date of receipt of such notice, the Administrative Agent shall provide written notice (to be prepared by the Borrower) (the "**Prepayment Offer**") to the Lenders of the amount available to prepay the Loans. Any Lender declining such prepayment (a "**Declining Lender**") shall give written notice thereof to the Administrative Agent by 11:00 a.m. Houston, Texas time no later than two (2) Business Days after the date of such notice from the Administrative Agent. Any Lender not responding within such time period shall be deemed to be a Declining Lender. The Borrower shall then prepay the applicable amount to the applicable Lenders within one (1) Business Day after its receipt of notice from the Administrative Agent of the applicable aggregate amount of such prepayment. Amounts remaining after the allocation of accepted amounts with respect to the Prepayment Offer shall be retained by the Borrower.

**Section 2.12 Application of Payments.** Any payment of any Loan made pursuant to Sections 2.8, 2.9, 2.10, or 2.11 shall be applied as follows (except as expressly provided in Sections 2.8 and 2.10, including, but not limited to, giving effect to any waiver of prepayments expressly provided for in such Sections):

first, to pay all unpaid expenses, fees and actual, incurred indemnities of the Administrative Agent due hereunder to the full extent thereof;

second, to pay all unpaid expenses, fees and actual, incurred indemnities of Cibolo due hereunder to the full extent thereof;

third, ratably to pay all unpaid expenses, fees and actual, incurred indemnities due hereunder to the full extent thereof;

fourth, ratably to pay any accrued unpaid interest (including interest at the Default Rate, if any) on any Loan (or other Obligation) until paid in full;

fifth, ratably to pay the MOIC Amount, if any, on the Loans until paid in full (including, for the avoidance of doubt, any MOIC Amount resulting from the payment of principal under clause sixth below);

sixth, to pay the principal amount of all Loans then outstanding until paid in full and any MOIC Amounts (if any);

seventh, ratably to pay any other Obligations then due and payable; and

eighth, to the Borrower.

### **Section 2.13 General Provisions Regarding Payments.**

(a) All payments by the Borrower of principal, interest, fees and other obligations shall be made in Dollars in same day funds, without, recoupment, setoff, counterclaim or other defense, free of any restriction or condition, and delivered to the Administrative Agent not later than 2:00 p.m. (Houston, Texas time) on the date due to the Administrative Agent's Account for the account of Lenders; funds received by the Administrative Agent after that time on such due date shall be deemed to have been paid by the Borrower on the next Business Day.

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

(c) Administrative Agent shall promptly distribute to each Lender at such address as such Lender shall indicate in writing, such Lender's applicable Pro Rata Share of all payments and prepayments of principal and interest due hereunder (except as required to give effect to waivers of prepayments pursuant to Sections 2.9 and 2.11), together with all other amounts due thereto, including all fees payable with respect thereto, to the extent received by the Administrative Agent.

(d) Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest hereunder.

(e) Administrative Agent shall deem any payment by or on behalf of the Borrower hereunder that is not made in same day funds prior to 12:00 p.m. (Houston, Texas time) to be a non-conforming payment. Any such payment shall not be deemed to have been received by the Administrative Agent until the later of (i) the time such funds become available funds, and (ii) the applicable next Business Day. Interest and fees shall continue to accrue on any principal as to which a non-conforming payment is made until such funds become available funds (but in no event less than the period from the date of such payment to the next succeeding applicable Business Day) at the applicable rate determined pursuant to Section 2.8(a) from the date such amount was due and payable until the date such amount is paid in full.

(f) If an Event of Default shall have occurred and be continuing and not otherwise been waived or all or any portion of the Loans shall have been accelerated hereunder, subject to the terms of any Swap Intercreditor Agreement, all payments or proceeds received by the Administrative Agent hereunder in respect of any of the Obligations shall be applied:

first, to pay any costs and expenses then due to the Administrative Agent in connection with the foreclosure or realization upon, the disposal, storage, maintenance or otherwise dealing with any of, the Collateral or otherwise, and indemnities and other amounts then due to the Administrative Agent under the Loan Documents until paid in full,

second, to pay any costs, expenses, indemnities or fees then due to the Administrative Agent under the Loan Documents until paid in full,

third, to pay any costs and expenses then due to Cibolo in connection with the foreclosure or realization upon, the disposal, storage, maintenance or otherwise dealing with any of, the Collateral or otherwise, and indemnities and other amounts then due to Cibolo under the Loan Documents until paid in full;

fourth, ratably to pay any expenses, fees or indemnities then due to Cibolo or any of the Lenders under the Loan Documents, until paid in full,

fifth, ratably to the payment of any accrued interest (including interest at the Default Rate, if any) until paid in full,

sixth, ratably to pay any MOIC Amount until paid in full,

seventh, ratably to pay the principal amount of all Loans then outstanding until paid in full (which such Loans shall be repaid in the order of Borrowing) and any MOIC Amount (if any), and

eighth, ratably to pay any other Obligations then due and payable.

(g) MOIC Amount. Concurrent with the prepayment or repayment of the Loans (whether at maturity or otherwise) or following acceleration of the maturity of the Loans pursuant to the terms hereby, and/or in or in connection with a voluntary or involuntary Insolvency Event or otherwise, the Borrower shall pay to the Administrative Agent, for the benefit of all Lenders the MOIC Amount on the principal amount so prepaid, repaid or due. For the avoidance of doubt, the Obligations shall not be considered extinguished nor shall the Liens on the Collateral be released until the MOIC Amount is paid in full in cash.

Any payment required pursuant to this Section 2.13(g) is in addition to, and not a replacement of any amount paid pursuant to Section 2.8(a). For the avoidance of doubt, this Section 2.13(g) is for the benefit of the Lenders only and is not intended to be the sole remedy for the Borrower's breach of any provision of this Agreement.

The Borrower shall, upon the request of the Administrative Agent or the Lead Lender, deliver to the Administrative Agent and the Lenders, with respect to any payment made hereunder which is required to include the MOIC Amount a certificate of a Responsible Officer certifying the amount of the MOIC Amount included with such prepayment and providing reasonably detailed calculations thereof, in form and substance satisfactory to the Lead Lender.

**Section 2.14 Ratable Sharing.** Except as otherwise expressly contemplated hereunder, Lenders hereby agree among themselves that, except as otherwise provided in the Collateral Documents with respect to amounts realized from the exercise of rights with respect to Liens on the Collateral, if any of them shall, whether by voluntary payment (other than a voluntary prepayment of Loans purchased and applied in accordance with the terms hereof), through the exercise of any right of set off or banker's lien, by counterclaim or cross action or by the enforcement of any right under the Loan Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under the Insolvency Legislation, receive payment or reduction of a proportion of the aggregate amount of principal, interest, fees and other amounts then due and owing to such Lender hereunder or under the other Loan Documents (collectively, the "**Aggregate Amounts Due**" to such Lender) which is greater than the proportion received by any other Lender in respect of the Aggregate Amounts Due to such other Lender, then the Lender receiving such proportionately greater payment shall (a) notify Administrative Agent and each other Lender of the receipt of such payment and (b) apply a portion of such payment to purchase Loans (which it shall be deemed to have purchased from each seller of a Loan simultaneously upon the receipt by such seller of its portion of such payment) in the ratable Aggregate Amounts Due to the other Lenders so that all such recoveries of Aggregate Amounts Due shall be shared by all Lenders in proportion to the Aggregate Amounts Due to them; provided, if all or part of such proportionately greater payment received by such purchasing Lender is thereafter recovered from such Lender upon the

bankruptcy or reorganization of the Borrower or otherwise, those purchases to that extent shall be rescinded and the purchase prices paid for such Loans shall be returned to such purchasing Lender ratably to the extent of such recovery, but without interest. The Borrower expressly consents to the foregoing arrangement and agrees that any Lender of a Loan so purchased may exercise any and all rights of banker's lien, set off or counterclaim with respect to any and all monies owing by the Borrower to that Lender with respect thereto as fully as if that Lender were owed the amount of the Loan held by that Lender.

**Section 2.15 Increased Costs.** In the event that the Administrative Agent or Lender shall determine (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that any Governmental Requirement (including any Change in Law), or any change therein or in the interpretation, administration or application thereof (including the introduction of any new law, treaty or governmental rule, regulation or order), or any determination of a court or Governmental Authority (including any Change in Law), in each case that becomes effective after the date hereof, or compliance by the Administrative Agent or such Lender with any guideline, request or directive issued or made after the date hereof by any central bank or other Governmental Authority or quasi-Governmental Authority (whether or not having the force of law): (a) subjects such Agent or Lender (or its Applicable Office) to any additional Tax (other than any Tax on the Overall Net Income of such Agent or Lender) with respect to this Agreement or any of the other Loan Documents or any of its obligations hereunder or thereunder or any payments to such Lender (or its Applicable Office) of principal, interest, fees or any other amount payable hereunder or its deposits, reserves or capital attributable thereto; (b) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of the Administrative Agent or such Lender; or (c) imposes any other condition (other than with respect to a Tax matter) on or affecting the Administrative Agent or such Lender (or its Applicable Office) or its obligations hereunder; and the result of any of the foregoing is to increase the cost to such Lender of agreeing to purchase, purchasing or maintaining Loans hereunder or to reduce any amount received or receivable by the Administrative Agent or such Lender (or its Applicable Office) with respect thereto; then, in any such case, Borrower shall promptly pay to the Administrative Agent or such Lender, upon thirty (30) days of receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as the Administrative Agent or such Lender in its sole discretion shall determine) as may be necessary to compensate the Administrative Agent or such Lender for any such increased cost or reduction in amounts received or receivable hereunder. The Administrative Agent or such Lender shall deliver to Borrower (with a copy to the Administrative Agent, as applicable) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to the Administrative Agent or such Lender under this Section 2.15 which statement shall be conclusive and binding upon all parties hereto absent manifest error. Notwithstanding the foregoing, the Borrower shall not be obligated to pay any amount or additional amounts contemplated by this Section 2.15 if the Administrative Agent or the applicable Lender is not generally collecting amounts which are equivalent thereto from other borrowers in similar circumstances to the Borrower where it is contractually entitled to do so.

**Section 2.16 Taxes; Withholding, etc.**

(a) Payments to Be Free and Clear. Any and all sums payable by or on account any obligation of any Credit Party hereunder and under the Loan Documents shall be paid free and clear of, and without any deduction or withholding for any Taxes, except as required by Applicable Law. If any Credit Party or the Administrative Agent is required by Applicable Law to make any deduction or withholding for or on account of any Tax from any sum paid or payable

under any of the Loan Documents: (i) the Borrower shall notify Administrative Agent of any such requirement or any change in any such requirement as soon as the Borrower becomes aware of it; (ii) the Borrower or the Administrative Agent shall be entitled to make such deduction or withholding and shall pay (or cause to be paid) any such Tax to the relevant Governmental Authority before the date on which penalties attach thereto; (iii) the sum payable by such Credit Party in respect of which the relevant deduction or withholding is required shall be increased to the extent necessary to ensure that after any such deduction or withholding, Administrative Agent or such Lender, as the case may be, and each of their Tax Related Persons receives on the due date a net sum equal to what it would have received had no such deduction or withholding been required; and (iv) within thirty (30) days after making any such deduction or withholding, the Borrower shall deliver to the Administrative Agent evidence satisfactory to the other affected parties of such deduction or withholding and of the remittance thereof to the relevant taxing or other authority; provided, no additional amount shall be required to be paid to any Lender under this Section 2.16(a) (including, without limitation, clause (iii) above to the extent and/or in respect of or with respect to (to the extent applicable), and otherwise with any of the following excluded from a gross-up; (A) any Tax withholding or deduction requirement that is a Tax on the Overall Net Income of the Lender or any other Person, (B) any Tax withholding or deduction requirement that is a withholding Tax imposed under FATCA, (C) any Tax that would not have been imposed on a Lender but for the existence of a connection between such Lender (or any Lender Affiliate) and the jurisdiction imposing such Tax (other than a connection arising principally by virtue of such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement; and (D) any Tax that is attributable to and/or results from a Lender's failure to comply with the requirements of Section 2.16(d). Any and all amounts that are refunded to or recovered (whether by the Borrower, any Lender, the Administrative Agent or any other Person) in connection with and/or in respect of any Tax (including any gross-up) paid or borne by the Borrower as contemplated by Section 2.15(a), any Other Taxes paid or borne by any Credit Party contemplated by Section 2.15(b), or any Tax (including any gross-up) for which the Borrower has made, or is liable to make, indemnification as contemplated by Section 2.15(c), shall be for the sole account of the Borrower.

(b) Other Taxes. In addition, the Credit Parties shall timely pay all Other Taxes to the relevant Governmental Authorities in accordance with Applicable Law. The Credit Parties shall deliver to the Administrative Agent official receipts or other evidence of such payment reasonably satisfactory to the Lead Lender in respect of any Taxes or Other Taxes payable hereunder promptly after payment of such Taxes or Other Taxes.

(c) Indemnification. The Credit Parties shall indemnify Administrative Agent and each Lender, within thirty (30) days after written demand therefor, for the full amount of any Taxes paid or incurred by the Administrative Agent or such Lender, or their respective Tax Related Persons where the Administrative Agent or such Lender would otherwise be subject to indemnification under this Section 2.16(c), as the case may be (including any Taxes imposed or asserted on or attributable to amounts payable under this Section 2.16(c)), relating to, arising out of, or in connection with any Loan Document or any payment or transaction contemplated hereby or thereby, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority and all reasonable costs and expenses incurred in enforcing the provisions of this Section 2.16; provided, however, that the Credit Parties shall not be required to indemnify Administrative Agent and Lenders for (i) any Taxes that would be excluded from a gross-up under Section 2.16(a), (ii) in duplication of Taxes covered by Sections 2.16(a) or (b), or (iii) any Tax on the Overall Net Income of the Administrative Agent or the Lenders (or any Tax Related Person), other than in the case of (A) any matters addressed in Section 2.16(c) and any indemnification therefor, and (B) any payments of expenses and costs made pursuant to this

Section 2.16(c). Notwithstanding the foregoing, any indemnification under this Section 2.16(c) shall be made on an after-Tax basis, such that after all required deductions and payments of all Taxes (including any Tax on the Overall Net Income applicable to amounts covered by this Section 2.16(c)(iii)(A) or (B)), Administrative Agent, the Lenders and each of their respective Tax Related Persons receives and retains an amount equal to the sum it would have received and retained had it not paid or incurred or been subject to such Taxes or expenses and costs. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Lender Documentation. A Lender that is (and/or would be) entitled to an exemption from or reduction of non-U.S. withholding or other Tax under the law of the jurisdiction in which the Borrower is located or to which the Borrower is subject, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate; provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or submission would not materially prejudice the legal or commercial position of such Lender.

(e) Additional FATCA. If a payment made to or for the benefit of a Lender under this Agreement would be subject to United States federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including, without limitation, those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower, at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrower, such documentation prescribed by Applicable Law (including, without limitation, as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.(f) To the extent that Taxes paid by, and/or for which any Credit Party is indemnified by, the Borrower have been or is able to be utilized by the Administrative Agent or the Lender (and/or any of their direct or indirect partners, members, shareholders and/or other beneficial owners), whether as credits and/or deductions, to reduce its or their Tax liabilities, the Administrative Agent or such Lender shall pay to the Borrower, an amount equal to such reduction obtained to the extent of such increased amounts paid by such Borrower to the Administrative Agent or the Lender as aforesaid; provided, that the Borrower, upon the request of the Administrative Agent or the Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event such Governmental Authority determines that the Administrative Agent or such Lender was not entitled to such credit or deduction.

**SECTION 3.  
CONDITIONS PRECEDENT**

**Section 3.1 Closing Date.** The obligations of the Lenders to make the Initial Term Loan hereunder shall not become effective unless each of the following conditions is satisfied (or waived in accordance with Section 10.5) on or before the Closing Date:

(a) Loan Documents. The Administrative Agent and the Lead Lender shall have received sufficient copies of each Loan Document originally executed and delivered by the Borrower.

(b) Organizational Documents; Incumbency. The Administrative Agent and the Lead Lender shall have received (i) sufficient copies of each Organizational Document of the Borrower, for each Lender, each dated the Closing Date or a recent date prior thereto; (ii) signature and incumbency certificates of the officers of the Borrower executing the Loan Documents; (iii) resolutions of the board of directors the Borrower approving and authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party or by which it or its assets may be bound as of the Closing Date, certified as of the Closing Date by an Authorized Officer as being in full force and effect without modification or amendment; (iv) a good standing certificate for the Borrower from the applicable Governmental Authority in such Person's jurisdiction of incorporation, organization or formation and in each jurisdiction in which such Person is qualified as a foreign corporation or other entity to do business, each dated a recent date prior to the Closing Date; and (v) such other Organizational Documents as any Lender may request.

(c) Reserve Report. The Administrative Agent and the Lead Lender shall have received a copy of the Reserve Report dated effective as of December 31, 2016 prepared by an Approved Petroleum Engineer.

(d) Title to Oil and Gas Properties. The Administrative Agent and the Lead Lender shall have received title information as the Lenders may require, reasonably satisfactory to the Lead Lender, setting forth the status of title to the Oil and Gas Properties.

(e) Governmental Authorizations and Consents. The Borrower has obtained all Governmental Authorizations and all consents of other Persons, in each case that are necessary or advisable in connection with the transactions contemplated by the Loan Documents, and each of the foregoing shall be in full force and effect and in form and substance satisfactory to the Administrative Agent and the Lead Lender. All applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose adverse conditions on the transactions contemplated by the Loan Documents and no action, request for stay, petition for review or rehearing, reconsideration, or appeal with respect to any of the foregoing shall be pending, and the time for any applicable agency to take action to set aside its consent on its own motion shall have expired.

(f) First Priority Lien on Oil and Gas Properties. In order to create in favor of the Administrative Agent, for the benefit of the Lenders, a valid and, subject to any filing and/or recording referred to herein, perfected First Priority security interest (subject only to Permitted Liens) on all Oil and Gas Properties, Administrative Agent shall have received all items listed on Schedule 3.1(f).

(g) Lender Warrants. The Administrative Agent and the Lead Lender shall have

received a duly executed copy of each Lender Warrant.

(h) Swap Agreements. The Administrative Agent and the Lead Lender shall be reasonably satisfied with the Borrower's proposed hedging program and form and substance and terms of any Swap Agreements that the Borrower proposes to enter into, which shall be at the strike prices, quantities and notional volumes and for the duration set forth on Schedule 4.26.

(i) Control Agreements. The Administrative Agent and the Lead Lender shall have received a duly executed Control Agreement covering each Deposit Account or Securities Account of the Borrower.

(j) Environmental Reports. The Administrative Agent and the Lead Lender shall be reasonably satisfied with the environmental condition of the Oil and Gas Properties and shall have received reports and other information, in form, scope and substance reasonably satisfactory to the Lead Lender, regarding environmental matters relating to the Oil and Gas Properties.

(k) Evidence of Insurance. The Administrative Agent and the Lead Lender shall have received a certificate from the Borrower's insurance broker or other evidence satisfactory to it that all insurance required to be maintained pursuant to Section 5.5 is in full force and effect, together with all other endorsements and other requirements set forth in Section 5.5.

(l) Opinions of Counsel to the Borrower. The Administrative Agent and the Lead Lender and its respective counsel shall have received executed copies of the favorable written opinion of (i) Burnet, Duckworth & Palmer LLP, as Alberta counsel to the Borrower, (ii) Harper Grey LLP, as British Columbia counsel to the Borrower; and (iii) Carter Ledyard & Milburn LLP, as New York counsel to the Borrower, in each case, covering such matters as the Lenders may request and otherwise in form and substance reasonably satisfactory to the Administrative Agent and the Lenders (and the Borrower hereby instructs such counsel to deliver such opinions to the Administrative Agent and the Lenders).

(m) Expenses. The Borrower shall have paid to the Administrative Agent and each Lender all amounts payable pursuant to Section 10.2.

(n) Solvency Certificate. On the Closing Date, Administrative Agent and the Lead Lender shall have received a Solvency Certificate from the Borrower dated as of the Closing Date and addressed to Lenders, and in form, scope and substance reasonably satisfactory to the Administrative Agent and the Lenders, with a pro forma balance sheet attached demonstrating that after giving effect to the consummation of the Transactions, the Borrower is and will be Solvent.

(o) Closing Date Certificate. The Borrower shall have delivered to the Administrative Agent and the Lead Lender an originally executed Closing Date Certificate, together with all attachments thereto.

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

(q) Due Diligence. The Administrative Agent shall have received, and satisfactorily completed its review of, all due diligence information regarding the Borrower as it shall have requested, including without limitation, information regarding litigation, tax matters, accounting matters, insurance matters, labor matters, pension liability, real estate, material contracts, debt agreements, title, property ownership, contingent liabilities and other legal matters.

(r) No Material Adverse Effect. Since the date of the Borrower's most recent pro forma financial statements delivered to the Administrative Agent and the Lead Lender prior to the Closing Date, no event, circumstance or change shall have occurred that has caused or could reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect.

(s) Funds Flow. Administrative Agent and the Lead Lender shall have received at least two (2) days prior to the Closing Date a funds flow memorandum, in form and substance reasonably satisfactory to the Administrative Agent and the Lead Lender.

(t) Operating Account. The Borrower shall have established at its expense (i) the Operating Account in accordance with Section 7.1.

(u) Liabilities. The Administrative Agent and the Lead Lender shall be reasonably satisfied with the potential plugging and abandonment liabilities associated with the Borrower's Oil and Gas Properties, including, without limitation, the bonding or collateralization obligations of the Borrower.

(v) Pro Forma Balance Sheet. The Administrative Agent and the Lead Lender shall have received the Pro Forma Balance Sheet.

(w) APOD. The Administrative Agent and the Lead Lender shall have received and approved the APOD.

(x) Swap Intercreditor Agreement. The Borrower, the Administrative Agent, the Lead Lender and a counterparty to a Swap Agreement reasonably acceptable to the Lead Lender shall have executed a Swap Intercreditor Agreement, in form and substance satisfactory to the Lenders.

(y) Accounting Systems and Financial Controls. The Administrative Agent and the Lead Lender shall be satisfied with the Borrower's accounting systems and financial controls.

(z) Other Indebtedness.

(i) The Administrative Agent and the Lead Lender shall have received satisfactory evidence that all conditions for the termination of the Existing ATB Credit Facility and the discharge and repayment of obligations thereunder shall have been satisfied, other than payment of the amounts outstanding thereunder, which shall be simultaneously paid with the proceeds of the Initial Term Loans.

(ii) The Administrative Agent and the Lead Lender shall be satisfied that the Borrower has no outstanding Indebtedness except for Indebtedness permitted pursuant to Section 6.1 and the Borrower shall not be in default with respect to such Indebtedness.

(aa) Know Your Customer: Background Checks. The Administrative Agent and the Lead Lender shall have received, and be reasonably satisfied in form and substance with, (i) all documentation and other information required by bank regulatory authorities under applicable “know-your-customer”, anti-money laundering rules and regulations and pursuant to Anti-Terrorism Laws, including but not restricted to the USA Patriot Act (including, without limitation, a IRS Form W-9 duly completed and executed by the Borrower) and (ii) background and credit checks for each of Don Simmons and Ian Duncan.

(bb) Lender Approvals. Each Lender shall have received all necessary approvals from its investment committee or similar body which may approve such Lender’s participation in the transactions contemplated by this Agreement.

(cc) Other Conditions. Borrower shall have complied with such other conditions as the Administrative Agent and the Lead Lender shall require.

**Section 3.2 Each Credit Event.** The obligation of each Lender to make an Additional Term Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) At the time the applicable Borrowing Request is delivered to the Administrative Agent and after giving effect to such Borrowing (i) no Default (other than a Default arising solely from a failure of the Borrower to deliver to the Administrative Agent and/or the Lenders information or reports required by Section 5.1 within five (5) Business Days of the later of the date on which (x) the Borrower first has knowledge that such Default has occurred and (y) the Administrative Agent (acting at the written direction of the Lead Lender) or the Lead Lender shall have delivered notice that such Default has occurred) or Event of Default shall have occurred and be continuing, and (ii) the Borrower shall be in compliance, on a pro forma basis after giving effect to such Borrowing, with the covenants in Section 6.7(d) (a reasonably detailed calculation of such compliance to be attached to the Borrowing Request).

(b) No event, circumstance or change shall have occurred or shall occur after giving effect to such Borrowing that has caused or could reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect.

(c) The representations and warranties of the Borrower and the other Credit Parties, if any, set forth in this Agreement and in the other Loan Documents shall be true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty shall be true and correct in all respects) at the time a Borrowing Request is delivered to the Administrative Agent and after giving effect to such Borrowing, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date of such Borrowing such representations and warranties shall continue to be true and correct in all material respects as of such specified earlier date (unless already qualified by materiality or Material Adverse Effect in which case such applicable representation and warranty shall continue to be true and correct in all respects as of such earlier date).

(d) The making of such Loan would not conflict with, or cause any Lender to violate or exceed, any applicable Governmental Requirement, and no litigation shall be pending or threatened, which does or, with respect to any threatened litigation, seeks to, enjoin, prohibit or restrain, the making or repayment of any Loan or the consummation of the transactions contemplated by this Agreement or any other Loan Document.

(e) The receipt by the Administrative Agent of a Borrowing Request in accordance with Section 2.3.

(f) The Administrative Agent and the Lenders shall have received all fees and other amounts due and payable on the date of such Borrowing that occurs after the Closing Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower or other Credit Parties hereunder.

#### **SECTION 4. REPRESENTATIONS AND WARRANTIES**

In order to induce the Administrative Agent and Lenders to enter into this Agreement and to purchase their respective Loans, each Credit Party represents and warrants to the Administrative Agent and each Lender, on the Closing Date and each date that a request for a Borrowing is made that the following statements are true and correct:

**Section 4.1 Organization; Requisite Power and Authority; Qualification.** Each Credit Party (a) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization as identified in Schedule 4.1, (b) has all requisite power and authority, and has all material governmental licenses, authorizations, consents and approvals necessary, to own and operate its Properties, to carry on its business as now conducted, and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby and, in the case of the Borrower, to make the borrowings hereunder, and (c) is qualified to do business and in good standing in every jurisdiction where its assets are located and wherever necessary to carry out its business and operations as now conducted, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect.

**Section 4.2 Capital Stock and Ownership.** The Capital Stock of each of Credit Party has been duly authorized and validly issued. Other than in the case of options to purchase common shares of the Borrower that are outstanding from time to time under the Borrower's stock option plan, as of the Closing Date and prior to the issuance of the Lender Warrants there is no existing option, warrant, call, right, commitment or other agreement to which any Credit Party is a party requiring, and there is no other Capital Stock of any Credit Party outstanding which upon conversion or exchange would require, the issuance by any Credit Party of any additional shares or other Capital Stock of any Credit Party or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase, a membership interest or other Capital Stock of any Credit Party. Schedule 4.2 sets forth a true, complete and correct list as of the Closing Date, both before and after giving effect to the Transactions, of the name of each Credit Party and indicates for each such Person its ownership (by holder and percentage interest) and the type of entity of each of them, and the number and class of authorized and issued Capital Stock of such Person. Except as set forth on Schedule 4.2, as of the Closing Date, no Credit Party has any equity investments in any other corporation or entity.

**Section 4.3 Due Authorization.** The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary corporate, limited liability company or partnership (as applicable) action and, if required, shareholder, member and/or partner action, on the part of each Credit Party that is a party thereto.

**Section 4.4 No Conflict.** The execution, delivery and performance by each of the Credit Parties of the Loan Documents to which such Credit Party is a party do not and will not (a) violate in any material respect any provision of any Governmental Requirement applicable to, or any of the Organizational Documents of, any Credit Party; (b) conflict with, result in a material breach of or

constitute (with due notice or lapse of time or both) a material default under any Contractual Obligation of any Credit Party other than with respect to agreements evidencing Indebtedness that is being repaid in full on the Closing Date; (c) result in or require the creation or imposition of any Lien upon any of the properties or assets of any Credit Party (other than any Liens created under any of the Loan Documents in favor of the Administrative Agent, on behalf of the Lenders and other Permitted Liens); (d) result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to any Credit Party's operations or any of its properties or (e) require any approval of shareholders, members or partners or any approval or consent of any Person under any Contractual Obligation of any Credit Party except for such approvals or consents which will be obtained on or before the Closing Date and disclosed in writing to the Administrative Agent and the Lenders and those third party approvals customarily obtained after the closing of an acquisition of Oil and Gas Properties.

**Section 4.5 Governmental Consents.** Except as set forth on Schedule 4.5, the execution, delivery and performance by each of the Credit Parties of the Loan Documents to which they are parties and the consummation of the Transactions do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority with respect to a Credit Party, except for (a) filings and recordings with respect to the Collateral to be made, or otherwise delivered to the Administrative Agent and the Lenders for filing and/or recordation, as of the Closing Date, (b) filings necessary to maintain perfection of the Collateral, (c) routine filings related to such Credit Party and the operating of its business, and (d) such filings as may be necessary in connection with Administrative Agent's or the Lenders' exercise of remedies hereunder.

**Section 4.6 Binding Obligation.** Each Loan Document has been duly executed and delivered by each Credit Party (or Affiliate of such Person) that is a party thereto and is the legally valid and binding obligation of such Person, enforceable against such Person in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability (whether enforcement is sought in equity or at law).

**Section 4.7 Financial Information.** The unaudited pro forma balance sheet of the Borrower as of June 30, 2017 (including the notes thereto) (the "**Pro Forma Balance Sheet**"), copies of which have heretofore been furnished to each Lender, has been prepared giving effect (as if such events had occurred on such date) to (a) the Closing Date Transactions, (b) the Loans to be made on the Closing Date and (c) the payment of fees and expenses in connection with the foregoing. The Pro Forma Balance Sheet has been prepared based on the best information available to the Borrower as of the date of delivery thereof, and presents fairly, in all material respects, on a pro forma basis the estimated financial position of the Borrower as of June 30, 2017, assuming that the events specified in the preceding sentence had actually occurred at such date (it being understood that projections and estimates are subject to significant uncertainties and contingencies, that no assurances can be given that any projections will be attained and that variances from actual results may be material). As of the Closing Date, the Borrower has no contingent liability or liability for taxes, long term lease or unusual forward or long term commitment including under any farm-in, exploration or other development agreement, except as referred to or reflected in or provided for in the Borrower's most recent pro forma financial statements delivered to the Administrative Agent and the Lenders. All material obligations of the Borrower to make capital expenditures to drill or otherwise develop any Oil and Gas Properties have been disclosed to the Lenders.

**Section 4.8 Projections.** On and as of the Closing Date, the projections of the Credit Parties for the period from July 1, 2017 through and including June 30, 2020, including monthly projections for each month during the Fiscal Year in which the Closing Date takes place and on an annual basis thereafter (the "**Projections**") are based on good faith estimates and assumptions made by the

management of the Borrower and, as of the Closing Date, the management of the Borrower believed that the Projections were reasonable. The Administrative Agent and the Lenders hereby acknowledge and agree that it shall not constitute a breach of this Section 4.8 solely if the actual results of the Credit Parties vary or differ from those contained in the Projections.

**Section 4.9 No Change in Course.** Except as reflected on Schedule 4.9, since the date of the Borrower's most recent pro forma financial statements delivered to the Lenders prior to the Closing Date, the business of the Credit Parties has been conducted only in the ordinary course consistent with past business practices.

**Section 4.10 No Restricted Junior Payments.** Except as reflected on Schedule 4.10, since December 31, 2016, neither the Borrower nor any of its Subsidiaries or any Affiliate has directly or indirectly declared, ordered, paid or made, or set apart any sum or property for, any Restricted Junior Payment or agreed to do so except as permitted pursuant to Section 6.4.

**Section 4.11 Adverse Proceedings, etc.** Except as reflected on Schedule 4.11, there are no Adverse Proceedings, individually or in the aggregate, which if adversely determined could result in a Material Adverse Effect. No Credit Party (a) is in violation of any Governmental Requirement of any Governmental Authority (including Environmental Laws) that, individually or in the aggregate, could result in a Material Adverse Effect, or (b) is subject to or in default with respect to any final judgments, writs, or injunctions, rules, regulations or decrees of any Governmental Authority, domestic or foreign, that relate to any Loan Document or any of the Transactions.

**Section 4.12 Payment of Taxes.** Except as reflected on Schedule 4.12, all federal, provincial and other material tax returns, reports, forms and other documents required by Applicable Law to be filed in respect of Taxes of each Credit Party have been timely filed and are true, correct and complete in all material respects, and all federal and other material Taxes shown on such tax returns to be due and payable and all material Taxes, assessments, reassessments, fees and other governmental charges upon any Credit Party and upon their respective properties, assets, income, businesses and franchises which are due and payable have been paid when due, except (a) those which are being actively contested by such Person in good faith and by appropriate proceedings, which are reflected on Schedule 4.12 to the extent in existence on the Closing Date and (b) for which the Borrower has set aside on its books adequate reserves in accordance with GAAP. No Liens for Taxes have been filed and, to the knowledge of the Borrower, no claim is being asserted with respect to any such Tax or other such governmental charge. No claims or investigations are being, or are reasonably likely to be, made or conducted against any Credit Party with respect to Taxes.

**Section 4.13 Properties.**

(a) Title.

(i) Each Credit Party has good and valid title to its Oil and Gas Properties and good title to all its Properties (or a valid leasehold interest with respect to all leasehold interests in other real or personal Property), in each case, free and clear of all Liens other than Permitted Liens. The ownership of such Properties shall not obligate such Credit Party to bear the costs and expenses relating to the maintenance, development and operations of each such Property in an amount in excess in any material respect of its working interest in each Property set forth in the most recently delivered Reserve Report (or internally generated engineering data) that is not offset by a corresponding proportionate increase in such Credit Party's net revenue interest in such Property, other than excesses (A) relating to customary provisions of operating agreements requiring

parties thereto to pay the operator the share of costs of a defaulting party, (B) resulting from the acquisition of the interest of any non-participating parties pursuant to customary provisions of participation agreements, development agreements, exploration agreements and joint operating agreements, or (C) required in connection with the drilling of an obligation well or pursuant to a carried interest arrangement.

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

(iii) The rights and Properties presently owned, leased or licensed by each Credit Party including, without limitation, all easements and rights of way, include all rights and Properties reasonably necessary to permit such Credit Party to conduct its business in all material respects in the same manner as its business has been conducted prior to the date hereof.

(iv) Each Credit Party is entitled to charge or pledge its interests in its Property in favor of the Administrative Agent and the Lenders as provided in this Agreement without the need to obtain any consent of or release from any other Person which has not been obtained and such Property is not held in trust by any Credit Party for any Person.

(b) Oil and Gas Properties. Each Credit Party's Oil and Gas Properties (and related facilities) have been maintained, operated and developed in a good and workmanlike manner and in conformity with all Governmental Requirements and in conformity with the provisions of all leases, subleases or other contracts comprising a part of such Credit Party's Hydrocarbon Interests and other contracts and agreements forming a part of such Credit Party's Oil and Gas Properties, except for those as could not be reasonably expected to have a Material Adverse Effect.

(c) Each Credit Party either owns or has valid licenses or other rights to use all databases, geological data, geophysical data, engineering data, seismic data, maps, interpretations and other technical information used or usable in the conduct of its business, subject to the limitations contained in the agreements governing the use of the same, which limitations are customary for companies engaged in the business of the exploration and production of Hydrocarbons, with such exceptions as could not reasonably be expected to have a Material Adverse Effect.

**Section 4.14 Environmental Matters.** Except for such matters as set forth on Schedule 4.14 and that, individually or in the aggregate, have not had and could not reasonably be expected to have a Material Adverse Effect on each Credit Party:

(a) Each Credit Party's Oil and Gas Properties are, and within all applicable statute of limitation periods have been, in compliance with all applicable Environmental Laws, including with respect to Environmental Permits.

(b) The Credit Parties have obtained all Environmental Permits required for the operations of their respective Oil and Gas Properties, with all such Environmental Permits being currently in full force and effect, and no Credit Party has received any written notice or otherwise

has knowledge that any such existing Environmental Permit will be revoked or that any application for any new Environmental Permit or renewal of any existing Environmental Permit will be protested or denied.

(c) There are no pending, threatened, claims, demands, suits, orders, inquiries, or proceedings, and no Credit Party has received any notice, report or other information, concerning any violation of, or any liability under, any applicable Environmental Laws or with respect to Hazardous Materials, with respect to any Credit Party or any Credit Party's Oil and Gas Properties or as a result of any operations at such Properties.

(d) No Credit Party has, released, transported, handled, disposed or arranged for disposal of, or exposed any Person to, any Hazardous Materials, or owned or operated any property or facility (including any Credit Party's Properties) that is or has been contaminated by any Hazardous Materials, in each case that would give rise to any current or future liability under Environmental Laws. There are no investigations, remediations, abatements, removals, or monitorings of Hazardous Materials ongoing or required under applicable Environmental Laws at the Credit Party's Properties, at any property or facility formerly owned or operated by any Credit Party.

(e) No Credit Party has assumed, provided an indemnity with respect to, or otherwise become subject to any liability of any other Person under any applicable Environmental Laws or with respect to Hazardous Materials.

(f) There has been no exposure of any Person or Property to any Hazardous Materials as a result of or in connection with the operations and businesses of any Credit Party's Oil and Gas Properties that could reasonably be expected to form the basis for a claim for damages or compensation and there are no conditions or circumstances that could reasonably be expected to result in the receipt of notice regarding such exposure.

(g) The Credit Parties have provided to Lenders complete and correct copies of all environmental site assessment reports, investigations, studies, analyses, and correspondence on environmental matters (including matters relating to any alleged non-compliance with or liability under Environmental Laws) that are in the Borrower's possession or control and relating to any Credit Party's Oil and Gas Properties or operations thereon.

#### **Section 4.15 No Defaults.**

(a) Except as reflected on Schedule 4.15 and that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect, no Credit Party is in default in the performance, observance or fulfillment of the obligations, covenants or conditions contained in its Contractual Obligations, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default.

(b) No Default (other than a Default arising solely from a failure of the Borrower to deliver to the Administrative Agent and/or the Lenders information or reports required by Section 5.1 within five (5) Business Days of the later of the date on which (x) the Borrower first has knowledge that such Default has occurred and (y) the Administrative Agent (acting at the written direction of the Lead Lender) or the Lead Lender shall have delivered notice that such Default has occurred) or Event of Default has occurred and is continuing.

**Section 4.16 Material Contracts.** Schedule 4.16 (as the same may be updated from time to time in writing by the Borrower) contains a true, correct and complete list of all the Material Contracts of each Credit Party including agreements relating to the purchase, transportation by pipeline, gas processing, development, marketing, sale and supply of Hydrocarbons, farmout arrangements, joint operating agreements, operating agreements, or other material contracts to which any Credit Party is a party on the Closing Date. All such Material Contracts are in full force and effect (other than any Material Contract that has expired in accordance with its terms) and no defaults exist thereunder (other than as described in Schedule 4.16 or that could not reasonably be expected to have a Material Adverse Effect on the Credit Parties).

**Section 4.17 Governmental Regulation.** No Credit Party is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. No Credit Party is a “registered investment company” or a company “controlled” by a “registered investment company” or a “principal underwriter” of a “registered investment company” as such terms are defined in the Investment Company Act of 1940.

**Section 4.18 Margin Stock.** No Credit Party is engaged in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans purchased by such Credit Party will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such Margin Stock or for any purpose that violates, or is inconsistent with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

**Section 4.19 Employee Benefit Plans.** No Credit Party has established, registered, administered, maintained, sponsored, invested in, contributed to, participated in or had any liability, contingent or otherwise, with respect to, any Pension Plan (including any Defined Benefit Pension Plan).

**Section 4.20 Brokers.** No broker’s or finder’s fee or commission will be payable with respect hereto or any of the Transactions other than as set forth on Schedule 4.20.

**Section 4.21 Solvency.** Each Credit Party is and, upon the incurrence of any Borrowing by the Borrower on any date on which this representation and warranty is made, will be, Solvent. No transfer of property is being made by any Credit Party and no obligation is being incurred by any Credit Party in connection with the transactions contemplated by this Agreement (including any Borrowing) or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of such Credit Party.

**Section 4.22 Disclosure.** No representation or warranty of any Credit Party contained in any Loan Document and none of the reports, financial statements, certificates furnished to the Administrative Agent and the Lenders by or on behalf of any Credit Party for use in connection with the Transactions contains any untrue statement of a material fact or omits to state a material fact (known to the Borrower, in the case of any document not furnished by it) necessary in order to make the statements contained herein or therein not misleading as of the time when made or delivered in light of the circumstances in which the same were made. Any projections and pro forma financial information contained in such materials are based upon good faith estimates and assumptions believed by the Borrower to be reasonable at the time made and that the Borrower does not warrant that such projections will ultimately prove to have been accurate. There are no agreements, instruments and corporate or other restrictions to which any Credit Party is subject, and there are no facts known (or which should upon the reasonable exercise of diligence be known) to the Borrower (other than matters of a general economic nature) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse

Effect or cause the Lenders increased risk that the Loans will not be repaid and that have not been disclosed herein or in such other documents, certificates and statements furnished to the Administrative Agent and the Lenders for use in connection with the transactions contemplated hereby.

**Section 4.23 Insurance.** The Property and the operators of any Oil and Gas Properties of any Credit Party are insured in compliance with the requirements of Section 5.5. Schedule 4.23 sets forth a list of all insurance maintained by or on behalf of the Credit Parties as of the Closing Date and, as of the Closing Date, all premiums in respect of such insurance have been paid.

**Section 4.24 Security Interest in Collateral.** The provisions of the Loan Documents create legal and valid Liens on all the Collateral in favor of the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, and in the case of Liens which may be perfected by filing a financing statement, when financing statements in appropriate form are filed in the appropriate office, such Liens constitute perfected and continuing First Priority Liens on the Collateral, securing the Obligations, enforceable against the applicable Credit Party and all third parties, except in the case of Permitted Liens, but only to the extent any such Liens would have priority over the Liens in favor of the Administrative Agent by operation of law.

**Section 4.25 Transactions with Affiliates.** Except as disclosed in Schedule 4.25, there are no existing or proposed agreements, arrangements, understandings, or transactions between any Credit Party on the one hand, and any Affiliate of any Credit Party on the other hand. Except as disclosed on Schedule 4.25, no Affiliate is directly or indirectly indebted to or has any direct or indirect ownership, partnership, or voting interest in any Credit Party. No Affiliate is directly or indirectly indebted to or has any direct or indirect ownership, partnership, or voting interest in any other Person with which any Credit Party has a business relationship or which competes with any Credit Party. None of the Credit Parties are party to any arrangement or understanding, regardless of whether such arrangement has been formalized, whereby services or the sale of any Property are provided by an Affiliate on terms more favorable than that provided to the applicable Credit Party for similar services.

**Section 4.26 Swap Agreements.** Schedule 4.26 sets forth, on the Closing Date, a true and complete list of all Swap Agreements of the Credit Parties, the material terms thereof (including the type, term, effective date, termination date, pricing terms and notional amounts or volumes), the Net Mark-to-Market Exposure thereof and the counterparty to each such agreement. Each report required to be delivered by the Borrower pursuant to Section 5.1(p), sets forth, a true and complete list of all Swap Agreements of the Credit Parties, the material terms thereof (including the type, term, effective date, termination date, pricing terms and notional amounts or volumes), the Net Mark-to-Market Exposure thereof and the counterparty to each such agreement.

**Section 4.27 Permits, Etc.** Except as disclosed in Schedule 4.27 and that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect, each Credit Party has, and is in compliance with, all Governmental Authorizations required for such Person lawfully to own, lease, manage or operate, or to acquire, each business currently owned, leased, managed or operated, or to be acquired, by such Person and no condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such Governmental Authorization, and there is no written claim that any thereof is not in full force and effect.

**Section 4.28 Names and Places of Business.** No Credit Party has, during the preceding ten (10) years, been known by, or used any other trade or fictitious name, except as disclosed in Schedule 4.28. The chief executive office and principal place of business of each Credit Party is located at the address of such Person set out in Schedule 4.28. Except as indicated in Schedule 4.28, no Credit

Party has had any other office or place of business within the past five (5) years. Each such Person's jurisdiction of organization, name as listed in the public records of its jurisdiction of organization, organizational identification number in its jurisdiction of organization is stated on Schedule 4.28 (or as set forth in a notice delivered pursuant to Section 5.1(m)).

**Section 4.29 Marketing of Production.** Except for contracts listed and in effect on the date hereof on Schedule 4.29, and thereafter either disclosed in writing to the Administrative Agent and Lenders or included in the most recently delivered Reserve Report (with respect to all of which contracts the Borrower represents that it or the applicable Credit Party is receiving a price for all production sold thereunder which is computed substantially in accordance with the terms of the relevant contract and is not having deliveries curtailed substantially below the subject Property's delivery capacity), no material agreements exist that are not cancelable by the applicable Credit Party on sixty (60) days' notice or less without penalty or detriment for the sale of production from any Credit Party's Hydrocarbons (including, without limitation, calls on or other rights to purchase, production, whether or not the same are currently being exercised) that (a) pertain to the sale of production at a fixed price and (b) have a maturity or expiry date of longer than six (6) months from the date hereof. Cash Receipts will be paid in full to the Operating Account on a timely basis following receipt thereof, and none of such proceeds are currently being held in suspense by such purchaser or any other Person. Except as set forth in Schedule 4.29, none of the Oil and Gas Properties of any Credit Party is subject to any contractual or other arrangement whereby payment for production therefrom is to be deferred for a substantial period of time after the month in which such production is delivered (i.e., in the case of oil, not in excess of thirty (30) days, and in the case of gas, not in excess of sixty (60) days).

**Section 4.30 Right to Receive Payment for Future Production.** Except as set forth in Schedule 4.30, no Oil and Gas Property is subject to any "take or pay", gas imbalances (in excess of one-half bcf of gas (on an mcf equivalent basis)) or other similar arrangement (a) which can be satisfied in whole or in part by the production or transportation of gas from other properties or (b) as a result of which production from any Oil and Gas Property may be required to be delivered to one or more third parties without payment (or without full payment) therefor as a result of payments made, or other actions taken, with respect to other properties. Since the date of this Agreement, no material changes have occurred in such overproduction or underproduction except those that have been reported as required pursuant to Section 5.1.

**Section 4.31 Accounts.** No Credit Party maintains a Deposit Account or Securities Account other than the Deposit Accounts or Securities Accounts covered by a Control Agreement listed in Schedule 6.15.

**Section 4.32 Sanctions.** No Credit Party and, to the knowledge of the Borrower, none of its other Related Parties (i) is in violation of any applicable Anti-Terrorism Law or Sanction, (ii) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Law or Sanction, (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or Sanction; or (iv) is the subject of any investigation, inquiry or enforcement proceedings by any Governmental Authority regarding any offense or alleged offense under any Anti-Terrorism Law. No Credit Party or any of its Subsidiaries or, to their knowledge, any director, officer, employee, agent or Affiliate of the Credit Parties or any of its Subsidiaries is an individual or entity that is, or is owned or controlled by individuals or entities that are (i) the subject of any Sanctions, or (ii) located organized or resident in a country or territory that is, or whose government is, the subject of Sanctions, including, without limitation, currently, Cuba, Iran, North Korea, Sudan and Syria.

**Section 4.33 Anti-Corruption.** No Credit Party is, the subject of any investigation, inquiry or enforcement proceedings by any Governmental Authority regarding any offense or alleged offense under any Anti-Corruption Laws in which there is a reasonable possibility of an adverse decision and, no such investigation, inquiry or proceeding is pending or has been threatened. Each Credit Party is, and has conducted its business, in compliance in all material respects with all Anti-Corruption Laws. None of the Borrowings and none of the other services and products, if any, to be provided by any of the Administrative Agent or the Lenders under or in connection with this Agreement (i) will be used by, on behalf of, or for the benefit of, any Person other than the Borrower, or (ii) will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, official of any public international organization, or anyone else acting in an official governmental capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any Anti-Corruption Laws. The Borrower has taken reasonable measures appropriate to the circumstances (in any event as required by Government Requirements) to provide reasonable assurance that each Credit Party is in compliance with such applicable anti-corruption laws, rules and regulations. No Credit Party or any of its Subsidiaries nor, to the knowledge of the Credit Party, any director, officer, agent, employee or, other person acting on behalf of a Credit Party or any of its Subsidiaries has taken any action, directly or indirectly, that would result in a violation by such persons of Anti-Corruption Laws.

## **SECTION 5. AFFIRMATIVE COVENANTS**

Each Credit Party covenants and agrees that so long as any Term Loan Note or amount owed under any Loan Document remains unpaid, or any Lender shall have any Commitment hereunder, such Person shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 5.

**Section 5.1 Financial Statements and Other Reports.** Unless otherwise provided below, the Borrower will deliver to the Administrative Agent and the Lenders:

(a) Quarterly Financial Statements. As soon as available, and in any event within sixty (60) days after the end of each Fiscal Quarter of each Fiscal Year, other than the fourth Fiscal Quarter of each Fiscal Year, the unaudited consolidated balance sheets of the Credit Parties, on a GAAP basis, as at the end of such Fiscal Quarter and the related consolidated statements of income, shareholders' equity and cash flows of the Credit Parties, for such Fiscal Quarter, and for the period from the beginning of the then-current Fiscal Year to the end of such calendar month or Fiscal Quarter, as applicable, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year, all in reasonable detail, together with a Financial Officer Certification with respect thereto (with the understanding that all such quarterly financial statements shall be subject to the absence of footnotes and to year-end audit adjustments, including the recording of depletion, depreciation, and amortization that is an adjustment booked during the annual audit based on the year-end reserve report); provided that the Borrower shall provide within forty-five (45) days estimates of the financial information that is required to be delivered within (60) days after the end of each Fiscal Quarter of each Fiscal Year;

(b) Annual Financial Statements. As soon as available, and in any event within one hundred twenty (120) days after the end of each Fiscal Year (beginning with the Fiscal Year ended December 31, 2017), (i) the audited consolidated balance sheets of the Credit Parties, on a GAAP basis, as at the end of such Fiscal Year and the related audited consolidated statements of income, shareholders' equity and cash flows of the Credit Parties, for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year, in

reasonable detail, together with a Financial Officer Certification with respect thereto; and (ii) with respect to such financial statements a report thereon by independent certified public accountants of recognized regional standing selected by the Borrower and reasonably satisfactory to the Lead Lender, which shall (a) state that such consolidated financial statements fairly present, in all material respects, the consolidated financial position of the Credit Parties, as at the dates indicated and that the results of their operations and their cash flows for the periods indicated are in conformity with GAAP applied on a basis consistent with prior years (except as otherwise disclosed in such financial statements), and (b) contain no “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit; provided that the Borrower shall provide within ninety (90) days estimates of the financial information that is required to be delivered within (120) days after the end of each Fiscal Year;

(c) Production Reports. Promptly upon the receipt thereof, but in any event no later than weekly after such receipt, a copy or electronic copy of all daily production, drilling and recompletion reports received by any Credit Party from operator(s);

(d) Monthly Reports. Monthly report providing production volumes, revenue, lease operating expenses, and capital expenditures (including, for the avoidance of doubt, a summary of any Consolidated Capital Expenditures and a comparison against the amount budgeted for such Consolidated Capital Expenditures in the APOD) attributable to the Credit Parties’ oil and gas properties within thirty (30) days after the end of each month;

(e) Quarterly Lease Reports. Quarterly lease acquisition report including schedule of oil and gas properties acquired during such quarter, lease acquisition costs, title information and certificate that such properties are mortgaged to secure the Obligations;

(f) Compliance Certificate. Together with each delivery of financial statements of the Credit Parties, pursuant to Sections 5.1(a) and 5.1(b), a duly executed and completed Compliance Certificate;

(g) Notice of Litigation. Prompt written notice (but, in any event, within five (5) Business Days) of (i) the receipt by any Credit Party of the institution of, or threat of, any Adverse Proceeding not previously disclosed in writing by the Borrower to Lenders which, if adversely determined, could reasonably be expected to result in liabilities in excess of \$250,000 (net to the Borrower’s interest), or (ii) any material development in any Adverse Proceeding previously required to be disclosed hereunder;

(h) Financial Plan. As soon as available and in any event no later than ninety (90) days after the end of each Fiscal Year, a consolidated plan and financial forecast for such Fiscal Year and each Fiscal Year (or portion thereof) through the Maturity Date (a “**Financial Plan**”), including (i) a forecasted consolidated balance sheet and forecasted consolidated statements of income and cash flows of the Credit Parties for each such Fiscal Year, together with an explanation of the assumptions on which such forecasts are based, (ii) forecasts demonstrating projected compliance with the requirements of Section 6.7 through the Maturity Date, and (iii) forecasts demonstrating adequate liquidity through the Maturity Date, together, in each case, with an explanation of the assumptions on which such forecasts are based all in form and substance reasonably satisfactory to the Lenders and accompanied by a Financial Officer Certification certifying that the projections contained therein are based upon good faith estimates and assumptions believed to be reasonable at the time made and at the time of delivery thereof (it being acknowledged by the Administrative Agent and the Lenders that it shall not constitute a

breach of this Section 5.1(h) solely if the actual results of the Credit Parties vary or differ from those contained in the Financial Plan);

(i) Certificate of Insurer. Concurrently with the delivery of financial statements pursuant to Section 5.1(b), a certificate of insurance coverage from each insurer or its authorized agent or broker with respect to the insurance required by Section 5.5, in form and substance satisfactory to the Lenders;

(j) Notice of Change in Board of Directors. Promptly, written notice of any change in the board of directors (or similar governing body) of any Credit Party;

(k) Notice Regarding Material Contracts. Together with each delivery of financial statements of the Credit Parties, pursuant to Sections 5.1(a) and 5.1(b), a report setting forth (i) any Material Contract, which meets the requirements of any of clauses (b)-(d) of the definition thereof, of any Credit Party and (ii) any new Material Contract which any Credit Party has entered, in each case, since the date of the last delivery of financial statements pursuant to Section 5.1(a) and 5.1(b), with copies of such amendments or new Material Contracts;

(l) Promptly and in any event, within five (5) Business Days, (i) after any Material Contract, which meets the requirements of any of clauses (b)-(d) of the definition thereof, of any Credit Party is terminated outside the ordinary course of business (and an explanation of any actions being taken with respect thereto) or amended in any material respect outside the ordinary course of business and (ii) after any new Material Contract is entered into outside the ordinary course of business, a written statement describing such event, with copies of such material amendments or new Material Contracts, if permitted under the applicable confidentiality provisions with Persons that are not Affiliates, delivered to the Administrative Agent and the Lenders;

(m) Information Regarding Collateral. The Borrower will furnish to the Administrative Agent and the Lenders written notice at least thirty (30) days prior to the occurrence of any change in any Credit Party's (i) organizational name, (ii) identity or organizational structure, (iii) Federal Taxpayer Identification Number or (iv) change in jurisdiction of incorporation, formation or organization. The Borrower agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the PPSA or other applicable law or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral and for the Collateral at all times following such change to have a valid, legal and perfected security interest as contemplated in the Collateral Documents. The Borrower will furnish to the Administrative Agent prompt written notice of any Lien or claims made or asserted against any Collateral or interest therein. The Borrower also agrees promptly to notify Administrative Agent and the Lenders in writing if any material Collateral is lost, damaged or destroyed;

(n) Aging Reports. Together with each delivery of financial statements of the Credit Parties pursuant to Sections 5.1(a) and 5.1(b), a summary of accounts payable aging report of each Credit Party as of the end of such period, in each case in form and substance reasonably satisfactory to the Lenders;

(o) Swap Agreements. No later than the earlier to occur of (x) one (1) Business Day after the entry by the Credit Parties into the Swap Agreements required pursuant to Section 5.17 and (y) four (4) Business Days after the Closing Date and, thereafter, as soon as practicable and

in any event within five (5) days of the occurrence thereof, written notice of any Credit Party's entry into a Swap Agreement or the termination or modification of any Swap Agreement by any party thereto; provided that this clause shall not permit any Credit Party to enter into or terminate or modify a Swap Agreement not otherwise permitted by this Agreement. Each report required to be delivered by the Borrower pursuant to the proceeding sentence shall set forth, a true and complete list of all Swap Agreements of the Credit Parties, the material terms thereof (including the type, term, effective date, termination date, pricing terms and notional amounts or volumes), the Net Mark-to-Market Exposure thereof and the counterparty to each such agreement;

(p) Reserve Reports; Engineering Data.

(i) As soon as available and in any event no later than April 30th of each year, a Reserve Report prepared as of the immediately preceding December 31<sup>st</sup>, concerning the Credit Parties' Oil and Gas Properties. This Reserve Report must be prepared by one or more Approved Petroleum Engineers. The Administrative Agent (acting at the written direction of the Lead Lender) may (at the Lenders' expense so long as no Event of Default then exists, in which case it will be at Borrower's expense) request additional Reserve Reports from time to time prepared by such Approved Petroleum Engineers. Each Reserve Report shall distinguish (or shall be delivered together with a certificate from a Financial Officer which distinguishes) those Oil and Gas Properties treated in the report which are a Credit Party's Oil and Gas Properties from those properties treated in the report which are not a Credit Party's Oil and Gas Properties.

(ii) As soon as available and in any event no later than August 30th of each year, beginning August 30, 2018, internally generated engineering data as of the immediately preceding June 30th and, at the request of the Administrative Agent (acting at the written direction of the Lead Lender) or the Lead Lender, an internally generated engineering report as of the immediately preceding June 30<sup>th</sup>. Such internally generated engineering data shall be in form and substance sufficient (as reasonably determined by the Lead Lender) for a petroleum engineer to prepare a Reserve Report in accordance with the procedures used in the immediately preceding December 31<sup>st</sup> Reserve Report (in accordance with NI 51-101, the COGE Handbook and other procedures customarily used by Approved Petroleum Engineers).

(iii) With the delivery of each Reserve Report, the Borrower shall provide to the Administrative Agent and the Lenders a certificate from an Authorized Officer certifying that: (A) the factual information provided to the Approved Petroleum Engineers for purposes of the Reserve Report and any other factual information provided to the Approved Petroleum Engineers in connection therewith is true and correct in all material respects (or in the case of any internally generated engineering data prepared by the Borrower, the information contained in such data and any other information delivered in connection therewith is true and correct in all material respects), (B) each Credit Party owns good and defensible title to its Oil and Gas Properties evaluated in such Reserve Report (or such internally generated engineering data), and such Properties are free of all Liens except for Permitted Liens, (C) except as set forth on an exhibit to the certificate, on a net basis there are no gas imbalances, take or pay or other prepayments with respect to the Oil and Gas Properties evaluated in such Reserve Report (or such internally generated engineering data) which would require any Credit Party to deliver Hydrocarbons either generally or produced from such Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor, (D) none of any Credit Party's Oil and Gas Properties have been sold since the date of the last Reserve

Report (or the most recently delivered internally generated engineering data), other than as expressly disclosed in writing to the Lenders prior to the date thereof (or pursuant to such certification), (E) attached to the certificate is a list of all marketing agreements entered into subsequent to the later of the date hereof or the most recently delivered Reserve Report (or most recently delivered internally generated engineering data), (F) attached thereto is a schedule of the Oil and Gas Properties evaluated by such Reserve Reports (or such internally generated engineering data) that are Mortgaged Properties and specifying the percentage of (1) the total value of the Oil and Gas Properties and (2) the Proved Reserves included in such Reserve Report (or such internally generated engineering data), in each case, that the Mortgaged Properties represent, and (G) attached thereto is a list of all persons purchasing Hydrocarbons from any Credit Party, as of the date of the Reserve Report (or internally generated engineering data). For purposes of this Section 5.1(p), with respect to any Reserve Report (or portion thereof) prepared by or under the supervision of the chief engineer of the Borrower, it is understood that projections concerning volumes attributable to the Oil and Gas Properties and production and cost estimates contained in each Reserve Report are necessarily based upon professional opinions, estimates and projections and that none of the Credit Parties or such Financial Officer warrants that such opinions, estimates and projections will ultimately prove to have been accurate.

(q) Title Information.

(i) On or before the delivery to the Administrative Agent and the Lenders of each Reserve Report (or internally generated engineering data) required by Section 5.1(p), the Borrower will deliver title information in form and substance reasonably acceptable to the Lead Lender covering the Oil and Gas Properties of each Credit Party, representing at least 95% of the PV10 of the Oil and Gas Properties of the Credit Parties, to the extent that such title information was not previously delivered.

(ii) If the Borrower has provided title information under this Section 5.1(q), the Borrower shall, within ninety (90) days of notice from the Administrative Agent (acting at the written direction of the Lead Lender) that title defects or exceptions exist such that Section 5.1(p)(i) is not satisfied, either (A) cure any such title defects or exceptions (including defects or exceptions as to priority) that are not permitted by Section 6.2 raised by such information so that Section 5.1(p)(i) is satisfied, or (B) deliver title information in form and substance reasonably acceptable to the Lead Lender so that Administrative Agent shall have received, together with title information previously delivered to the Administrative Agent, satisfactory title information on all of the Oil and Gas Properties such that Section 5.1(p)(i) is satisfied.

(r) Other Information. (i) Promptly after submission to any Governmental Authority, all material documents and information furnished to such Governmental Authority in connection with any investigation of any Credit Party (other than any routine inquiry or any inquiry received by the Borrower in the ordinary course of its business), (ii) promptly upon receipt thereof, copies of all audit reports submitted to any Credit Party by its auditors in connection with any audit of the books thereof and (iii) such other information and data with respect to any Credit Party as from time to time may be reasonably requested by the Administrative Agent or any Lender.

**Section 5.2 Notice of Material Events.** Each Credit Party will furnish to the Administrative Agent and the Lenders written notice:

(a) promptly (but in any event, within five (5) Business Days), of (i) any condition or event that constitutes a Default or an Event of Default or that notice has been given to any Credit Party with respect thereto; (ii) that any Person has given any notice to any Credit Party or taken any other action with respect to any event or condition set forth in Section 8.1(b); or (iii) the occurrence of any event or change that has caused or could reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect, which notice shall be accompanied by a certificate of an Authorized Officer specifying the nature and period of existence of such condition, event or change, or specifying the notice given and action taken by any such Person and the nature of such claimed Event of Default, Default, default, event or condition, and what action the Borrower has taken, is taking and proposes to take with respect thereto; provided, however, no notice shall be required under clause (iii) in the event any such Material Adverse Effect has been caused solely by (or could reasonably be expected to result solely on account of) a decline in commodity prices.

(b) promptly (but in any event, within five (5) Business Days), of the filing or commencement of, or the receipt of a specific threat in writing of, any action, suit, proceeding, investigation or arbitration by or before any arbitrator or Governmental Authority against or affecting any Credit Party not previously disclosed in writing (including in the Schedules hereto) to the Administrative Agent and Lenders that has caused or could reasonably be expected to result in, liability in excess of \$250,000 (net to such Credit Party's interest), not fully covered by insurance, subject to normal deductibles or any material adverse development in any action, suit, proceeding, investigation or arbitration previously disclosed to the Administrative Agent and Lenders;

(c) promptly (but in any event, within five (5) Business Days), of the filing or commencement of any action, suit, proceeding, or arbitration by or on behalf of any Credit Party claiming or asserting damages in favor of such Credit Party valued in excess of \$250,000 (net to such Credit Party's interest);

(d) promptly (but in any event, within five (5) Business Days), of the occurrence of any breach or default (or similar term) under any Material Contract, which meets the requirements of any of clauses (b)-(d) of the definition thereof; and

(e) promptly (but in any event, within five (5) Business Days), of the acquisition of any asset or assets with a value in excess of \$500,000; provided, that in the case of leases, the value of such leases shall be netted against any leases being disposed of directly in connection with such acquisition; and

(f) promptly (but in any event, within five (5) Business Days), of receipt of any incident of noncompliance or similar notice from a Governmental Authority which would cost \$250,000 or more to remediate (net to the Credit Parties).

**Section 5.3 Payment of Taxes and Claims.** Each Credit Party will file all tax returns required to be filed by it in any jurisdiction and timely pay all Taxes imposed upon it or any of its properties or assets or in respect of any of its income, businesses or franchises when it becomes due and payable, and pay all claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and/or that by law have or could reasonably be expected to become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, no such Tax or claim need be paid if it is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (a) adequate reserves or other appropriate provisions, as shall be required in conformity with GAAP, shall have been made

therefor, and (b) in the case of a Tax or claim which has or may become a Lien against any of the Collateral, such contest proceedings operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim. No Credit Party may change its residence for tax purposes. No Credit Party will file or consent to the filing of any consolidated income tax return with any Person (except that the Borrower may file a consolidated return with its Subsidiaries).

**Section 5.4 Operation and Maintenance of Properties.** Each Credit Party, at its own expense, will:

(a) operate its Oil and Gas Properties and other Properties or cause such Oil and Gas Properties and other Properties to be operated in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all Governmental Requirements of all applicable Governmental Authorities, including, without limitation, applicable pro ration requirements and Environmental Laws, and all Governmental Requirements of every other Governmental Authority from time to time with the authority to regulate the development and operation of its Oil and Gas Properties and the production and sale of Hydrocarbons and other minerals therefrom, except, in each case, where the failure to comply could not reasonably be expected to have a Material Adverse Effect;

(b) keep and maintain all Property material to the conduct of its business in reasonably good working order and condition, ordinary wear and tear excepted, and preserve, maintain and keep in reasonably good repair and working order (ordinary wear and tear excepted) all of its Oil and Gas Properties and other Properties, including, without limitation, all equipment, machinery and facilities;

(c) and will cause each other Credit Party to, maintain good and valid title to its Property, subject only to Permitted Liens; and

(d) promptly pay and discharge, or make reasonable and customary efforts to cause to be paid and discharged, all delay rentals, royalties, expenses and indebtedness accruing under the leases or other agreements affecting or pertaining to its material Oil and Gas Properties and do all other things necessary to keep unimpaired its rights with respect thereto and prevent any forfeiture thereof or default thereunder, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

In the event any of the Oil and Gas Properties are not operated by any Credit Party or an Affiliate of any Credit Party, then the applicable Credit Party shall use its commercially reasonable efforts to cause any third party operator to comply with the provisions of this Section 5.4.

**Section 5.5 Insurance.** Each Credit Party will maintain or cause to be maintained, with financially sound and reputable insurers, insurance policies for its properties and operations and providing such coverage as would be maintained by a prudent oil and gas operator engaged in the same or similar business in the localities where its properties and operations are located.

**Section 5.6 Books and Records; Inspections.** Each Credit Party will (a) keep adequate books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities and (b) subject to Section 10.16, permit any representatives designated by the Administrative Agent (acting on the written direction of the Lead Lender) on behalf of all Lenders (including employees of the Administrative Agent or the Lead Lender or any consultants, accountants, lawyers and appraisers retained by the Administrative Agent (acting on the written direction of the Lead Lender) to visit and inspect any of the properties of any Credit Party, to

inspect, copy and take extracts from its financial and accounting records and to discuss its affairs, finances and accounts with its officers and independent accountants, all upon reasonable notice and at such reasonable times during normal business hours (so long as no Default or Event of Default has occurred and is continuing) and as often as may reasonably be requested (but not, unless an Event of Default then exists, more often than once in any given calendar quarter), and by this provision the Credit Parties authorize such accountants to discuss with Administrative Agent, Cibolo, the Lenders and such representatives the affairs, finances and accounts of each Credit Party subject to the confidentiality obligations and requirements of the Administrative Agent, Cibolo and the Lenders set forth in Section 10.16. The Credit Parties acknowledge that, subject to the obligations and requirements of the Administrative Agent and the Lenders set forth in Section 10.16, the Administrative Agent, after exercising its rights of inspection, may prepare (but the Administrative Agent shall be under no obligation to do so) and distribute to the Lenders certain reports pertaining to the Credit Parties' assets for internal use by the Administrative Agent, Cibolo and the Lenders.

**Section 5.7 Compliance with Laws.** Each Credit Party will comply, and will use its commercially reasonable efforts to cause all other Persons (including any operator), if any, on or occupying any facilities or any Oil and Gas Properties to comply with the requirements of all applicable material Governmental Requirements of any Governmental Authority (including all Environmental Laws), except, in each case, where the failure to comply could not reasonably be expected to have a Material Adverse Effect.

#### **Section 5.8 Environmental.**

(a) Environmental Disclosure. The Borrower will deliver to the Administrative Agent and Lenders:

(i) as soon as practicable following receipt thereof by any Credit Party, copies of all environmental audits, investigations, analyses and reports, whether prepared by personnel of any Credit Party or by independent consultants, Governmental Authorities or any other Persons, with respect to significant environmental matters at any Real Property Facility or any Oil and Gas Properties of any Credit Party or with respect to any Environmental Claims;

(ii) promptly upon the occurrence thereof, written notice describing in reasonable detail (A) any material Release required to be reported to any federal, state or local Governmental Authority under any applicable Environmental Laws, (B) any remedial action taken by any Credit Party or any other Person in response to (1) any Hazardous Materials Activities the existence of which has a reasonable possibility of resulting in one or more material Environmental Claims, or (2) any Environmental Claims and (C) any Credit Party's discovery of any occurrence or condition on any real property adjoining or in the vicinity of any Real Property Facility or any Oil and Gas Property that could reasonably be expected to cause such Real Property Facility or such Oil and Gas Property or any part thereof to be subject to any material restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Laws; and

(iii) as soon as practicable following the sending or receipt thereof by any Credit Party or any operator, a copy of any and all written communications with respect to (A) any material Environmental Claims, (B) any material Release required to be reported to any federal, state or local Governmental Authority, and (C) any request for information from any Governmental Authority that suggests such agency is investigating

whether any Credit Party may be potentially responsible for any material Hazardous Materials Activity.

(b) Hazardous Materials Activities, Etc. Each Credit Party shall promptly take, and shall use commercially reasonable efforts to cause each operator promptly to take, any and all actions reasonably necessary to (i) cure any material violation of applicable Environmental Laws by such Person, and (ii) make an appropriate response to any material Environmental Claim against such Person and discharge any material obligations it may have to any Person thereunder.

(c) Right of Access and Inspection. With respect to any event described in Section 5.8(a) or if an Event of Default is continuing:

(i) The Administrative Agent, Cibolo and their respective representatives or nominees shall have the right, but not the obligation or duty, upon reasonable notice to enter the applicable Oil and Gas Properties at reasonable times for the purposes of observing the applicable Oil and Gas Properties. Such access shall include, at the reasonable request of the Administrative Agent (acting on the written direction of the Lead Lender), access to relevant documents and employees of each Credit Party and to their outside representatives, to the extent necessary to obtain necessary information related to the event at issue. The Credit Parties shall conduct such tests and investigations on the Oil and Gas Properties of the affected Credit Party or relevant portion thereof, as reasonably requested by the Administrative Agent (acting on the written direction of the Lead Lender), including the preparation of a Phase I Report or such other sampling or analysis as determined to be necessary under the circumstances by a qualified environmental engineer or consultant. If a Credit Party does not undertake such tests and investigations in a reasonably timely manner following the request of the Administrative Agent or the Lead Lender, the Administrative Agent (acting on the written direction of the Lead Lender) may hire an independent engineer, at the Credit Parties' expense, to conduct such tests and investigations. The Administrative Agent and Cibolo will make all reasonable efforts to conduct any such tests and investigations so as to avoid interfering with the operation of the Oil and Gas Properties.

(ii) any observations, tests or investigations of the Oil and Gas Properties by or on behalf of the Administrative Agent or the Lead Lender shall be solely for the purpose of protecting the Lenders' interests and rights under the Loan Documents. The exercise or non-exercise of the Administrative Agent's or the Lead Lender's rights under this subsection (c) shall not constitute a waiver of any Default or Event of Default of any Credit Party or impose any liability on the Administrative Agent, or the Lead Lender or any of the Lenders. In no event will any observation, test or investigation by or on behalf of the Administrative Agent or the Lead Lender be a representation that Hazardous Materials are or are not present in, on or under any of the Oil and Gas Properties, or that there has been or will be compliance with any Environmental Law, and neither the Administrative Agent nor the Lead Lender shall be deemed to have made any representation or warranty to any party regarding the truth, accuracy or completeness of any report or findings with regard thereto. Neither any Credit Party nor any other Person is entitled to rely on any observation, test or investigation by or on behalf of the Administrative Agent or the Lead Lender. The Administrative Agent, Cibolo and the Lenders owe no duty of care to protect any Credit Party or any other Person against, or to inform any Credit Party or any other Person of, any Hazardous Materials or any other adverse condition affecting any of the facilities or any other Oil and Gas Properties. The Administrative Agent, Cibolo and the Lead Lender may, in its sole discretion, disclose to

the applicable Credit Party, or to any other Person if so required by law, any report or findings made as a result of, or in connection with, its observations, tests or investigations. If a request is made of the Administrative Agent or the Lead Lender to disclose any such report or finding to any third party, then the Administrative Agent or the Lead Lender, as applicable, shall endeavor to give the applicable Credit Party prior notice of such disclosure and afford such Credit Party the opportunity to object or defend against such disclosure at its own and sole cost; provided, that the failure of the Administrative Agent or the Lead Lender to give any such notice or afford such Credit Party the opportunity to object or defend against such disclosure shall not result in any liability to the Administrative Agent or the Lead Lender. Each Credit Party acknowledges that it may be obligated to notify relevant Governmental Authorities regarding the results of any observation, test or investigation disclosed to such Credit Party, and that such reporting requirements are site and fact-specific and are to be evaluated by such Credit Party without advice or assistance from the Administrative Agent or the Lead Lender.

### **Section 5.9 Subsidiaries.**

(a) In the event that any Person becomes a Subsidiary of any Credit Party, whether directly or indirectly, such Credit Party shall, concurrently with such Person becoming a Subsidiary, (i) cause such Subsidiary to become a Guarantor of the Obligations under the Guaranty Agreement by executing and delivering to the Administrative Agent a joinder to the Guaranty Agreement and (ii) take all such actions and execute and deliver, or cause to be executed and delivered, all such documents, instruments, agreements, and certificates as are similar to those described in Sections 3.1(b), 3.1(c), 3.1(f), 3.1(i), 3.1(l), and 3.1(m).

(b) Any Subsidiary of the Borrower must be a wholly-owned Subsidiary.

### **Section 5.10 Further Assurances.**

(a) At any time or from time to time upon the request of the Administrative Agent or any Lender, each Credit Party will, at its expense, promptly execute, acknowledge and deliver (or cause the applicable Subsidiary becoming a Credit Party pursuant to Section 5.10 to execute, acknowledge and deliver) such further documents and do such other acts and things as the Administrative Agent or any Lender may reasonably request in order to effect fully the purposes of the Loan Documents. In furtherance and not in limitation of the foregoing, each Credit Party shall take such actions as the Administrative Agent (acting on the written direction of Requisite Lenders) or any Lender may reasonably request from time to time to ensure that the Obligations are guaranteed by the Guarantors and are secured by all of the assets of the Credit Parties.

(b) Each Credit Party hereby authorizes the Administrative Agent (in the event the Credit Party fails to do so in the first instance) to file one or more financing or continuation statements, and amendments thereto, relative to all or part of the Property of any Credit Party without the signature of such Credit Party where permitted by law, including any financing or continuation statement, or amendment thereto, with “all present and after-acquired personal property” in the collateral description. A carbon, photographic or other reproduction of the Collateral Documents or any financing statement covering any Property or any part thereof of any Credit Party shall be sufficient as a financing statement where permitted by law.

**Section 5.11 Use of Proceeds.** The proceeds of the Loans will be used only in the manner and for the purposes set forth in Section 2.1 or in the applicable Borrowing Request. No part of

the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any Governmental Requirement of any Governmental Authority, including Regulations T, U and X of the Board of Governors of the Federal Reserve System.

**Section 5.12 Additional Oil and Gas Properties; Other Collateral.** In the event that any Credit Party acquires any Property (or acquires a Subsidiary required to become a Credit Party pursuant to Section 5.10 owning any Property) after the Closing Date, and such Property has not otherwise been made subject to the Lien of the Collateral Documents in favor of the Administrative Agent for the benefit of the Lenders, then such Credit Party (including a Subsidiary becoming a Credit Party), contemporaneously with acquiring such Property shall (a) take all such actions and execute and deliver, or cause to be executed and delivered, all such mortgages, documents, instruments, agreements, opinions and certificates similar to those described in Sections 3.1(f) and any additional documentation that the Administrative Agent (acting on the written direction of the Lead Lender) may request with respect to each such Property to create in favor of the Administrative Agent, for the benefit of the Lenders, a valid and, subject to any filing and/or recording referred to herein, perfected First Priority security interest in such Property (subject only to Permitted Liens) such that, at all times the Administrative Agent will have a Lien on all of the Properties of the Credit Parties and (b) deliver to the Administrative Agent any title information described in Section 5.1(r). Each Credit Party will at all times cause all personal property of such Credit Party, whether now owned or hereafter acquired, to be subject to a Lien in favor of the Administrative Agent pursuant to the Collateral Documents. All of the issued and outstanding Shares of each Credit Party (other than the Borrower) shall at all times be pledged to the Administrative Agent pursuant to the Collateral Documents.

**Section 5.13 APOD.**

(a) Each Credit Party will develop its Oil and Gas Properties and make Consolidated Capital Expenditures on its Oil and Gas Properties in accordance with the APOD or as otherwise permitted pursuant to an Approval Letter; provided that the Credit Parties may make Consolidated Capital Expenditures that are not subject to the APOD in an amount not to exceed \$50,000 on an individual basis and \$250,000 in the aggregate during any twelve month period.

(b) Any APODs in effect prior to the Closing Date shall remain in full force and effect until the Lenders approve a new APOD. If the Borrower desires to make any change to, or deviate from, the APOD or is required to update the APOD pursuant to the terms hereof, it shall submit a revised APOD, along with a written narrative describing such changes and an APOD Certificate, to the Administrative Agent for review by the Lenders (with copies of such revised APOD and narrative to the Lenders), but in any case the Borrower shall submit an APOD no less than once yearly. Any revised plan submitted to the Administrative Agent shall not be considered the current APOD until such time as the Lead Lender shall have consented to such revised plan in their sole discretion, and no Credit Party shall be permitted to spend funds in furtherance of such draft APOD. The Lead Lender shall have no obligation to consent to any APOD.

**Section 5.14 Title Information.** Prior to a well being drilled on any Credit Party's Oil and Gas Property utilizing proceeds of Loans purchased hereunder, for which title information contemplated by Section 5.1(q) has not been previously provided by the Borrower, the Borrower will provide the Administrative Agent and Lead Lender with title information with respect to such Oil and Gas Property reasonably acceptable to the Lead Lender.

**Section 5.15 Marketing of Production.** All Hydrocarbons produced from the Oil and Gas Properties of any Credit Party shall be marketed on an arms-length basis to one or more Persons in accordance with the terms and conditions set forth in Section 4.29. Each agreement for the purchase

and sale of Hydrocarbons from any Credit Party's Oil and Gas Properties will (if operated by a Credit Party) be in the name of such Credit Party.

**Section 5.16 Notices; Attorney-in-fact; Deposits.** Each Credit Party hereby irrevocably appoints Administrative Agent as its attorney-in-fact (such appointment being coupled with an interest) for sending the notices referred to above. With respect to Cash Receipts received directly by a Credit Party, such Credit Party shall within two (2) Business Days deposit, or cause to be deposited, all such amounts in the Operating Account. If any Credit Party has knowledge that any Person is in receipt of Cash Receipts that would otherwise be properly deposited in the Operating Account, such Credit Party shall promptly notify such Person and the Administrative Agent and Cibolo in writing of such circumstance and shall direct such Person to deposit, or cause to be deposited, all such amounts in the Operating Account.

**Section 5.17 Swap Agreements.** Beginning on the Closing Date and continuing thereafter as of the end of each succeeding Fiscal Quarter, Borrower will maintain in full force and effect Swap Agreements, hedging in the aggregate notional volumes of approximately fifty-five percent (55%) of the reasonably estimated projected crude oil production from the Credit Parties' Proved Developed Producing Reserves (as set forth in the Reserve Report most recently delivered pursuant to Section 3.1(c) or Section 5.1(p)) for a period equal to the lesser of three years and the remaining period to the Maturity Date, calculated from the last day of each such Fiscal Quarter.

**Section 5.18 Permits.** The Borrower will, and will cause each other Credit Party to, obtain and maintain all permits, licenses, consents and approvals necessary to the ownership of their Property and to the conduct of their business in each jurisdiction where it carries on material business or owns Property, including those issued or granted by Governmental Authorities, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Borrower will also, and will cause each other Credit Party to obtain and maintain all Environmental Permits necessary to the ownership of their Property and to the conduct of their business in each jurisdiction where it carries on material business or owns Property, including those issued or granted by Governmental Authorities, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

**Section 5.19 P&NG Leases.** The Borrower shall, and shall cause the Credit Parties to, comply in all respects with the P&NG Leases, except to the extent the failure to do so would not have or would not reasonably be expected to have a Material Adverse Effect.

**Section 5.20 Payment of Royalties.** The Borrower shall, and shall cause each other Credit Party to, from time to time pay or cause to be paid all royalties, rents, governmental fees or dues, levied, assessed or imposed upon any Credit Party or any of the assets of any Credit Party, as and when the same become due and payable.

**Section 5.21 Anti-Terrorism Laws.** Promptly provide all information with respect to the Credit Parties, their respective directors, authorized signing officers, shareholders or other persons in control of the Credit Parties, including supporting documentation and other evidence, as may be reasonably requested by the Administrative Agent or any Lender, or any prospective assignee or participant of an Administrative Agent or Lender, in order to comply with any applicable Anti-Terrorism Laws or such other applicable "know your client" laws and requirements, whether now or hereafter existence.

**Section 5.22 Policies.** The Borrower shall, and shall cause the Credit Parties to, conduct its business operations such that, and have policies and procedures in place to ensure that, the

representations and warranties in Section 4 are true and correct at all times that this Agreement is in effect (and not just at, and as of, the times such representations and warranties are made or deemed to be made).

## **SECTION 6. NEGATIVE COVENANTS**

Each Credit Party covenants and agrees that so long as any Term Loan Note or amount owed under any Loan Document remains unpaid, or any Lender shall have any Commitment hereunder such Person shall perform all covenants in this Section 6.

**Section 6.1 Indebtedness.** No Credit Party shall directly or indirectly, create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

- (a) the Obligations;
- (b) Swap Agreements permitted under Section 5.17;
- (c) Indebtedness in the form of obligations for the deferred purchase price of property or services incurred in the ordinary course of business permitted by the Lead Lender which are not yet due and payable or are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been established;
- (d) Indebtedness as set forth on Schedule 6.1, and any extensions, modifications, renewals or refinancings thereof;
- (e) Indebtedness owing in connection with the financing of insurance premiums in the ordinary course of business;
- (f) Indebtedness consisting of sureties or bonds provided to any Governmental Authority or other Person and assuring payment of contingent liabilities of any Credit Party in connection with the operation of the Oil and Gas Properties, including with respect to plugging, facility removal and abandonment of its Oil and Gas Properties;
- (g) Indebtedness for or in respect of Capital Leases in an aggregate principal amount not to exceed \$500,000;
- (h) Indebtedness for or in respect of the deferred purchase or acquisition price of property (including obligations secured by Purchase Money Security Interests and obligations in respect of a sale/lease-back transaction) in excess of 90 days; and
- (i) other Indebtedness approved by the Lead Lender pursuant to an Approval Letter.

**Section 6.2 Liens.** No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind (including any document or instrument in respect of goods or accounts receivable) of any Credit Party, whether now owned or hereafter acquired, or any income or profits therefrom, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any Lien with respect to any such property, asset, income or profits under the PPSA or under any similar recording or notice statute, except (collectively, "**Permitted Liens**”):

- (a) Permitted Encumbrances;
- (b) Liens in favor of the Administrative Agent for the benefit of the Secured Parties granted pursuant to any Loan Document; and
- (c) Liens securing Indebtedness permitted by Section 6.1(i) (to the extent the applicable Approval Letter permits such Indebtedness to be secured).

**Section 6.3 No Further Negative Pledges.** Except with respect to restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business consistent with past practice (provided that such restrictions are limited to the property or assets secured by such Permitted Liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be) no Credit Party shall permit to exist or enter into any agreement prohibiting the creation or assumption of any Lien in favor of the Administrative Agent for the benefit of the Secured Parties upon any of its properties or assets, whether now owned or hereafter acquired.

**Section 6.4 Restricted Junior Payments.** No Credit Party shall, nor shall it permit any of its Subsidiaries through any manner or means or through any other Person to, directly or indirectly, declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, any sum for any Restricted Junior Payment except: (a) each Subsidiary of the Borrower may make Restricted Junior Payments to the holders of its Capital Stock and (b) subject to the terms of a Swap Intercreditor Agreement, the Borrower may make payments in respect of Swap Agreements, to the counterparties thereof.

**Section 6.5 Restrictive Agreements.** No Credit Party shall create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary to (a) pay dividends or make any other distributions on any of such Subsidiary's Capital Stock owned by any Credit Party, (b) repay or prepay any Indebtedness owed by such Subsidiary to any Credit Party or any other Subsidiary of any Credit Party, (c) make loans or advances to any Credit Party or (d) transfer any of its property or assets to any Credit Party, except as required by law.

**Section 6.6 Investments.** No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, make or own any Investment in any Person, except:

- (a) Investments in Cash and Cash Equivalents;
- (b) expenditures on Capital Leases in an aggregate amount for all Credit Parties up to the amount set forth for such expenditures on the relevant APOD;
- (c) acquisitions and other Investments made pursuant to the express terms of the APOD or otherwise approved by the Lead Lender in an Approval Letter;
- (d) payments on trade and customer accounts receivable which are for goods furnished or services rendered in the ordinary course of business and are payable in accordance with customary trade terms; and
- (e) creation of any additional Subsidiaries of any Credit Party in compliance with Section 5.9.

**Section 6.7 Performance and Financial Covenants.**

The covenants below (the “**Performance and Financial Covenants**”) shall be tested quarterly (unless otherwise specified).

(a) Interest Coverage Ratio. Beginning with the Fiscal Quarter ending June 30, 2018, the Borrower shall not permit the Interest Coverage Ratio as of the last day of any Fiscal Quarter set forth below to be less than the ratio set forth below opposite such Fiscal Quarter.

<u>Each Fiscal Quarter Ending on the Following Dates</u>	<u>Interest Coverage Ratio</u>
June 30, 2018	2.00 to 1.00
September 30, 2018	2.25 to 1.00
December 31, 2018	2.50 to 1.00
March 31, 2019 and each Fiscal Quarter ending thereafter	3.00 to 1.00

(b) Total Leverage Ratio. Beginning with the Fiscal Quarter ending June 30, 2018, the Borrower shall not permit the Total Leverage Ratio as of the last day of any Fiscal Quarter for the applicable Fiscal Quarter set forth below to be less than the ratio set forth below opposite such Fiscal Quarter.

<u>Each Fiscal Quarter Ending on the Following Dates</u>	<u>Total Leverage Ratio</u>
June 30, 2018	5.25 to 1.00
September 30, 2018	4.75 to 1.00
December 31, 2018	4.25 to 1.00
March 31, 2019	3.50 to 1.00
June 30, 2019	3.50 to 1.00
September 30, 2019 and each Fiscal Quarter ending thereafter	3.25 to 1.00

(c) Minimum Average Production. Beginning with the Fiscal Quarter ending June 30, 2018, the Borrower’s minimum average production, on a BOE/d basis, will be no less than the amounts set forth below opposite such Fiscal Quarter.

<u>Each Fiscal Quarter Ending on the Following Dates</u>	<u>Minimum Average Production (BOE/d)</u>
June 30, 2018	750
September 30, 2018	1,100
December 31, 2018	1,100
March 31, 2019	1,300
June 30, 2019	1,300
September 30, 2019 and each Fiscal Quarter ending thereafter	1,500

(d) PDP Coverage Ratio. Beginning with the Fiscal Quarter ending June 30, 2018, the Borrower shall not permit the PDP Coverage Ratio as of the last day of any Fiscal Quarter to be less than 1.00 to 1.00.

(e) Total Proved Reserves Coverage Ratio. Beginning with the Fiscal Quarter ending June 30, 2018, the Borrower shall not permit the Total Proved Reserves Coverage Ratio as of the last day of any Fiscal Quarter to be less than 1.50 to 1.00.

(f) General and the Administrative Costs. The Borrower (i) will not, as of the last Business Day of any calendar month, permit any General and the Administrative Costs that have not been invoiced (or otherwise properly documented to the Lead Lender's satisfaction) to be paid or (ii) will not, in any calendar year, permit the amount of General and the Administrative Costs of the Credit Parties to exceed 105% of the General and the Administrative Costs Cap (it being agreed and understood that any Restricted Junior Payments made under Section 6.4 shall count against the General and the Administrative Costs Cap).

**Section 6.8 Fundamental Changes; Disposition of Assets; Acquisitions.** No Credit Party shall:

(a) enter into any transaction of merger or consolidation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), other than (i) the merger of any Credit Party or any Subsidiary of a Credit Party with and into any Credit Party or another Subsidiary of any Credit Party (except that, with respect to any such merger or consolidation involving the Borrower, the Borrower must be the surviving entity) and (ii) the merger of any other Person with any Credit Party; provided that such Credit Party shall be the continuing or surviving entity and all action necessary to preserve the First Priority of the Liens of the Administrative Agent in the Property of the applicable Credit Parties shall have been taken to the satisfaction of the Administrative Agent and the Lead Lender; or

(b) convey, sell, farm-out, lease or sub lease (as lessor or sublessor), exchange, transfer or otherwise dispose of (including through the sale of a production payment or overriding royalty interest), in one transaction or a series of transactions, all or any part of its business, assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired, except (i) sales of Hydrocarbons in the ordinary course of business; (ii) farmouts in the ordinary course of business of undeveloped acreage or undrilled depths and assignments in connection with such farmouts; (iii) expiries of mineral leases in the ordinary course of business; (iv) acreage trades of nonproducing Oil and Gas Properties customary in the oil and gas business, provided that, with respect to any such acreage trade (A) the fair market value of the acreage obtained by the Borrower shall be at least as great as the acreage relinquished by the Borrower; (B) (x) the unproved Oil and Gas Properties (and all other Oil and Gas Properties not described in the following subclause (y)) obtained in such acreage trade shall be promptly (and in any event, within 30 days of the acreage trade) made subject to a Mortgage in favor of the Administrative Agent and (y) the Proved Undeveloped Reserves and Proved Developed Non-Producing Reserves obtained in such acreage trade shall be made subject to a Mortgage in favor of the Administrative Agent upon consummation of the acreage trade); (C) shall be subject to no Liens other than Permitted Encumbrances; and (D) the aggregate acreage of Oil and Gas Properties disposed pursuant to this clause (iii) without obtaining the Lead Lender's prior written consent shall be no greater than 640 net mineral acres in the aggregate for all such trades; (iv) the sale or transfer of equipment that is no longer necessary for the business of the applicable Credit Party or is replaced by equipment of at least comparable value and use; and (v) other sales and dispositions of Properties (not provided for in (i) – (iv) above) having a fair market value not to exceed \$250,000 during any twelve (12) month period;

(c) acquire by purchase or otherwise (other than purchases or other acquisitions of inventory, materials and equipment and capital expenditures permitted hereunder in the ordinary course of business consistent with past practice) the business, property (including Oil and Gas Properties) or fixed assets of, or Capital Stock or other evidence of beneficial ownership of, any Person or any division or line of business or other business unit of any Person, or make any

commitment or incur any obligation to enter into any such transaction, except Investments made in accordance with Section 6.6 or in connection with the APOD or an Approval Letter.

**Section 6.9 Limitation on Leases.** No Credit Party will create, incur, assume or suffer to exist any obligation for the payment or rent or hire of Property of any kind whatsoever (real or personal but excluding Capital Leases and leases of Hydrocarbon Interests), under leases or lease agreements which would cause the aggregate amount of all payments made by all Credit Parties pursuant to such leases or lease agreements, including, without limitation, any residual payments at the end of any lease, to exceed \$250,000 in any period of twelve (12) consecutive calendar months during the life of such leases without the approval of the Lead Lender.

**Section 6.10 Sales and Lease Backs.** No Credit Party shall directly or indirectly, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, which such Credit Party (a) has sold or transferred or is to sell or to transfer to any other Person (other than the Borrower or any of its Subsidiaries) or (b) intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by such Credit Party to any Person (other than the Borrower or any of its Subsidiaries) in connection with such lease.

**Section 6.11 Transactions with Affiliates.** No Credit Party shall either directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any Property or the rendering of any service) with any Affiliate, and no Credit Party will suffer to exist any arrangement or understanding, regardless of whether such arrangement has been formalized, other than any such transaction, arrangement or understanding that is no less favorable to such Credit Party than it could obtain on an arms' length basis with a Person that is a not an Affiliate; provided that the foregoing restriction shall not apply to any transaction between the Borrower and any Credit Party; provided further that the Credit Parties may perform any obligations under any agreement in existence on the Closing Date and set forth on Schedule 4.25, as the same may be amended, supplemented or otherwise modified from time to time with the consent of the Lead Lender. The Borrower shall promptly provide to the Lead Lender any information regarding the Credit Parties' transactions with Affiliates reasonably requested by the Lead Lender.

**Section 6.12 Conduct of Business.** From and after the Closing Date, no Credit Party shall, nor shall it permit any of its Subsidiaries to, engage in any business other than the businesses contemplated by the current APOD or engaged in by such Credit Party on the Closing Date and all activities and operations incidental thereto, including all general and the administrative activities, and the leasing, operation or ownership of any office buildings or other real property related to such business.

**Section 6.13 Amendments or Waivers of Certain Agreements.** No Credit Party shall agree to any amendment, restatement, supplement or other modification to, or waiver of, any Material Contract, which meets the requirements of any of clauses (b)-(d) of the definition thereof in a manner adverse to the Lenders, without obtaining the prior written consent of the Lead Lender to such amendment, restatement, supplement or other modification or waiver, which consent shall not be unreasonably withheld, delayed or conditioned.

**Section 6.14 Fiscal Year.** The Borrower shall not, nor shall it permit any of its Subsidiaries, to change its Fiscal Year end from December 31.

**Section 6.15 Deposit Accounts.** No Credit Party shall establish or maintain a Deposit Account or Securities Account other than the Deposit Accounts or Securities Accounts covered by a Control Agreement listed in Schedule 6.15, including, without limitation, the Operating Account, without

executing and delivering to the Administrative Agent a Control Agreement covering the applicable Deposit Account or Securities Account. No Credit Party will deposit Collateral (including the proceeds thereof), Cash Receipts or the proceeds of Loans in a Deposit Account or Securities Account that is not subject to a Control Agreement.

**Section 6.16 Amendments to Organizational Agreements.**

(a) No Credit Party shall materially amend or permit any material amendments to any Credit Party's Organizational Documents in each case in a manner adverse to the Lenders without the prior written consent of the Lead Lender, which consent shall not be unreasonably withheld, delayed or conditioned.

(b) No Credit Party shall amend or permit any amendments to the separateness provisions in any Credit Party's Organizational Documents without the prior written consent of the Lead Lender.

**Section 6.17 Sale or Discount of Receivables.** Except for receivables obtained by any Credit Party out of the ordinary course of business or the settlement of joint interest billing accounts in the ordinary course of business consistent with past practice or discounts granted to settle collection of accounts receivable or the sale of defaulted accounts arising in the ordinary course of business consistent with past practice in connection with the compromise or collection thereof and not in connection with any financing transaction, no Credit Party will discount or sell (with or without recourse) any of its notes receivable or accounts receivable.

**Section 6.18 Gas Imbalances, Take-or-Pay or Other Prepayments.** No Credit Party will allow (a) material prepayments (including payments for gas not taken pursuant to "take or pay" or other similar arrangements) for any Hydrocarbons produced or to be produced from any Oil and Gas Property after the date hereof or (b) any "take or pay", gas imbalances (in excess of 10,000 mcf of gas (on an mcf equivalent basis) in the aggregate) or other similar arrangement that would require the Credit Parties to deliver Hydrocarbons at some future time without receiving full payment therefor at the time of delivery.

**Section 6.19 Swap Agreements.** The Borrower will not, and will not permit any Subsidiary to, enter into any Swap Agreements with any Person other than Swap Agreements in respect of commodities (a) subject to a Swap Intercreditor Agreement (unless otherwise approved in writing by the Lead Lender) and (b) the notional volumes for which (when aggregated with other commodity Swap Agreements then in effect other than basis differential swaps on volumes already hedged pursuant to other Swap Agreements) do not exceed, as of the date such Swap Agreement is executed one hundred percent (100%) of the reasonably anticipated projected production (as set forth on the most recently delivered Reserve Report (or internally generated engineering data) approved by the Lead Lender) from Proved Developed Producing Reserves for each month during the period during which such Swap Agreement is in effect for each of crude oil, natural gas liquids and natural gas, calculated separately. In no event shall any Swap Agreement contain any requirement, agreement or covenant for the Borrower or any Subsidiary to post collateral or margin to secure their obligations under such Swap Agreement or any agreements related thereto, other than a requirement that such Swap Agreement be subject to a Swap Intercreditor Agreement.

**Section 6.20 APOD.** No Credit Party shall deviate from the APOD in any material respect or make Consolidated Capital Expenditures in any manner not provided for in the APOD, unless permitted pursuant to an Approval Letter.

**Section 6.21 OFAC.** No Credit Party shall directly or indirectly use the proceeds of any Loan or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, (i) to fund any activities or business of or with any individual or entity, or in any country or territory, that at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other matter that would result in a violation of Anti-Terrorism Laws or Sanctions by any individual or entity (including any individual or entity participating in the note), whether as underwriter, advisor, investor or otherwise.

**Section 6.22 FCPA.** No part of the proceeds of any Loan will be used, directly or indirectly, in furtherance of an offer, payment, promise, to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of Anti-Corruption Laws.

**Section 6.23 Pension Plan.** No Credit Party shall establish, register, administer, maintain, sponsor, invest in, contribute to, participate in or have any liability, contingent or otherwise, with respect to, any Pension Plan (including any Defined Benefit Pension Plan).

## **SECTION 7. OPERATING ACCOUNT**

**Section 7.1 Operating Account.** The Borrower shall maintain at the Borrower's expense an account (the "**Operating Account**") in the name of the Borrower with a bank ("**Operating Account Bank**") selected by the Borrower and reasonably acceptable to the Lead Lender, which has entered into a Control Agreement specifying that the Operating Account Bank shall comply with all instructions it receives from the Administrative Agent (acting on the written direction of the Lead Lender) with respect to the Operating Account without further consent from the Borrower at from and after any time that the Administrative Agent (acting at the written direction of the Lead Lender) has sent the Operating Account Bank a notice indicating the existence of an Event of Default. All Cash Receipts to be received by the Borrower or any Credit Party shall be deposited in the Operating Account, and the Borrower shall direct (and hereby agrees to direct) each payor of any Cash Receipts now and in the future to make payment to such Operating Account. Notwithstanding the foregoing, each such Control Agreement shall permit the Borrower and the Credit Parties, as applicable, to withdraw from the Operating Account any amounts contained therein so long as the Administrative Agent (acting at the written direction of the Lead Lender) has not sent the Operating Account Bank a notice indicating the existence of an Event of Default.

## **SECTION 8. EVENTS OF DEFAULT**

**Section 8.1 Events of Default.** If any one or more of the following conditions or events shall occur:

(a) Failure to Make Payments When Due. Failure by the Borrower to pay (i) when due the principal or premium, if any, on any Loan whether at stated maturity, by acceleration or otherwise; (ii) when due any installment of principal of any Loan, by mandatory prepayment or otherwise; or (iii) when due any interest on any Loan or any fee due or any other amount due under any Loan Document and, in the case of this clause (iii), such failure shall continue unremedied for a period of three (3) Business Days; or

(b) Default in Other Agreements. (i) Failure of any Credit Party to pay when due any principal of or interest on or any other amount payable in respect of one or more items of Indebtedness (other than Indebtedness referred to in Section 6.1(a)) in an amount individually or

in the aggregate of \$500,000 or more, in each case beyond the grace period, if any, provided therefor; (ii) any “Event of Default” (as such term is defined in any Swap Intercreditor Agreement) occurs; or (iii) breach or default by any Credit Party with respect to any other material term of (A) one (1) or more items of Indebtedness in the individual or aggregate principal amounts referred to in clause (i) above, or (B) any loan agreement, mortgage, indenture or other agreement relating to such item(s) of Indebtedness, in each case beyond the grace period, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on behalf of such holder or holders), to cause, that Indebtedness to become or be declared due and payable (or subject to a compulsory repurchase or redemption) or to require the prepayment, redemption, repurchase or defeasance of, or to cause any Credit Party to make any offer to prepay, redeem, repurchase or defease such Indebtedness, prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; or

(c) Breach of Certain Covenants. Failure of any Credit Party to perform or comply with any term or condition contained in Sections 5.1, 5.2, 5.7, 5.11, 5.13 or the failure of any Credit Party to perform or comply with any term or condition contained in Section 6 (provided that a failure to perform or comply with Section 5.1 solely due to the failure to deliver reports or information within five (5) Business Days of the date when such reports or information is due shall not be an Event of Default); or

(d) Breach of Representations, etc. Any representation, warranty, or certification made or deemed made by any Credit Party in any Loan Document or in any certificate at any time given by any Credit Party in writing pursuant hereto or thereto or in connection herewith or therewith shall be false in any material respect (or, if such representation, warranty or certification is already qualified by materiality or Material Adverse Effect, in any respect) as of the date made or deemed made; or

(e) Other Defaults under Loan Documents. Any Credit Party shall default in the performance of or compliance with any term contained herein or any of the other Loan Documents, other than any such term referred to in any other clause of this Section 8.1, and such default shall not have been remedied or waived within thirty (30) days after the earlier of the knowledge of any Authorized Officer of any Credit Party of such breach or failure and the date notice thereof is given to the Borrower by the Administrative Agent (acting on the written direction of the Lead Lender) or any Lender; or

(f) Bankruptcy and Insolvency. Any Credit Party (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding up, administration, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Insolvency Legislation or other Governmental Requirement including any proceeding under applicable corporate law seeking a compromise or arrangement of, or stay of proceedings to enforce, some or all of the debts of such Person, or (z) the entry of an order for relief or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its Property, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, such Person fails to diligently and actively oppose such proceeding, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any

substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions; or

(g) Judgments and Attachments. Any money judgment, writ or warrant of attachment or similar process involving an amount individually or in the aggregate in excess of \$500,000 (net to the interest of the Credit Parties') (to the extent not fully covered by insurance (less any deductible) as to which a solvent and unaffiliated insurance company has acknowledged coverage) shall be entered or filed against any Credit Party or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days (or in any event later than the date that enforcement proceedings shall have been commenced by any creditor upon such judgment order or five (5) days prior to the date of any proposed sale thereunder); or

(h) Dissolution. Any order, judgment or decree shall be entered against any Credit Party decreeing the dissolution or split up of such Credit Party and such order shall remain undischarged or unstayed for a period in excess of sixty (60) days; or

(i) Change of Control. A Change of Control shall occur; or

(j) Change of Operator. The Borrower shall replace the operator of any of the Borrower's Operated Oil and Gas Properties without the consent of the Lead Lender (which such consent shall not be unreasonably withheld, conditioned or delayed); or

(k) Collateral Documents and Other Loan Documents. At any time after the execution and delivery thereof, (i) any Guaranty for any reason, other than the satisfaction in full of all Obligations, shall cease to be in full force and effect in (other than in accordance with its terms) or shall be declared to be null and void or any Guarantor shall repudiate its obligations thereunder, (ii) this Agreement or any Collateral Document in respect of Collateral with a value in excess of \$500,000 individually or in the aggregate ceases to be in full force and effect in all material respects (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or the satisfaction in full of the Obligations in accordance with the terms hereof) or shall be declared null and void, or the Administrative Agent shall not have or shall cease to have, or it shall be asserted in writing by any Credit Party not to have, a valid and perfected First Priority Lien in any Collateral (subject only to Permitted Liens) purported to be covered by the Collateral Documents, in each case for any reason other than the failure of the Administrative Agent to take any action within its control, or (iii) any Credit Party shall contest in writing the validity or enforceability of any Loan Document or any Lien on the Collateral or any purported Collateral in favor of the Administrative Agent or deny in writing that it has any further liability under any Loan Document to which it is a party.

**Section 8.2 Remedies.** (a) Upon the occurrence of any Event of Default described in Section 8.1(f) or 8.1(g), automatically, and (b) upon the occurrence and during the continuance of any other Event of Default, upon notice to the Borrower to such effect by the Administrative Agent (acting at the written direction of the Lead Lender), the Administrative Agent, on behalf of the Lenders, may and shall have the right to take any of the following actions (i) terminate all commitments; (ii) declare to be immediately due and payable, in each case without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by each Credit Party, the Obligations; (iii) enforce any and all Liens and security interests created pursuant to Collateral Documents and (iv) remove the applicable Credit Party as the operator of record on any Operated Oil and Gas Properties (and the Borrower for itself and on behalf of any of its Subsidiaries hereby consents to the Administrative Agent taking such action). If the maturity of the Loans shall be accelerated (under any provision of this Section

8 or otherwise) an amount equal to the MOIC Amount (determined as if the Loans were repaid at the time of such acceleration at the option of the Borrower pursuant to Section 2.10) shall become immediately due and payable, and Borrower will pay such amount, as compensation to the Lenders for the loss of their investment opportunity and not as a penalty, whether or not an Insolvency Event has commenced, and (if an Insolvency Event has commenced) without regard to whether such Insolvency Event is voluntary or involuntary, or whether payment occurs pursuant to a motion, plan of reorganization, or otherwise, and without regard to whether the Loans and other Obligations are satisfied or released by foreclosure (whether or not by power of judicial proceeding), deed in lieu of foreclosure or by any other means. Without limiting the foregoing, any redemption, prepayment, repayment, or payment of the Obligations in or in connection with an Insolvency Event shall constitute an optional prepayment thereof under the terms of Section 2.10 and require the immediate payment of the MOIC Amount in addition to all other amounts owing hereunder.

## **SECTION 9. ADMINISTRATIVE AGENT**

**Section 9.1 Appointment of the Administrative Agent.** Cibolo Energy Partners LLC (“CEP”) is hereby appointed the Administrative Agent hereunder and under the other Loan Documents and each Lender hereby authorizes CEP, in such capacity, to act as its agent (including as collateral agent) in accordance with the terms hereof and the other Loan Documents. Administrative Agent hereby agrees to act upon the express conditions contained herein and the other Loan Documents, as applicable. The provisions of this Section 9.1 are solely for the benefit of the Administrative Agent and the Lenders and no Credit Party shall have any rights as a primary or third party beneficiary of any of the provisions thereof. In performing its functions and duties hereunder, the Administrative Agent shall act solely as an agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for any Credit Party or any Affiliate thereof.

**Section 9.2 Powers and Duties.** Each Lender irrevocably authorizes Administrative Agent to take such action on such Lender’s behalf and to exercise such powers, rights and remedies and perform such duties hereunder and under the other Loan Documents as are specifically delegated or granted to the Administrative Agent by the terms hereof and thereof, together with such actions, powers, rights and remedies as are reasonably incidental thereto. The Administrative Agent shall have only those duties and responsibilities that are expressly specified herein and the other Loan Documents and shall not have any implied duties. The Administrative Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. The Administrative Agent shall not have or be deemed to have, by reason hereof or any of the other Loan Documents, a fiduciary relationship in respect of any Lender; and nothing herein or any of the other Loan Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect hereof or any of the other Loan Documents except as expressly set forth herein or therein.

### **Section 9.3 General Immunity.**

(a) No Responsibility for Certain Matters. The Administrative Agent shall not be responsible to any Lender for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Loan Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by the Administrative Agent to Lenders or by or on behalf of any Credit Party to the Administrative Agent or any Lender in connection with the Loan Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Credit Party or any other Person liable for the payment of any Obligations, nor shall Administrative

Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Loan Documents or as to the use of the proceeds of the Loans or as to the existence or possible existence of any Event of Default or Default or to make any disclosures with respect to the foregoing. Administrative Agent shall not be responsible for the satisfaction of any condition set forth in Section 3 or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent will not be required to take any action that is contrary to applicable law or any provision of this Agreement or any Loan Document. Anything contained herein to the contrary notwithstanding, the Administrative Agent shall not have any liability arising from confirmations of the amount of outstanding Loans or the component amounts thereof.

(b) Exculpatory Provisions. Neither Administrative Agent nor any of its officers, partners, directors, employees or agents shall be liable to Lenders for any action taken or omitted by the Administrative Agent under or in connection with any of the Loan Documents except to the extent caused by the Administrative Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, nonappealable order. Administrative Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Loan Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until Administrative Agent shall have received written instructions in respect thereof from the Lead Lender (or such other Lenders as may be required to give such instructions under Section 10.5) or in accordance with the applicable Collateral Document, and, upon receipt of such instructions from the Lead Lender (or such other Lenders, as the case may be), or in accordance with the other applicable Collateral Document, as the case may be, the Administrative Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) the Administrative Agent shall be entitled to conclusively rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected and free from liability in relying on opinions and judgments of attorneys (who may be attorneys for the Credit Parties), accountants, experts and other professional advisors selected by it; and (ii) no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or (where so instructed) refraining from acting hereunder or any of the other Loan Documents in accordance with the instructions of the Lead Lender (or such other Lenders as may be required to give such instructions under Section 10.5) or in accordance with the applicable Collateral Document.

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

**Section 9.4 Administrative Agent Entitled to Act as Lender.** The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or

obligations upon, the Administrative Agent in its individual capacity to the extent it becomes a Lender hereunder. With respect to its participation in the Loans, if any, the Administrative Agent shall have the same rights and powers hereunder as any other Lender and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term “Lender” shall, unless the context clearly otherwise indicates, include Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with any Credit Party or any of its Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from any Credit Party or any of their respective Affiliates for services in connection herewith and otherwise without having to account for the same to Lenders.

### **Section 9.5 Lenders’ Representations, Warranties and Acknowledgment.**

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

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

**Section 9.6 Right to Indemnity.** Each Lender, in proportion to its Pro Rata Share, severally agrees to indemnify the Administrative Agent, Cibolo, their respective Affiliates and their respective officers, partners, directors, trustees, employees, representatives and agents (each, an “**Indemnitee Agent Party**”), to the extent that such Indemnitee Agent Party shall not have been reimbursed by any Credit Party, for and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Indemnitee Agent Party in exercising its powers, rights and remedies or performing its duties hereunder or under the other Loan Documents or otherwise in its capacity as such Indemnitee Agent Party in any way relating to or arising out of this Agreement or the other Loan Documents, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR GROSS NEGLIGENCE OF THE ADMINISTRATIVE AGENT**; provided, no Lender shall be liable for any portion of such claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Indemnitee Agent Party’s gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, nonappealable order. If any indemnity furnished to any Indemnitee Agent Party for any purpose shall, in the opinion of such Indemnitee Agent Party, be insufficient or become impaired, such Indemnitee Agent Party may call for additional indemnity and security and cease, or not commence, to do the acts indemnified against until such additional indemnity and security is furnished; and provided, this sentence shall not be deemed to require any Lender to indemnify any Indemnitee Agent Party against

any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence.

### **Section 9.7 Successor the Administrative Agent.**

(a) The Administrative Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the Lenders and the Borrower. Upon any such notice of resignation, the Lead Lender shall have the right, upon five (5) Business Days' notice to the Borrower, to appoint a successor the Administrative Agent which successor shall, unless an Event of Default has occurred and is continuing, be reasonably acceptable to the Borrower (such acceptance not to be unreasonably withheld, conditioned or delayed). If no successor shall have been so appointed by the Lead Lender and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lead Lender shall perform all of the duties of the Administrative Agent, as applicable, hereunder until such time, if any, as the Lead Lender appoint a successor the Administrative Agent as provided for above. In such case, the Lead Lender shall appoint one Person to act as the Administrative Agent for purposes of any communications with the Borrower, and shall promptly notify the Borrower of such appointment and thereafter the Borrower shall be entitled to give and receive communications to/from the resigning Administrative Agent. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor the Administrative Agent and the payment of the outstanding fees and expenses of such person, that successor the Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall promptly (i) transfer to such successor the Administrative Agent all sums and other items of Collateral held under the Collateral Documents, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor the Administrative Agent under the Loan Documents, and (ii) execute and deliver to such successor the Administrative Agent such amendments to financing statements, and take such other actions, as may be reasonably requested in connection with the assignment to such successor the Administrative Agent of the security interests created under the Collateral Documents (the reasonable out-of-pocket expenses of which shall be borne by the Borrower), whereupon such retiring Administrative Agent shall be discharged from its duties and obligations as collateral agent hereunder. After any retiring Administrative Agent's resignation hereunder as the Administrative Agent, the provisions of this Section 9.7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent hereunder.

(b) Notwithstanding anything herein to the contrary, Administrative Agent may assign its rights and duties as the Administrative Agent hereunder to an Affiliate of the Administrative Agent without the prior written consent of, or prior written notice to, the Borrower or the Lenders; provided that the Borrower and the Lenders may deem and treat such assigning Administrative Agent as the Administrative Agent for all purposes hereof, unless and until such assigning Administrative Agent provides written notice to the Borrower and the Lenders of such assignment. Upon such assignment such Affiliate shall succeed to and become vested with all rights, powers, privileges and duties as the Administrative Agent hereunder and under the other Loan Documents.

(c) Delegation of Duties. Administrative Agent may perform any and all of its duties and exercise its rights and powers under this Agreement or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or

through their respective Affiliates. Administrative Agent shall not be responsible for the acts or omissions of its sub agents so long as they are appointed with due care. The exculpatory, indemnification and other provisions of Section 9 shall apply to such agents and any Affiliates of the Administrative Agent and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein. All of the rights, benefits and privileges (including the exculpatory and indemnification provisions) of Section 9 shall apply to any such sub-agent and to the Affiliates of any such sub-agent, and shall apply to their respective activities as sub-agent. Notwithstanding anything herein to the contrary, with respect to each sub-agent appointed by the Administrative Agent, such sub-agent shall only have obligations to the Administrative Agent and not to any Credit Party, Lender or any other Person and no Credit Party, Lender or any other Person shall have the rights, directly or indirectly, as a third party beneficiary or otherwise, against such sub-agent.

### **Section 9.8 Collateral Documents.**

(a) Administrative Agent under Collateral Documents; Releases. Each Lender and other Indemnitee hereby further irrevocably authorizes Administrative Agent, on behalf of and for the benefit of the Lenders, to be the agent for and representative of Lenders with respect to the Collateral Documents and to enter into such other agreements with respect to the Collateral (including intercreditor agreements) as directed in writing by the Lead Lender. Subject to Section 10.5, without further written consent or authorization from the Lenders, Administrative Agent may execute any documents or instruments necessary to (i) release any Lien encumbering any item of Collateral that is the subject of a sale or other disposition of assets permitted hereby or to which the Lead Lender (or such other Lenders as may be required to give such consent under Section 10.5) have otherwise consented, or (ii) release any Guarantor from the Guaranty pursuant to the Guaranty Agreement or with respect to which the Lead Lender (or such other Lenders as may be required to give such consent under Section 10.5) have otherwise consented.

(b) Right to Realize on Collateral and Enforce Guaranty. Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, Administrative Agent and each Lender hereby agree that (i) no Lender shall have any right individually to realize upon any of the Collateral or to enforce any Guaranty or exercise any other remedy provided under the Loan Documents (other than the right of set-off), it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent (acting at the written direction of the Lead Lender), on behalf of the Lenders in accordance with the terms hereof and all powers, rights and remedies under this Agreement and the Collateral Documents may be exercised solely by the Administrative Agent (acting at the written direction of the Lead Lender), and (ii) in the event of a foreclosure by the Administrative Agent on any of the Collateral pursuant to a public or private sale, Administrative Agent or its nominee may be the purchaser of any or all of such Collateral at any such sale and the Administrative Agent, as agent for and representative of Lenders (but not any Lender or Lenders in its or their respective individual capacities unless the Lead Lender shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations arising under the Loan Documents as a credit on account of the purchase price for any collateral payable by the Administrative Agent at such sale.

### **Section 9.9 Posting of Approved Electronic Communications.**

(a) Delivery of Communications. Each Credit Party hereby agrees, unless directed otherwise by the Administrative Agent or unless the electronic mail address referred to below has

not been provided by the Administrative Agent to such Person, that it will provide to the Administrative Agent (for distribution to the Lenders) and Lead Lender all information, documents and other materials that it is obligated to furnish to the Administrative Agent or to the Lenders pursuant to the Loan Documents, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) is or relates to a Borrowing Request, (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under this Agreement or any other Loan Document, or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any other Loan Document or the making of any Loan hereunder (all such non-excluded communications being referred to herein collectively as “**Communications**”), by transmitting the Communications in an electronic/soft medium that is properly identified in a format acceptable to the Borrower, Administrative Agent and Lead Lender to an electronic mail address as directed by the Administrative Agent and Lead Lender. Administrative Agent and the Lenders agree that, notwithstanding anything provided in the Loan Documents, a Credit Party’s compliance with the preceding sentence shall satisfy such Credit Party’s obligations under the Loan Documents to deliver information, documents or other materials to the Administrative Agent and the Lenders.

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

**Section 9.10 Proofs of Claim.** The Lenders and each Credit Party hereby agree that after the occurrence of an Event of Default pursuant to Sections 8.1(f) or (g), in case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Credit Party, Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on any Credit Party) shall be entitled and empowered, by intervention in such proceeding or otherwise:

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

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

and any custodian, receiver, assignee, interim trustee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent and other agents hereunder. Nothing herein contained shall be deemed to authorize Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lenders or to authorize Administrative Agent to vote in respect of the

claim of any Lender in any such proceeding. Further, nothing contained in this Section 9.10 shall affect or preclude the ability of any Lender to (i) file and prove such a claim in the event that Administrative Agent has not acted within ten (10) days prior to any applicable bar date and (ii) require an amendment of the proof of claim to accurately reflect such Lender's outstanding Obligations.

## **SECTION 10. MISCELLANEOUS**

**Section 10.1 Notices.** Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given to a Credit Party or the Administrative Agent, shall be sent to such Person's address as set forth on Appendix B or in the other relevant Loan Document, and in the case of any Lender, the address as indicated on Appendix B or otherwise indicated to the Administrative Agent in writing. Each notice hereunder shall be in writing and may be personally served, sent by facsimile, electronic transmission or United States certified or registered mail or courier service and shall be deemed to have been given when delivered and signed for against receipt thereof, or upon confirmed receipt of facsimile, electronic transmission; provided, no notice to the Administrative Agent shall be effective until received by the Administrative Agent.

**Section 10.2 Expenses.** Whether or not the transactions contemplated hereby shall be consummated, or all documents related to the foregoing, each Credit Party agrees to pay promptly (a) all reasonable costs and expenses of preparation of the Loan Documents, all documents related to the foregoing and any consents, amendments, waivers or other modifications thereto; (b) all reasonable fees, expenses and disbursements of all counsel to the Credit Parties in connection with the negotiation, preparation and execution of the Loan Documents and any consents, amendments, waivers or other modifications thereto and the transactions contemplated thereby, and in furnishing all opinions required hereunder; (c) all reasonable fees, expenses and disbursements of counsel to the Administrative Agent and the Lenders in connection with the negotiation, preparation, execution, review and administration of the Loan Documents, all documents related to the foregoing and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by any Credit Party; (d) all actual costs and expenses of creating and perfecting Liens in favor of the Administrative Agent, for the benefit of the Lenders pursuant hereto, including filing and recording fees, expenses and amounts owed pursuant to Sections 2.16(c) and (d), search fees, title insurance premiums and fees, reasonable expenses and disbursements of counsel to the Administrative Agent and of counsel providing any opinions that Administrative Agent (acting at the written direction of the Lead Lender) may request in respect of the Collateral or the Liens created pursuant to the Collateral Documents; (e) all reasonable costs and fees, expenses and disbursements of any auditors, accountants, consultants, engineers or appraisers; (f) all reasonable costs and expenses (including the reasonable fees, expenses and disbursements of counsel and of any appraisers, consultants, engineers, advisors and agents employed or retained by the Administrative Agent and its counsel) in connection with the administration by the Administrative Agent or the custody or preservation of any of the Collateral; (g) all other reasonable costs and expenses incurred by the Administrative Agent and the Lenders in connection with the negotiation, preparation and execution of the Loan Documents and any consents, amendments, waivers or other modifications thereto and the transactions contemplated thereby; and (h) all costs and expenses, including attorneys' fees and costs of settlement, incurred by the Administrative Agent and Lenders in enforcing any Obligations of or in collecting any payments due from any Credit Party hereunder or under the other Loan Documents (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty) or in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings, except in the case of out-of-pocket expenses described in this clause (h) expressly provides that any Credit Party shall not indemnify such party for such out-of-pocket expenses.

### Section 10.3 Indemnity.

(a) In addition to the payment of expenses pursuant to Section 10.2, whether or not any or all of the transactions contemplated hereby shall be consummated, each Credit Party agrees to defend (subject to Indemnitees' selection of counsel), indemnify, pay and hold harmless, Administrative Agent and each Lender, their Affiliates and its and their respective officers, members, shareholders, partners, directors, trustees, employees, advisors, representatives and agents and each of their respective successors and assigns and each Person who controls any of the foregoing (each, an "**Indemnitee**"), from and against any and all Indemnified Liabilities, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR NEGLIGENCE OF SUCH INDEMNITEE**; provided, no Credit Party shall have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities if such Indemnified Liabilities arise from the gross negligence or willful misconduct of that Indemnitee as determined by a court of competent jurisdiction in a final, nonappealable order; provided that each Credit Party shall not indemnify any Indemnitee (other than the Administrative Agent and its Indemnitees) for (i) claims among Lenders or between Lenders and their related parties to the extent not related to a breach of an obligation of a Credit Party, and (ii) losses, claims, damages, liabilities or related expenses that are determined by a court of competent jurisdiction by final and nonappealable judgment to be a direct result of a material breach of this Agreement by such Indemnitee. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 10.3 may be unenforceable in whole or in part because they are violative of any law or public policy, the Borrower shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them.

(b) To the extent permitted by applicable law and without prejudice to each Credit Party's indemnification obligations pursuant to clause (a) above, no party hereto and no Credit Party shall assert, and each party hereto and each Credit Party hereby waives, releases and agrees not to sue upon any claim against any other party hereto and any Indemnitee, on any theory of liability, for special, indirect, exemplary, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement, any Loan Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each party hereto and each Credit Party hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(c) Each Credit Party hereby acknowledges and agrees that an Indemnitee may now or in the future have certain rights to indemnification provided by other sources, including pursuant to Section 9.6 ("**Other Sources**"). Notwithstanding Section 9.6, each Credit Party hereby agrees that (i) it is the indemnitor of first resort (i.e., its obligations to the Indemnitees are primary and any obligation of the Other Sources to provide indemnification for the same Indemnified Liabilities are secondary to any such obligation of the Credit Party), (ii) that it shall be liable for the full amount of all Indemnified Liabilities, without regard to any rights the Indemnitees may have against the Other Sources, and (iii) it irrevocably waives, relinquishes and releases the Other Sources and the Indemnitees from any and all claims (A) against the Other Sources for contribution, indemnification, subrogation or any other recovery of any kind in respect thereof and (B) that an Indemnitee must seek expense advancement or reimbursement, or

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

**Section 10.4 Set Off.** In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, the Administrative Agent, each Lender and its/their respective Affiliates is hereby authorized by each Credit Party at any time or from time to time subject to the consent of the Administrative Agent (such consent to be given or withheld at the written direction of the Lead Lender), without notice to any Credit Party or to any other Person (other than Administrative Agent (acting on the written direction of the Lead Lender)), any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts (in whatever currency)) and any other Indebtedness or other obligations or liabilities (whether contingent or otherwise) at any time held or owing by such Lender to or for the credit or the account of any Credit Party (in whatever currency) against and on account of the Indebtedness, obligations and liabilities of any Credit Party to such Lender hereunder, and under the other Loan Documents, including all claims of any nature or description arising out of or connected hereto or any other Loan Document, irrespective of whether or not (a) such Lender shall have made any demand hereunder, (b) the principal of or the interest on the Loans or any other amounts due hereunder shall have become due and payable pursuant to Section 8 and although such obligations and liabilities, or any of them, may be contingent or unmatured, or (c) such obligation or liability is owed to a branch or office of such Lender different from the branch or office holding such deposit or obligation or such Indebtedness.

#### **Section 10.5 Amendments and Waivers.**

(a) Lead Lender's Consent. Subject to Sections 10.5(b) and 10.5(c), no amendment, modification, termination or waiver of any provision of the Loan Documents, or consent to any departure by any Credit Party therefrom, shall in any event be effective without the written concurrence of (i) in the case of this Agreement, the Borrower, Administrative Agent and the Lead Lender or (ii) in the case of any other Loan Document, the Borrower and the Administrative Agent with the consent of the Lead Lender.

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

- (i) extend the scheduled final maturity of any Loan of such Lender;
- (ii) waive, reduce or postpone any scheduled repayment due such Lender (but not a mandatory prepayment);
- (iii) reduce the rate of interest on any Loan of such Lender, waive any increase in the interest rate applicable to any Loan of such Lender or waive any fee payable hereunder or under any other Loan Document to such Lender;
- (iv) increase any of the Commitments of such Lender;

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

(vi) reduce the principal amount of any Loan owed to such Lender;

(vii) release any Guarantor from the Guaranty pursuant to the Guaranty Agreement unless otherwise permitted by the terms of this Agreement or release the Liens securing all or substantially all of the Collateral;

(viii) amend, modify, terminate or waive any provision of Sections 2.12, 2.13, 2.14, or Section 10.5(b); or

(ix) amend the definition of “Lead Lender”, “Requisite Lenders” or “Pro Rata Share”.

(c) Other Consents. No amendment, modification, termination or waiver of any provision of the Loan Documents, or consent to any departure by any Credit Party therefrom, shall amend, modify, terminate or waive any provision of Section 9 as the same applies to the Administrative Agent or any Lender, or any other provision hereof as the same applies to the rights or obligations of the Administrative Agent, in each case without the consent of the Administrative Agent or any Lender.

(d) Execution of Amendments, etc. Administrative Agent may, but shall have no obligation to, with the concurrence of the applicable Lenders, execute amendments, modifications, waivers or consents on behalf of such Lenders. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Credit Party shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 10.5(d) shall be binding upon each Lender at the time outstanding, each future Lender and, if signed by a Credit Party, on such Credit Party.

(e) Retirement of Loans. No Credit Party will, and Borrower will not permit any of its Subsidiaries or any of the Credit Parties to take assignment of or otherwise acquire (or actually purchase, take assignment of otherwise acquire) any outstanding Loans or other Obligations (or any participation therein).

(f) Amendment Consideration. None of Borrower or any other Credit Party or any other party to any Loan Documents will, directly or indirectly, request or negotiate for, or offer or pay any remuneration or grant any security as an inducement for, any proposed amendment or waiver of (or consent with respect to) any of the provisions of this Agreement or any of the other Loan Documents unless each Lender of the Loans (irrespective of the kind and amount of Loans then owned by it) shall be informed thereof by Borrower and, if such Lender is entitled to the benefit of any such provision proposed to be amended or waived (or in respect of which consent is sought), shall be afforded the opportunity of considering the same, shall be supplied by Borrower and any other party hereto with sufficient information to enable it to make an informed decision with respect thereto and shall be offered and paid such remuneration and granted such security on the same terms. For the avoidance of doubt, nothing in this Section 10.5(f) is intended to restrict or limit the amendment requirements otherwise set forth herein.

#### **Section 10.6 Successors and Assigns; Assignments.**

(a) Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of the Administrative Agent and the Lenders. No Credit Party's rights or obligations hereunder nor any interest therein may be assigned or delegated by any such Person without the prior written consent of the Administrative Agent and all Lenders (and any attempted assignment or transfer by any such Person without such consent shall be null and void *ab initio*). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, Affiliates of each of the Administrative Agent and Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments. Any Lender may assign to any other Lender or to one or more of its Affiliates all or any portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments and the Loans held by it) without the Borrower's consent and to any non-Lender or non-Affiliate with the consent of the Borrower (not to be unreasonably withheld, conditioned or delayed; provided that, the Borrower's consent shall not be required to the extent that a Default or Event of Default has occurred and is continuing; provided, however, that each such assignment shall be of a constant, and not a varying, percentage of such Lender's rights and obligations assigned under this Agreement and shall be an equal percentage with respect to both its obligations owing in respect of the Commitments and the related Loans; provided, further, and notwithstanding anything herein to the contrary, without the prior written consent of the Borrower, no such assignment may be made if such assignment would result in the Borrower being or becoming subject to gross-up under Section 2.16(a)).

(c) Mechanics. The assigning Lender and the assignee thereof shall execute and deliver to the Administrative Agent an Assignment Agreement, together with a [processing and recordation fee amount redacted] processing and recordation fee payable to the Administrative Agent for its own account.

(d) Notice of Assignment. Upon its receipt and acceptance of a duly executed and completed Assignment Agreement, any forms, certificates or other evidence required by this Agreement in connection therewith, Administrative Agent shall record the information contained in such Assignment Agreement in the Register, shall give prompt notice thereof to the Borrower and shall maintain a copy of such Assignment Agreement.

(e) Effect of Assignment. Subject to the terms and conditions of this Section 10.6(e), as of the "Effective Date" specified in the applicable Assignment Agreement: (i) the assignee thereunder shall have the rights and obligations of a "Lender" hereunder to the extent such rights and obligations hereunder have been assigned to it pursuant to such Assignment Agreement and shall thereafter be a party hereto and a "Lender" for all purposes hereof; (ii) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned thereby pursuant to such Assignment Agreement, relinquish its rights (other than any rights which survive the termination hereof under Section 10.7) and be released from its obligations hereunder (and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Lender's rights and obligations hereunder, such Lender shall cease to be a party hereto; provided, anything contained in any of the Loan Documents to the contrary notwithstanding such assigning Lender shall continue to be entitled to the benefit of all indemnities hereunder as specified herein with respect to matters arising out of the prior involvement of such assigning Lender as a Lender hereunder); and (iii) if any such assignment occurs after the issuance of any Loan hereunder, the assigning Lender shall, upon the

effectiveness of such assignment or as promptly thereafter as practicable, surrender its applicable Term Loan Notes (if any) to the Administrative Agent for cancellation, and thereupon the Borrower shall issue and deliver a new Term Loan Note, if so requested by the assignee and/or assigning Lender, to such assignee and/or to such assigning Lender, with appropriate insertions, to reflect the outstanding principal balance under the Loans of the assignee and/or the assigning Lender. Loans shall not be assigned in denominations of less than \$1,000,000, provided, that if necessary to enable the registration of transfer by a Lender of its entire holding of Loans, one Loan may be in a denomination of less than \$1,000,000; provided, further, that transfers by a Lender and its Affiliates shall be aggregated for purposes of determining whether or not such \$1,000,000 threshold has been reached.

(f) Participations. Each Lender shall have the right at any time to sell one or more participations to any Person (other than a natural Person, any Credit Party or any of their respective Affiliates) (each, a “**Participant**”) in all or any part of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Loans or any other Obligation); provided that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, Administrative Agent, and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender 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 Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 10.5 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Section 2.15 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (c) of this Section 10.6; provided that such Participant shall not be entitled to receive any greater payment under Section 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless such greater payment results from change in Law that occurs after the Participant acquired the applicable participation, or is made with the Borrower’s prior written consent. To the extent permitted by law, each Participant shall be entitled to the benefits of Section 10.4 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other Obligations under the Loan Documents (the “**Participant Register**”); provided that no Lender shall have any obligation to disclose all or a portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Administrative Agent (in its capacity as the Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(g) Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of,

another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

**Section 10.7 Survival of Representations, Warranties and Agreements.** All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of any Loan hereunder. Notwithstanding anything herein or implied by law to the contrary, the agreements of each Credit Party set forth in Sections 10.2, 10.3 and 10.4 and the agreements of Lenders set forth in Sections 2.14, 9.3(b) and 9.6 shall survive the payment of the Obligations and the termination hereof.

**Section 10.8 No Waiver; Remedies Cumulative.** No failure or delay on the part of the Administrative Agent or any Lender in the exercise of any power, right or privilege hereunder or under any other Loan Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. The rights, powers and remedies given to the Administrative Agent and each Lender hereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the other Loan Documents. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

**Section 10.9 Marshalling; Payments Set Aside.** Neither Administrative Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Credit Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any Credit Party makes a payment or payments to the Administrative Agent or Lenders (or to the Administrative Agent, on behalf of Lenders), or the Administrative Agent or Lenders enforce any security interests or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement or setoff had not occurred.

**Section 10.10 Severability.** In case any provision in or obligation hereunder or under other Loan Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

**Section 10.11 Obligations Several; Independent Nature of Lenders' Rights.** The obligations of Lenders hereunder are several and not joint and no Lender shall be responsible for the obligations or Commitments of any other Lender hereunder. Nothing contained herein or in any other Loan Document, and no action taken by Lenders pursuant hereto or thereto, shall be deemed to constitute Lenders as a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out hereof and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

**Section 10.12 Headings.** Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

**Section 10.13 APPLICABLE LAW.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

**Section 10.14 CONSENT TO JURISDICTION.** ALL JUDICIAL PROCEEDINGS BROUGHT BY ANY CREDIT PARTY ARISING OUT OF OR RELATING HERETO OR ANY OTHER LOAN DOCUMENT, OR ANY OF THE OBLIGATIONS, MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT LOCATED IN NEW YORK COUNTY, NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH CREDIT PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (A) ACCEPTS GENERALLY AND UNCONDITIONALLY (TO THE EXTENT PERMITTED UNDER APPLICABLE LAW) THE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (B) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (C) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE CREDIT PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10.1 IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE CREDIT PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (D) AGREES THAT ADMINISTRATIVE AGENT AND THE LENDERS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY CREDIT PARTY IN THE COURTS OF ANY OTHER JURISDICTION.

**Section 10.15 WAIVER OF JURY TRIAL.** EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER LOAN DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10.15 AND EXECUTED BY EACH OF THE PARTIES HERETO THAT IS PARTY TO SUCH JUDICIAL PROCEEDING), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE OR COMMITMENTS EXTENDED

HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

**Section 10.16 Confidentiality.** Each of the Administrative Agent and the Lenders (“**Recipient**”) agree that the non-public information furnished by the Borrower or the other Credit Parties is confidential (the “**Confidential Information**”), and therefore the Recipient agrees to use reasonable efforts to maintain the confidentiality thereof; provided however, that a Recipient may disclose such information (a) to its Affiliates, partners and members and its and their respective directors, managers, officers, employees, attorneys, accountants, advisors, auditors, consultants, agents or representatives with a need to know such Confidential Information (collectively “**Permitted Recipients**”), provided that in no case shall the Confidential Information be shared with any Portfolio Company without the express written consent of the Borrower and provided further that prior to any permitted disclosure, such Permitted Recipient shall have been advised of and agreed in writing to be bound by the provisions of this Section 10.16), (b) to any potential assignee or transferee of any of its rights or obligations hereunder (including without limitation, in connection with an assignment or other transfer of any or all of the Loans) or any of their agents and advisors, provided that in no case shall the Confidential Information be shared with any Portfolio Company without the express written consent of the Borrower and provided further that prior to any permitted disclosure, such potential assignee or transferee shall have been advised of and agreed in writing to be bound by the provisions of this Section 10.16), (c) if such information (i) becomes publicly available other than as a result of a breach of this Section 10.16, (ii) becomes available to a Recipient or any of its Permitted Recipients from a source other than the Credit Parties or (iii) is independently developed by the Recipient or any of its Permitted Recipients without the use of or reliance on such information, (d) to enable it to enforce or otherwise exercise any of its rights and remedies under any Loan Document or (e) as consented to in writing by the Borrower. Notwithstanding anything to the contrary set forth in this Section 10.16 or otherwise, nothing herein shall prevent a Recipient or its Permitted Recipients from complying with any legal requirements (including, without limitation, pursuant to any rule, regulation, stock exchange requirement, self-regulatory body, supervisory authority, other applicable judicial or governmental order, legal process, fiduciary or similar duties or otherwise) to disclose any Confidential Information; provided, however, that in each case, Recipient or its Permitted Recipients furnish only that portion of such information which it is advised by such Recipient or its Permitted Recipient’s counsel is required to be disclosed. In addition, the Recipient and its Permitted Recipients may disclose Confidential Information if so requested by a governmental or a quasi-governmental self-regulatory authority. Each Credit Party hereby acknowledges and agrees that, subject to the restrictions on disclosure of Confidential Information as provided in this Section 10.16, the Recipient and their respective Affiliates are in the business of making investments in and otherwise engaging in businesses which may or may not be in competition with the Credit Parties or otherwise related to their and their Affiliates’ respective business and that nothing herein shall, or shall be construed to, limit the Lenders’ or their Affiliates’ ability to make such investments or engage in such businesses.

**Section 10.17 Usury Savings Clause.** Notwithstanding any other provision herein, the aggregate interest rate charged or agreed to be paid with respect to any of the Obligations, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate. If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate, the outstanding amount of the Loans purchased hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the

Borrower shall pay to the Administrative Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of Lenders and the Borrower to conform strictly to any applicable usury laws. Accordingly, if any Lender contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Lender's option be applied to the outstanding amount of the Obligations or be refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Highest Lawful Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest, throughout the contemplated term of the Obligations hereunder.

Without limiting the foregoing, If any provision of this Agreement or of any of the other Loan Documents would obligate the Borrower or any Credit Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by Governmental Requirements or would result in a receipt by such Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provisions, 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 Governmental Requirements or so result in a receipt by such Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: firstly, by reducing the amount or rate of interest required to be paid to such Lender under the applicable Loan Document, and thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Lender which would constitute "interest" for purposes of Section 347 of the *Criminal Code* (Canada).

**Section 10.18 Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

**Section 10.19 Patriot Act.** Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Credit Party that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies such Credit Party, which information includes the name and address of such Credit Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Credit Party in accordance with the Patriot Act.

**Section 10.20 Disclosure.** Each Credit Party and each Lender hereby acknowledge and agree that Administrative Agent and/or its Affiliates and their respective Related Funds from time to time may hold investments in, and make loans to, or have other relationships with any of the Credit Parties and their respective Affiliates, including the ownership, purchase and sale of Capital Stock in any Credit Party and their respective Affiliates and each Lender hereby expressly consents to such relationships.

**Section 10.21 Appointment for Perfection.** Each Lender hereby appoints the Administrative Agent and each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Administrative Agent and the Lenders, in assets which, in accordance with the PPSA or any other applicable law can be perfected only by possession. Should any Lender (other than Administrative Agent) obtain possession of any such Collateral, such Lender shall notify Administrative Agent thereof, and, promptly upon the Administrative Agent's request (acting on the written direction of the Lead Lender) therefor shall deliver such Collateral to the Administrative Agent or otherwise deal with such

Collateral in accordance with Administrative Agent's (acting at the written direction of the Lead Lender) instructions.

**Section 10.22 Advertising and Publicity.** No party hereto shall issue or disseminate to the public (by advertisement, including without limitation any "tombstone" advertisement, press release or otherwise), submit for publication or otherwise cause or seek to publish any information describing the credit or other financial accommodations made available by Lenders pursuant to this Agreement and the other Loan Documents without the prior written consent of the Administrative Agent, the Lead Lender and the Borrower. Nothing in the foregoing shall be construed to prohibit any party hereto from making any submission or filing which it is required to make by applicable law (including securities laws, rules and regulations), stock exchange rules or pursuant to judicial process; provided, that, (a) such filing or submission shall contain only such information as is necessary to comply with applicable law, rule or judicial process and (b) unless specifically prohibited by applicable law, rule or court order, the filing party shall promptly notify Administrative Agent and the Borrower of the requirement to make such submission or filing and provide the Administrative Agent and the Borrower with a copy thereof.

**Section 10.23 Acknowledgments and Admissions.** Each Credit Party hereby represents, warrants and acknowledges and admits that:

(a) it has been advised by counsel in the negotiation, execution and delivery of the Loan Documents;

(b) it has made an independent decision to enter into this Agreement and the other Loan Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by the Administrative Agent or any Lender, whether written, oral or implicit, other than as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof;

(c) there are no representations, warranties, covenants, undertakings or agreements by the Administrative Agent or any Lender as to the Loan Documents except as expressly set out in this Agreement;

(d) none of the Administrative Agent or any Lender has any advisory, fiduciary or agency relationship or fiduciary or other implied duty toward it with respect to any Loan Document or the transactions contemplated thereby;

(e) no partnership or joint venture exists with respect to the Loan Documents between any Credit Party, on the one hand, and the Administrative Agent or any Lender, on the other;

(f) Administrative Agent is not any Credit Party's agent;

(g) neither Kirkland & Ellis LLP nor Stikeman Elliott LLP is counsel for any Credit Party;

(h) should an Event of Default or Default occur or exist, each Lender will determine in its discretion and for its own reasons what remedies and actions it will or will not exercise or take at that time;

(i) without limiting any of the foregoing, no Credit Party is relying upon any representation or covenant by any of the Administrative Agent or any Lender, or any representative thereof, and no such representation or covenant has been made, that any of the Administrative Agent or any Lender will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the Loan Documents with respect to any such Event of Default or Default or any other provision of the Loan Documents; and

(j) Administrative Agent and the Lenders have all relied upon the truthfulness of the acknowledgments in this Section 10.23 in deciding to execute and deliver this Agreement and to become obligated hereunder.

**Section 10.24 Third Party Beneficiaries.** There are no third party beneficiaries of this Agreement.

**Section 10.25 Entire Agreement.** This Agreement, and the other Loan 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 10.26 Time of the Essence.** Time is of the essence in this Agreement and the other Loan Documents.

**Section 10.27 Anti-Terrorism Laws.** If, upon the written request of any Lender, the Administrative Agent has ascertained the identity of the Borrower or any authorized signatories of the Borrower for purposes of Anti-Terrorism Laws, then the Administrative Agent:

(a) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a “written agreement” in such regard between such Lender and the Administrative Agent within the meaning of the applicable Anti-Terrorism Law; and

(b) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding and except as may otherwise be agreed in writing, each of the Lenders agrees that the Administrative Agent does not have any obligation to ascertain the identity of the Borrower or any authorized signatories of the Borrower on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any authorized signatory in doing so.

**Section 10.28 OID Legend.** EACH LOAN ISSUED PURSUANT TO THIS AGREEMENT WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR PURPOSES OF SECTIONS 1272, 1273, AND 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AS AMENDED FROM TIME TO TIME. BEGINNING NO LATER THAN 10 DAYS AFTER THE CLOSING DATE, A LENDER THAT MADE A LOAN MAY OBTAIN THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THE LOANS BY SUBMITTING A WRITTEN REQUEST FOR SUCH INFORMATION TO THE BORROWER AT THE ADDRESS SET FORTH IN APPENDIX B.

**Section 10.29 Judgment Currency.**

(a) If, for the purposes of obtaining judgment in any court, it is necessary to convert

a sum due to a Lender in any currency (the “**Original Currency**”) into another currency (the “**Other Currency**”), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, such Lender could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by Governmental Requirements, on the day on which the judgment is paid or satisfied.

(b) The obligations of a Credit Party in respect of any sum due in the Original Currency from it to the Lender under any of the Credit Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in the Other Currency, the Lender may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Lender, against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender shall remit such excess to the Borrower.

*[Remainder of Page Intentionally Left Blank.]*

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**HEMISPHERE ENERGY CORPORATION**

By: (signed) "Don Simmons"  
Name: Don Simmons  
Title: President and Chief Executive Officer

By: (signed) "Dorlyn Evancic"  
Name: Dorlyn Evancic  
Title: Chief Financial Officer

**ADMINISTRATIVE AGENT:**

**CIBOLO ENERGY PARTNERS LLC,**  
as the Administrative Agent

By: (signed) "Justin Teltschik"  
Name: Justin Teltschik  
Title: Managing Partner

**LENDER:**

**CIBOLO ENERGY HME, LLC, as Lender**

By: (signed) "Justin Teltschik"  
Name: Justin Teltschik  
Title: Managing Partner

COMMITMENTS

<u>Lender</u>	<u>Commitment Percentage</u>	<u>Initial Term Loans</u>	<u>Additional Term Loans</u>	<u>Total Closing Date Commitments</u>
Cibolo Energy HME, LLC	100%	\$10,000,000	\$5,000,000	\$15,000,000
TOTAL:	100%	\$10,000,000	\$5,000,000	\$15,000,000

**NOTICE ADDRESSES**

Notices to: <b>HEMISPHERE ENERGY CORPORATION</b>	
<b><i>Personal Hand Delivery as Follows:</i></b>	<b><i>Mail Delivery as Follows:</i></b>
Hemisphere Energy Corporation Attn: Dorlyn Evancic, CFO Suite 2000, 1055 West Hastings Street Vancouver, British Columbia V6E2E9 (604) 685-9255 – Main Line (604) 685-9676 – Facsimile	Hemisphere Energy Corporation Attn: Dorlyn Evancic, CFO Suite 2000, 1055 West Hastings Street Vancouver, British Columbia V6E2E9 (604) 685-9255 – Main Line (604) 685-9676 – Facsimile

with a copy to:

Burnet, Duckworth & Palmer LLP  
 Suite 2400, 525 8th Avenue S.W.  
 Calgary, AB T2P 1G1  
 Attention: Jacob Hoeppe  
 Electronic Mail: [email address redacted]

**ADMINISTRATIVE AGENT'S OFFICE:**

Cibolo Energy Partners LLC  
1455 West Loop South, Suite 230  
Houston, Texas 77027  
Telephone: [phone number redacted]  
Attn: J.W. Sikora  
Electronic Mail: [email address redacted]

**LENDERS:**

**Notice for:**

Cibolo Energy HME, LLC  
1455 West Loop South, Suite 230  
Houston, Texas 77027  
Telephone: [email address redacted]  
Attn: J.W. Sikora  
Electronic Mail: [email address redacted]

with a copy to:

Kirkland & Ellis LLP  
609 Main Street  
Houston, Texas 77002  
Attention: Will Bos  
Electronic Mail: [email address redacted]

**SCHEDULES**

**[Schedules Redacted]**

**EXHIBITS**

**[Exhibits Redacted]**